

City of Bellevue Operating Budget Proposal

Proposal Descriptors			
Proposal Title:	Bellevue Convention Center Authority (BCCA) Operations		
Proposal Number:	065.42NA	Change Request Type:	Budget Proposal - Operating
CR/Doc Number *	065.42NA	Change Request Purpose Type	1. Base Budget
Department:	065 - Finance & Asset Management	Strategic Target Area:	Vibrant Economy
Primary Staff Contact:	Jutte, Andrea (AJutte@bellevuewa.gov)	Objective:	1
Previous Proposal No:	065.42NA	Fund:	01350-Hotel/Motel Tax Fund

Executive Summary

This proposal provides 100% of transient occupancy tax (TOT) revenues to promote business and tourism within the city. In accordance with the City's operating agreement with the Bellevue Convention Center Authority (BCCA), TOT revenue is collected by the City and transferred to BCCA to pay bonds on the land purchase, construction and renovation, and portions of the operations of the Meydenbauer Center. The Meydenbauer Convention Center drives economic stimulation to the community of Bellevue.

Supports City Objectives - Explain how this proposal aligns with the identified Objective:

Bellevue leverages its partnership with Meydenbauer Center and Visit Bellevue Washington to promote tourism, bringing people into Bellevue to eat, stay, shop, and play.

Performance Measures	2022 Actual	2023 Actual	2024 Target	2025 Target	2026 Target
1. Performance Measures 065.4950 - Meydenbauer Center - Dollar of Economic Impact Generated (\$m)			40.00	44.00	50.00
2. Performance Measures 065.4952 - Meydenbauer Center - Convention Center Operating Coverage Ratio		1.00	95.00 %	87.00 %	88.00 %

Performance - How do you know the proposal helps achieve the identified Objective:

By qualifying the economic impact generated by Meydenbauer Center in terms of dollars, it provides a clear metric to assess the Center's contribution to the economy. This measure allows policymakers and stakeholders to gauge the effectiveness of investment in promoting tourism and hosting events at the Center.

Scalability - Explain the scalability of the proposal, if applicable. Explain any inter-proposal dependencies, if applicable:

The Authority has a built-in scalability through its funding mechanism. TOT revenues are tied to hotel room occupancy and average room rates through a 5% lodging tax, so as these factors increase or decrease the money available to support the operations scale accordingly. In the case of an economic decline, the City and the BCCA work together to adjust their program needs to ensure the sustainability of the Authority.

Council Policy Priority Type

2. Community Belonging

Council Policy Priorities - Does this proposal align with and contribute to the Council Policy Priority? If yes, explain with specifics:

Foundational to the BCCA's mission is to create a workplace culture and event and performance spaces that are welcoming to everyone. In 2023, they held a record number of performances in the theatre and 71% of those performances were presented by cultural arts groups, most of them based on the Eastside and 42% of performances were presented in a language other than English. Meydenbauer and the Theatre have booking policies that are designed to ensure equal access to all our spaces and services.

Budget Summary

Operating	2025	2026	FTE	2025	2026

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Expenditure	\$13,438,000	\$14,093,000	Total	0.00	0.00
Personnel	\$40,817	\$40,817	Count		
Revenue	\$13,438,000	\$14,093,060			
Rev-Exp Balance	(\$40,817)	(\$40,757)			

City of Bellevue Operating Budget Proposal

Proposal Title:	Small Business & Public Space Permit Assistance Program		
Proposal Number:	110.15NA	Change Request Type:	Budget Proposal - Operating
CR/Doc Number *	110.15NA	Change Request Purpose Type	4. New Service/Pilot/Program
Department:	110 - Development Services	Strategic Target Area:	Vibrant Economy
Primary Staff Contact:		Objective:	2
Previous Proposal No:		Fund:	

Executive Summary

This program and service is aimed at providing early pre-application permitting support for small businesses, special events, and activities associated with public space activation. The program would complement services provided through Cultural and Economic Development in the Community Development Department. The program is proposed to include one full time employee and a one-time funding request of \$100,000 for consulting services to assist with research and development of the program.

