ECONOMIC DEVELOPMENT

WHAT YOU WILL FIND IN THIS CHAPTER

- A description of the local business climate and economic trends, including key business sectors and opportunities for growth.
- A description of opportunities and challenges facing Bellevue's economy.
- Policies regarding the business climate, community livability, planning and infrastructure, education, and the implementation of economic development strategies.

ECONOMIC DEVELOPMENT VISION

BELLEVUE IS A HUB FOR GLOBAL BUSINESS AND INNOVATION.

Its economic strength is built on the creativity, innovation, and hard work of its people. Bellevue works to attract innovative and entrepreneurial businesses through ensuring that our neighborhoods, cultural amenities, public schools, digital infrastructure and business climate are among the nation's best.

INTRODUCTION

Bellevue is the second largest employment center in King County, the economic hub of the Eastside, and one of the most livable communities in the Northwest. The city's strong local economy is a tremendous asset. It provides economic opportunity for residents, who are able to hold good family-wage jobs in the same community where they live. It has created a series of dynamic commercial areas, a concentration of regional employment, and an extraordinary tax base. Bellevue's stable commercial and office base, combined with the highest per-capita taxable retail sales in King County, have allowed the city to deliver high-quality services while keeping taxes low. Bellevue has been able to weather economic downturns, such as the 2009 "Great Recession," in part due to its strong and diverse local economy.

To preserve and strengthen the city's position, in 2014 the City Council adopted an Economic Development Plan. The economic plan has five desired outcomes:

1. A strengthened and diversified economic base
2. A strong regional economy
3. Employment opportunities and paths to prosperity for a wide range of residents
4. An easy and attractive place to do business
5. A sustainable city

These are also the key outcomes for the Economic Development Element of the Comprehensive Plan. To achieve these outcomes in the past, the city historically focused on fostering a positive business climate and planning for and developing infrastructure to support the economic growth envisioned in the Comprehensive Plan. These strategies were successful in propelling Bellevue to its current position as the Eastside's economic hub and will continue to be critically important in sustaining Bellevue's economic future. But in an increasingly innovative and global economy, these strategies will not be sufficient to ensure future success. The city will need to ensure it has the quality of life and amenities to attract and develop the talent that spurs innovation and job creation. It will need to capitalize on the strengths of an increasingly diverse population to connect Bellevue to the global economy. It will need to be strategic and focused in utilizing limited resources to achieve the highest impact results.

Success will also require collaboration with a wide variety of partners that will leverage Bellevue's strengths and opportunities, and achieve better outcomes than the city could accomplish alone. Bellevue will be a leader and collaborator with others in promoting a sustainable economy that benefits the Eastside and the entire Puget Sound region.

The Economic Development Element, along with the Economic Development Plan, guides efforts to market the city, offer services to businesses of all sizes, and inform citizens and city leaders of the trends and strengths of the local economy. The element will also guide decision making in land use, infrastructure, capital budgeting, regional collaboration, local partnerships, and other areas that impact the success of businesses, employees, and related services.

WHAT DOES IT MEAN?

- Bellevue has become a major economic center in the Puget Sound region, with a full range of jobs available to local residents as well as a large majority of workers commuting from neighboring jurisdictions.
- Four major industry clusters– information technology, business services, retail, and tourism – drive Bellevue's thriving economy.
- The city is well positioned to continue to compete in an increasingly innovative and global economy. Strengths include:
  - International connections, particularly to Canada and countries in Asia;
  - The diversity of the city's community and workforce that mirrors that of the world;
  - The strong base of local talent and educational excellence;
  - A strong business climate; and
  - High quality of life.
- Key challenges and opportunities for Bellevue's economic future include:
  - Continuing to promote the vitality of Bellevue's employment centers and attending to their infrastructure needs;
  - Addressing a shortage of workforce housing;
  - Capitalizing on the city's demographic diversity to connect workers, jobs and investments with the rest of the world; and
  - Fostering a culture of innovation and openness, and the high quality of life that attracts and maintains world-class talent.

