

CITY COUNCIL STUDY SESSION

Economic Development Second Quarter Update, April - June 2019.

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

Tonight's Study Session will provide Council with an update of the City's economic development activities for Q2 of 2019.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

This Council item is a routine update on the progress of implementing the Economic Development Plan (the Plan) adopted by the Council in July 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.

Under the Plan, "Direct Strategies" are highly targeted activities that have the most immediate effect on businesses' satisfaction and job count. 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).

The Plan also recommends "Foundational Strategies" that span multiple functional areas of the City and have positive benefits for the City's general vitality and quality of place. They are carried out by multiple departments as part of their individual work plans. These actions are critical to creating a physical and regulatory environment that attracts talent and investment.

Each year, the Economic Development staff develops an Action Plan that summarizes the specific tasks, roles, resource requirements and partnerships needed that year to continue delivering on the Plan's recommendations. The 2019 Economic Development Action Plan is attached with up to date performance metrics. The Economic Development staff provide Council with an update on the Action Plan and performance metrics at regular intervals.

The following update primarily highlights work on the Direct Strategies undertaken by economic development staff. Updates are laid out by functional program.

Business Recruitment: Attract new companies to Bellevue that align with our economic development strategy, competitive industries, and complement local businesses. (See attached 2018 Office of Economic Development Action Plan.)

- **Leads and Prospects:** For Q2 of 2019, staff curated 24 new leads and 10 new prospects in our target industries. Leads were developed through participation in SelectUSA 2019, the International Council of Shopping Centers (ICSC), work with Greater Seattle Partners (GSP), and traditional outreach methods.
- **International Council of Shopping Centers:** In May 2019, City staff participated in the International Council of Shopping Centers (ICSC) annual trade show. The show is the largest gathering in the U.S. of national owners, developers, and tenants of retail centers. Staff attended the event with the goal of building stronger relationships with retail center owners, and to market Bellevue to developers that may own property in the greater Seattle area but not in Bellevue directly. Over two days, staff met with more than 12 firms including Ashkenazy Acquisitions, Brookfield Properties, Retail Opportunity Investment Corp., CenterCal, and Kemper Development Company. Outreach for the show also helped create connections with additional developers and retailers for Bellevue's recruitment pipeline. Follow-up meetings have already occurred with Ashkenazy, CenterCal and Trammel Crow. Staff will continue to work with them on large development opportunities in the City.
- **Economic Development Plan Update:** The City of Bellevue adopted its current Economic Development Plan in July 2014 ("the Plan"). Council and staff have discussed updating the plan for several months, and on July 22, 2019, Council approved a set of eight objectives for the update. Staff is currently in discussion with potential consultants for the project and hope to have a consultant under contract within the next 90 days. Going forward, updates on and discussions related to the Plan update will happen during dedicated presentations to Council.

2019 Invest in Bellevue Performance Metrics	2019					
	Yr Goal	Actual	Q1	Q2	Q3	Q4
Number of new company leads	15	25	1	24	-	-
Number of new company prospects	10	10	0	10	-	-
Number of companies that open their first office in Bellevue (target & non-target industries)	4	1	1	0	-	-
Number of jobs created in Bellevue (target & non-target industries)	200	150	150	0	-	-
Foreign Direct Investment (FDI) prospects	10	7	0	7	-	-
FDI locations (expansions and mergers/acquisitions: target & non-target sectors)	2	1	0	1	-	-
FDI job creation (target & non-target sectors)	50	2	0	2	-	-
Number of trade & investment missions	2	1	0	1	-	-

Business Retention & Expansion (BRE): Build supportive relationships with existing businesses and provide technical assistance that facilitates their continued presence and growth in Bellevue. (See attached 2019 Economic Development Action Plan.)

For Q2, staff continued to work with internal and external partners to support the previously announced growth of T-Mobile, Facebook, REI, and other large employers. Staff also met with several smaller,

local businesses to help them solve a variety of issues such as non-conforming uses, identifying volunteer opportunities, and successfully navigating Bellevue's current growth cycle.

- **2019 Business Survey:** The biennial Business Survey was conducted from June to August 2019. A record number of businesses participated, with over 1,000 businesses responding. The survey engages businesses directly and asks questions about the state of Bellevue's economy, their own business outlook, and satisfaction with various City services. The survey is part of the City's proactive outreach and helps in understanding Bellevue's current business climate, identifying businesses' pain points and pride points, and informing the City's work across multiple departments. The project consultant is currently completing data analysis.

Past results have highlighted traffic, taxes, housing affordability, commercial space affordability, and parking as the most common concerns among businesses. The economic development team will report to Council on this year's results on September 23, 2019.

- Over the last several quarters, economic development staff has heard more frequently about firms facing challenges from redevelopment and construction. Staff has worked with developers, City staff, Sound Transit, and others to provide responsive support and technical assistance. Staff is currently working with the Small Business Development Center (SBDC) and Innovation Triangle partners on opportunities to support workshops for small businesses in the Bel Red area.

