



City of Bellevue Economic Development Plan

► **FINAL PLAN**
OCTOBER 19, 2020

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EXECUTIVE SUMMARY

Bellevue is widely recognized as a high-quality place to live and work and continues to attract highly educated individuals and high-wage jobs. With job growth continuing a trend of outpacing population growth, the city has become the second largest business center in Washington and a global information technology hub, which presents both opportunities and challenges.

This economic development plan update was requested by Bellevue City Council in July 2019 to help address these opportunities and challenges through an aligned, citywide strategy. Before completion in October 2020, the plan was further refined to address the COVID-19 pandemic's effects on Bellevue's economy. As a result, this plan is focused on strategies to ensure Bellevue emerges from the pandemic stronger and more resilient than ever before.



Economic Development Plan Vision

Bellevue is a vibrant and inclusive global innovation hub fueled by a highly educated, entrepreneurial, and diverse workforce.

Strategies

Attaining these outcomes will require the City and its partners to activate a number of different strategies, while remaining flexible and adaptable to changing situations – particularly in light of the COVID-19 pandemic. Foundational Strategies describe the City's longer-term, ongoing activities that lay the foundation for overall livability and success of the city. These strategies are typically the responsibility of multiple departments.

They include:

- Providing a business climate and related infrastructure that facilitate and encourage desirable business investment.
- Cultivating attractive and diverse business districts across the city.

- Supporting the development and attraction of world-class talent.
- Continuing to make Bellevue a great place to live, work, and visit.
- Taking local and regional approaches to solving transportation challenges through innovative solutions.
- Encouraging a variety of housing choices within the city.
- Viewing all activities through a lens of diversity, equity and inclusion.

Bellevue will also continue to provide ongoing core economic development services necessary for a sustainably functioning economy. These include a range of programs focused on business retention & expansion, business attraction, supporting entrepreneurs, fostering public-private partnerships, and supporting the creative economy.

The City will also focus on Direct Strategies that address prioritized focus areas and include actions that either directly affect businesses' satisfaction with Bellevue or improve the business ecosystem for businesses of all types and sizes. *The focus areas identified for this plan and the direct strategies that support them are summarized below:*

Capacity Building and Partnerships

1. Work with partner organizations to be a more active convener on topics of importance.
2. Apply a partnership approach to strategies throughout economic development efforts to expand and improve service delivery.
3. Increase business and employee engagement in the community.

Small Business and Entrepreneurship

1. Work with partner organizations to expand access to technical training for entrepreneurs and small business owners with a focus on those of diverse backgrounds.
2. Focus Bellevue's existing business retention and expansion program to build relationships with entrepreneurs and small businesses across sectors so they receive proactive services.
3. Encourage the preservation of existing spaces and the creation of new spaces that are suitable for small businesses.

Workforce

1. Expand access to education and professional experience opportunities within the city that directly lead to industry certifications, degrees, and job placement.

2. Create stronger links between local employers, education and service providers, and residents.
3. Continue to expand transportation including multimodal and advanced options.

Retail

1. Retain and recruit a healthy and diverse retail mix, including neighborhood and resident serving businesses throughout the city.
2. Encourage the preservation of existing spaces and the creation of new spaces that are suitable for independent retail, neighborhood services, restaurant, and beverage establishments.
3. Create contiguous, high-quality retail experiences in major employment centers by designating streets as active or non-active in future land use updates.
4. Develop an auto services retention strategy that ensures a future presence for auto dealerships and related businesses to preserve services for residents.

Creative Economy

1. Enhance Bellevue's leading position in the digital creative sector and encourage linkages with the traditional creative sector where possible.
2. Develop the built and institutional infrastructure needed to position the BelRed Arts District as a major destination.
3. Promote and expand festivals, events and activities to grow the creative economy sector and promote a strong creative brand for Bellevue.

Tourism

1. Develop more activities and product offerings that take advantage of the city's assets and proximity to regional activities.
2. Facilitate development of expanded visitor-related facilities to increase the number of conventions, performances, and special events the city can host.



Background

Thanks to decades of diligent planning and commitment to implementation, Bellevue is recognized by firms from around the world as a high-quality place to live and work. With the city's enviable reputation and abundance of competitive strengths, Bellevue continues to grow its reputation as a major technology innovation and engineering center for industry-leading companies. Those primary employers are attracted by the city's and region's highly educated residents and create high-wage jobs. From 2013 to 2018, Bellevue's population increased by nearly 13,800 residents and employment grew by 17,600 jobs. With job growth continuing a decades-long trend of outpacing population growth, the city has become the second largest business center in Washington and a global information technology hub. Today, nearly 90% of workers employed in Bellevue live outside the city.

Economic Development Plan Update Guidance Group

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Bellevue's growth trajectory presents both opportunities and challenges. Employment gains provide greater career opportunities for many individuals, but can also contribute to increased traffic congestion. Population growth brings diversity, a younger workforce, and energy to the city, but can also fuel escalating housing costs and place greater demands on existing infrastructure. In 2020, the COVID-19 pandemic intersected with these trends, making this a pivotal time for the City to evaluate its existing economic development strategies and ensure future resources are directed towards activities that will advance economic recovery, provide more equitable opportunities, and optimize growth towards the community's desired outcomes.

Planning Process

In July 2019, the Bellevue City Council initiated the strategic planning process with the goal of building upon the city's strengths and continuing to improve the city's business-friendly environment. It approved eight strategic objectives for the updated plan:

1. Address ways to support the creative economy - arts, culture, and creative businesses - to ensure a high quality of life, and attractiveness for residents, visitors, and businesses.
2. Explore new opportunities to support entrepreneurs and retain local businesses, especially those of diverse backgrounds, in ways that fit within Washington State's regulatory environment.
3. Acknowledge the ongoing transformation of retail and identify ways the City and its partners can support more robust and sustainable activity.
4. Identify best practices for integrating Bellevue's newer businesses and employees into the local community.

5. Explore capacity-building for partner organizations, new partnerships, and alternative service delivery models that enable Bellevue to provide a higher level of service and support to small businesses, non-profit organizations, and major community events beyond what it the City can do on its own.
6. Integrate work from prior studies like the 2017 Destination Development Plan and 2017 Creative Edge study.
7. Make the Economic Development Plan easier to update by moving to a chapter-based approach which allows more frequent and targeted updates.
8. Support local workforce development options and programs; with a strong focus on internships, apprenticeships, and other tools that improve the local pipeline.

Based on the defined objectives, the City conducted a nationwide search for a consulting firm and selected Avalanche Consulting to assist with updating the Plan. Over the course of 12 months from October 2019-October 2020, staff worked closely with Avalanche Consulting (acquired by EY in March 2020) to review previous studies and documents, analyze Bellevue's economic position, conduct extensive stakeholder outreach, with more than 75 participants in focus groups and interviews, and draft the plan update.

