

June 4, 2018

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Update on Economic Development Activities for Q1 and Q2, 2018

STAFF CONTACTS

Mac Cummins, Planning & Community Development Director, 452-6191

James Henderson, Economic Development Director, 452-7910

Jesse Canedo, Economic Development Manager, 452-5236

Joshua Heim, Arts Manager, 452-4105

Anthony Gill, Economic Development Analyst, 452-4114

Planning and Community Development

POLICY ISSUES

City Council adopted the current 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.

DIRECTION NEEDED FROM COUNCIL

ACTION



DIRECTION



INFORMATION ONLY



Tonight's Study Session will provide Council with an update on the Office of Economic Development's (OED) activities for Q1 and Q2 of 2018. The update will include metrics for 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:

- Results to date for 2018; and
- An introduction to the work plan for 2018 thru 2020.

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 twelfth quarterly update on the key economic development activities that further the plan. In addition to the update, a 2017 Economic Development Action Plan is included along with

performance metrics. The OED will provide Council with an Action Plan update along with updated performance metrics at regular intervals.

Direct and Foundational Economic Development Strategies

Under the 2014 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 five years).

A second set of actions called out in the Economic Development 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 Foundational strategies for action outlined below.

Business Attraction: Attract national and international companies to Bellevue that align with our economic development strategy, competitive industries, and complement local businesses. (See attached 2018 OED Action Plan.)

- For Q1 and Q2 of 2018, OED curated eight prospects in our target industries. Five of those prospects were new companies to the Bellevue and the region. There were no successful locations for Q1 and Q2 of 2018.

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. (See attached 2017 OED Action Plan.)

- In Q1 and Q2, staff outreached to two companies. One, Dragonchain, is a block chain startup in Bellevue. The second, Team Red Dog, is a woman-owned human resources recruitment and consulting firm. In addition to staff outreach, staff City-wide provided 10 forms of technical assistance. For Q1 and Q2 of 2018, we are actively working with three local companies to expand in Bellevue.

Small Business and Entrepreneurship: The City of Bellevue supports entrepreneurs and small businesses through Startup 425 – a partnership between the cities of Bellevue, Issaquah, Kirkland, Redmond, and Renton. The program fosters the development of a strong startup culture on the Eastside by helping aspiring entrepreneurs gain access to the information they need to plan, launch, and scale their businesses. Startup 425’s programming focuses around three themes – professional network development, customer discovery, and financial literacy.

In Q1 and Q2, the program delivered:

- 425 Foundations Series: This series provides introductory information to members of the community who are interested in starting a business. A total of 6 sessions were held in Bellevue in Spring 2018, garnering 214 registrants exploring entrepreneurship. Early results show the

program is reaching a diverse audience with approximately 53 percent of post-workshop survey respondents identifying as non-white and over 57 percent identifying as women. The Bellevue sessions are part of the larger partners' program that will provide 52 workshops across the five cities by October 2018. The 2018 program is done in partnership with SCORE and the King County Library System.

- Website – The Startup 425 website continues to receive periodic enhancements aimed at improving the user experience and increasing engagement. In Q2, staff added a chatbot feature to improve engagement and decrease response times for technical assistance to small businesses. Additionally, the hosting had to be upgraded to handle the significant increase in site traffic. To date, the website has seen a significant increase in traffic that includes:
 - **Users:** 2,644 (+146.2%)
 - **Sessions:** 3,663 (+158.1%)
 - **Pageviews:** 9,099 (+194.2%)
 - **Bounce Rate:** 32.6% (-48.3%; a decrease is an improvement)
- One Million Cups (1MC): Based on the notion that entrepreneurs discover solutions and network over a million cups of coffee, the Kauffman Foundation developed 1 Million Cups - a free program designed to educate, engage, and connect entrepreneurs with their communities. The meeting takes place the first Wednesday of each month at WeWork in Lincoln Square. Startup 425 will market in existing newsletters and social media campaigns.

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) is a significant priority for the Economic Development Plan. Examples of regional collaboration for the first two quarters of 2018 include:

- Innovation Triangle: A partnership of Bellevue-Redmond-Kirkland to grow our shared technology oriented economies.
 - Marketing Team: A marketing work team within the Innovation Triangle was established in Q1 2018 to review website and collateral material and make needed updates to support business recruitment missions for 2018. Upgrades to the website and collateral material is being funded by a Port of Seattle Economic Opportunity Grant.
 - Website: The Innovation Triangle website has received a significant upgrade to enhance navigation, make information more accessible and enhance the user experience. In addition, certain pages of the site will be translated into Mandarin to facilitate targeting Chinese companies and investors. To date, the website has seen a significant increase in traffic that includes:
 - **Users:** 380 (+39.2%)
 - **Sessions:** 567 (+69.3%)
 - **Pageviews:** 3,278 (+707.4%)
 - **Bounce Rate:** 10.6% (-87.9%; a decrease is an improvement)

