

City of Redmond Economic Development Plan:
City Council Question Tracking
Updated 6.25.24

This document reflects questions organized by topic area, from various touchpoints with Council from May 2023 through the March 26, 2024 Council Study Session. Staff comments and references to focus areas and strategies related to the topic are included in each section.

Topic	Discussion Notes	Plan Inclusion Index
Plan Alignment	<u>City Council Question(s)</u> <i>How are all the city plans woven together especially around equity work and the Redmond 2050 Intercultural District?</i> <u>Staff Response</u> - Staff was intentional to ensure review and reference of Redmond and Regional plans and studies to ensure alignment. The Economic Development Manager led an interdepartmental Core Team throughout the strategy development process and will have dedicated meetings with applicable city programs to review and finalize actions. - Equitable Economic Mobility is a Foundational Strategy and includes supporting and engaging in City DEI efforts and fostering equitable economic security and wealth generation. - The Redmond 2050 Intercultural District is reflected in the District Development and Equitable Small Business strategies and actions.	-Equitable Economic Mobility Foundational Strategy (Page 29) -Equitable Small Business Support (Page 35) -District Development (Page 51)
Vision	<u>City Council Question(s)</u> <i>Who is Redmond and what do we want to be when we grow up - what's our Vision?</i> <i>Ensure that we do not exclude those who are not the majority demographic of young, educated and diverse.</i> <u>Staff Response</u> - A draft Economic Development Vision was created as part of the plan that is in alignment with the City and Redmond2050 Economic Vitality vision. Focus Area goals also help set narrative for what we want to achieve including inclusion and equitable outcomes.	-Vision Statement (Page 27) -Equitable Small Business Support (Page 35) -Workforce (Page 48)

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Cluster Development/ Diversification	<u>City Council Question(s)</u> <i>What is the right balance of industries and company sizes?</i> <i>How do we continue to support a thriving Innovation Technology sector and look to also diversify our industries in the future?</i> <u>Staff Response</u> - A healthy economic has a diversity of industries and company sizes. One of the focus areas of the plan is to provide targeted support to industry cluster beyond the Information, Communication and Technology (ICT) sector. Redmond's strong ICT cluster is a benefit for growth in other sectors that are reflected in the strategies. - The intention of a Business Retention and Expansion program is to help businesses maintain or grow from a small business to a mid-size and large businesses. - Cluster Diversification and Expansion strategies identify the following industries for focused programing: Commercial Space, Life Sciences, Clean Tech, Retail, Creative Economy, and Tourism. - Key Performance Indicators will be established to measure cluster diversification.	-Cluster Diversification and Expansion (Page 43) -Business Retention and Expansion (Page 32)
Sustainability	<u>City Council Questions</u> <i>How does this plan relate to our climate goals and help jobs and homes located in the same place so people do not get in the car everyday?</i> <i>Environmental sustainability is critical for this plan we think about businesses we want to attract.</i> <u>Staff Response</u> - Policy direction of Redmond 2050 is incorporated in this plan and the City's sustainability goals are reflected in the Plan's vision statement. - Redmond 2050 and the City's sustainability program were represented on the Core Team. A Foundational strategy of this plan is Sustainability which focuses on embedding the City's sustainability goals within Economic Development business outreach and programming.	-Sustainability Foundational Strategy (Page 29) -Transportation Foundational Strategy (Page 29) -Business Attraction (Page 46)