The consultant leveraged the findings from the data analysis as a starting point for stakeholder discussions. The project engaged the business community through individual interviews and focus groups. The focus groups met twice over the plan development process and provided valuable insight in the development of the strategies included in this plan. Full focus group feedback is included in the Appendix.

COVID-19

In March 2020, as this planning process was preparing to conclude, the novel coronavirus COVID-19 bloomed into a global health pandemic. Work on the update paused for several months as local and national governments turned their attention to relief efforts. In July 2020, progress and strategies for this plan were re-evaluated and refined to address the necessary economic recovery and to provide flexibility for the unknowns. This additional lens strengthens the Plan and may improve local outcomes through an increased focus on resiliency and equity, with initial strategies focused on recovery and later strategies positioned for growth. Approximately two years into this plan, strategies and tactics pertaining to growth will be re-evaluated based on trends and needs at that time.

Building on the success of the previous plan, the new focus areas are included as specific chapters to make the Plan easy to understand and update. Each area is informed by national best practices to ensure Bellevue stays competitive among peer cities across the country and around the world. In addition to these focus areas, City staff will continue to sustain ongoing economic development operations that include business attraction, business retention and expansion (BRE), development of public private partnerships, and tourism development that intersect with local industries and competitive strengths.

KEY FINDINGS

Bellevue's spirit of innovation permeates the local culture. The community's desire to be a welcoming community, on the leading edge of technology, and a national leader in urban development best practices, means the City is continuously looking at best practices nationwide. The attached Appendix provides a detailed overview of Bellevue's major economic and demographic characteristics. This data analysis includes benchmark geographies to help provide better context to Bellevue's position. In most cases, Bellevue is compared with five communities with similar economic and demographic profiles. Like Bellevue, these benchmark cities are also located in major metropolitan regions. The benchmark cities include Arlington County, VA (In Virginia, the County is equivalent to the City); Boulder, CO; Cambridge, MA; Santa Monica, CA; and Sunnyvale, CA.

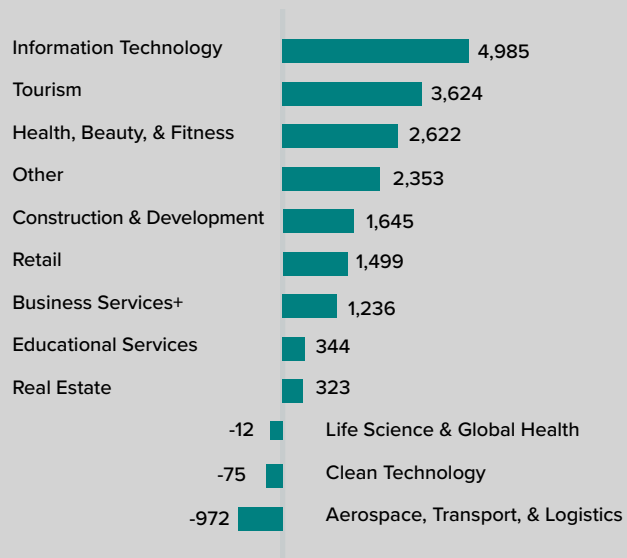
Key findings from the data analysis include:

1. Over the past five years, more than 17,500 new jobs were created in Bellevue - a gain of 14.2%. No other benchmark city added as many jobs during this period.

- Information Technology created nearly 5,000 jobs – accounting for more than a quarter of the new jobs in Bellevue.
- The industries with the next largest employment increases were Tourism (3,600 jobs); Health, Beauty & Fitness (2,600); Construction & Development (1,600); Retail (1,500); and Business Services (1,200).
- Over the same time period, Aerospace, Transportation, & Logistics lost nearly 1,000 jobs. Both Life Science & Global Health and Clean Technology employment in Bellevue also dipped slightly.

Bellevue Employment Change by Major Industry, 2013-2018

Source: Avalanche Consulting / Puget Sound Regional Council

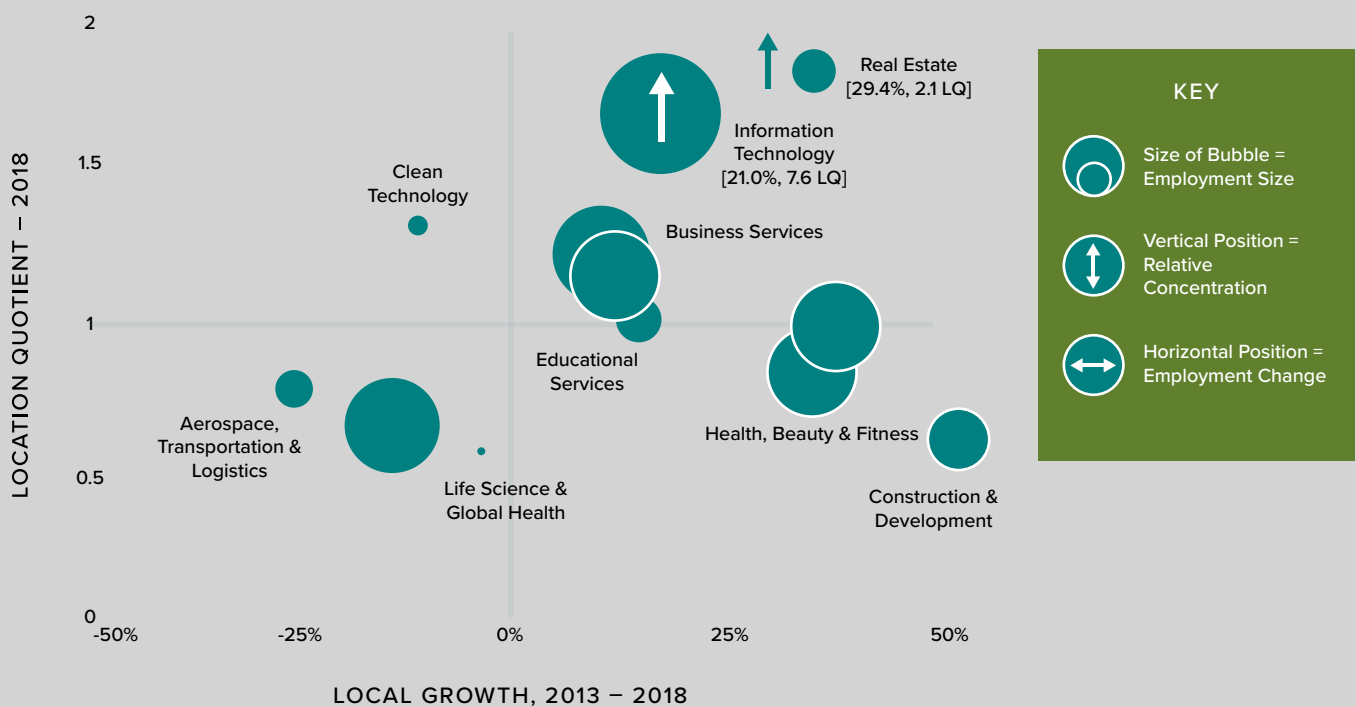


2. Information Technology is by far the most concentrated industry in Bellevue – with a location quotient (LQ) of 7.6 – meaning that on a per job basis, the industry is 7.6 times more concentrated than the US average.