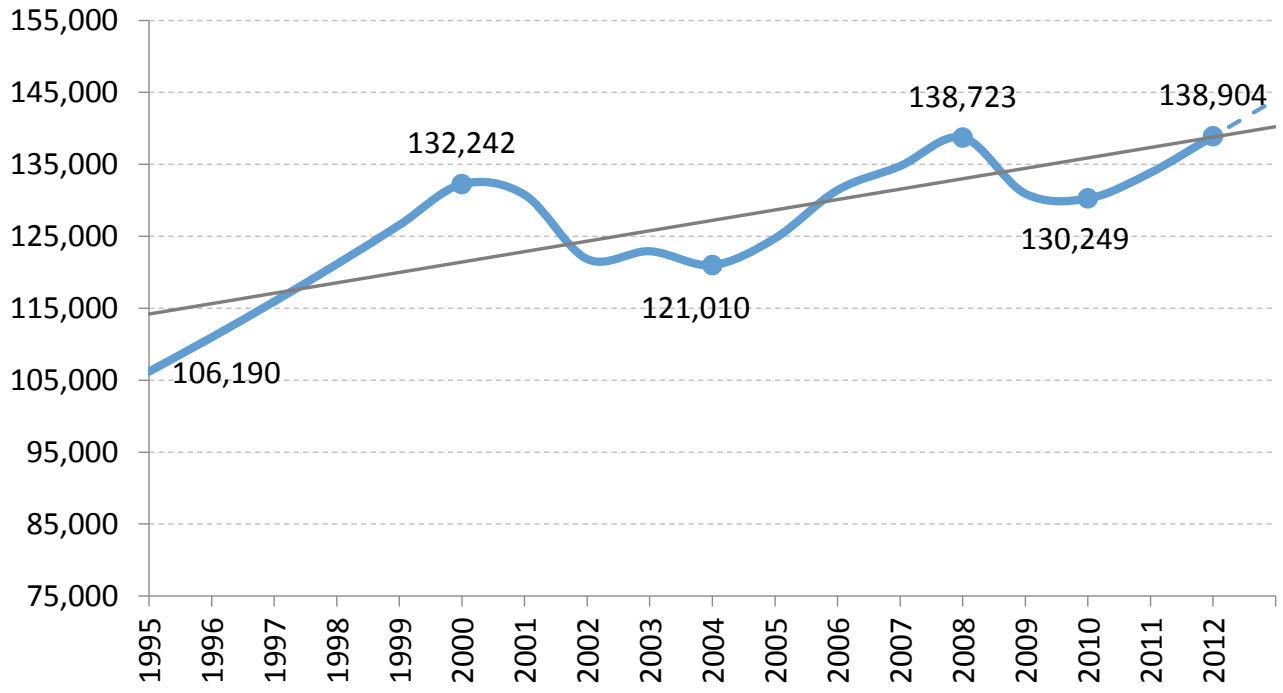
TODAY'S CONDITIONS AND TOMORROW'S PROJECTIONS

ECONOMIC DEVELOPMENT TODAY AND TOMORROW

Trends in Jobs and Business Openings

Bellevue's employment has grown steadily, with an average annual growth rate of 1.6 percent from 1996 to 2012, including through two economic downturns (see Figure ED-1).

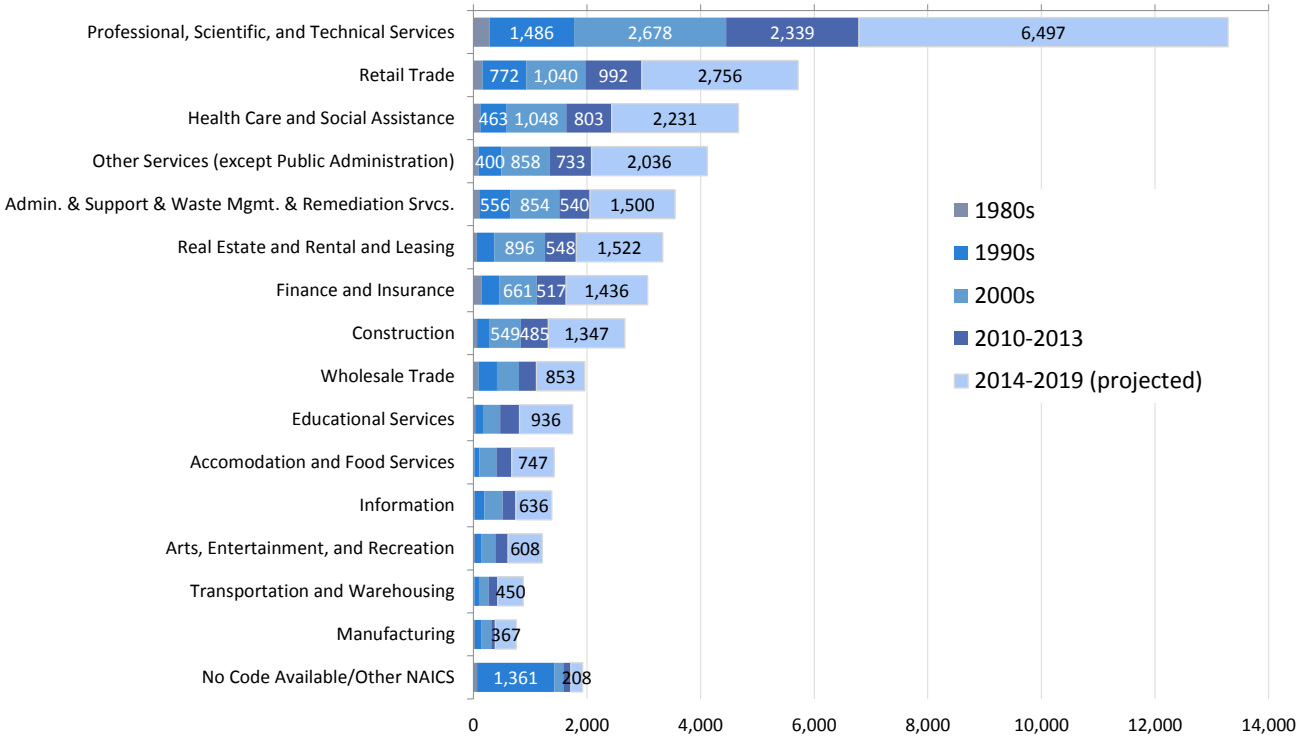
Figure ED-1. Bellevue Total Employment, 1995 - 2012



