

January 4, 2016

## CITY COUNCIL STUDY SESSION ITEM

### **SUBJECT**

October - December 2015, Quarterly Update on Economic Development Activities.

### **STAFF CONTACTS**

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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 of the economic development office through the fourth 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 & Expansion, and Startups/Entrepreneurship—to implement and sustain the Economic Development Plan. In addition, the update will include an overview of the performance metrics for each of the three program areas and projects and activities for 2016.

### **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 fifth quarterly update on the key economic development activities that took place during October through December 2015 that will further the overall plan. In addition to the update, a 2015 Economic Development Action Plan is included along with performance metrics. It is the intent of the Office of Economic Development to provide you 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 four 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. For 2015, the Office of Economic Development completed a number of key initiatives that included:

- Updating the Economic Development website.
- Hiring an economic development manager.
- Developing marketing and promotional material.
- Utilizing a Customer Relationship Management system to help businesses locate and expand.
- Entering into partnership with OneRedmond to have a Small Business Development Center Advisor at City Hall to provide no-cost advising and consulting services to small businesses and startups.

**Business Attraction:** Attract national and international companies to Bellevue that align with our economic development strategy, growth industries, and complements and supports local businesses. For 2015, the Office of Economic Development undertook the following notable initiatives and achieved the following metrics:

- **Initiatives:**
  - Collaborated with the Economic Development Council of Seattle and King County to attend the SelectUSA Summit in Washington, DC to promote Bellevue and the region for foreign investment.
  - Worked in partnership with the Washington Interactive Network for Power of Play to promote the gaming industry in Bellevue at the region and attended GamesCom in Germany for gaming business export promotion and attraction.

- Supported the development of the Greater Seattle Trade and Investment Strategy to grow exports and foreign investment in the region.
- Began the development of a Tourism Master Plan in partnership with VisitBellevue to promote and expand the tourism industry in Bellevue.
- Co-promoted the SEA-VR conference for virtual reality developers and technologists to join thought leaders and experts to experience the latest technologies, with an emphasis on talent from the Puget Sound region.
- Metrics:
  - Identified and worked with 52 leads and prospects and provided relocation assistance.
  - Facilitated the relocation and expansion of six companies to Bellevue that created over 600 jobs. Notable locations include:
    - University of Washington Global Innovation Exchange
    - Salesforce
    - Inspur

**Business Retention & Expansion (BRE):** Develop and promote a healthy and vibrant business climate in Bellevue that facilitates the growth, retention and expansion of local companies. For 2015, the Office of Economic Development undertook the following notable initiatives and achieved the following metrics:

- Initiatives:
  - Established the Economic Development Action Team consisting of team members from City of Bellevue Departments as well as representatives from the Bellevue Downtown Association, Bellevue Chamber of Commerce and Puget Sound Energy to provide assistance to local businesses.
  - In partnership with the Finance Department, the Office of Economic Development undertook a business survey to learn about the business climate and how we can better support local businesses.
  - Conducted business retention and expansion visits with Bellevue's major employers to learn more about their company and how we can support their continued growth.
- Metrics:
  - Conducted 27 BRE visits, including nine with major Bellevue companies, and provided 37 types of technical assistance.
  - Facilitated the retention and expansion of four Bellevue companies that retained and created 150 jobs.

**Next Generation Bellevue:** Foster the development of an entrepreneurial and start-up culture in Bellevue by assisting businesses to start, grow and become successful. For 2015, the Office of Economic Development undertook the following notable initiatives and achieved the following metrics:

- **Initiatives:**
  - Supported the establishment and growth at Impact Hub Bellevue; a co-working space at Lincoln Center on 116<sup>th</sup> Avenue that provides co-working space, business support and networking to startup companies.
  - Completed an analysis and hosted a workshop on equity crowd funding to help support additional financing options for local startups.
  - Worked with local organizers to bring the SEA-VR Conference (Seattle Virtual Reality) to the Meydenbauer Center and promote Bellevue as an interactive media innovation center.
- **Metrics:**
  - Impact Hub facilitated the creation of 66 businesses that created 89 new jobs. Over 120 individuals and companies are members.
  - In 2015, the City hosted over a dozen tech startup and investor groups at City Hall to develop a support network and provide coaching and mentorship to entrepreneurs.

**Regionalism:** Regional collaboration with our economic development partners in the Eastside (Redmond and Kirkland) and in Seattle (Economic Development Council of King County, Greater Seattle Trade and Development Alliance and others) was a top priority in 2015 and will continue to be a priority in 2016. Some examples of regional collaboration for 2015 include:

- **Gamescom:** OED partnered with OneRedmond and the Washington Interactive Network to attend the interactive media conference in Cologne, Germany where local gaming studios developed export opportunities and staff marketed Bellevue as an expansion location to European game companies.
- **Full ConTech:** Economic Development staff participated in the daylong workshop with companies, organizations, and government representatives in September 2015. The Washington Technology Industry Association convened the workshop to develop implementation strategies to support the regional technology industry. The Economic Development Director currently serves on the Advisory Board.
- **SelectUSA Summit 2015:** The second annual SelectUSA Summit brings together investors from all over the world, as well as economic development organizations from every corner of the United States, high-level government officials, and others working to facilitate investment in the United States. The Office of Economic Development collaborated with the Economic Development Council of Seattle and King County to promote the region as a prime spot for foreign business investment.

## **Major Projects and Initiatives for 2016**

- **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. Estimated completion is in Q3 2016.
- **Economic Development Marketing:** OED and Communications will be collaborating to develop marketing material to promote Bellevue's economy and Bellevue as a great location for businesses to relocate and expand. The project will commence in Q1 2016.
- **Startup 425 Entrepreneur Center:** The Entrepreneur Center will be an Eastside regional collaboration initiative to form a "one-stop" center for startups to receive the information, mentoring and training they need to be successful.
- **Startup 425 Global Bootcamp:** This Eastside regional collaboration will be done in partnership with Impact Hub to create a meaningful two-way flow of people, ideas, and capital to strengthen the Eastside's connection with the global tech community.

## **2015-2016 Operating Budget**

City Council approved an Operating Budget for 2015-2016 on December 1, 2014. Included are a base program and 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 (\$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 & Expansion and Next Generation Bellevue. The performance metrics for 2015 established a base line of activity from which to determine performance metrics for future years.

## **CONCLUSION**

Tonight's Study Session is informational, and serves as a quarterly update on activities of the Office of Economic Development 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, December 28, 2015

**AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Council Adopted Bellevue Economic Development Plan