

June 12, 2017

## CITY COUNCIL STUDY SESSION ITEM

### **SUBJECT**

January – March 2017, 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.*

### **DIRECTION NEEDED FROM COUNCIL**

#### **ACTION**



#### **DIRECTION**



#### **INFORMATION ONLY**



Tonight's Study Session will provide Council with an update of the Office of Economic Development's (OED) activities during the first quarter of 2017.

### **BACKGROUND/ANALYSIS**

In June 2013, the Council launched the process of developing a new Economic Development Plan (ED Plan). The development 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. Council adopted the final ED Plan on July 7, 2014 a copy of which is available in the Council Document Library. The public may view a copy of the ED Plan at <https://planning.bellevuewa.gov/planning/adopted-plans-and-policies/economic-development-strategy/>.

This is the tenth quarterly update on the key economic development activities that occurred January through March which furthers and supports the adopted ED Plan. In addition to the update, an Office of Economic Development 2017 Action Plan (Attachment A) is included with this memorandum.

Under the adopted 2014 ED Plan, "Direct Strategies" targets specific economic development opportunities where the City's efforts can be most effective. Direct strategies are primarily the

responsibility of the City's economic development staff, and provide a strong focus for staffs' efforts in the near to mid-term (within the next 5 years).

A second set of actions called out in the 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 that support the implementation of the Economic Development Plan—Office Development, Business Attraction, Retention and Expansion, Next Generation Bellevue and Regionalism—incorporate the Direct as well as Foundational strategies for action outlined below.

**Office Development:** These are key initiatives either directed or supported by OED 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 2017, the major initiatives OED is supporting or undertaking are:

- **Destination Marketing Plan:** In Phase I, OED established a partnership with VisitBellevue to develop a Destination Marketing Plan to attract more visitors to Bellevue as well as conventions and meetings to support economic development. Resonance Consulting, hired by the City of Bellevue in 2016, developed a Situational Analysis that provides a snapshot of "where we are today" with insights collected from stakeholders and consumers with respect to motivating characteristics and differentiators in the city that could shape the destination development strategy for the city. In addition, Resonance Consulting developed a Conceptual Framework that provides emergent findings and potential directions with respect to a destination development strategy for the city.

In 2017, VisitBellevue re-hired Resonance Consulting. Resonance is now developing an implementation plan and associated budget. Resonance Consulting hosted a workshop on April 12 where it invited stakeholders from throughout Bellevue. The purpose of the workshop was to prioritize the strategies developed in the Conceptual Framework in order to develop an implementation plan.

- **Status:** Resonance is currently drafting the implementation plan. In June the draft will be distributed to the tourism industry for their review and comments. In July those comments will be analyzed and incorporated into a final plan to be completed by mid-August.
- **Creative Economy Strategy for Bellevue:** A joint initiative of OED and Arts, the strategy will identify how the arts, culture and creative sectors contribute to Bellevue's community and economy. This study is important for the City of Bellevue to undertake because the creative economy supports and underpins many of Bellevue's economic clusters, particularly the interactive media cluster, and contributes to talent attraction and retention. The creative economy is defined as the segment of the larger economy whose principle orientation is to apply creative ideas and processes to generate goods, services and innovations that provide both economic and aesthetic value. A consultant has been hired to conduct research, community outreach and produce the plan. The strategy will be completed in March 2018.

- 2017 Business Survey: The second business survey is currently active and final results will be briefed to Council in September/October 2017.
- Economic Development Videos: Develop 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.
  - Status: A video focused on Bellevue's overall business climate won two Telly Awards in 2017 in the "Government" and "Lifestyle" categories.
  - A video focused on interactive media, is under development and will be completed by Q3 of 2017.

### **Business Attraction, Retention and Expansion:**

Business Attraction: Attract national and international companies to Bellevue that align with our economic development strategy, competitive industries, and complement local businesses. (See attached Office of Economic Development 2017 Action Plan.)

- Q1 Attraction: For Q1, OED curated two leads and seven prospects. Of the seven prospects, three are international businesses. In addition, through our Innovation Triangle partnership, Bellevue's economic clusters were marketed at three business development shows focused on commercial space, interactive media and mobile technology. There were no projects that resulted in job creation or investment for Q1.

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 Office of Economic Development 2017 Action Plan.)

- BRE Retention/Expansion: For Q1, OED undertook three company visits including a visit to T-Mobile, a major employer in Bellevue. OED, in collaboration with Bellevue's Transportation and Planning and Community Development Departments, is working on a number of initiatives to support T-Mobile and its employees. In addition, OED provided five types of technical assistance to local Bellevue companies that included transportation and permitting support. In Q1, OED supported the expansion of Advaiya Solutions, an information technology company who expanded to the Bel-Red Road area. This resulted in the retention of five jobs and facilitated the creation of an additional 15 jobs.

