

CITY COUNCIL STUDY SESSION

Cultural and Economic Development Quarterly update — 2020 Q3 update on the program's activities.

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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 Q3 of 2020.

RECOMMENDATION

N/A

BACKGROUND/ANALYSIS

This Council item is a routine update on the progress of implementing the Economic Development Plan. Tonight's presentation is a transition between the previous plan and the new plan adopted on November 2.

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). Those activities are focused in six areas: Capacity Building & Partnerships, Small Business and Entrepreneurship, Workforce, Retail, Creative Economy, and Tourism.

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.

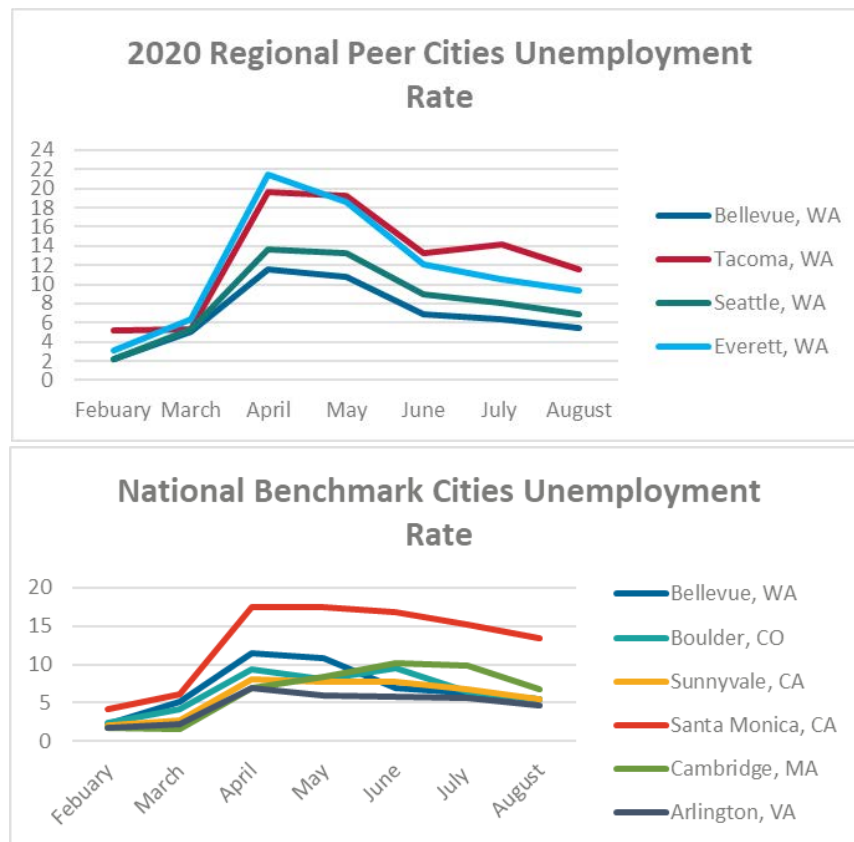
In addition to the strategic areas outlined in the Plan, staff manages ongoing activities for Marketing & Business Attraction, and Business Retention & Expansion.

Each year, Economic Development staff develops an Action Plan that summarizes the tasks, roles, resources, and partnerships needed that year to continue delivering on the Plan's recommendations. 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.

ECONOMIC RECOVERY: Bellevue and the region continue to perform well, relative to the rest of the country, as the economy recovers from the COVID-19 pandemic. Bellevue's August unemployment rate

dropped to 5.5 percent, down from 6.9 percent the month prior. Pre-pandemic Bellevue had an unemployment rate of 2.2 percent that spiked to 11.5 percent in April. Bellevue's unemployment rate is considerably lower than regional unemployment and one of the lowest compared to our economic benchmark cities, as shown in the charts below. Staff continues to monitor a bundle of KPIs, including unemployment rates, job growth rates, new business starts, tax collections, visitors and commercial real estate metrics and will provide additional updates at future quarterly presentations.



Additionally, Bellevue is an active participant in Greater Seattle Partners' (GSP) efforts in developing a regional recovery plan. The goal of that work is for the Puget Sound region to emerge from the economic recession in a more equitable, globally competitive and coordinated way. Themes in the current draft include promoting the region's economic competitiveness, supporting traditional and emerging industries, creating an inclusive economy, and promoting sustainable economic growth. Multiple Bellevue stakeholders and organizations have been invited to provide input for that planning process, including Mayor Robinson, Bellevue College, Bellevue Chamber, Bellevue Downtown Association, and Visit Bellevue. Staff will work with GSP to provide more detailed updates as development and implementation continue.

As we look to the end of 2020 and the rest of Q4, the community will experience disruptions to major holiday and tourism activities. The popular Snowflake Lane has been scaled back, and the Magic Season Ice Rink and Garden D'lights have been canceled, reducing the number of downtown visitors over the holiday months. Staff is supporting the Bellevue Downtown Association (BDA) and the Old

Bellevue Merchants Association (OBMA) on alternative activities that are COVID-safe and provide support for holiday shopping and dining.

Below are additional details on the work on the thematic areas in the ED Plan.