Supports City Objectives - Explain how this proposal aligns with the identified Objective:

Since 2020, over 6,300 businesses have opened because Bellevue actively cultivates a diverse economy & strengthens its role as a regional employment center through services in the Community Development, Development Services, and Transportation Departments. This proposal provides early permit support resources which are crucial to:

1. The ability of small businesses to start, stay, grow, and thrive in Bellevue
2. Public space events that create iconic destinations and vibrant spaces

Performance Measures	2022 Actual	2023 Actual	2024 Target	2025 Target	2026 Target
1. Performance Measures 110.0046 - Percentage of business community who rates City of Bellevue development services related to permitti		95.00 %	60.00 %	60.00 %	60.00 %
2. Performance Measures					

Performance - How do you know the proposal helps achieve the identified Objective:

This proposal supports multiple strategic objectives including:
 Providing resources to small businesses, including women/veteran/minority-owned businesses.
 Maintaining and growing a diverse, thriving economy.
 Creating iconic destinations and vibrant spaces.
 Small businesses are often at a disadvantage when it comes to resources and understanding the permitting process. The biennial business survey data reflects 31.4% of businesses with a weaker economic state find Bellevue Development Services better than other cities. That's contrasted against 61% of all businesses finding Bellevue Development Services better than other cities. By providing early permitting support to businesses with fewer resources we expect to see an upward trend in this metric. Likewise, the percentage of businesses which recommend Bellevue as a vibrant arts and culture destination is a direct reflection on the success of programs, such as the one proposed here, that support the activation of public spaces.

Scalability - Explain the scalability of the proposal, if applicable. Explain any inter-proposal dependencies, if applicable:

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Council has directed staff to improve the special events process and increase the number of public events. To successfully welcome an increased number of new visitors to Bellevue and maintain high-quality services, this program provides permitting assistance and navigation services to complement programs offered and proposed by Community Development.

In addition, to support the creation and preservation of small businesses, this program provides critical early support resources to businesses that often lack the resources to successfully navigate the permitting process. Tailored early support for permit applicants in these areas provides an opportunity to scale services in the future to other applicants who lack the resources to successfully navigate the permitting process. This proposal is dependent on the Community Development Department core services base budget proposal 115.15NA and provides complimentary early permitting support services to those outlined in proposal 115.31NA.

Council Policy Priority Type

2. Community Belonging

Council Policy Priorities - Does this proposal align with and contribute to the Council Policy Priority? If yes, explain with specifics:

When starting a new business or coordinating a community event, navigating the permitting process can be complicated and confusing. Providing tailored early permit support to applicants that often lack the resources or are unfamiliar with this process can foster a community that welcomes the world. Working in partnership with Community Development programs, this new service provides additional resources for businesses and events that support a vibrant culture and economy in Bellevue.

Budget Summary

Operating	2025	2026	FTE	2025	2026
Expenditure	\$54,493	\$58,615	Total	0.75	1.00
Personnel	\$251,850	\$345,392	Count		
Revenue	\$0	\$0			
Rev-Exp Balance	(\$306,343)	(\$404,008)			

City of Bellevue Operating Budget Proposal

Proposal Title:	Cultural and Economic Development - Core Services		
Proposal Number:	115.15NA	Change Request Type:	Budget Proposal - Operating
CR/Doc Number *	115.15NA	Change Request Purpose Type	1. Base Budget
Department:	115 - Community Development	Strategic Target Area:	Vibrant Economy
Primary Staff Contact:	Paradiso, Joanna (JParadiso@bellevuewa.gov)	Objective:	1
Previous Proposal No:		Fund:	0001-000-00-General Fund

Executive Summary

In 2023, 80% of businesses said Bellevue was a better place to do business than other cities because it provides services people of all backgrounds need to thrive. These ongoing programs ensure sustainable growth & diversification benefiting entire community during economic cycles: 1) Small business assistance; 2) Business retention & recruitment; 3) Cultural tourism & arts programming; 4) Grand Connection; 5) Business district support; 6) Arts District implementation; 7) Workforce Development.

Supports City Objectives - Explain how this proposal aligns with the identified Objective:

Since 2020, over 6,300 businesses have opened because Bellevue actively cultivates a diverse economy to strengthen its role as regional employment center & cultural destination through services like: 1) Greater Seattle Partners; 2) Small Business Development Center; 3) Startup 425; 4) Lead generation consultants; 5) Arts grants; 6) Tourism promotion; 7) Public space management. Collectively these services position Bellevue & its businesses to grow & withstand fluctuating economic conditions.

Performance Measures	2022 Actual	2023 Actual	2024 Target	2025 Target	2026 Target
1. Performance Measures 115.4040 - Percent of residents and businesses who would recommend Bellevue as a vibrant arts and cultural dest		80.00 %	55.00 %	70.00 %	70.00 %
2. Performance Measures 115.4125 - Percent of businesses that believe Bellevue is a "somewhat" or "significantly" better place to opera	2.00			80.00 %	80.00 %

Performance - How do you know the proposal helps achieve the identified Objective:

In 2023, 92% of businesses said Bellevue had a better economy than other cities in the region, attracting residents, workers, and visitors. Data reflect significant improvements to resources & regulations that businesses need to thrive. Since 2015: 1) Quality of services provided exceeds expectations is up from 66% to 75%; 2) Likelihood of recommending Bellevue as a place to do business is up from 57% to 66%; 3) Respondents who would recommend Bellevue as a vibrant arts and cultural destination dropped to 66% reflecting a need to invest more (see 115.15NA-02). Office vacancy is up reflecting national trends & may not recover for several years. Continuing core services maintains current level of satisfaction, which retains current businesses & attracts new to help Bellevue diversify & withstand fluctuations in global economy.