- On a percentage basis, Information Technology grew 21% in Bellevue from 2013 to 2018.
- The next most concentrated industries in Bellevue are Real Estate (2.1 LQ), Clean Technology (1.4 LQ), Business Services (1.3 LQ), and Retail (1.2 LQ).
- The fastest growing clusters in Bellevue from 2013 to 2018 were Construction & Development (53% growth); Tourism (32%); Health, Beauty, & Fitness (31%); and Real Estate (29%).

Bellevue Major Industry Cluster by Size, Employment Change & Concentration

Source: Avalanche Consulting / Puget Sound Regional Council

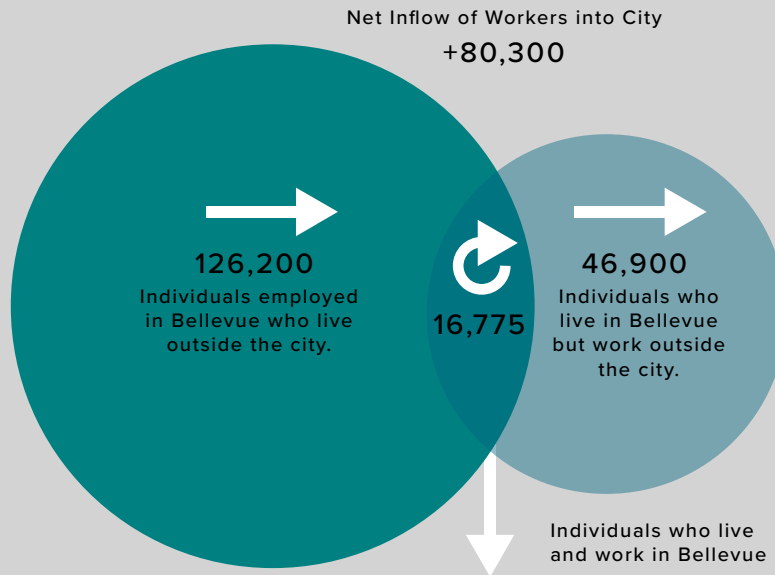


3. Bellevue is truly an employment destination, with almost three times the jobs in the city than working residents.

- Nearly 90% of workers employed in Bellevue live outside the city. At the same time, nearly 75% of employed Bellevue residents are employed elsewhere.

City of Bellevue Commuting Patterns, 2017

Source: Avalanche Consulting / US Census Bureau

**4. Bellevue is among the most educated communities in the US – ranking 3rd best educated among the nation’s 200 largest cities.****Resource and Local Capacity**

As part of their research, Avalanche/EY conducted an analysis of the City’s resource model relative to its peer set. They noted that Bellevue has limited staff, budget and partner resources dedicated to economic development relative to peer cities. With strong local growth creating more demand for services across all lines of City business, economic development programs must look for efficiencies utilizing existing resources, search for outside funding opportunities, and sequence new work to make the best use of new resources as they become available. Partner organizations, such as Visit Bellevue, the Bellevue Downtown Association, the Bellevue Chamber of Commerce and community-based organizations will continue to be included in planning and implementation activities to ensure activities are performed by those with the proper technical expertise and resources. The City will also continue to seek out new partners within the city and throughout the region.

To improve local coordination, ensure community transparency, and keep resources strategically allocated, Economic Development staff will continue to develop an annual Action Plan laying out work for each calendar year. This process has helped the City to remain nimble and ready to take advantage of important opportunities while also aligning with local budgeting and grant processes.

Peer Cities as outlined in Appendix A – Demographic and Economic Scan include: Santa Monica, California, Sunnyvale, California, Cambridge, Massachusetts, Boulder, Colorado and Arlington County, Virginia.

A VISION FOR BELLEVUE'S ECONOMIC FUTURE

Bellevue 2035 - The City Where You Want to Be

For the City of Bellevue, economic development helps build a sustainable, inclusive economy that supports prosperity and enhances quality of life for the entire community. These goals are achieved through proactive activities that foster the conditions for economic success and support the capacity of public, private, and non-profit partners to achieve collective goals.

Citywide, economic development plan activities are focused on a shared vision for Bellevue's economic future:

Bellevue is a vibrant and inclusive global innovation hub fueled by a highly educated, entrepreneurial, and diverse workforce.

”



This vision is aligned with the Economic Development Element of the City of Bellevue's Comprehensive Plan, which outlines goals and policies for **Business Climate**, **Community Livability**, **Education, Planning & Infrastructure**, and **Economic Implementation**. It also aligns with the City Council's Vision statement and 2018 strategic priorities, which includes Economic Development as a key target area.

Achieving this vision depends on effectively coordinating numerous activities across City departments and external partner organizations. Through ongoing communication and a sustained focus on shared priorities, Bellevue will continue to utilize the One City approach of exceptional customer service, teaming, work quality, and innovation to achieve this vision.

Many specific activities outlined in this Plan will be led by the Cultural & Economic Development division within the City's Community Development Department. Where City staff lacks the technical expertise and resources to perform certain activities, public and private partners and consultants may be engaged to lead efforts as modeled after national leading practices.

Community Development Department

Mission:

We are stewards of Bellevue's community vision. Together, we take action to create and sustain positive change, practice transparency in all of our work and build strong relationships to form an active, informed and resilient community.

Cultural & Economic Development Division

Mission:

We build a foundation for broad-based community prosperity and creative learning in Bellevue by supporting innovation and growth among artists, entrepreneurs, and businesses.

Desired Outcomes

The ultimate goal of the economic development plan is to sustain and enhance Bellevue's exemplary quality of life. A vibrant economy helps support a variety of shopping, recreation, entertainment, cultural, and employment options that attract the world's best to live, work, play, and invest in Bellevue. Cities require a healthy economy and thriving businesses that provide tax revenues to offset the burden on residents in providing high-quality services, build infrastructure, a world-class park system, and a professional, responsive city government.

