

**CITY COUNCIL STUDY SESSION**

Cultural and Economic Development Quarterly Update

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*Community Development Department*

**DIRECTION NEEDED FROM COUNCIL****DIRECTION**

Tonight's Study Session will provide Council with an information only update of the City's recent economic development activities and progress on implementing the 2020 Economic Development Plan. In addition, there will be a special presentation on the Tourism Promotion Area formation. Staff request direction to return to Council with a draft Interlocal Agreement for the Tourism Promotion Area.

**RECOMMENDATION**

N/A

**BACKGROUND & ANALYSIS**

This Council item is a routine update on ongoing programs of the City's Economic Development work and progress on implementing the 2020 Economic Development Plan (the Plan).

Under the Plan, "Direct Strategies" are primarily the responsibility of the City's cultural and economic development team and provide a strong focus for its efforts in the near- to mid-term (within the next five years). These activities are focused in six areas: Capacity Building & Partnerships, Small Business & Entrepreneurship, Workforce, Retail, Creative Economy, and Tourism.

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

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 and Cultural and Economic Development (CED) staff often serves as subject matter experts on these efforts.

**Q3 2021 EXECUTIVE SUMMARY**

Q3 2021 marks the third quarter of the Economic Development Plan's five-year implementation period.

Recovery in unemployment, tourism, and commercial real estate continue to trend positively. Small business support included the Startup425 Boost Your Business Digital Marketing workshop with over 70 registrants and the administration of the Commercial Rent Relief Grant. Staff has been working with Visit Bellevue on the advancement of a Tourism Promotion Area. As part of the Council Presentation,

Brad Jones, Executive Director of Visit Bellevue will provide details on the stakeholder engagement, status, and timeline for the Tourism Promotion Area formation.

Strategic prioritization of projects and flexibility continue to be necessary to optimize current staff capacity, partner capacity, and leverage immediate opportunities for both recovery and growth. Recent staff hiring within the division will help to advance many projects forward.

**BELLEVUE'S ECONOMIC RECOVERY AND TRENDS:** Key Performance Indicators for recovery continue to trend positively. In August, unemployment dropped below 4 percent and hotel occupancy was close to 60 percent, the highest since the start of the pandemic. The Delta variant of COVID-19 has impacted return-to-office projections of many local employers, but commercial real estate vacancy continued to lower slightly. The City and its partners continue to implement activations and active marketing efforts to highlight Bellevue so it remains the destination of choice for employer office space, employees, and visitors. Staff continues to diligently monitor, coordinate, and align with regional and local partners for accelerated recovery from the COVID-19 pandemic.

**SMALL BUSINESS ASSISTANCE:** *Build supportive relationships with existing businesses and provide technical assistance that facilitates their continued presence and growth in Bellevue.*

- Commercial Rent Relief Grant: On September 20 CED launched the Bellevue Commercial Rent Relief Grant. This program provides a limited number of \$2,500 - \$15,000 rental relief grants to small, Bellevue businesses and non-profit arts organizations that meet specific criteria to help in paying rental arrears which a business may have accrued due to COVID-19 economic impacts. Businesses who met the below eligibility requirements were selected through a random lottery.

Commercial Rent Relief Grant Eligibility Requirements:

- A small business or arts-specific (as determined by NAICS code) non-profit organization
- In possession of a Bellevue business license obtained on or before March 1, 2020
- Employs 2-25 employees and has gross annual revenue under \$5M
- Has back rent or lease arrears resulting from COVID-19 economic impacts or ensuing public health restrictions
- Business in good standing
- Business/tenant was not past due on rent prior to March 1, 2020

As part of the Council presentation, staff will share data and statistics on the number of applications and awards, as well as the business' industry sectors and locations. The grant program is funded by a \$500,000 allocation of the City's American Rescue Plan Act funds (ARPA) as approved by the City Council on August 2.

- Small Business Assistance Programs: CED Staff continues to support and coordinate a variety of small business assistance programs locally and regionally to ensure businesses have the latest information and resources. On September 25 Startup425 hosted the Boost your Business Digital Marketing workshop with over 70 registrants. In late Q3, staff coordinated efforts to assist businesses in understanding the King County Vaccine Verification Requirements.

**CAPACITY BUILDING & 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.*

- External Partnerships Grant Program: In alignment with the Economic Development strategy, CED's external partnership work has focused on identifying outside funding to support division efforts and that of our external partners, like the Seattle Business Education Hub (which is based on the Eastside), Bellevue Downtown Association, and EastHUB. Through Q3, CED staff have directly applied for or supported organizations applying for grants totaling over \$3 million. These funds would accelerate efforts in small business support, arts and culture, placemaking, and downtown recovery.

To date, \$80,000 has been awarded to the City and partner organizations. Additionally, CED helped facilitate the creation of an internal grant development team to consolidate conversations about external funding opportunities across the City.

- Tourism Promotion Area: In continued implementation of the Destination Development Plan, the Bellevue Convention Center Authority (BCCA) and Visit Bellevue Washington are organizing the creation of a Tourism Promotional Area (TPA) to secure additional funding to support the Bellevue tourism industry. A TPA is a statewide tool enabling the collection of a special assessment on room nights. The process must be self-initiated and hotels representing 60 percent of the local room nights must sign a supporting petition in order for the project to move forward.

At the Council meeting, there will be a special presentation on the analysis, stakeholder feedback, and timeline of the Tourism Promotional Area formation by Visit Bellevue Executive Director Brad Jones. At a future meeting, the City Council will need to approve an Interlocal Agreement (ILA) with another jurisdiction. The City of Redmond has been identified as the partner jurisdiction.

## LOOKING AHEAD

CED will continue to build on the continued momentum in Q3 across all new focus areas to align and accelerate efforts through a collaborative approach with partners.

- Updates on the Arts Program are scheduled for November.
- Findings from the Biennial Bellevue Business Survey will be reported to Council.
- The new Workforce Navigation Specialist position is anticipated to be hired by year-end.
- The Tourism Promotional Area ILA.
- Staff continues to work with business assistance partners including the Port of Seattle, regional ADO, Startup425, BINW, SBE Hub, SBDC, OneEastside and Community Based Organizations to coordinate and expand programming related to equitable economic recovery for small businesses and entrepreneurs.
- City-wide retail study will launch in 2022.

## **POLICY & FISCAL IMPACTS**

N/A

## **OPTIONS**

N/A

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

N/A

## **AVAILABLE IN COUNCIL LIBRARY**

Economic Development Plan (adopted 2020)