- Collateral Material: Innovation Triangle industry and business center marketing sheets were also reviewed and upgraded with current information.
 - Business Attraction: With support of a grant from the Port of Seattle’s Economic Opportunity grant, the partners will once again be meeting with international technology companies at SelectUSA. SelectUSA will take place in Washington, DC, from June 21 to 23 and up to 1,000 international companies will take part looking for investment opportunities in the US. Last year, the partners met with over 30 companies and developed over a dozen leads. Those information technology leads are still being curated into active prospects with the hope of landing them within the Innovation Triangle.
 - Relocation Guide: Utilizing financial support from the Port of Seattle’s Economic Opportunity grant, the partners developed a relocation guide to facilitate company location to the Innovation Triangle. Aimed primarily at international technology firms, the guide highlights service providers and resources such as legal and accounting firms that can assist a company’s location to the region. The guide will be a featured marketing tool to generate interest in the Innovation Triangle at SelectUSA.
- Regional Partnerships: Staff continues to cultivate and support region-wide partnerships to support Bellevue and its economic development goals as outlined in the Economic Development Plan City Council adopted in July 2014. Staff supports councilmembers in meetings of the Economic Development Council of Seattle and King County as well as the Trade and Development Alliance of Greater Seattle. Additionally, staff plays an active role with the Bellevue Downtown Association, Bellevue Chamber of Commerce, New Tech Eastside, Visit Bellevue Washington, Washington Technology Industry Association, Puget Sound Regional Council, and other industry associations.
- Regional Trade and Economic Development Alliance: Bellevue continues to play a leadership role in the development of the new regional economic development organization led by Challenge Seattle. The Alliance will become operational on July 1, and Bellevue will have one of five King County seats on the Executive Board. The new organization strives to become a “best-in-class” regional economic development organization focusing on business recruitment, national and international marketing, and research and analysis. Bellevue’s involvement with the Regional Alliance directly supports Council’s 2018 to 2020 priority to provide leadership in the new Regional Economic Development Alliance to attract international and national business and investment to the region, and to leverage involvement to produce investment in Bellevue’s identified growth corridor and near transit hubs.

Workforce:

- TechHire-Bellevue: Coordinate accelerated technology training programs to support Bellevue’s information technology companies with a special focus on training underrepresented populations in the technology industry.
 - Programmatic Design and Strategy: At the end of 2017, OED entered into a contractual partnership with OneRedmond to work together in the first half of 2018 to develop a

strategy and programmatic design for TechHire implementation. The project will include a series of three roundtable discussions with technology employers, colleges, universities and coding academies to identify existing and future workforce needs and match those needs with workforce training programs to support talent development for Bellevue's technology oriented economy. The strategy will be completed by June 30 and staff will report back in Q3 of 2018.

Diversity and Inclusion: The Office has made a commitment to promote diversity and inclusion within its programs and services and has incorporated Diversity Advantage Strategies into the work program:

- Embed cultural competence within City organizational policy such as the Comprehensive Plan and Economic Development Strategy.

The Office will support economic development events and programs that support multicultural interaction including GeekWire, One Million Cups, and a few smaller business events. The #MyBellevue program, featuring micro blogs from local small business owners, will tentatively relaunch in late Q3 and include firms small, woman, and minority-owned businesses. This marketing program will highlight the diversity of Bellevue's business community and reflect that we welcome the world.

Future Work Plan

Talent is the life-blood of Bellevue's economy. And, the need to attract, retain and grow that talent is becoming more critical to Bellevue and the region's economic fortunes. For years, economic development was viewed as a three-legged stool—attract companies, help local companies grow and expand, and support startups. Do those three things right and you had a prosperous community. However, as the US economy has shifted from an industrial to a knowledge economy, workers are no longer moving to jobs. Rather, jobs are moving to workers. As a result, the three-legged stool has now changed to a four-legged stool with talent being the fourth leg; and placemaking an integral part of attracting, retaining and growing that talent. Because jobs and industry are no longer tied to natural resources or commodities, competition for knowledge economy jobs is increasingly tied to quality of place.

The need to support talent has been reinforced by two recently completed studies—the Creative Edge and Destination Development Plan. Both studies recognized Bellevue's unique role in the region as a cultural and economic center. And, the studies recommended the need for Bellevue to work in partnership with businesses, creative organizations and developers to create vibrant areas throughout Bellevue to attract and retain the talent necessary to support our economy, bring leisure and business travelers to Bellevue and provide amenities sought by our residents. The results, findings and strategies of these studies are being considered by staff to identify areas of complementarity and how to best use the findings and strategies as a lens to inform current and future work within the City.

Emphasizing placemaking will assist Bellevue to become a nationally recognized leader focused on economic and cultural development to attract, retain and support the talent that fuels Bellevue's creative and knowledge economy. A workplan to support placemaking is being developed. The plan's focus will be on how the City of Bellevue can provide amenities to support talent at every age and income for building resilient communities that can support the attraction, retention, growth, and creation of companies. The plan, at its focus, will support Council's priorities to:

- Support and provide leadership in the new Regional Economic Development Alliance to attract international and national business and investment to the region. Leverage involvement to produce investment in Bellevue's identified growth corridor and near transit hubs.
- Actively pursue business retention and growth at the local level, including diverse small, medium and large business with an emphasis on high-tech, tourism and international trade.

The Office will work with the Director of Planning and Community Development and the City Manager's Office to develop and finalize the work plan. Once finalized, staff will provide a briefing on the work plan to Council at the first available opportunity.

- International Council of Shopping Centers: Retail is an integral part of placemaking and supporting the lifestyle of a community. To better understand retail trends and how they fit into a Bellevue placemaking strategy, staff from Planning and Community Development attended the International Council of Shopping Centers (ICSC). As one of the nation's largest trade shows, ICSC allowed staff to talk with retail shopping managers and developers about how to support their retail and lifestyle centers in Bellevue. It also allowed staff to see other examples of retail and lifestyle placemaking across the country. ICSC will inform the development of the Office's placemaking workplan.

OPTIONS

N/A

RECOMMENDATION

N/A

ATTACHMENTS

- A. 2018 Action Plan Results
- B. Innovation Triangle Website Analytics—January 1 to May 30, 2018
- C. Startup425 Year-End Report 2017

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

- A. City of Bellevue Council Adopted Bellevue Economic Development Plan—July 2014
- B. Creative Edge: City of Bellevue Creative Economy Strategy Report—May 2018
- C. City of Bellevue and Visit Bellevue Washington Destination Development Plan Final Report—October 26, 2017