2019 Grow in Bellevue Performance Metrics	2019					
	Yr Goal	Actual	Q1	Q2	Q3	Q4
Number of company visits	5	16	2	14	-	-
Number of major employer visits	5	2	0	2	-	-
Number of focus groups	4	1	1	0	-	-
Number of visits with SWMBE-owned firms	5	5	3	2	-	-
Number of visits with creative businesses	5	3	1	2	-	-
Number of technical assistance cases resolved	15	12	4	8	-	-
Number of companies retained/expanded	2	2	2	0	-	-
Number of jobs created and retained	50	1,375	1,375	0	-	-

Small Business and Entrepreneurship: Enhance the small business and startup ecosystem in Bellevue to facilitate the growth of small business through educational programs.

- **Startup 425 Foundations Series:** This series provides introductory information to members of the community who are interested in starting a business for the first time. A full complement of workshops ran this spring, including six in Bellevue. Workshops were held March through June, and saw nearly 700 registrants, including 223 in Bellevue alone. Additional workshops will be held across the Eastside this fall in partnership with SCORE and the King County Library System. Residents can sign up online at startup425.org.
- **Startup 425 Strategic Plan:** On March 21, our partners in Kirkland convened the first-ever advisory committee for Startup 425. The group is meeting periodically this year to advise the partner communities as they work to develop a strategic plan for the partnership. The group

includes small business owners, entrepreneurs, investors, business mentors, and nonprofit partners from across the Eastside, including representatives of Bellevue-based companies, like Ripl, a small local tech startup. The advisory committee will conclude its work later this fall and staff will present the recommendations to Council during future economic development updates.

- **Small Business Development Center:** Bellevue partners with OneRedmond to fund an advisor through the Washington Small Business Development Center (SBDC). The advisor provides free mentoring and advising services for existing businesses that are growing or seeking to improve their existing operations. The position was vacant for three quarters of last year due to staff turnover and a tight labor market.

The partners recently hired a new advisor, Parteek Singh, who started on March 4, 2019. He has spent the past several months reaching out to local businesses and chambers of commerce, and has attended local events to introduce himself and promote his services.

2019 Made in Bellevue Performance Metrics	2019					
	Goal	Actual	Q1	Q2	Q3	Q4
Number of new business receiving assistance from SBDC	16	5	0	5	-	-
Number of businesses in Global Passport programs	On Hold	-	-	-	-	-
Number of registrants in Foundations series (Bellevue-only)	180	298	75	223	-	-
Number of registrants in Foundations series (all locations)	800	956	261	695	-	-
Percentage of Foundations registrants that identify as persons of color	50%	50%	48%	51%	-	-
Percentage of Foundations registrants that identify as female	50%	66%	68%	54%	-	-

Partnerships: Build supportive, mutually beneficial relationships with regional partners, local private firms, and non-profit organizations that support delivery of world class service to Bellevue's businesses, residents, and entrepreneurs.

- **Port of Seattle grant:** The City applied for and was awarded an Economic Development Partnership grant from the Port of Seattle for \$65,000. The regional economic development grant program supports cities across King County in pursuit of the Port's Century Agenda for tourism growth, sustainability, economic opportunity, and small business. While contracting is still underway, the 2019 grant will support the Cultural and Economic Development team's work in three areas:
 - **Bellwether 2019:** The Port is funding marketing for Bellwether 2019, the Arts Program's major multidisciplinary arts festival in September. In part, the program aims to activate the Grand Connection and downtown streets, increase visitors, encourage more people to stay downtown after work, and increase sales at local restaurants, bars, and shops.

- Innovation Triangle: Now entering its third year, the Innovation Triangle is our partnership for business recruitment with Redmond and Kirkland. The Port is funding additional marketing work and funded our annual business development mission to SelectUSA to meet with international companies interested in opening in the Puget Sound region.
- Grand Connection: In support of the Destination Development Plan and the Grand Connection Framework Plan, the Port is funding a pilot of an activation program along the Grand Connection in downtown Bellevue. The program was developed in partnership with the Bellevue Downtown Association (BDA) and has installed temporary signage, colorful lanterns, and additional public seating to enhance the identity and vibrancy of the route. The projects goals include cataloging responsibilities along the route, creating a framework for stronger partnerships, and increasing visitors and sales at local restaurants, bars, and shops. Staff will present the results of the project to Council in December 2019.
- Innovation Partnership Zone for 5G Technologies: The Innovation Partner Zone (IPZ) is a program and designation created by the Washington State Department of Commerce meant to bring businesses, research institutions and entrepreneurs in specific industries together to spur innovation and invention. Earlier this year, the City began discussions with a group of local businesses to apply for an IPZ designation focused on 5G telecommunications technology to establish Bellevue and the region as leaders in 5G technology. The founding partners include T-Mobile, the University of Washington, 5G Open Innovation Lab, and the City of Bellevue, among others. An Application was filed with the State in August 2019 with a decision expected in October 2019.

POLICY & FISCAL IMPACTS

N/A

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

NA

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan (adopted 2014)