Scalability - Explain the scalability of the proposal, if applicable. Explain any inter-proposal dependencies, if applicable:

Timing & Urgency: To meet 2044 target of 70k new jobs requires averaging 3,500 new jobs per year. Post-pandemic office vacancy rate grew citywide, especially office tech jobs, & impacted small businesses. To ensure a sustainable local economy Bellevue must actively grow & diversify business sectors by supporting small businesses, nurturing startups & supporting workforce reskilling.

Project Dependencies: Comp Plan adoption & light rail opening this year will accelerate business interest in Wilburton, BelRed, Downtown, & other TOD areas. Growth increases need & demand for business services, regional economic partnerships, fostering self-sustaining business & arts districts, & public-private partnerships, e.g. Grand Connection.

Adjustability: This proposal maintains service levels prior to 2023-24 Council-directed expansion of services, including progress on Grand Connection Crossing & Tourism Promotion. Resource level changes (up or down) would have commensurate effects on programs.

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Council Policy Priority Type

2. Community Belonging

Council Policy Priorities - Does this proposal align with and contribute to the Council Policy Priority? If yes, explain with specifics:

We welcome people to Bellevue & improve community belonging through:

- Arts programming that represents the community
- Active & programmed public spaces
- Enlivening the Arts District
- Supporting workers looking for new careers
- Active outreach to welcome & support businesses
- Startup 425 programming that brings together entrepreneurs & encourages community

Additionally, CED advances TOD that includes affordable housing & retail that improve Bellevue's sense of identity and belonging.

Budget Summary

<u>Operating</u>	<u>2025</u>	<u>2026</u>	<u>FTE</u>	<u>2025</u>	<u>2026</u>
Expenditure	\$1,025,491	\$684,970	Total Count	7.00	8.00
Personnel	\$1,709,930	\$1,756,297			
Revenue	\$455,461	\$320,409			
Rev-Exp Balance	(\$2,279,961)	(\$2,120,858)			

City of Bellevue Operating Budget Proposal

Proposal Title:	Tourism Promotion Area		
Proposal Number:	115.29NA	Change Request Type:	Budget Proposal - Operating
CR/Doc Number *	115.29NA	Change Request Purpose Type	1. Base Budget
Department:	115 - Community Development	Strategic Target Area:	Vibrant Economy
Primary Staff Contact:	Paradiso, Joanna (JParadiso@bellevuewa.gov)	Objective:	1
Previous Proposal No:		Fund:	01350-Hotel/Motel Tax Fund

Executive Summary

This proposal ensures the proper budgeting process steps are taken in order to deliver on the Bellevue-Redmond Tourism Promotion Area (TPA) strategic plan and budget presented to and approved annually by Bellevue City Council, to spend the collected revenues of the TPA in a manner consistent with state law and an interlocal agreement with the City of Redmond. Funds generated by the TPA are used to promote tourism in our community, strengthening an economic sector poised for growth.

Supports City Objectives - Explain how this proposal aligns with the identified Objective:

Currently Bellevue's economy heavily relies on tech and communications. The ED Plan lays out a multi-pronged approach to diversify our economy and maintain our vibrancy, including further growing the tourism sector. The effort creates resilience against fluctuations in the tech sector and boosts revenue for small business. On average, overnight visitors spend 2.4 times their hotel cost locally, amplifying economic benefits. Eg: a \$300 hotel stay yields \$720 more in local spending.

Performance Measures	2022 Actual	2023 Actual	2024 Target	2025 Target	2026 Target	
1. Performance Measures	115.2013 - Annual overall Room Occupancy Rate for Bellevue Hotels	60.00 %	63.00 %	68.00 %	72.00 %	73.00 %
2. Performance Measures	115.4040 - Percent of residents and businesses who would recommend Bellevue as a vibrant arts and cultural dest		80.00 %	55.00 %	70.00 %	70.00 %

Performance - How do you know the proposal helps achieve the identified Objective:

Bellevue has unused hotel room capacity, which means large economic benefits are being left on the table. Funds generated from the TPA nightly fee are legally required to be used to promote tourism within the area where funds are collected, resulting in higher awareness of tourism opportunities and additional overnight stays, which greatly contributes to a thriving economy.

In 2023 overall hotel room occupancy rates across all properties in Bellevue were 63%. With the Intercontinental Hotel coming online in 2024 the inventory of available hotel rooms will increase by 208 to a total of 5,420 rooms. Hotels in Bellevue had an average nightly rate of \$195 in 2023. By increasing overall occupancy from 63% to 70% by 2026 through increased tourism promotion, it would generate an additional 186,500 overnight stays in Bellevue by 2026 resulting in an additional \$87 million spent by tourists in the local economy.