To achieve Bellevue's economic development vision, the City's economic development activities seek the following desired outcomes:

- **A resilient local economy** that supports the City's ability to provide quality services to residents and business owners and enhances economic resiliency. Investment by businesses and individuals from many sectors and many countries contributes to the health and vitality of the Bellevue economy.
- **A strong regional economy** that benefits residents and business in Bellevue and neighboring communities. As the lead economic engine of the Eastside, Bellevue must advance a regional, collaborative approach across areas of common interest among greater Seattle area communities to leverage opportunities and preserve our economic position.
- **Employment opportunities and paths to prosperity for a wide range of residents and workers.** Bellevue is a diverse community, encompassing residents employed by the world's most innovative technology companies as well as others who struggle to live in an increasingly expensive city. The City's economic development activities include programs that benefit residents and workers of all backgrounds and income levels. This includes helping individuals and families find the technical skills and entrepreneurial resources to advance their economic wellbeing.
- **A supportive and attractive place to do business** that offers a full range of attractive commercial building types, reliable and up-to-date technology infrastructure, and a positive business climate.
- **A sustainable and equitable city,** with a prosperous economy, a healthy environment, and an innovative, caring community. We guide Bellevue's growth in a responsible manner, well-planned and in sync with our natural and built environments.

Metrics of Success

As Bellevue works towards its economic development vision and desired outcomes, it is important to regularly examine measurable trends to evaluate progress. Recovery from COVID-19 impacts will need to be monitored to determine when to pivot from recovery to growth strategies in this plan.

Measuring Recovery from COVID-19

The COVID-19 pandemic continues to impact and change our local and national economies making it difficult to define a “new normal” as we recover. We must continuously monitor trends to ensure we can respond to changing conditions and recognize when recovery ends and expansion resumes. Staff will monitor regional and state recovery interpretation and compare to Bellevue specific metrics and recovery trending to evaluate and recommend when a pivot to growth strategies is appropriate.

Key Performance Indicators:

Metrics	Pre-COVID	Post-COVID
Bellevue Unemployment	2.20% - Feb 2020	6.60% - June 2020
National Unemployment	3.50% - Feb 2020	10.20% - July 2020
Job Growth Rate	2.20% - 2018 – 2028	N/A*
Sales Tax Total	\$20,495,534 - Q4 2019	N/A*
Admission Tax	\$636,501 - 2019	N/A*
New Business Starts	1808 - 2019	N/A*
Number of Visitors	174,538 - Feb 2020	58,608 - July 2020
Number of Special Events	31 - 2019	N/A*
Building Pipeline Office Sq-ft Total	6,629,475 - Q2 2020	N/A*
Class A Office Rate per Sq-ft	\$54.55 - Q1 2020	\$54.13 - Q2 2020

**Data was not available for “Post COVID” timeframe*

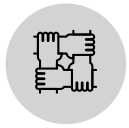
Where possible, staff will also compare Bellevue’s performance to the nation, Puget Sound region, and this Plan’s benchmark cities. In choosing these KPIs, the City considered best practices, reliable availability of data, and the context of local economic health. It is expected that the economy may rebound in fits and starts, so paying attention to the overall growth trends and how the KPIs are trending in relation to each other will be important to understand successful movement towards recovery targets.

Additionally, qualitative data from resident and business engagement will help to validate recovery sentiments. In order to minimize survey fatigue, where possible the City of Bellevue will utilize data from regional and partner surveys.

ECONOMIC DEVELOPMENT APPROACH

Strategic Themes

The following themes run throughout the City's Economic Development Plan and describe key aspects of how Bellevue should approach all economic development efforts:



Collaboration: Bellevue will work with public and private partners to leverage outside resources and organizational strengths to achieve greater outcomes than could be accomplished individually. Wherever practical and beneficial, public private partnerships will be utilized to enhance economic development goals.



Regionalism: Bellevue's economy, workforce, and multicultural community is intrinsically linked to both the Eastside and Puget Sound regions. The City will be both a leader and collaborator in addressing regional issues such as transportation, housing, business attraction, tourism, and innovation.



Internationalism: Bellevue is a global city with residents, businesses, employees, and visitors from across the world. Wherever possible, this international, multicultural connectivity should be celebrated and leveraged to attract and welcome new businesses, talent, and investment to the city.



Connection: Fostering a strong economy and community relies on bringing people together through light rail, parks, and pedestrian walkways such as the Grand Connection and Eastrail. Bellevue will continue to encourage greater connectivity between people, businesses, public spaces, and different geographic parts of the city.



Communication: Communication is critical to building a sense of shared identity and priorities. Bellevue has a highly diverse community, including residents and workers of many different races, ethnicities, cultures, and ages. Bringing together these communities to share stories, discuss and understand how the city is changing, and advocate for common needs will help spread Bellevue's story with the rest of the region and world.

Foundational & Direct Strategies

Bellevue's economic development approach is divided into two areas to help reinforce the overall vision for the city and clarify short-term action. **Foundational Strategies** are a lens for the City's longer-term, ongoing activities that lay the foundation for overall livability and success of the city. These strategies are typically the responsibility of multiple departments.

Direct Strategies address the short-term focus areas for Economic Development staff and focus on actions that either directly affect businesses' satisfaction with Bellevue or improve the business ecosystem for businesses of all types and sizes. These strategies are primarily led by the Cultural & Economic Development division and are completed through collaboration with other departments and public and private partners.

FOUNDATIONAL STRATEGIES

The Foundational Strategies below are essential to a well-functioning community and will maintain the high quality of life that Bellevue residents and businesses currently treasure.

Provide a business climate and related infrastructure that facilitate and encourage desirable business investment.

Bellevue is known for having a competitive business climate. Businesses and developers cite the quality and consistency of City services, infrastructure, and business friendly regulations as major reasons for doing business in city. The City may face challenges maintaining high-quality infrastructure and government services with the substantial office development planned for the city's urban core. This includes internet and other digital infrastructure as outlined in the Bellevue Smart City Plan. The City should continue all ongoing efforts to improve the local business climate, modernize and streamline codes and regulations, and maintain development predictability. To ensure these efforts are recognized by residents and businesses, the City should develop a communication plan to proactively share preparations made for new growth.

Cultivate attractive and diverse business districts across the city.

Talent is a primary driver of business location decisions in the modern economy. Employers are investing in locations based on the current availability of skilled workers and the long-term capacity to attract and retain the best talent. Bellevue currently has access to a large pool of workers within the city and the broader Puget Sound region, but some interviewed employers raised concerns about the ability to attract workers to live and work in Bellevue, due to the lack of cultural amenities and nightlife that appeal to younger, creative demographics.

