

July 13, 2015

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

April – June, 2015, Quarterly Update on Economic Development Activities

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POLICY ISSUES

City Council adopted a new Economic Development Plan on July 7, 2014. The Plan outlines a set of strategies to focus the City's economic development efforts, under the overarching vision:

Bellevue is a prosperous and vibrant international city with innovative and entrepreneurial businesses and a high quality of life for residents.

Tonight's Study Session will provide Council with an update on the work of the Office of Economic Development (OED) through the second quarter of 2015. The update will include an overview and activity status of Office Development and the three program areas of Business Attraction, Business Retention and Expansion, and Startups/Entrepreneurship that were established to implement and sustain the Economic Development Plan. In addition, an update will include an overview of the performance metrics for each of the three program areas. Finally, the update will discuss projects and activities planned for the remainder of 2015.

DIRECTION NEEDED FROM COUNCIL

☐ Action
☐ Discussion
☒ Information

This quarterly update is for information purposes; no Council action is requested at this time.

BACKGROUND/ANALYSIS

In June 2013, the Council launched the process of developing a new Economic Development Plan. Council adopted the final plan on July 7, 2014. The process included a **Situation Assessment** outlining the major drivers and key economic clusters leading the Bellevue economy, **Stakeholder Interviews** focusing on insights and priorities from over 50 civic and business leaders, and ultimately a set of **Direct Economic Development Strategies** and **Foundational Strategies**. The implementation framework for the plan summarizes the specific tasks, roles, resource requirements and partnerships needed to move forward.

The following is the fourth quarterly update in furtherance of the overall plan, with a focus on the key economic development activities that took place during April through June 2015. In addition to the update, a 2015 Economic Development Action Plan is included along with performance metrics. It is the intent of OED to provide Council and the public with an Action Plan update along with updated performance metrics at regular intervals.

DIRECT and FOUNDATIONAL ECONOMIC DEVELOPMENT STRATEGIES

Under the new Plan, “Direct Strategies” target specific economic development opportunities where the City’s efforts can be most effective. These strategies are primarily the responsibility of the City’s economic development staff, and provide a strong focus for their efforts in the near-to-mid-term (within the next 5 years).

A second set of actions called out in the new ED Plan are the “foundational strategies” that cut across multiple areas of City responsibility, and are carried out by departments across the City organization. These actions are critical to creating a climate that attracts talent and investment.

The three economic development program areas incorporated the Direct as well as Foundation strategies for action outlined below.

Office Development: Provide economic development leadership and support to the City of Bellevue and the region to promote broad-based economic growth based on city-wide and regional collaboration, data supported strategies and a focus on Bellevue’s target industries and sectors.

- **Economic Development Webpage Update:** Significant progress has been made in updating the City’s Economic Development website. Design, layout and navigational elements have been developed and staff is updating content for the three economic development program areas of Business Attraction, Business Retention and Expansion, and Next Generation Bellevue, and IT is updating the website. The updated and redesigned website will be completed in July.
- **Economic Development Manager:** Jesse Canedo joined the Economic Development team on May 11. Jesse served as the International Business Senior Specialist in the City of San Antonio’s Economic Development Department. Jesse has solid economic development experience in business attraction, business retention and expansion, and supporting startups. Jesse is a graduate of Dartmouth College and received a MBA from the IE Business School in Madrid, Spain. Jesse is currently heading up the Next Generation Bellevue technology startup focus.
- **Customer Relationship Management:** OED has implemented Salesforce, a cloud-based system that serves as a customer relationship database and project management system for business attraction and business retention and expansion projects.

Business Attraction: Attract national and international companies to Bellevue that align with our economic development strategy and growth industries and that complement and support local businesses.