MARKETING AND BUSINESS ATTRACTION: *Brand and message Bellevue to attract new companies that align with our economic development strategy, competitive industries, and complement local businesses.*

- Leads and Prospects: Business attraction efforts continue to be impacted due to travel restrictions from COVID-19. A slow uptick in virtual inquiries and engagements is beginning. Staff continues to work closely with Greater Seattle Partners (GSP) and the Innovation Triangle to develop foreign delegation visits, albeit virtual.
- Marketing: Staff continues to work closely with GSP's Marketing Advisory Council, the Bellevue Chamber, and others to brand and message the benefits of working in Bellevue. On September 22, GSP launched a 90-second regional promotional video that included a stunning shot of Meydenbauer Bay. As of October 5, the video has garnered exceptional online engagement with close to 10,000 views and 752 engagements.

2020 Marketing and Business Attraction Metrics	Year Goal	Actual to Date
Number of Trade & investment missions	4	0
Number of Company leads (national and international)	10	0

BUSINESS RETENTION & EXPANSION (BRE): *Build supportive relationships with existing businesses and provide technical assistance that facilitates their continued presence and growth in Bellevue.*

- Large Employer Support: During Q3 2020, staff continued to work with the City's largest employers, including Amazon, Microsoft, Symetra, among others to follow work from home trends and offer support to impact employees. Amazon's expansion in Bellevue continues on track following two announcements this year that their future headcount will total 25,000 employees. City staff across multiple departments continue to work closely in partnership with the company to facilitate coordination for their growth over the next few years.

Additionally, on September 14, Facebook announced their purchase of the former REI headquarters campus in the Spring District for additional expansion. Facebook has not yet announced how many employees the new building will house or when they will begin to occupy the buildings. Currently, the City's largest tech employers have announced extended work from home options through summer 2021.

- Retail and Restaurant Support: COVID-19 related business closures continue to be announced, especially in the restaurant industry. Most notably was the permanent closure of Heavy Restaurant Group's Purple/Lot 3/Cast Iron Studios and Swiftwater Cellars. To help mitigate losses, staff is working to help restaurants increase business in ways that meet the state's Safe Start guidelines. During Q3, staff worked with the BDA and OBMA to expand outdoor dining

options in Old Bellevue. Council will receive a report on that project on November 23, and an update on the “Heart of Bellevue” buy-local campaign on December 14. Also in Q3, Visit Bellevue had a successful launch of two marketing programs to support restaurants including a *Brew Thru Bellevue* beer passport and *Bite of Bellevue Restaurant Passport* program which promotes offerings with discounts and incentives.

- **Small Business Grants:** On August 3 Council allocated CARES funding from King County to fund 37 grants in the amount of \$5,000 for local small businesses and arts and cultural organizations. Staff developed an application process that was open from August 17-September 17. Information was provided in five languages and technical assistance to apply for the grant was offered with additional language support. Staff conducted an extensive outreach campaign to communicate the funding opportunity to eligible businesses and organizations in Bellevue with targeted communication efforts to reach diverse businesses.

A total of 296 businesses and organizations applied for the 37 grants available. The grant applications were reviewed for eligibility and awards were randomly selected through a lottery system. This method for distributing small business grant funding has been used in several other municipalities, including Issaquah. The awarded businesses represent diverse ownership across the industries most impacted by COVID-19, as detailed in the tables below.

On October 12, Council approved additional CARES dollars to fund an additional 75 small business grants as well as provide relief funding to community organizations that provide support to businesses and artists. The granting process for this funding is currently underway and will be reported on in the Q4 update.

Awardee Demographics:

67% Female owned	2% Hispanic owned
43% Immigrant or refugee owned	0% Black / African American owned
45% Asian owned	8% Pacific Islander

Awardee Industries:

5 Healthcare and Social Assistance (13%) • 2 Childcare businesses (5%)	11 Accommodation and Food Services (29%)
4 Personal Services (10%)	9 Retail (24%)
3 Education (8%)	5 Arts Organizations (13%)

2020 BRE Performance Metrics	Year Goal	Actual to Date
Number of company meetings	5	64
Number of major employer visits	5	8
Number of focus groups	4	4
Number of visits with WMBE-owned firms	5	10
Number of visits with creative businesses and orgs	5	28
Number of technical assistance cases resolved	15	9
Number of major companies retained/expanded	2	2

SMALL BUSINESS AND ENTREPRENEURSHIP: *Enhance the small business and startup ecosystem in Bellevue to facilitate the growth of small business.*