The city is a major regional employment center, with approximately 78 percent of Bellevue workers commuting from other cities. Of Bellevue's employed residents, most work in Bellevue (40 percent), while 21 percent work in Seattle and 15 percent in Redmond.

Bellevue's economy is dynamic and entrepreneurial, as evidenced by the large number of job openings each year. Figure ED-2 shows historical and projected business openings in Bellevue, with professional and technical services, retail, and health care showing the highest volume of business openings.

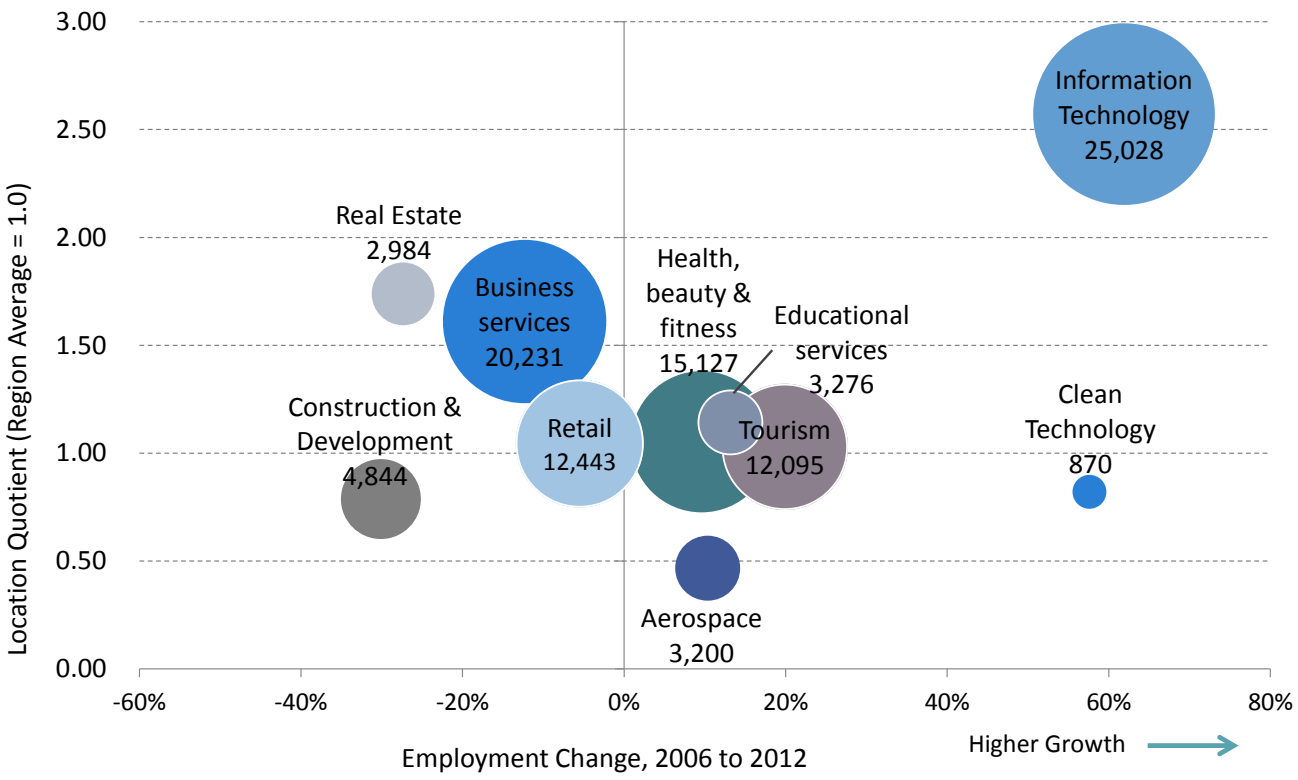
Figure ED-2. Past and Projected Business Openings in Bellevue by Decade, 1980 - 2019



