

**CITY COUNCIL AGENDA TOPIC**

Third quarter update on the City’s recent economic development activities and progress on implementing the 2020 Economic Development Plan.

Michael Kattermann, Director, 452-6191  
 Jesse R. Canedo, Assistant Director, 452-5236  
 Corbin Hart, Business Development Manager, 452-5241  
*Community Development Department*

**EXECUTIVE SUMMARY**

**INFORMATION ONLY**

This is a regular update on ongoing programs of the City’s Cultural and Economic Development division and progress on implementing the 2020 Economic Development Plan.

**RECOMMENDATION**

N/A

**BACKGROUND/ANALYSIS**

**EXECUTIVE SUMMARY**

The 2020 Economic Development Plan (the Plan) includes “Direct Strategies” focused in six areas:

- Capacity Building & Partnerships,
- Small Business & Entrepreneurship,
- Workforce,
- Retail,
- Creative Economy, and
- Tourism.

In addition to these strategic areas, staff manages ongoing activities for Marketing & Business Attraction, Business Retention & Expansion, the Arts Program, as well as Citywide “Foundational Strategies” that span multiple functional areas.

Bellevue’s cultural and economic activity in Q3 continued to exhibit mixed trends resulting from nationwide macroeconomic trends. Layoffs in the tech sector continue to have a lower impact on Bellevue, and residents continue to have an unemployment rate that is below what is

Topic Area	Metric
Downtown Office Vacancy	9.9% (+1.3%)
Eastgate Office Vacancy	27.7% (+12.4%)
August Hotel Occupancy	76% (+12%)
Unemployment Rate	3.7% (+1.2)

considered “full employment.” This is reflected in the continuing workforce shortage across multiple industry sectors. Increasing workforce housing and transportation connectivity in the Puget Sound Region are key for addressing this shortage long-term. Downtown office vacancy has increased notably, but we are seeing significantly more interest from companies expanding or entering the market for the first time. Amazon’s 3-day a week in office policy and complete buildout of Amazon’s 555 Tower have provided additional confidence to the market. Eastgate, however, is still impacted by significant

headwinds resulting from hybrid work and the lack of appeal in large suburban office parks. Programmatic and policy responses to these headwinds are ongoing, with specifics outlined below.

**BUSINESS RETENTION & EXPANSION (BRE):** *Build supportive relationships and provide technical assistance that facilitates their continued presence and growth.*

- **Biennial Business Survey:** Every odd-numbered year the City conducts a survey of all businesses city-wide with the goal of assessing the current business and economic environment in Bellevue. The 2023 survey began in August and closed in November. The City’s contractor, ReconMR, is currently compiling the results, which will be shared with Council later in Q1 2024.
- **Annual Business Retention Visits:** As part of ongoing operations, the City conducts meetings and site visits with existing companies to assess their satisfaction with Bellevue as a place to do business, existing pain points in our business environment, and possible trends to plan for. This year’s meetings with retailers, major (>1,000 employees) and mid-sized employers (100 – 1000 employees) highlighted:
  - Bellevue is a good place to do business
  - Increased in office space utilization
  - Adaptation of staffing and hours in ground-floor retail to match the current office traffic
  - Uncertain national economic conditions are impacting staffing and expansion plans

Meetings with local retailers and minority- and women-owned businesses typically related to technical assistance with marketing, business planning, financial education and permitting navigation. This assistance was provided by Cultural and Economic Development (CED) staff and outside contracted assistance organizations leading to improved operational outcomes for businesses without access to other resources.

<b>2023 ENGAGEMENT</b>	<b>GOAL</b>	<b>ACTUAL</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Meetings with major employers	N/A	8	3	2	3	0
Meetings with mid-sized firms	42	43	12	13	15	3
Meetings with local retailers	200	240	41	24	68	107
Meetings with Small, Women, Minority, owned business enterprises (SWMBE)	150	146	23	13	54	56
Technical assistance meetings	200	188	62	67	59	TBD
Total company meetings	N/A	625	141	119	199	TBD

**BUSINESS ATTRACTION:** *Attract high quality and innovative employers and investment.*

- **Recruitment Activities:** Staff continued to advance business attraction activities in Q3 in partnership with Greater Seattle Partners (GSP) and other inbound requests. A number of active business recruitment projects are currently ongoing ranging from 10,000 Square Feet (SF) – 350,000 SF of demand. Staff remains focused on diversifying Bellevue’s employment base by attracting sectors well suited to Bellevue including life science, hardware research, and commercial space employers. The program has resulted in 15 high-quality leads in 2023, with nine coming from a pilot lead generation program that will be expanded in Q1 2024.

Bellevue partnered with GSP, the Port of Seattle, and other Eastside cities for an Eastside site selection tour with a national site selection consultant. This tour familiarized the national consultant with the region and provided feedback on business attraction marketing strategies. Along with showcasing regional alignment and coordination, Bellevue and GSP reviewed marketing efforts to match the current marketplace.