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	• Clean tech companies were highlighted as an opportunity to focus on for business attraction and cluster support and is reflected in those strategies and draft actions. • Additional foundational strategies of the plan include Affordable Housing and Transportation, both of which will assist in transit mode shifts and lowering commutes times. • Business survey participants mentioned that the new light rail opening will create possibilities to improve the quality of life for Redmond residents and workers, but last mile public transportation is important to realize the full potential of the new light rail stations in Redmond. • In looking at the detailed data of commute trends, Redmond residents have one of the shortest commute times in the region at 25 minutes. • While 89% of all Redmond workers commuted into the city for work from nearby communities, this is still lower than commuters to Bellevue, Kirkland, Issaquah, and Newcastle – all above 90%. The top cities of origin for Redmond workers in 2021 were Seattle (16%), Bellevue (11%), Kirkland (7%), and Sammamish (6%).	-Cluster Diversification (Page 43)
District Development/ Placemaking and Branding	<u>City Council Question(s)</u> • <i>What are the aspects that create a high quality of life – what is the right mix of businesses?</i> • <i>I would also like to see as we grow in our urban centers, let's really think about what kind of businesses we want to attract to those core areas to make it really live-able (nightlife, entertainment, food, book store etc.)- what are those type of things and let's attract them- figure out what we are missing there within each of the urban centers. As we are developing, let's be intentional about attraction.</i> • <i>How can we reimagine big parts of our city especially around Light Rail?</i> • <i>How are we amplifying the brand of the districts. SE Redmond, Overlake, how do we move from more corporate focus to brand of district?</i> • <i>How do we implement placemaking and engage existing businesses and neighbors?</i> • <i>What is the right mix of businesses we want to have in each neighborhood to promote a strong quality of life?</i>	-District Development and Placemaking (Page 51) -Business Attraction (Page 46) -Cluster Diversification - Retail (Page 43) -Communication and Storytelling Foundational Strategy (Page 27) Ecodistrict Definition (Page 54)

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	<i>Is there anything else we can encourage or attract to create opportunities for youth and the younger generation might be looking for in a community?</i> <i>If I am a college student coming back to Redmond or someone wanting to move here what kind of information when this is complete will I be able to see about the future of Redmond. What do you think it will show from a broad perspective of this is the kind of city you can expect from this action plan?</i> <i>How do define an ecodistrict?</i> <u>Staff Response</u> - District Development and Placemaking was intentionally developed as a focus area to leverage the opportunities of branding Redmond’s unique neighborhood identities, especially as light rail brings more exposure to the individual neighborhoods of Redmond. - The District Development and Placemaking Focus Area goal reads “Create and evolve district identities and branding to leverage district marketing power in support of inclusive and equitable growth and economic impact. <u>Strategies include:</u> - Foster the creation of district organizations that can convene, brand, program and promote Redmond’s unique business districts. - Developing a unique, strongly branded identity for Redmond's business districts and to preserve and promote the arts, entertainment, events, cultural assets, and sciences in Redmond to attract new firms, industries, residents, and visitors. - Additionally, one of the Foundational Strategies is “Communications and Storytelling” which includes amplify a compelling narrative about Redmond for a variety of audiences. - A Business Recruitment strategy includes, “Target recruitment of businesses that strengthen the city’s commercial, cultural, and district identities.” - A Cluster Diversification strategy includes “Retain and grow independent Retail activities that strengthen and differentiate Redmond's sense of place and experiential offerings.”	

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Small Business	<u>City Council Question(s)</u> • <i>Will microbusinesses be included?</i> • <i>I would like to see additional work on disadvantaged business enterprises as well- specifically what we will be doing to encourage and support women and minority owned businesses.</i> • <i>Can you let us know how small businesses will be incorporated into this work?</i> • <i>Address that access to capital is a challenge to minority owned businesses. Businesses can start but have a difficult time scaling.</i> • <i>What are the criteria of the organizations we contract with for business support and that they address the needs of small minority owned businesses and not just one size fits all approach?</i> <u>Staff Response</u> • Of the total 3,875 Redmond businesses in 2023, two-thirds had 4 or less employees and are considered micro-businesses. • Equitable Small Business and Entrepreneurship Support is a Focus Area of the Economic Development Plan. • Many actions in the Equitable Small Business Support Focus Area are in relation the need for additional capital to start and scale small businesses. • There is no one-size fits all approach to business assistance, and there is a large ecosystem of providers that the City coordinates with including but not limit to the SBDC, Community Business Connector, Small Business Resiliency Network partners, Startup425 and more. Find out more at Small Business Support Redmond, WA <u>Strategies related to questions include:</u> • Collaborate with partners to develop programs that provide culturally trusted small business support across industries in Redmond. • Foster entrepreneurship across industries and work with partners to ensure support for a diverse community of entrepreneurs.	-Equitable Small Business and Entrepreneurship Support (Page 35)