These employers are looking for a diverse range of built environments with unique cultural amenities that appeal to employees at all stages in life. The City should continue to develop business districts outside of Downtown, including Factoria/Eastgate, Wilburton, Spring District, Crossroads and BelRed - with the goal of creating more distinct identities in each area. Continued redevelopment of these areas will improve the quality of life for Bellevue residents, offer more diverse and dynamic places to shop and recreate, help attract and retain innovative companies, draw more tourists and increase retail sales throughout the City.



Support the development and attraction of world-class talent.

The Bellevue School District is one of the community's greatest assets. It consistently ranks among the best in the nation and is regularly cited by stakeholders as a primary reason for living in Bellevue, along with low crime, high-quality parks, and other lifestyle amenities that primarily cater to family-oriented households. Continuing to support success in the school system will maintain Bellevue's desirability as a place to live and help with attracting a world-class workforce.

The school district is also a source of talent, along with Bellevue College and the Global Innovation Exchange. Demand for skilled workers will grow in the years ahead, and these and other organizations must continue to expand programming and training that prepares students and adult learners for locally in-demand jobs, especially in Science, Technology, Engineering, and Math (STEM) fields. This topic is explored further in the Workforce chapter but remains a primary foundational pillar of economic development. This need should be considered when exploring investments in transportation, livability, and other amenities such as childcare that will help attract and retain a talented workforce.

Continue to make Bellevue a great place to live, work, and visit.

A high quality of life is one of Bellevue's greatest economic development assets, helping to attract both world-class businesses and residents. More can be done to improve quality of life and cultivate a sense of community, through the activation of public spaces, increased walkability, expanded nightlife, and more events—with a diversity of cultural offerings, types of interactions, and times of day. A vibrant community with strong cultural diversity, arts, livability, and events aligns with the desires of existing Bellevue residents, knowledge workers that are integral to the City's global vision, and tourists seeking unique cultural attractions to visit.

Take local and regional approaches to solving transportation challenges through innovative solutions.

Transportation remains one of Bellevue's greatest assets and greatest challenges, as highlighted by almost all stakeholders engaged in the planning process and by resident and business surveys. Population and employment growth in Bellevue and around the region contribute to increased traffic congestion and longer commute times. Expansion of public transportation options and completion of Sound Transit's 2 Line / East Link Extension will expand transportation, and the City should continue to provide leadership around transportation investments within the City and region, including expanding multi-modal transportation options. To do this, Bellevue must continue leveraging regional support and exploring new infrastructure funding tools. Rapid job and resident growth in Downtown Bellevue will continue to require additional planning and traffic mitigation in the near-term. These efforts will help ensure smooth movement of people throughout the city and region, strengthening the local economy.

Encourage a variety of housing choices within the city.

After transportation, cost is consistently cited as one of the greatest challenges for business in Bellevue, especially cost of housing for workers. A sustainable economy requires workers at all income levels, but rapid population growth in Bellevue and the region has made housing unaffordable for many residents and workers at lower income levels. Bellevue, the Eastside, and the larger Puget Sound continue to need more housing choices for diverse income levels throughout the city.

View all activities through a lens of diversity, equity and inclusion.

Bellevue prides itself on its diverse population, a dynamic that enhances the city's cultural and economic vibrancy. Although overall Bellevue is relatively affluent and well-educated, poverty and disparities still existing within the city. In a truly successful and sustainable economy, all members of the community have the opportunity to thrive, and Bellevue must continue to identify challenges, resource gaps, and other opportunities to better support underserved residents and businesses. All economic development activities and investments must consider how they proactively address and impact diversity, equity, and inclusion.

Ongoing Economic Development Services

Since the last update of the Economic Development Plan in 2014, the City has grown its overall economic development expertise and capacity in many areas that are critical for the community's long-term health. These programs are now part of the general "day to day" work of staff and local partners. While this update calls out new areas of focus or recommends entirely new programs to help close local gaps, the City's economic development staff will continue to maintain operations and programs that meet continuing needs within the community.

Ongoing activities include:

- **Business Attraction** - Continue to provide support to businesses seeking to locate in Bellevue.
- **Business Retention & Expansion (BRE)** - Continue to engage representatives of the private sector to understand their needs, address issues of shared interest, and assist with expansion of operations in the city.
- **Small Business and Entrepreneurship Support*** - Continue to provide the resources that businesses need to start, stay, grow and thrive in Bellevue.
- **Creative Economy*** - Continue to create a thriving creative sector and provide support for arts and culture.
- **Public Private Partnerships*** - Continue to leverage the expertise and resources of our community through innovative public-private partnerships.
- **Tourism Development*** - Continue to partner with Visit Bellevue Washington to implement a coordinated tourism strategy encompassing business-related and leisure markets.

*See chapter in this Plan for expanded strategic focus

CAPACITY BUILDING AND PARTNERSHIPS

Bellevue is recognized as a great place to do businesses, boasting a strong pipeline of new development, new businesses, and new residents. Existing partners like the Bellevue Downtown Association (BDA), Bellevue Chamber, and Visit Bellevue provide valuable support and services to local businesses. However, businesses, employees, and residents are increasingly asking for a higher level of service befitting a city of Bellevue's growing size and stature. Some of these are currently outside the City's expertise and capacity to deliver. As such, Bellevue needs to grow organizational capacity with existing partners to help with advocacy, funding, technical support, and management expertise for big items —from affordable housing to place management, and from developing the Grand Connection to workforce development.

Bellevue should continue discussions with partner organizations, at the local, regional, state, and national level. This includes a mix of chambers, business associations, economic development agencies, and others that help the City implement its plans. The City should also explore new partnerships with organizations and residents throughout the region who have the expertise and strategic ability to help achieve the City's goals including multicultural and community-based organizations.



COVID-19 Impacts

Cities and regions with strong partnerships and organizational capacity are displaying the greatest resilience through the COVID-19 pandemic. In Bellevue, the pandemic has highlighted the importance of strong partnerships with local and regional organizations that can efficiently work together to deliver services to the business community. The relationship and partnership development that has been advanced through the relief work will continue and will be leveraged to put the city's growth back on solid footing.



Capacity Building and Partnership Strategies & Tactics

1. **Work with partner organizations to be a more active convener on topics of importance.**
 - 1.1 Utilize a shared leadership model to convene, support and build the capacity of community organizations that the city can partner with.
2. **Apply a partnership approach to strategies throughout economic development efforts to expand and improve service delivery.**
 - 2.1 Increase opportunities for community partners to assist or lead the visioning and implementation of economic development projects.
 - 2.2 Develop additional public-private partnership tools and funding mechanisms.
3. **Increase business and employee engagement in the community. (Growth)**



SMALL BUSINESS AND ENTREPRENEURSHIP

A healthy economy depends on the presence of businesses in a variety of industries and sizes. Bellevue should continue to maintain its innovative and creative environment attracting and inspiring the next generation of visionaries who take on today's biggest challenges to build a better tomorrow. Affordability, availability of space, and workforce remain top concerns for many small businesses in Bellevue across many different sectors. The rising cost of commercial and office space makes it increasingly difficult for many small businesses to operate in Bellevue. In 2019, Class A office space in Bellevue was more expensive than in the Seattle Central Business District, as well as other benchmark communities. The current development pipeline will deliver an impressive amount of new office and retail spaces; however, the size and cost of those spaces will be beyond the means of many small businesses.