Key Industry Sectors

Understanding the major drivers of the local economy will help ensure the city's economic development policies build from local strengths. Figure ED-3 illustrates growth trends for some of the fastest-growing and most concentrated industry clusters in Bellevue. Four major sectors drive Bellevue's economy: Information Technology, Business Services, Retail, and Tourism. The first two are knowledge-based industries, with particularly strong national and international reaches.

Figure ED-3. Bellevue Major Industry Clusters by Size, Employment Change, and Concentration



Information Technology

The city's largest industry cluster is Information Technology, which employed 25,028 workers in Bellevue in 2012, a growth of approximately 60 percent over 2006. This sector is expected to continue to grow, and benefits from a well-educated workforce with professional expertise and cultural diversity. This cluster also had the most business openings of any sector in the last three decades, a trend which is expected to continue.

Business Services

In the Business Services sector, Finance is the largest sub-cluster, followed by Management Services, and Architecture and Engineering. Most sub-clusters were stable in the 2000s. Management Services includes corporate headquarters functions, and shows some growth. Bellevue is home to the headquarters for companies such as Eddie Bauer, Paccar, T-Mobile US, Esterline, and Puget Sound Energy.

Retail

Bellevue is a premier high-end retail destination in the Puget Sound region, generating substantial retail sales from outside the city. This is evidenced by Bellevue's Taxable Retail Sales per capita, which was the highest of any major city in King County in 2012 and nearly twice as high as Seattle's.

Tourism and Visitors

The local Tourism and Visitors cluster benefits from Bellevue's reputation as a safe, clean city, with excellent high-end shopping, nightlife and restaurants, as well as its central location within the Puget Sound region. The local headquarters of Expedia, the large on-line travel agency, also adds to the size of this cluster.

CHALLENGES AND OPPORTUNITIES

Bellevue is strongly positioned for continued economic vitality, but should not take success for granted. The city will need to face key challenges and opportunities as it continues to expand as a regionally and globally competitive city.

Promoting Innovation and Entrepreneurial Development

Innovation and entrepreneurialism are keys to success in the evolving economy, and Bellevue is well positioned to attract and retain the talent that thrives on innovation. The city and community can do more to cultivate an environment that supports entrepreneurialism, to build from the excellent local education system and expand the higher education presence, to recruit innovative companies that are a good fit for Bellevue, and to promote affordable and flexible workspaces that attract innovative talent.

The Built Environment

Bellevue needs diverse business districts and building types to attract new development, adjust to market trends, and remain attractive to key industry sectors. The Land Use Element, zoning, and development regulations must provide for the land use and building types necessary to achieve the city's economic development strategy, within the context of the city's overall land use vision. Moreover, the city will need to ensure the necessary infrastructure is planned, funded and built to support these commercial centers.

Mobility Challenges

Population, employment, and tourism growth have increased the demand for more people moving from place to place. Economic success in Bellevue will require a range of multimodal transportation options that maintain mobility for people and goods.

This requires both local and regional resources, to ensure the entire transportation system supports a world-class economy.

Tourism and Visitor Experiences

While the city has a strong corporate convention market, the city lacks the facilities necessary to host major national or international events. Additionally, while Bellevue is becoming more appealing to leisure travelers, some see it as lacking in unique and memorable visitor experiences.

Diversity and International Connections

Bellevue has an increasingly diverse population and workforce that mirrors the world and attracts some of the best employers in the world. This is a tremendous advantage, giving Bellevue businesses access to worldwide markets and a global workforce. More can be done to build off this advantage, and even better position Bellevue as an international gateway.