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	Encourage an equity in contracting program to increase contracting, procurement, and consulting opportunities for small and minority owned businesses.	
Displacement	<u>City Council Question(s)</u> <i>Can we give displacement grants for businesses that had to move due to growth and development?</i> <i>What are some displacement mitigation strategies – what are the places that have delt with similar situation and have best practices?</i> <i>What are the creative solutions available to mitigate displacement?</i> <i>Can we explore land banking or other solutions to address displacement?</i> <i>How do we support the unique needs of unique spaces like fitness areas</i> <i>Displacement and Retention – especially around intercultural district.</i> <u>Staff Response</u> 41% of respondents to the business survey mentioned they feel their business may be at risk of being forced to relocate from Redmond in the next five years. - New supply of real estate is more expensive than what a business was displaced from, and businesses struggle to find locations they can afford. - Displacement mitigation is complicated due to State of Washington gift of public fund rules. - Unfortunately, while Redmond was able to offer a grant program with CARES and ARPA Federal funding, general fund dollars business grants are restricted by the State’s gift of public fund rules. - Many programs used in other locations include a Public Development Authority, Land Trust and Revolving Loan Fund and these are being considered for action development. - Staff applied for and received a Thriving Communities HUD technical assistance grant to examine displacement in Redmond. Preliminary feedback from small businesses, partners, and staff during 2023 established baseline conditions and needs. HUD and Smart Growth America’s technical assistance team then sought case studies and comparative conditions from across the nation. In April 2024, this team will engage regional developers and related	-Business Retention and Expansion (Page 32)

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	partners to identify feasible solutions for Redmond that advance displacement-related actions, as identified in the Economic Development Strategic Action Plan. Staff look forward to final deliverables later this year. Many of the Business Retention and Expansion strategies are in response to the displacement concerns we heard from businesses in Redmond. <u>Strategies include:</u> • Collaborate with Long Range Planning and Development Services to consider how the city can incentivize the creation of needed flexible spaces for retail, manufacturing, creative uses, and recreation uses. • Work to proactively understand and predict the threats and opportunities for existing businesses in Redmond, including displacement. • Work with public and private partners to foster affordable commercial space solutions.	
Retail	<u>City Council Question(s)</u> • <i>What are the macro retail trends - is this why we are seeing a decline? What should be our target given the trend?</i> • <i>What might go in place if we don't have the classic big box retail – is it mom and pop shop retail or activities – what would succeed?</i> • <i>Retail Vacancy rate – does this include spaces that have converted from retail to office (Macy's and REI)? people still feeling that loss, how do we fill that retail gap?</i> • <i>Address vacancies we do have and that have been vacant for quite a while and incentivizing them to get filled?</i> <u>Staff Response</u>	-Business Retention and Expansion (Page 32) -Equitable Small Business and Entrepreneurship Support (Page 35) -Cluster Diversification (Page 42)

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	• From 2010 to 2022, Redmond’s retail square feet per capita declined by 31%, the most of all benchmark cities, and retail vacancies at 1% are extremely low. • Retail sales in Redmond increased at a slower pace than King County. • Food and beverage, clothing, personal care and auto are less concentrated in Redmond relative to King County. • As a vacancy rate of 3% is considered healthy because it represents a market balanced between tenants and owners, these extremely low vacancy rates, and the lack of new deliveries (only two new buildings totaling 162,000 sf built in the last decade in Redmond), indicate that demand is outstripping supply of this commercial typology. • This shortage of space is also driving up lease rates and impacting smaller and independently owned business viability in Redmond. • Local independent retail is desired by locals and tourist and supports. • Retail vacancies in Redmond are most likely due to affordability (high rents) and suitability of those retail spaces in new developments for smaller independent businesses. As Redmond continues to grow, business parks in Marymoor and Overlake are at risk of redevelopment. As referenced above the ground floor commercial spaces provided by a multifamily building are difficult for a previously displaced business to utilize. • Retail spaces in new buildings are more likely to be a bare-bones space needing investment in tenant improvements to add the necessary physical amenities. The spaces may be too large for small businesses like a mom-and-pop store. Many spaces in new development, likely were built and financed for a retail chain, leaving little to no flexibility to lower rents or lease to less “credit-worthy” tenants. • Redmond 2050 Overlake Incentive Program is one tool that currently has small business affordable commercial space incentives included and the Economic Development Program will continue to work with Long Range Planning on incentive opportunities. <u>Strategies to support Retail include:</u>	- District Development and Placemaking (Page 51)