Bellevue nonetheless remains home to many small businesses, with 97% of firms employing 100 or fewer workers and an average employment size of 17.2. Bellevue and the Eastside are also home to a variety of small business support organizations, including Startup 425 and OneRedmond's Small Business Development Center, but there are some gaps in available services. For small businesses and microenterprises to continue thriving, expanded resources are needed to improve long-term viability. These businesses would benefit from more consolidated and easily accessible sources of information. There are also opportunities to expand access and outreach to support more diverse small business ownership, including immigrants and non-English speakers.

Average Employment Size by Firm, 2016

Source: Avalanche Consulting / US Census Bureau



COVID-19 Impacts

Nationally, small businesses are the most impacted by the COVID-19 pandemic, and businesses owned by people of color are disproportionately impacted. Small businesses, especially those in the retail and hospitality industry, have been severely impacted by loss of business due to stay at home orders. Recognizing that small businesses are suffering today and yet will drive recovery in the future, best practices include boosting programs and resources for small businesses and entrepreneurs. Additionally, business starts have historically increased after a recession, so it is vital to bolster programs to ensure small business success as the pandemic subsides.

Small Business and Entrepreneurship Strategies & Tactics

1. Work with partner organizations to expand access to technical training for entrepreneurs and small business owners with a focus on those of diverse backgrounds.

- 1.1 Work with Startup 425 partners to expand the website as a centralized one-stop-shop with additional resources in multiple languages.
- 1.2 Support efforts to expand in-person and virtual training options.

2. Focus Bellevue's existing business retention and expansion program to build relationships with entrepreneurs and small businesses across sectors so they receive proactive services.

- 2.1 Promote business resiliency and preparedness by aggregating and promoting best practices.
- 2.2 Streamline the city's approach to resolving business technical issues.

A recommended tactic that will be re-evaluated when the lasting impacts of COVID-19 are realized is:

- 2.3 Develop partnerships to expand small business support.

3. Encourage the preservation of existing spaces and the creation of new spaces that are suitable for small businesses. (Growth)

Recommended tactics that will be re-evaluated when the lasting impacts of COVID-19 are realized include:

- 3.1 Review the land use code to remove barriers for small businesses moving into existing spaces.
- 3.2 Study and implement methods to encourage the preservation of small format office space.
- 3.3 Calibrate incentives for new construction to bolster the availability of smaller office spaces.
- 3.4 Utilize future zoning updates, such as Wilburton, to develop more flexible land use approaches.



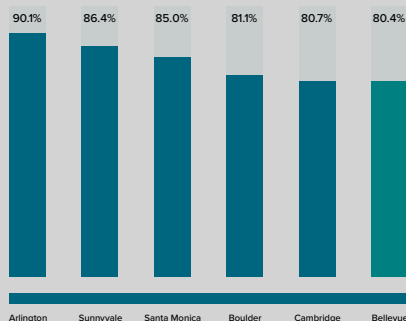
WORKFORCE

Employers are attracted to locations with a skilled workforce and the ability to train, attract, and retain workers. Residents, meanwhile, benefit from local training opportunities that allow them to upskill with a changing economy and continue to find meaningful careers. Fortunately, Bellevue is home to many well-educated residents, incredible K-12 schools, and two successful post-secondary educational institutions, Bellevue College and the Global Innovation Exchange. With nearly 70% of adults holding a bachelor's degree or higher, Bellevue is the third best-educated city among the nation's 200 largest. Employers in Bellevue draw from a large, well-skilled labor pool that stretches across the Puget Sound. The strength of Bellevue as an employment destination is seen in the magnitude of its labor draw—90% of individuals employed live outside the city.

Despite this abundant labor pool, many employers in Bellevue struggle to find and retain talent. This includes technology workers, skilled professionals, and lower-wage service workers, who are critical to a functioning economy but must often commute long distances to work in Bellevue. With the right training opportunities, less skilled or unemployed Bellevue residents could better compete for local jobs. Workforce strategies must take a broad approach to addressing these needs by training students for future local jobs; helping upskill under- and unemployed adult residents returning to the workforce; and attracting and retaining talent from across the region, nation, and world. At 80.4%, Bellevue has the lowest prime working age labor force participation rate among benchmark cities, which indicates some residents could potentially return to the workforce with the right training and opportunity.

Labor Force Participation Rate (Age 25 to 64), 2018

Source: Avalanche Consulting / US Census Bureau



COVID-19 Impacts

The need for workforce development programs to upskill Bellevue residents was acknowledged before the COVID-19 pandemic. In April 2020, as a result of COVID-19, unemployment in Bellevue reached 11.5%. Addressing the needs of workers displaced during the pandemic is a top priority in all American cities, and Bellevue is not unique. This topic is especially important because it disproportionately affects lower-income individuals and people of color, further emphasizing the need for equitable and inclusive workforce solutions. Prior to the pandemic, the need for more and affordable childcare options was a critical issue for local businesses and residents. COVID-19 has also added workforce strain due to the cancelling of in-person schooling and limited childcare availability, which has created additional challenges for dual working parent households.



Workforce Strategies & Tactics

1. Expand access to education and professional experience opportunities within the city that directly lead to industry certifications, degrees, and job placement.

- 1.1 Work with service providers and employers to expand internship, apprenticeship and training opportunities across the city. Prioritize opportunities that help Bellevue residents access jobs in the city.
- 1.2 Encourage the development of a “Welcome Back Center” that fosters opportunities for residents to gain necessary experience to return to the workforce.

A recommended tactic that will be re-evaluated when the lasting impacts of COVID-19 are realized is:

- 1.3 Work with education providers and private industry to create a permanent presence for a four-year research university in Bellevue.

2. Create stronger links between local employers, education and service providers, and residents.

- 2.1 Create a webpage with a list of regional resources that can be shared with Bellevue employers and residents to help connect them to training opportunities, service providers and jobs.
- 2.2 Develop partnerships to facilitate increased communication and collaboration between service providers and employers.