Workforce Housing

Bellevue's shortage of housing options is widely cited by employers as a deterrent to attracting workers to the area. To support a thriving economy, there is a need for workers at all income levels, and housing options to meet their needs. Promoting housing affordability will be a challenge as the economy grows.

ECONOMIC DEVELOPMENT IN BELLEVUE

BUSINESS CLIMATE

The business climate strongly affects business location decisions, and the ability to attract talent and investment. Drawing on the diversity of its businesses and residents, Bellevue nurtures a climate of innovation and entrepreneurship that connects the local economy to the global marketplace.

Bellevue's existing businesses provide the foundation for effective economic development. A large share of future employment growth is likely to come from existing businesses, thus making business retention and support important. Recruitment of new firms – from nurturing small business start-ups to attracting large national firms – is an important secondary economic development strategy.

Nurturing a solid business climate to support the future economy requires an array of efforts. These include the conventional focus on high quality city services and facilities, a timely and predictable permit process, and a thoughtful tax and fee structure. It also includes efforts to recognize and leverage Bellevue's demographic diversity as a pathway for further development as a global business center; to communicate a solid vision of Bellevue as a leading regional and increasingly global city; and efforts to promote a climate for entrepreneurs.

COMMUNITY LIVABILITY

"Livability" – the quality, character and richness of place – has become a key driver of the economic competitiveness of cities and regions. High-speed telecommunications allow talented workers and businesses to locate anywhere, increasing the importance of livability factors such as cultural attractions, entertainment, recreational amenities, and a high quality built environment.

Creative centers with energetic and talented workers have performed well in the information economy. Bellevue's downtown has a culture of creativity and innovation, and is a regional destination that attracts visitors, businesses and residents.

The importance of livability to economic health requires strong policy recognition of the importance of investments in urban amenities like the arts, open space and recreational facilities, a healthy natural environment, and quality urban design, as key components of the city's economic development strategy. Community livability also requires recognizing the importance of affordable and diverse housing options that provide a range of workers with convenient access between jobs and home.

Further, livability requires paying attention to aging buildings and infrastructure that are in decline; they present opportunities to re-position areas to adapt to market changes. New uses and urban forms can make declining areas more appealing and livable. Recent Bellevue examples include the extensive re-visioning of the BelRed area into a rich mix of new neighborhoods focused around light rail stations, and the transformation of the Lake Hills neighborhood shopping center into a mixed use center anchored by the community library. Such redevelopment with a mix of private businesses, public services, and amenities can enhance the quality of the community and create new business opportunities.

PLANNING AND INFRASTRUCTURE

The city helps provide the physical foundation for development by establishing a vision for land use driven by residents and businesses, and by implementing regulations and incentives to help move the vision forward. The city also makes the necessary public infrastructure investments to support the desired land use and prepare the way for economic activity. Thus, the city's infrastructure funding and development efforts are directly linked to and are a critical part of economic development. Likewise,

the city encourages private sector investment in infrastructure, encouraging state-of-the-art technologies in rapidly evolving functions such as telecommunications.

The city also undertakes planning activities to help areas adjust to changing market conditions. By doing this basic task well, Bellevue is able to attract and retain desired types of economic development while protecting neighborhoods from the impacts of unplanned growth.

EDUCATION

Education plays a huge role in the Bellevue economy, which is heavily driven by information technology and technical and professional services. Bellevue schools are known as some of the best in the country, and are a strong attractor for local businesses and talent. Exceptional education for Bellevue's children provides not only quality-of-life benefits, but also prepares the next generation of workers to build and maintain a vibrant, innovative, and creative economy.

Economic policies also recognize the opportunities created by strengthening Bellevue's higher education sector. This has the potential for direct economic stimulus in the form of education jobs, and funding for research and development. More important, growth in higher education will help catalyze Bellevue as a center for research and innovation, and the economic spin-offs these create.

A commitment to lifelong learning also drives innovation and makes it possible to strengthen and diversify the existing workforce, while attracting talented new workers. By promoting educational opportunities for residents and workers of all ages and backgrounds, the city lays the foundation for a resilient local economy that continues to attract and nurture outstanding talent.