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	- Collaborate with Long Range Planning and Development Services to consider how the city can incentivize the creation of needed flexible spaces for retail, manufacturing, creative uses, and recreation uses. - Work with public and private partners to foster affordable commercial space solutions. - Retain and grow independent Retail activities that strengthen and differentiate Redmond's sense of place and experiential offerings. - Leverage the arrival of the light rail and continue to prioritize planning and resources for key investments in growth centers to reinforce unique identities as vibrant cultural and commercial centers. - Preserve and promote the arts, entertainment, events, cultural assets, and sciences in Redmond to attract new firms, industries, residents, and visitors.	
Childcare	<u>City Council Question(s)</u> <i>How do we attract more childcare institutions?</i> <u>Staff Response</u> - Strategies regarding supporting childcare business attraction and development are currently drafted for both the Small Business and Workforce Chapter and include: - Identify and support opportunities to increase affordable dependent care and other supportive services to facilitate workforce attraction and retention. - Increase outreach to and understanding of Redmond home-based businesses to help them grow and connect to market opportunities. - Work with public and private partners to foster affordable commercial space solution.	Equitable Small Business and Entrepreneurship Support (Page 35) Workforce Focus Area (Page 48)
Workforce	<u>City Council Question(s)</u> <i>Have there been conversations around increasing the minimum wage?</i> Staff Response	

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	Staff recommended proposing a minimum wage analysis outside of the Economic Development Plan process and directed by the city council.	
Data	<u>City Council Question(s)</u> <i>Will a SWOT be included in the plan?</i> <i>What is missing in Redmond what are the gaps?</i> <i>Reference the federal poverty line</i> <i>4% office vacancy – what is the national rate?</i> <i>Outreach to small business – outreach in addition to OneRedmond.</i> <i>Look at cities that have similar commute times.</i> <u>Staff Response</u> - The data analysis appendix will include a SWOT (strengths, weaknesses, opportunities, threats) analysis. \$13,788 is the 2021 poverty level for individuals that is used by the U.S. Census Bureau. 16.9% for the U.S. office market vacancy rate in Q4 2023 \$13,788 is the 2021 poverty level for individuals that's used by the U.S. Census Bureau to determine who is in poverty. 16.9% for the U.S. office market vacancy rate in Q4 2023 - Outreach included incorporating feedback from recent studies and engagement efforts, City of Redmond staff led stakeholder interviews, focus groups, and a questionnaire sent to all Redmond business license holders available in five languages. A "Let's Engage" Webpage is currently active and inviting feedback on the draft strategies. - Through action implementation, staff will continue to seek data for comparative and competitive analysis	-Data Analysis Appendix
Implementation	<u>City Council Question(s)</u> <i>Would like clarity on what are the roles we want to have within the city versus external partnerships like OneRedmond?</i>	-Regional Collaboration and Partnerships Foundational Strategy (Page 29)

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	• <i>As we move forward how do we think about staffing and capacity needed to execute, especially now that we have some staff capacity.</i> • <i>What is the strategy and implementation roadmap?</i> • <i>What is solvable in the 5-year window and how do we set ourselves up for the next 5 years?</i> • <i>Invest in focus areas through budget, partners and legislative agenda.</i> • <i>Identify key factors that need to happen or risks to achieving the vision</i> <u>Staff Response/Recommendation</u> • As Redmond's first Economic Development Strategic Plan, this Plan will build the City's Economic Development Program, and set the narrative of economic development in Redmond. • Staff will provide regular implementation updates to the City Council over the next 5 years. Progress on the actions will be prioritized based on council and community feedback, and dependent on staffing capacity and funding opportunities (e.g. grants). • Economic development staff will also seek to partner where possible on implementation and partnership scopes will be informed by this plan. • Regional Collaboration and Partnerships is a Foundational Strategy and focuses on leverage partners across the region for organizational strengths and economies of scale in achieving aligned outcomes. • Several considerations have been identified for successful implementation of the plan including staff capacity, budget considerations, partner program development and agility.	-Implementation Action Plan (page 55)