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 2017, OED undertook the following initiatives:

- Startup425: Startup 425 is as an initiative of Bellevue, Issaquah, Kirkland, Redmond, and Renton to support entrepreneurship in the five communities and support the success of small businesses.
  - Workshops: The partnership recently concluded the first iteration of the Founders Series, which provides a cost-effective, crash course in entrepreneurship designed to provide idea-oriented residents with the resources they need to incorporate a business, write a

business plan, and brainstorm marketing, among other topics. The spring series sold out with over 30 area residents participating in six workshops designed in partnership with SCORE and with funding support from the Port of Seattle's Economic Development Grant. The series will be repeated in the fall and may add additional classes in the other four partner communities.

- Kauffman Foundation: The foundation invited Economic Development Manager Jesse Canedo to their inaugural ESHIP Summit on June 21-23. More information can be found following this link: <https://events.kauffman.org/ehome/index.php?eventid=234475&>. Kauffman is considered a national leader in supporting entrepreneurship. The ESHIP Summit is an event for individuals leading entrepreneurship efforts across the country. Jesse will join a mix of private, public, and non-profit thought leaders for three days in Kansas City. His participation at ESHIP will be a great benefit to the City and the Eastside as he is leading the ongoing development of our Startup 425 work. Kauffman also extended a full scholarship to cover Jesse's travel expenses.

**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) was a significant priority in 2016 and will continue to be in 2017. Examples of regional collaboration for 2017 include:

- Innovation Triangle: The Innovation Triangle is an initiative by Bellevue-Redmond-Kirkland to promote the three cities as an innovation and technology center and a prime location for national and international business investment in the technology industry.
  - Status: Utilizing funds received from the Port of Seattle's Partnership Grant program, the partners developed industry marketing sheets, business center profile sheets, collateral material for business development shows, upgraded the Innovation Triangle website, and posted ads in economic development publications such as Site Selection Magazine. In addition, OED represented the Innovation Triangle at Mobile World Congress and OneRedmond represented the partners at DICE and the Space Foundation Symposium. The partners also began their collaboration for the SelectUSA Summit in 2017. The 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.
  - Carsharing: In late May, the partners launched a survey to gauge interest in carsharing services, such as car2go and Zipcar, on the Eastside. The short survey asks commuters about travel patterns and will help determine the viability of those services as part of the Innovation Triangle's transportation infrastructure. The survey follows discussions with car sharing companies which stated a lack of information on the demand for their services among corporate users. After the survey concludes, economic development staff will work with the Transportation Departments in the three communities to examine possible pilot projects and then hand it off for those teams to implement. Steve Marshall, Bellevue's Transportation Technology Partnership Manager, is involved. The carsharing survey is available online at: [bit.ly/eastsidecarshare](http://bit.ly/eastsidecarshare).

- Regional Economic Development: OED continues to play a proactive role in shaping a new regional organization focused on economic development for the greater Seattle region. The goal is to put in place an economic development organization that can more effectively market the region nationally and internationally to attract business, jobs and investment to the region and to undertake more effective research and analysis to determine our region's competitive advantage.
  - Status: In March 2017, Challenge Seattle, under the leadership of former Governor Christine Gregoire, convened a group of principles representing King, Pierce and Snohomish counties along with the major cities in the region to discuss how to form a tri-county economic development organization. Mayor Stokes represented the City of Bellevue. As a result of that meeting, representatives from the principles undertook fact-finding trips to Opportunity Austin, Columbus 2020 and Greater Houston Partnership to understand the benefits of regional collaboration, the roles these economic development organizations play in attracting jobs and investment, and how they are resourced. In May 2017, the principles met and agreed to have a task force develop, within six to eight weeks, an organizational framework for a proposed regional economic development organization focused on research and analysis and job and investment attraction.
- Economic Development Council of Seattle and King County (EDC): The City of Bellevue, through OED, provides financial support to the EDC to support OED's Business Attraction, Retention and Expansion programs that facilitate job creation and investment in Bellevue. In May of 2017, the Chief Executive Officer and President of the EDC resigned. The Executive Committee of the EDC asked James Henderson, Economic Development Director for the City of Bellevue, to serve as a part-time, interim CEO and President until a new CEO and President can be hired. James is currently working 20 hours a week for the EDC and 20 hours a week for the City of Bellevue. He is at the EDC on Tuesdays and Thursdays and as needed on Fridays. Mondays and Wednesdays, James is at Bellevue City Hall.

### **Workforce:**

- TechHire-Bellevue: Bellevue was designated a TechHire community in November 2016. The designation allows Bellevue to partner with Opportunity@Work, the organization that administers the TechHire program, to develop and implement accelerated workforce training programs to support the information technology industry in Bellevue. City Council provided \$50,000 in funding for 2017 to support implementation.
  - Status: OED is in the process of partnering with the downtown Bellevue Public Library and CodeFellows for Coding 101 boot camp. The boot camp will be held in August or September 2017. In addition, OED is partnering with Bellevue College and King County to convene a workforce roundtable to better understand the talent needs of businesses and the role local universities, colleges and coding academies can do to train talent. The goal from the roundtable is to develop an actionable strategy that will guide the TechHire-Bellevue program.

### **ALTERNATIVES**

N/A

**RECOMMENDATION**

N/A

**ATTACHMENT(S)**

A. Office of Economic Development 2017 Action Plan

**AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

City of Bellevue Council Adopted Bellevue Economic Development Plan—July 2014