3. Continue to expand transportation including multimodal and advanced options.

A recommended tactic that will be re-evaluated when the lasting impacts of COVID-19 are realized is:

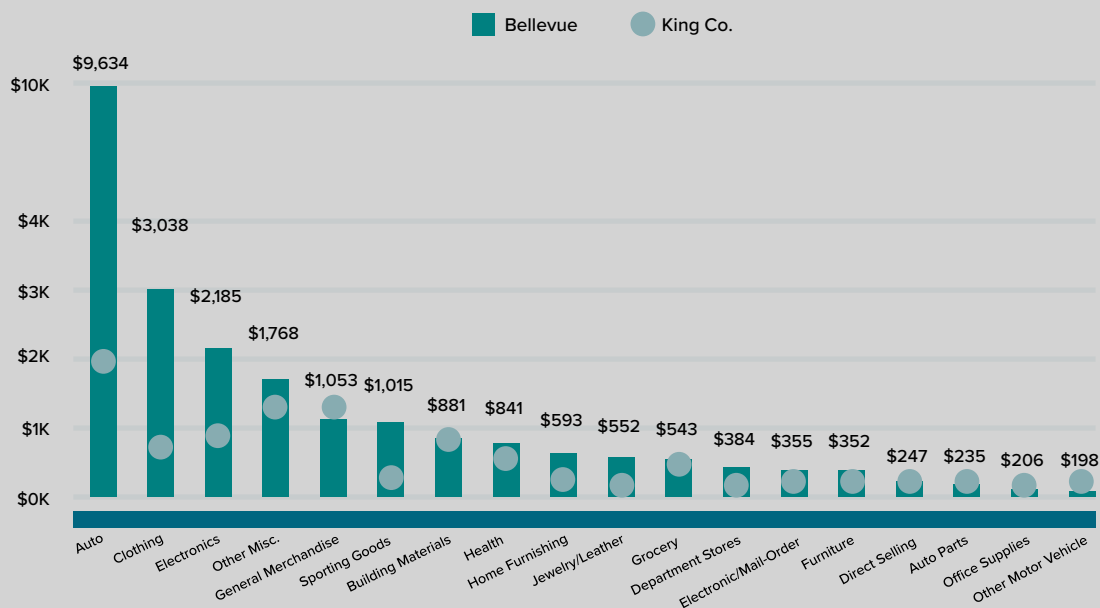
- 3.1 Work with major employers to identify major commute destinations and origins to inform future transportation investments.

Retail serves multiple roles in an economy, including bolstering a community’s ability to attract tourists, providing lifestyle amenities to residents and workers, and generating sales tax revenue.

The nature of retail is rapidly changing. While sales for dry goods continue to move online, consumers are increasingly flocking to experiential services, such as restaurants, yoga studios, and entertainment venues. As for other small businesses, affordability, availability of space, and workforce are top concerns for many retailers and restaurants in Bellevue—especially non-chain, locally-owned establishments. Within Bellevue, local retailers and restaurants have expressed a desire for increased organization to help them share resources and build their capacity to promote their businesses and advocate for their needs in the community. Greater coordination can also help facilitate placemaking activities within the various retail districts across the city.

Per Capita Retail Sales, 2018

Source: Avalanche Consulting / Washington State Department of Revenue



COVID-19 Impacts

As we see businesses start to re-open in modified fashions, we are still discovering what the new normal will look like for brick and mortar retail and restaurants—and what best practices for placemaking and retail district development may include. With traditional retail unlikely to return to “normal” in the short-term, cities are enabling creative solutions that encourage shopping, dining, and socializing in safe ways.

Retail Strategies & Tactics

1. Retain and recruit a healthy and diverse retail mix, including neighborhood and resident serving businesses throughout the city.

- 1.1 Encourage capacity building at partner organizations that can support merchants in the city's retail destination districts.

A recommended tactic that will be re-evaluated when the lasting impacts of COVID-19 are realized is:

- 1.2 Work with partner organizations to develop and implement retail action plans that foster unique district identities and increased visibility for local establishments.

2. Encourage the preservation of existing spaces and the creation of new spaces that are suitable for independent retail, neighborhood services, restaurant, and beverage establishments. (Growth)

Recommended tactics that will be re-evaluated when the lasting impacts of COVID-19 are realized include:

- 2.1 Study and respond to barriers for new restaurants, beverage establishments and retail in existing spaces in Bellevue.
- 2.2 Calibrate incentives for developers to create smaller, more accessible commercial spaces for retail and restaurants in new developments.
- 2.3 Expand temporary and provisional usage permits to foster pop-up or temporary operations.
- 2.4 Work with partner organizations and property owners to create a Shared Parking programs to utilize private business parking garages for nighttime and weekend use.

3. Create contiguous, high-quality retail experiences in major employment centers by designating streets as active or non-active in future land use updates. (Growth)

4. Develop an auto services retention strategy that ensures a future presence for auto dealerships and related businesses to preserve services for residents. (Growth)



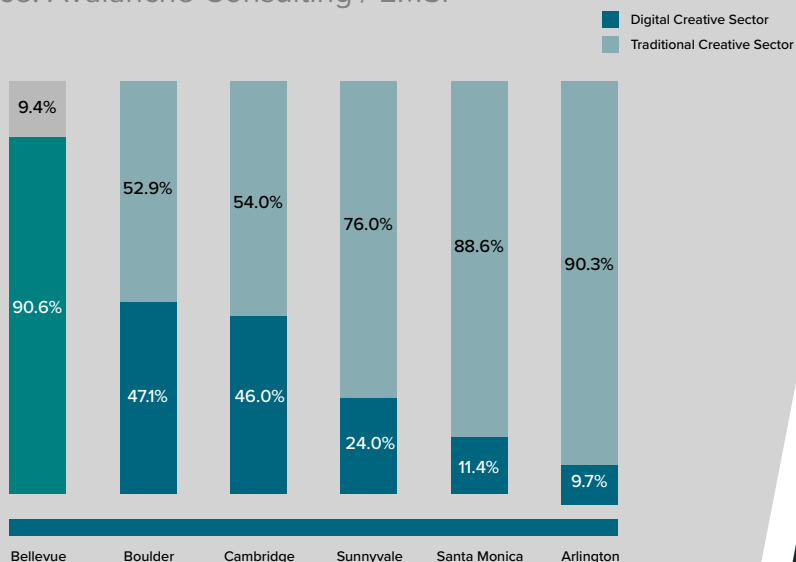
CREATIVE ECONOMY

A strong, visible creative sector is a vital element of a community's general livability and reflects a thriving culture. The creative economy also serves as a key driver of talent recruitment and retention for businesses. This is especially important in a competitive environment in which firms are vying to retain and attract the best and brightest employees.

