

CITY COUNCIL REGULAR SESSION

Resolution authorizing execution of an Interlocal Agreement establishing cooperative effort to support Regional Economic Development (Startup 425).

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EXECUTIVE SUMMARY

As directed by Council on February 19, this Resolution solidifies and enhance the Startup 425 program to support entrepreneurs and small businesses on the Eastside.

RECOMMENDATION

Move to adopt Resolution No. 9604

If approved, effective date: 06/03/2019

BACKGROUND/ANALYSIS

On February 19, staff presented two draft Interlocal Agreements (ILAs) to Council, one for Startup 425 and one for the Innovation Triangle. At that time, Council requested staff provide additional clarity regarding ownership of the program's Intellectual Property (IP) and then return on a future agenda for approval. This agenda item addresses the Startup 425 ILA. The Innovation Triangle ILA is also on the agenda tonight, as a separate item.

Bellevue staff worked with the program partners to develop the attached "Administrative Memorandum of Understanding regarding the Startup 425 Interlocal Agreement" which explicitly states the ownership of the program's IP, and other property, as well as the rights associated with ownership.

In line with previous Council discussion, this partnership between the economic development programs in Bellevue, Issaquah, Kirkland, Redmond, and Renton came together in 2016 and is designed to promote small business, startups, and entrepreneurship in the partner communities. Over the last two years, the five cities have successfully supported over 700 entrepreneurs across the Eastside.

On July 31, 2018, the five cities agreed to explore ways to formalize the partnership and improve service delivery to small businesses. After research and analysis, the partners agreed to conclude an interlocal agreement as the most meaningful way to meet the communities' small business policy objectives. The critical deal points include:

- a) Staff from the partner cities will continue to manage the program and no new or separate legal or administrative entity is created. The City of Kirkland expressed a desire to participate more fully in the program's administration and their economic development staff will serve as the primary coordinator. The partners can transfer the coordinator duties to another partner city in the future, as needed.

- b) Startup 425 will coordinate the provision of business services and workshops in partnership with a variety of community organizations.
- c) Startup 425 will begin a long-range planning effort in 2019 that will build a business plan and road map for the program. The partners will engage the business community to identify unmet needs, and sustainable revenue and operations models. Staff will report to Council on the results of the planning exercise.
- d) Financing: Bellevue, Issaquah, Redmond and Renton will each provide \$15,000 annually to the City of Kirkland for management and operation of the Startup 425 program. This is funded by the existing Economic Development budget.
- e) Kirkland will contribute up to \$40,000, to manage the program and its day-to-day operations, and provide all the necessary infrastructure for the staff.

Bellevue will continue to play a strong role in the partnership, as the most populous partner City and the home to the Eastside's central business district.

POLICY & FISCAL IMPACTS

Policy Impact

The City of Bellevue's Economic Development Plan, adopted in 2014, made support for small business and entrepreneurship a priority. The plan specifically calls the City to "cultivate Bellevue's next generation of technology entrepreneurs" through entrepreneurial support, training, and creative programming. Specifically, Economic Development strategies include:

- 1.1 Create a collaborative environment supportive of entrepreneurship.
- 1.4 Recruit technology firms to Bellevue, targeting mid-sized companies that are well-funded and poised for growth.
- 2.3 Provide increased assistance for foreign businesses or foreign nationals seeking to open a business in Bellevue.
- 4.4 Proactively link investors and potential investment opportunities.

Fiscal Impact

The Startup 425 ILA includes a financial contribution in the amount of \$15,000 from the City of Bellevue in 2019 and 2020 to the City of Kirkland for management of the Startup 425 program. This includes:

- Hosting, editing, and maintaining the Startup 425 website.
- Coordinating Startup 425 Foundations free workshop series, including active participation in the Eastside startup and small business community.
- Management of a long-range planning effort by the parties in 2019, including convening a business advisory committee to identify unmet needs, revenue-generating activities, and a sustainable operations model, plus implementation in 2020.
- Quarterly updates for the parties on activities and relevant metrics.

This amount will come from the existing Economic Development professional services budget. Considering in-kind, staff, and cash contributions from the City of Bellevue, this amount is expected to result in a net savings for the City of Bellevue compared to 2017 and 2018 expenditures.

In 2019 and 2020, each Startup 425 community besides Kirkland (Bellevue, Issaquah, Redmond, and Renton) will contribute \$15,000 annually toward the partnership. As the Administrator for 2019-2020, the City of Kirkland will contribute \$40,000 in cash and in-kind support.

OPTIONS

1. Adopt the Resolution authorizing execution of an Interlocal Agreement establishing cooperative effort to support Regional Economic Development (Startup 425).
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Startup 425 Interlocal Agreement
- B. Administrative Memorandum of Understanding regarding the Startup 425 Interlocal Agreement
Proposed Resolution No. 9604

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan (adopted 2014)