**WORKFORCE DEVELOPMENT:** *Expand access to education and work-based learning opportunities that lead to industry certifications, degrees, and local job placement.*

- **Mentors in Tech:** Mentors in Tech (MinT) is a program focused on providing computer science students at local and community colleges with mentoring and work-based learning opportunities that support their career pathways into tech-related occupations. They have worked with other Eastside educational institutions, including Lake Washington Institute of Technology and Renton Technical College. MinT launched a pilot program specific to Bellevue College for the 2023-2024 school year. This program aims to equalize access to opportunities in the tech sector for students who are not in traditional 4-year universities. Bellevue’s Workforce Development Program served as a key convener in launching this program and is providing a \$20,000 sponsorship to support the pilot program’s effort to improve access to technology jobs for Bellevue residents.

**TOURISM:** *Promote Bellevue as a destination of choice by promoting and developing events, activations, and unique assets*

- **Annual Visitors:** The number of local visitors continues to rebound in Bellevue and the wider Puget Sound Region. These figures represent a nearly complete recovery over pre-pandemic figures.

<b>YEAR OVER YEAR RESULTS</b>	<b>2022</b>	<b>2023</b>
Total overnight visitors	1,359,550	1,842,550
Total room nights	12,096	27,935
Estimated spending	\$407,860,000	\$552,840,000

- **BellHop Visitor Circulator Pilot:** Based on popularity, the pilot has been extended through May 2024. Visitors and community members alike are able to hop on a point-to-point transportation circulator. The initial ridership goal was 8,000 trips per month. Bellhop had over 30,000 passengers as of the end of November across 22,000 trips and currently averages 260 rides per day. While early months of the pilot fell behind the ridership goal, currently BellHop averages 260 rides per day, nearing the 8,000 rides a month goal. The average rider rating is 4.87 out of 5.



**SMALL BUSINESS AND ENTREPRENEURSHIP:** *Enhance the small business and startup ecosystem in Bellevue to facilitate the growth of small business.*

- **Startup425 Program Administration:** Startup425 has hosted ten (10) Eastside networking events

ranging from smaller scale coworking sessions to larger speaker panels. A total of 200 entrepreneurs have attended to date. Eastside city partners have responded well to the programming partnership and the first event outside of Bellevue was held at Vault 89 in Renton.



Eastside cities continue to collaborate and have several events in the pipeline. Startup425 staff continue to explore partnerships with entrepreneur organizations on topics including educational business curriculums.

**PARTNERSHIPS:** *Build supportive, mutually beneficial relationships with external organizations that support delivery of world class service to Bellevue’s businesses, residents, and entrepreneurs.*

- **District Development:** The City’s district development program marked two milestones in Q3. The Old Bellevue Merchants Association (OBMA) hosted their largest wine walk to-date, with expanded outdoor dining and live music on a pedestrianized Main Street between 101<sup>st</sup> and 103<sup>rd</sup> Avenues. The proceeds from the wine walk were almost three times their previous record and funded expanded holiday lights and activations in Old Bellevue this winter. The BelRed Arts District Community Alliance continues organization-building activities, including a Community Open House on November 9 and the launch of a curated e-newsletter to over 500 subscribers.

**GRAND CONNECTION:** *Create a series of cohesive, connected, and memorable spaces and pedestrian-focused experiences through the heart of downtown Bellevue.*

- **Public Space Management:** Building on work that began during the pandemic with “al fresco” (outdoor) dining on Main Street, staff from Community Development, Transportation, Development Services, and Parks and Community Services are collaborating on a number of public space management projects, including “application guides” to make it easier to understand Bellevue’s process for public space uses (outdoor dining, holiday lights, etc.), and cataloging responsibilities in the Grand Connection corridor.
- **Grand Connection Crossing:** In collaboration with Transportation and private-sector partners, work continues on the Grand Connection Crossing project. The WSP-led design team includes support from LMN Architects, OJB, and many others, and it is moving forward expeditiously. The 30% design work is expected to be completed by December 2024. To meet the desired 2028 opening date, the City and its partners will need to complete full design by 2026.

**CREATIVE ECONOMY & ARTS:** *Create a thriving creative sector and provide support for arts and culture.*

- **Arts and Economic Prosperity 6:** Bellevue undertook a study on the economic and social impacts of arts and cultural events and the connected spending of those audiences to other aspects of the local and regional economy. More will be shared with the Council in the near future, but one top-level number of interest is that event spending in Bellevue was twice that of local counterparts (\$60.57 vs \$29.77).
- **Theatre33 Opening:** Theatre33, Bellevue’s first bilingual community theatre and a Bellevue Arts Grant recipient, had its Grand Opening in October in the BelRed Arts District.



Photo Credit: Bellevue Chamber

**LOOKING AHEAD**

Tonight’s management brief provides an update on a smaller subset of cultural and economic development activity. Staff continue collaborative partnerships and programming on several other fronts. Notable items in the coming months include but are not limited to:

- Tax Increment Financing update
- Retail Study findings
- 2023 Business Survey results

**POLICY & FISCAL IMPACTS**

N/A

**OPTIONS**

N/A

**ATTACHMENTS**

N/A

**AVAILABLE IN COUNCIL LIBRARY**

2020 Economic Development Plan