- **Relocations:** Since January of 2015, the OED has worked 12 business attraction prospects and has exceeded its total project goal for the year. Four location announcements were made in Q2 to include:
 - **University of Washington Global Innovation Exchange (GIX):** The UW announced the location of the GIX to the Spring District in June 2015. The GIX will open its doors to students in fall 2016 and anticipates between 3,000 and 4,000 students within ten years. The Exchange will also position Bellevue as a regional and national center for technology development and entrepreneurship. OED provided site selection support that included coordinating letters of support from the City and the Bellevue Chamber of Commerce. OED will continue to work with the UW to successfully site the facility in the Spring District.
 - **Inspur:** A China-based information technology company, Inspur sited an IT facility in the Crossroads area adjacent to the Bellevue Technology Center. The company has significant ties with Microsoft and plans to add 50 new jobs at the site. OED provided site selection support to Inspur.
 - **REI:** REI announced on June 26 that it would relocate 280 employees in its IT Division from Kent to Bellevue. The relocation will take place at the Commons on 90, 15800 SE Eastgate Way. REI will relocate into a 48,000 square foot facility and will initially relocate 220 employees in the fall of 2015 and another 60 in 2016. Economic Development did not facilitate the company's relocation of their IT Division to Bellevue but will conduct a BRE visit with the company in the near future.
 - **Uniqlo:** The Japan-based fashion designer and retailer announced in April 2015 that it would open its first Seattle area store at Bellevue Square. The store will create more than 60 retail jobs. The company reached out to Economic Development staff for assistance with the construction permit process.
- **Active Projects:** Currently, OED is working nine active business attraction projects, and for Q2, OED began working three technology company projects.
- **Marketing:** Identified the following marketing initiatives to market Bellevue in key industry sectors to national and international companies:
 - **Power of Play:** Interactive Media conference (May 15-16, 2015): Power of Play (POP) is an annual video game industry conference held in Bellevue and organized by the Washington Interactive Network. In its eighth year, POP offers an opportunity for game developers and technologists to join thought leaders, experts, and the independent developers to experience the latest games and gaming technologies with an emphasis on talent from the Puget Sound region. Organizers estimated attendance at approximately 400 this year. OED was a sponsor of POP and had a marketing table at the event. OED identified four businesses (leads) that are potentially interested in locating to Bellevue.

Business Retention and Expansion (BRE): Develop and promote a healthy and vibrant business climate in Bellevue that facilitates the growth, retention and expansion of local companies.

- **BRE Expansion:** OED provided expansion assistance to two companies, Envelop VR and iSpot TV, in the second quarter and is currently working with eight Bellevue businesses to expand their operations within Bellevue. For the year, Economic Development has exceeded its performance metric of 50 jobs created and retained, with 72 total jobs created and retained.
- **Business Retention:** OED and the Economic Development Action Team continue to provide support to a local automotive sales company to relocate within Bellevue. OED continues to monitor the company's relocation and provide assistance as needed.
- **BRE Visits:** Through Q2 2015, OED has conducted seven BRE visits. Economic Development conducted BRE visits to both local employers, such as iSpot TV and HDR, as well as major employers (companies with headquarters in Bellevue or who employ more than 500), such as Concur and Overlake Hospital.
- **BRE Technical Assistance:** Through Q2, the Economic Development Action Team provided 12 types of technical assistance to local companies. Economic Development has exceeded its technical assistance performance metric for the year.

Next Generation Bellevue: Foster the development of an entrepreneurial and start-up culture in Bellevue by assisting businesses to start, grow and become successful.

- **Impact Hub Bellevue:** The City entered into an agreement with Hub Seattle LLC to create and manage a co-working space near downtown Bellevue. The space opened in May 2015 at the Lincoln Center North Building (555 116th Avenue NE) and now occupies 9,600 square feet of the facility and supports over 40 small businesses. Impact Hub is also nearing completion of a new events space that will accommodate up to 100 guests and will host events for business development, entrepreneurs, and the general community. The grand opening is scheduled for late August.
- **Crowd Funding:** The City continues to explore the best way to support local startups, particularly through the 2014 Washington JOBS Act. Staff have received a final report and recommendation from BERK Consulting, met with representatives from crowdfunding organizations, and spoken with startup companies about their perceptions of the opportunity.
 - Later this month staff will meet with members of the Governor's staff in Olympia to discuss the crowdfunding promotion and opportunities.
- OED hosted four tech startup and investor groups at City Hall to develop a support network and provide coaching and mentorship to entrepreneurs. Events OED supported include:
 - **Crowdfunding Workshop:** The April 22 event provided tech startups with information about how crowdfunding could assist them in the development of their businesses.
 - **Equity Crowdfunding Workshop:** The equity crowdfunding workshop on April 28

provided startups with valuable information on the new equity crowdfunding law and the opportunities it creates. Noted panelists included State Senator Cyrus Habib who authored the equity crowdfunding legislation.