Bellevue's Creative Economy can be generally separated into two sub-sectors - Digital Creative and Traditional Creative. The city's Digital Creative sector includes many successful global gaming companies, such as Bungie and Valve. Digital Creative comprises nearly 91% of Bellevue's Creative Economy. The Traditional Creative sector, which captures visual and performance artists, studios, art teaching spaces, performance spaces, and similar activities, is less concentrated at only 9%, and many of the individuals and organizations in this sector face significant challenges affording space in Bellevue. Bellevue's Creative Economy also suffers from a lack of organizational capacity and a lack of awareness about the city's numerous cultural offerings. Unlike many peer and benchmark cities, Bellevue lacks a private arts fund that could assist artists and organizations with operational costs and other challenges.

% of Creative Economy Employment by Sector, 2018

Source: Avalanche Consulting / EMSI



COVID-19 Impacts

A survey by Americans for the Art in March 2020 found that 62% of artists and creative workers became fully unemployed due to COVID-19 and 95% have experienced income loss. With lowered discretionary spending by consumers due to the poor economy, limitations on public events due to health concerns, and public and private art budgets tightening, it has become even more challenging for many creative organizations to survive. Supporting the creative economy through the COVID-19 pandemic will require creative thinking and collaboration across public, private, and non-profit organizations.

Creative Economy Strategies & Tactics

1. **Enhance Bellevue's leading position in the digital creative sector and encourage linkages with the traditional creative sector where possible.**
 - 1.1 Pursue regional collaboration that supports and promotes the creative cultural sector in Bellevue.
 - 1.2 Expand audiences for Bellevue's multi-cultural organizations and offerings.
2. **Develop the built and institutional infrastructure needed to position the BelRed Arts District as a major destination.**
 - 2.1 Establish a working group to convene, foster and promote the BelRed Arts District.
 - 2.2 Reduce barriers for arts uses and improve prioritization of the arts incentive for new development in the BelRed Arts District.
3. **Promote and expand festivals, events and activities to grow the creative economy sector and promote a strong creative brand for Bellevue. (Growth)**

Recommended tactics that will be re-evaluated when the lasting impacts of COVID-19 are realized include:

- 3.1 Explore options for the City to initiate a public private partnership to construct and manage multi-purpose creative arts spaces.
- 3.2 Partner with Visit Bellevue to create a High-Tech working group to foster collaboration and explore opportunities for technology focused festivals and events.

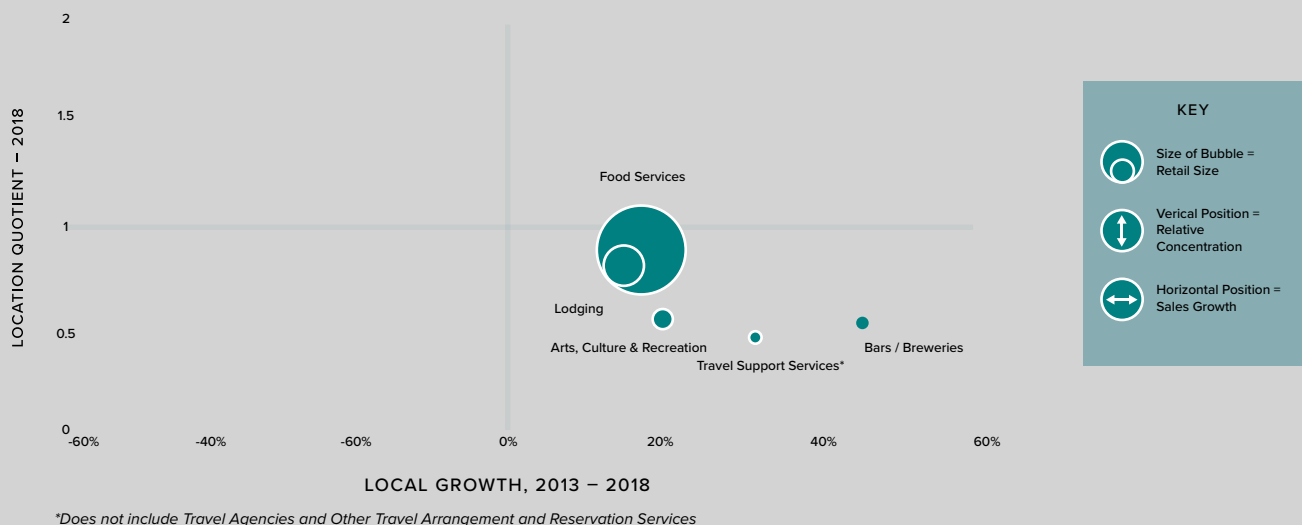


A successful economy hosts visitors throughout the year who inject new dollars into the local economy and evangelize the city's brand to others; creating a virtuous cycle of tourism growth. Bellevue's tourism sector has traditionally been focused on business travelers and conventions but continues to grow and evolve. Despite steady growth, most tourism sub-sectors, such as dining, lodging, arts/culture/recreation, and bars/breweries, are less concentrated than the national average, creating significant opportunities for future growth.

Food Services is the largest and most concentrated sub-sector, with a location quotient of 0.9, whereas Bars & Breweries are much less concentrated, with a location quotient of 0.4, but are growing more rapidly. Many of these operations are retail establishments and small businesses and will thus benefit from strategies identified in those related chapters of this plan. Visit Bellevue's Destination Development Plan is also well-developed and outlines important strategies already underway to build this sector. These can be reinforced and supplemented by additional efforts outlined below.

Bellevue Tourism Industry Sub-Cluster by Size, Employment Change & Concentration

Source: Avalanche Consulting / Puget Sound Regional Council / EMSI



COVID-19 Impacts

Tourism was one of the hardest hit sectors by COVID-19. In April 2020, Bellevue's tourism sector only served 24,900 visitors (a decrease of 88% from 2019) and registered just a 9.7% citywide hotel occupancy rate (an 86% drop). As economies reopen, business travel is expected to resume in a limited fashion, but many industry experts predict very slow growth in leisure travel until a vaccine is developed and consumer fear of exposure subside. Staff is working closely with Visit Bellevue to monitor the return of visitors and assist in positioning Bellevue as a destination of choice as growth begins.

Tourism Strategies & Tactics

1. Develop more activities and product offerings that take advantage of the city's assets and proximity to regional activities.

- 1.1 Restructure special event policies to encourage more activities and events that enhance placemaking, community building, and promotion of Bellevue.

Recommended tactics that will be re-evaluated when the lasting impacts of COVID-19 are realized include:

- 1.2 Partner with Visit Bellevue to develop an Events & Festival Strategy.
1.3 Partner with Visit Bellevue to develop a Nightlife Strategy.

2. Facilitate development of expanded visitor-related facilities to increase the number of conventions, performances, and special events the city can host. (Growth)



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