IMPLEMENTATION OF ECONOMIC DEVELOPMENT STRATEGIES

Economic development is a dynamic field, and to remain competitive, Bellevue needs to stay ahead of change. Policies call for the city to regularly update the Economic Development Strategy Plan to ensure it is forward-looking and focused, and that the city monitor its effectiveness and make adjustments as needed. Policies further call for the city to use a full array of approaches, including regulations, incentives, information, business assistance services, and strategic infrastructure investments to support the city's adopted plans.

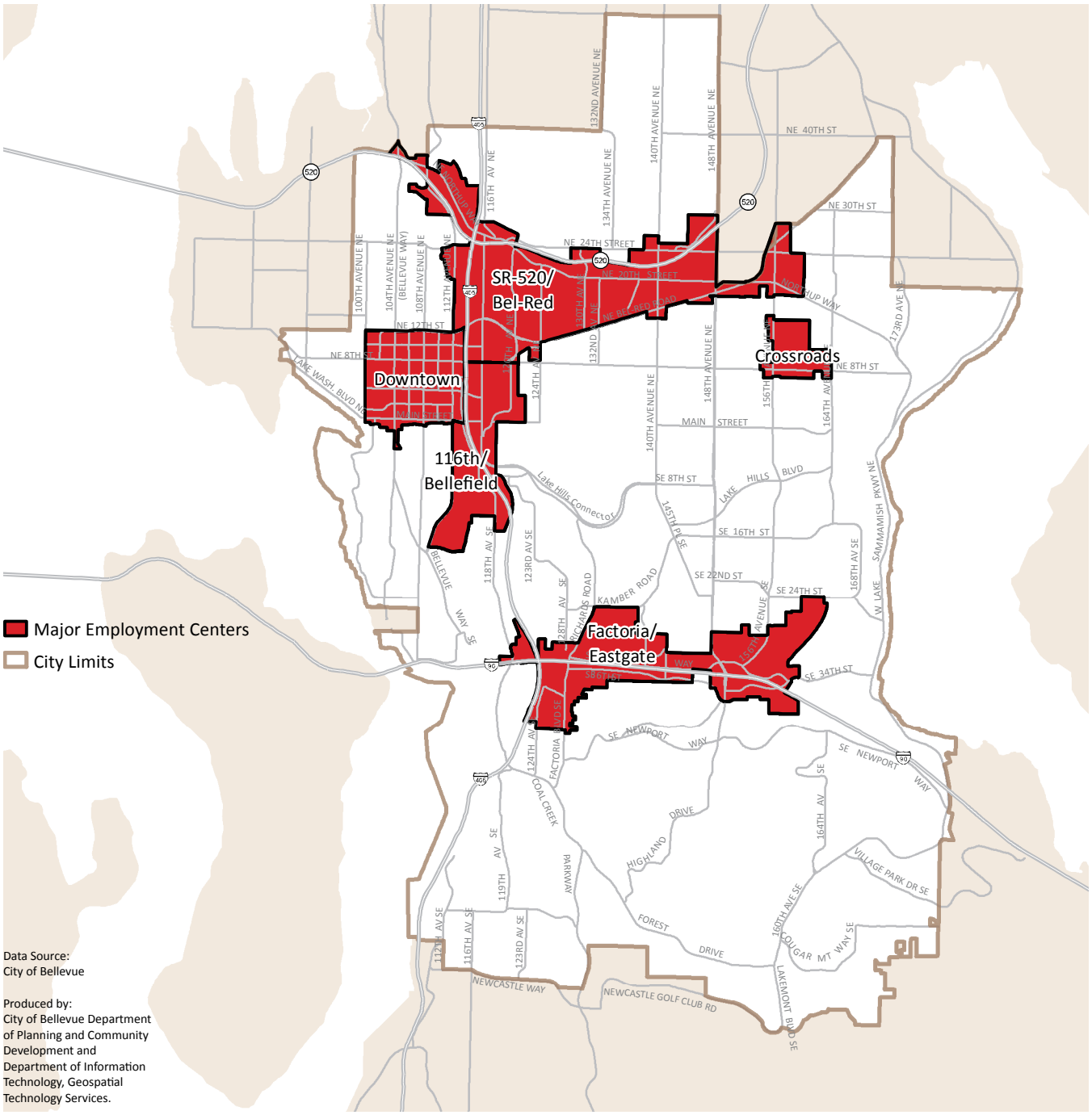
The element also places an emphasis on coordination and collaboration with local and regional bodies, as well as economic agencies, to achieve shared outcomes. Many issues that are critical to economic development will require regional, state or national solutions, and collaboration will produce greater outcomes than could be achieved by working alone.