- (re)Startup425 Technical Assistance: Bellevue businesses continue to receive free 1x1 business assistance through a partnership with Business Impact Northwest. To date, over 125 Bellevue businesses have used this resource and the service continues to be very beneficial. While the early demand was for information and assistance in accessing and applying for federal relief loans, many of the clients are now returning to receive in depth financial and business resiliency coaching. Personalized outreach was made to community-based organizations representing the City's diverse communities to learn how best to connect their navigators to the assistance available through Business Impact Northwest. A series of on-demand webinars highlighting resiliency planning is being produced and promoted.
- Startup 425 Innovation Lab: This Fall, Startup 425 piloted a new program to assist existing small businesses in their expansion and development. Startup 425 partnered with Bellevue College's Tombolo Institute to offer "Startup 425 Innovation Lab," an intensive, seven-week program designed to help existing Eastside businesses that have advanced beyond the pre-revenue stage to acquire new knowledge and adapt to the changed economic environment created by the COVID-19 pandemic. The first cohort of 10 businesses is individually paired with an experienced mentor for 1x1 coaching through the program.
- Small Business Development Center (SBDC): In May, the city welcomed the new SBDC Advisor, Mari Wruble. Mari is a former small business owner and has over 25 years of consulting experience at leading professional services firms. As a small business owner, Mari provided financial consulting, commercial loan funding and valuations to small and medium companies. Prior to that, Mari spent more than 10 years each at a Big 4 and a regional accounting firm providing business valuations to clients across a full spectrum of industries, including healthcare, financial services, technology, construction, and forest products. She is currently getting to the know the business community and working with impacted small businesses.

2019 Small Business Performance Metrics	Year Goal	Actual to Date
Number of business receiving assistance from SBDC	16	64
Number of businesses receiving assistance from BINW	100	125
Number of registrants in Foundations Series	500	223
Cumulative Diversity Statistics of Programs	over 50%	Reported Annually

WORKFORCE: *Expand access to education and professional experience that lead to industry certifications, degrees and local job placement.*

- Research and Partnership Development: In Q3, staff advanced significant efforts to develop a workforce program with neighboring cities and regional partners, including the Workforce Development Council of Seattle King-County, Seattle Foundation, Ballmer Group, Bellevue College Center, among many others. This work included discovery of needs within the current workforce development ecosystem, understanding opportunities for strategic alignment, and

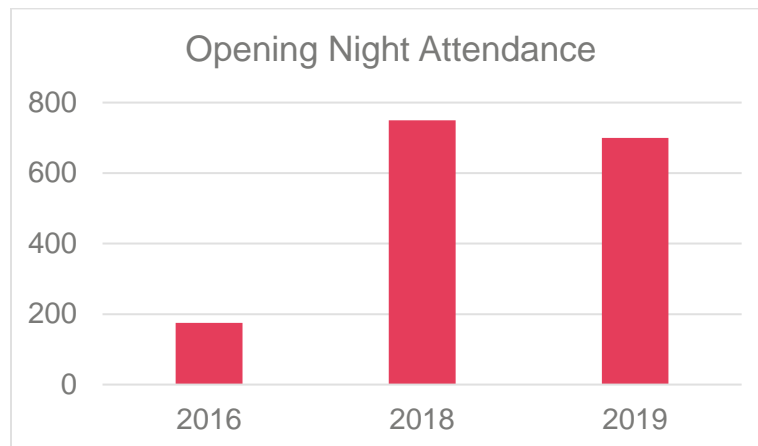
partnership possibilities. Several of the larger employers in Bellevue, and on the Eastside have offered to support the efforts.

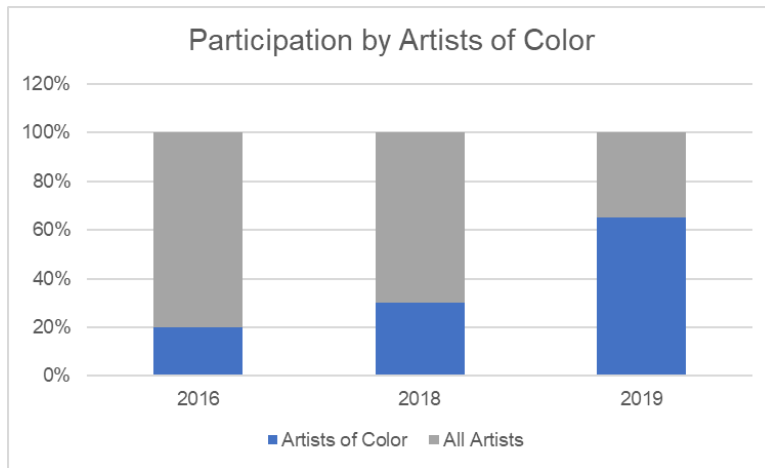
CREATIVE ECONOMY: *Support the creative economy to ensure a high quality of life and attractiveness for residents, visitors and businesses.*

- Bellwether: This year's Bellwether Arts Week is adapting to social distancing requirements for 2020 and developing new methods for reaching the City's diverse populations. Staff will provide an update on the arts and cultural event that will take place from December 5, 2020 – January 16, 2021.

Highlights from recent years include:

- Attendance has grown at opening night, as show in the graph below, and total attendance is now over 2,000 people across the full week.
- The Bellevue Arts Museum saw sharp increases in paid admissions to their non-Bellwether exhibitions during Bellwether.
- Alignment with Welcoming Week increased city cultural offerings – including a collaboration between Bellwether and Cultural Conversations which featured a talk with artist Minhi Winkempeck.
- The diversity of participating artists and the diversity of communities represented in the show's artwork has grown substantially, as shown in the graph below.





POLICY & FISCAL IMPACTS

N/A

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan (adopted 2020)