- Seattle Technical Forum: The Forums on May 13 and 20 provide a platform for professionals to collaborate, share ideas, and foster creative brainstorming.

Regionalism:

Regional collaboration with our economic development partners on the Eastside (Redmond and Kirkland) and in Seattle (Economic Development Council of King County, Greater Seattle Trade and Development Alliance and others) continues to be a top priority. Some examples of regional collaboration for Q2 included:

- Power of Play: A collaboration with OneRedmond and the Washington Interactive Network to support interactive media on the Eastside and in the Puget Sound region. OED was a sponsor and met with local companies to learn how best to support their continued growth in the community.
- Greater Seattle Trade and Investment Strategy: OED is a member of the core team charged with implementation of the strategy. In addition, as a member of the core team, Economic Development is helping to develop an export strategy for the region.
- China Cuisine Association: A delegation representing over 40 restaurants, caterers and chefs from China visited Bellevue in May. The visit was organized by the US Department of Commerce, and OED collaborated with Commerce and the Washington State China Relations Council on the visit. The visit offered the delegation the opportunity to learn more about the local market and potential expansion opportunities.
- Full ConTech: A September 2015 workshop by the Washington Technology Industry Association is planned to work with technology business leaders to develop implementation strategies to support the regional technology industry. The OED Director currently serves on the Advisory Board.
- Innovation Partnership Zone: OED is exploring the opportunity to join the Interactive Media IPZ as part of the broader goal to support the interactive media, video game, and virtual reality industries in the city. The Interactive Media IPZ is one of 16 zones across the state that help companies take advantage of the region's pool of talent, resources and entrepreneurship.

Major Projects and Initiatives for 2015

- Tourism Master Plan: OED is working with VisitBellevue to develop a Tourism Master Plan that defines Bellevue's tourism niche, identifies our target markets, and markets Bellevue's target industries to domestic and international visitors and conventions.
- Gamescom: OED is collaborating with OneRedmond and the Washington Interactive Conference to attend the conference where local companies will develop export opportunities and staff will market Bellevue as a foreign direct investment location.
- Business Survey: This fall OED will begin a formal survey of local companies to gather business perceptions about City services, the local business climate, general perceptions

about the Bellevue as a place to do business, and high-level feedback on areas for improvement related to City services. Staff anticipates the survey will be completed over two months utilizing direct phone calls and email.

- SEA VR: OED is working with local companies to explore hosting a Virtual Reality developers' conference at the Meydenbauer Center in October 2015.

2015-2016 Operating Budget

As part of the 2015-2016 Operating Budget, Council approved the Economic Development base program and a small number of enhancements. Both strongly focus on carrying out the new Economic Development Plan. Some of the proposed enhancements include:

- Work advancing technology entrepreneurship/startups/possible incubator facility
- Further development of Bellevue as international gateway for business recruitment and investment
- Marketing and promotion
- Full funding for Visit Bellevue (tourism) proposal at \$55,000/year
- Addition of a second professional economic development position to advance the new Economic Development Plan.

In addition, City Council adopted an Opportunity Fund budget within the Capital Investment Program (CIP) Budget (\$500,000 over two years) to implement key economic development initiatives and activities. Staff has identified economic development projects that the fund could support.

Metrics

Staff has developed performance metrics for the three program areas of Business Attraction, Business Retention and Expansion, and Next Generation Bellevue. The performance metrics for 2015 establish a baseline of activity from which to determine performance metrics for future years.

CONCLUSION

Tonight's Study Session is intended to be informational, and is the fourth in a series of quarterly updates on activities of OED and implementation of the new Economic Development Plan. No action is requested. Further information on all the above items will be provided at the Council Study Session, and staff welcomes any Council comments and questions.

ATTACHMENT

1. 2015 Action Plan Update (January 1-June 30, 2015)
2. Bellevue Business Retention and Expansion brochure

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Council-adopted Bellevue Economic Development Plan