WHAT DOES SUCCESS LOOK LIKE?

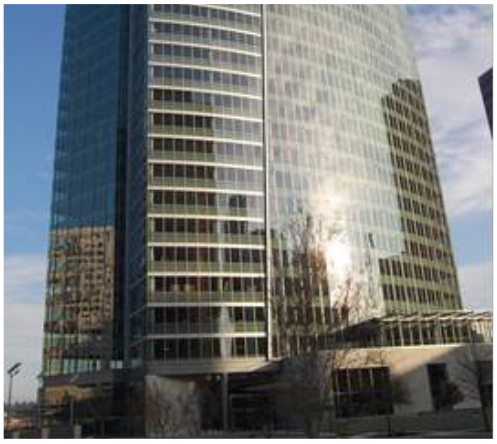
- A diverse and vibrant local economy that establishes Bellevue as a regional economic leader and a gateway for international business opportunities.
- Opportunity and prosperity for residents of all incomes.
- Diverse and dynamic spaces that attract residents and visitors.
- A resilient economy that favorably weathers the periodic economic downturns of the larger regional or national economy.
- A culture of innovation and entrepreneurship that attracts and nurtures talent and new firms.

Map ED-1. Major Employment Centers

This map shows the locations of Bellevue's major employment centers which encompass nearly all of Bellevue's commercially designated land.



GOALS & POLICIES



GOAL

To support a strong local economy with opportunities for all to prosper consistent with a high quality of life and a sustainable natural environment.

POLICIES

Business Climate

Policies that address the local business climate and its role in economic development in the city.

ED-1. Maintain a business climate that supports the retention and expansion of the city's economic base.

ED-2. Promote local businesses and locally-produced goods and services.

ED-3. Continue to provide high quality and cost efficient city services and facilities consistent with the community's priorities and growth, and promote these as one of Bellevue's outstanding economic development assets.

ED-4. Foster business innovation and start-ups through development strategies and promoting digital infrastructure.

ED-5. Develop and maintain regulations that allow for continued economic growth while respecting the environment and quality of life of city neighborhoods.

ED-6. Strive to provide an efficient, streamlined, timely, predictable and customer-focused permit processes, conducted in a manner that integrates multiple city departments into a coordinated entity, recognizing the role of development in creating places for economic activity.

ED-7. Consider the impacts of the city's policies regarding taxes, fees and utility rates on Bellevue's economic

development goals, while recognizing the balance between economic development, the maintenance of high quality services, and the financial health of city government.

ED-8. Recognize and consider the economic and environmental impacts of proposed legislative actions prior to adoption.

ED-9. Work with the business community and residential interests to promote community interests and to address differences in a manner that minimizes conflict.

ED-10. Build on the strengths of Bellevue's diverse residents and businesses to increase connections and relationships with other countries as Bellevue develops into an increasingly global business center.

ED-11. Provide city leadership and direction to maximize the business retention and recruitment efforts of Bellevue's economic development partners.

ED-12. Communicate Bellevue's vision as a leading regional employment and activity center, as a visitor destination, and as a leading global city. Communicate this image within the region, nationally and internationally.

ED-13. Promote on-going communication between city and private sector to help guide the city's marketing and development efforts.

Community Livability

Policies that enhance community livability in support of the economic development strategy.

ED-14. Recognize the economic development benefits of city and private sector investments in urban amenities like arts and culture, open space and recreational facilities, and high quality urban design. Strengthen the city's assets in these areas as an explicit component of the city's economic development strategy.

ED-15. Encourage high quality design and urban amenities for public and private development, maintaining development standards to recognize that a quality built environment helps attract the talented workers who will sustain economic growth.

ED-16. Encourage development of a range of housing opportunities to accommodate Bellevue's growing workforce.

ED-17. Develop an environment that fosters respect for all individuals and groups and promotes equal opportunity.

ED-18. Promote opportunities for self-sufficiency for all Bellevue residents by encouraging employers to hire people with special needs and disabilities.

ED-19. Emphasize economic development of Downtown as a major regional economic center and retail destination.

ED-20. Recognize retail strength as an engine of economic activity and a magnet for visitors.

ED-21. Support economic development in the city's commercial areas.

ED-22. Support efforts that promote tourism, hotel, retail and arts businesses.

ED-23. Emphasize the value of a range of commercial centers to provide opportunities for a diverse range of businesses.

