

April 11, 2016

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

January – March 2016, 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 of the economic development office through the first quarter of 2016. 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 the remainder of 2016.

DIRECTION NEEDED FROM COUNCIL

<input type="checkbox"/>	Action
<input type="checkbox"/>	Discussion
<input checked="" type="checkbox"/>	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 E.D. 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 2016, the office will undertake a number of key activities to support its three programmatic areas:

- Partnering with VisitBellevue to develop a Destination Marketing Plan to attract more visitors to Bellevue as well as conventions and meetings to support economic development.
- Undertaking a branding and marketing strategy to promote Bellevue’s economic development initiatives.
- Developing business attraction, retention and expansion videos focused on Bellevue’s business climate, video gaming industry and entrepreneurs. The videos will help consolidate Bellevue’s image as an innovation and technology center.

Business Attraction: Attract national and international companies to Bellevue that align with our economic development strategy, growth industries, complement and support local businesses. For Q1 of 2016, the Office of Economic Development undertook the following notable initiatives and achieved the following metrics:

- **Current Initiatives:**
 - Collaborating with the Economic Development Council of Seattle and King County, OneRedmond and City of Kirkland to attend the SelectUSA Summit in Washington, DC to promote region’s technology oriented workforce and ecosystem to international companies that are ready to invest in the US.
 - Economic Development collaborated with the Washington State Department of Commerce to attend Mobile World Congress in Barcelona, Europe’s largest mobile technology trade show. The trade show generated 12 leads for Bellevue and developed partnerships to support local technology startup companies.

Economic Development continues to support the Global Innovation Exchange and their goal to establish our region as a leader in technology, innovation and entrepreneurship. We hosted delegations from China interested in investing in Bellevue to support GIX.

- **Metrics:**
 - Develop 6 prospects and 12 leads in Bellevue’s targeted industries.

- Facilitated the relocation and expansion of six companies to Bellevue that created an estimated 1,321 jobs. Expansions and relocations included:
 - REI headquarters in the Spring District
 - Huawei R&D center
 - Vusay Technologies, a technology interactive media startup located at Impact Hub
- Virtual Sports, a gaming and VR company.

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:**
 - Continue to work with 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.
 - Partner with the Finance department to develop and implement strategies based on the results of the 2015 Business Survey
 - Conduct business retention and expansion visits with Bellevue's major employers to learn more about their companies and how we can support their continued growth.
- **Metrics:**
 - Conducted 18 BRE visits, including one with major Bellevue companies, and provided 19 types of technical assistance.
 - Currently working five business retention and expansion projects.

Next Generation Bellevue: Foster the development of a strong start-up culture in Bellevue by helping aspiring entrepreneurs gain access to the information they need to plan, launch, and scale their businesses. For Q1 2016, the Office of Economic Development undertook the following notable initiatives and achieved the following metrics:

- **Initiatives:**
 - Supported the growth at Impact Hub Bellevue, a co-working space at Lincoln Center on 116th Avenue. Continued work to find a permanent location in Bellevue. Began work to co-locate the new Startup 425 Entrepreneur Center with them.
 - Partnered with GeekWire to host Startup Day at the Meydenbauer Center. The event attracted over 700 attendees and exposed many regional residents to Bellevue's startup community for the first time. Write-ups on the GeekWire website created over 1 million impressions of Bellevue with nearly 1,000 reading in-depth on the city's programs.
- **Metrics:**
 - Impact Hub grew to over 140 individuals and company 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 2016 include:

- **Mobile World Congress:** Collaborated with the Washington State Department of Commerce to participate in Mobile World Congress, the world's largest gathering for the mobile hardware and software industry. Bellevue participated in the State's show booth to support Eastside companies searching for new business opportunities and to market Bellevue to international companies looking to expand into the U.S. Staff also met with representatives of the City of Barcelona, Region of Catalonia, and the Four Years From Now conference about opportunities to support cross-Atlantic startup activity.
- **Startup 425:** Working with the City of Kirkland and OneRedmond to create a cohesive support structure for entrepreneurs and startups in the three cities. The partners share similar demographics, economies, and business opportunities. The partnership is working toward the creation of a web and physical presence that will offer technical assistance.
- **SelectUSA Summit 2016:** The third 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 is collaborating with the Economic Development Council of Seattle and King County, City of Kirkland and OneRedmond to promote the region as a prime spot for foreign business investment particularly in the technology industry.

Major Projects and Initiatives for 2016

- **Destination Development 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 is scheduled to finish in June 2016.
- **Startup 425 Entrepreneur Center:** The Entrepreneur Center will be an Eastside regional collaborative initiative to form a "one-stop" center for startups to receive the information, mentoring and training they need to be successful. Phase I of the Center will open in July 2016 at Impact Hub and provide physical space for classes and meetings from service providers like the SBDC, Score, Angel Investors, and others. Phase II will focus on training modules, with an anticipated opening in fall of 2016.
- **Startup 425 Global Launch:** Working with regional partners to strengthen the Eastside's connection with the global tech community by building a program to help Eastside companies access foreign markets and help international startups expand into the U.S. using the Eastside as an office location.

- SelectUSA 2016: OED will collaborate with OneRedmond, City of Kirkland, and the Economic Development Council of Seattle and King County to attend the SelectUSA Summit in Washington, DC. This will provide an opportunity to collaborate, highlight our region, and target industries to international business investors.

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 the Competitiveness and Collaboration CIP Project (\$500,000 over two years) to implement key economic development initiatives and activities.

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. Included in this briefing are the performance metrics for 2016.

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. 2016 Action Plan Update, April 11, 2016

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Council Adopted Bellevue Economic Development Plan