ED-24. Cultivate development of diverse, distinctive, well-defined places that invite community activity and gathering. Specifically facilitate the redevelopment and re-invigoration of older neighborhood shopping centers. Work with stakeholders to transform such centers into high quality and dynamic retail/mixed use commercial areas that also provide a gathering place and sense of community for the neighborhood. Allow for flexibility to repurpose and re-use a variety of building types to accommodate new uses.

ED-25. Where commercial areas are in decline, work with businesses and other stakeholders to identify corrective actions, which may include:

1. Planning for new uses and new urban forms, leading to proposals for changes to the Comprehensive Plan and zoning;
2. Developing incentives and other strategies to promote re-investment; and
3. Targeting investments in public infrastructure that may help catalyze new private sector investment.

ED-26. Where a commercial revitalization effort involves significant changes to plans and regulations that may impact a residential neighborhood, develop strategies to avoid or minimize these impacts.

Education

Policies that address educational opportunities for residents and the value of high quality education to the local economy.

ED-27. Encourage the continued investment in higher education and training that creates economic stimulus to local businesses.

ED-28. Support the provision of a high-quality primary, secondary and post-secondary public education system in Bellevue.

ED-29. Encourage provision of life-long learning opportunities.

ED-30. Facilitate efforts of businesses and institutions to train workers for today's and tomorrow's jobs, and support continuing education in the community.

Planning and Infrastructure

Policies that address how the city will integrate land use and infrastructure planning to support economic development.

ED-31. Maintain and update integrated land use and transportation plans to guide the future of the city's major commercial areas and help them respond to change.

ED-32. Continue to identify, construct and maintain infrastructure systems and facilities required to promote and sustain a positive economic climate. Anticipate needs and coordinate city infrastructure investments with economic development opportunities.

ED-33. Maintain and improve communications, electric utility, and other infrastructure needed to support the city's economic needs and growth.

ED-34. Facilitate private sector efforts to implement state-of-the-art technology, including communication technology, throughout the community.

ED-35. Promote and nurture entrepreneurial development in Bellevue by exploring ways to retain or create areas where small or emerging businesses can develop and flourish.

Economic Implementation

Policies that address implementation of the Economic Development Strategy.

ED-36. Maintain and regularly update the Economic Development Plan to ensure the city's focus areas and goals are forward-looking and targeted while being flexible enough to be able to respond to market changes.

ED-37. As part of on-going Economic Development strategic planning, consider the use of organizational and financial tools or investments, including public-private partnerships where appropriate, to catalyze or leverage private sector and other resources to accomplish the city's economic development and land use vision.

ED-38. Facilitate economic development in commercial areas through public/private partnerships where appropriate, as demonstrated by the following factors:

1. The activity is consistent with the city's adopted policies;
2. There is a compelling public benefit; and
3. There is an acceptable level of risk.

ED-39. Develop, refine and implement economic monitoring to assist the city and businesses best advance the city's economic development objectives.

ED-40. Encourage economic development through a mix of incentives, regulations, economic and planning data, business assistance services, and strategic investments that support the city's adopted plans.

ED-41. Actively coordinate with local and regional government and economic agencies to develop and implement countywide and shared economic development policies.

ED-42. Facilitate the collection, analysis and dissemination of information that contributes to economic activity, anticipates economic issues, and helps to identify early action to avoid decline in the city's commercial areas.

POLICY CONNECTIONS

Economic development planning connects to numerous other efforts to make Bellevue a great place to live and work. Other elements of the Comprehensive Plan also include policies that further the goal of the Economic Development Element.

The **Transportation** and **Utilities** Elements address policies regarding the development of infrastructure for economic development including roadways, transit facilities, and telecommunications.

The **Urban Design and the Arts** Element includes direction on creating a vibrant and attractive environment and on-going support for arts and culture in Bellevue.

Policies that specifically address the creation of affordable housing in Bellevue are in the **Housing** Element.

IMPLEMENTATION

Bellevue implements the Comprehensive Plan through numerous actions, including day-to-day operations, capital investments, and review of new development projects. It would be impractical to list every action that will be taken to implement the plan and impossible to identify actions that may be taken in the future. The following list shows some of the relevant plans that implement Economic Development Element.

Implementation	Type
Economic Development Plan The Economic Development Plan describes strategies to advance economic development efforts in Bellevue.	**Functional Plan:** updated periodically.
Community Partnerships Form and maintain partnerships that help Bellevue to meet its economic development goals with community agencies and private partners.	**Partnerships:** on-going.

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