Scalability - Explain the scalability of the proposal, if applicable. Explain any inter-proposal dependencies, if applicable:

The TPA has a built-in scalability through its funding mechanism. Revenues are tied to hotel room occupancy through a \$2.50 nightly hotel room fee, so as the occupancy rate increases or decrease the moneys available in this fund scale accordingly. Revenues collected by the Dept. of Revenue from hotels are remitted to the City of Bellevue for both the Bellevue and Redmond Zones. Management of the TPA Zones, and spending of tourism promotion funds, is contracted to Destination Management Organizations who promote Bellevue and Redmond as desirable tourist destinations. The TPA is expected to generate \$3.5 million in fees in its first full year, those funds will in turn be spent on tourism promotion and staff to administer the program. This will increase the average occupancy rate, which will increase the available funds in future years. A global event, like the coronavirus epidemic, that shuts the hotel industry would result in a decline in fund collection.

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Council Policy Priority Type

2. Community Belonging

Council Policy Priorities - Does this proposal align with and contribute to the Council Policy Priority? If yes, explain with specifics:

Tourism Promotion is an active way for Bellevue to welcome the world. TPA programs in 2024 include an in-market, culturally competent Japanese tourism marketing pilot. Part of this initiative centers around cultural competency training for our front-line staff at hospitality businesses. If successful, the program will expand to other cultural groups. By increasing the overall cultural competency of the hospitality sector, Bellevue continues becoming a welcoming destination for all.

Budget Summary

<u>Operating</u>	<u>2025</u>	<u>2026</u>	<u>FTE</u>	<u>2025</u>	<u>2026</u>
Expenditure	\$3,809,373	\$3,881,240	Total	0.00	1.00
Personnel	\$145,910	\$149,995	Count		
Revenue	\$3,952,282	\$4,031,112			
Rev-Exp Balance	(\$3,001)	(\$123)			

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Proposal Title:	Economic Diversification Initiatives		
Proposal Number:	115.97NA	Change Request Type:	Budget Proposal - Operating
CR/Doc Number *	115.97NA	Change Request Purpose Type	1. Base Budget
Department:	115 - Community Development	Strategic Target Area:	Vibrant Economy
Primary Staff Contact:	Paradiso, Joanna (JParadiso@bellevuewa.gov)	Objective:	1
Previous Proposal No:		Fund:	0001-000-00-General Fund

Executive Summary

This proposal funds implementation of the 2020 Economic Development Plan (ED Plan), specifically investments relating to economic diversification. This includes allocating funding to support partners' work to develop a life science sector incubator, create an interactive media incubator, and feasibility studies related to developing a new higher education hub. These initiatives are intended to increase the City's tax base, employment count, and economic vibrancy.

Supports City Objectives - Explain how this proposal aligns with the identified Objective:

This proposal directly supports objective 2.1 by ensuring Bellevue is responding to risks to its economy by increasing % employment in target sectors, avoiding overreliance on the tech sector. In the recent tech slowdown, over 5,000 employees were laid off. The ED Plan strategies aim to build upon Bellevue's tech sector by building a life sciences cluster, attracting a 4-year research institution, and leveraging Bellevue's creative industry for entrepreneurship.

Performance Measures	2022 Actual	2023 Actual	2024 Target	2025 Target	2026 Target
1. Performance Measures 115.8203 - Annual percent increase of Bellevue jobs outside of the technology sector	6.37 %		2.00 %	2.00 %	2.00 %
2. Performance Measures 115.4125 - Percent of businesses that believe Bellevue is a "somewhat" or "significantly" better place to opera	2.00			80.00 %	80.00 %

Performance - How do you know the proposal helps achieve the identified Objective:

In 2024, 1/3rd of the employment base was located in the tech sector, an increasing trend since 2014. A key finding in the 2020 Economic Development Plan was our low employment diversity index of 39.7 compared to the national benchmark of 100. The proposal aims to address the risk through catalyzing new industry clusters in Bellevue which requires active interventions from government. These actions also aim to increase Bellevue's non-tech employment by 2% annually to support growth toward Bellevue's 20-year target of 70,000 new jobs.

Other performance measures come from Bellevue's business survey, which captures high ratings year over year, recently reaching 80% resulting from recent city efforts. This proposal aims to hold this high rating by ensuring new employment industries have the spaces they need to start and expand in Bellevue. Continued investment is needed to ensure this high rating and decreasing Bellevue's historically high office vacancy rate.

Scalability - Explain the scalability of the proposal, if applicable. Explain any inter-proposal dependencies, if applicable:

Timing/urgency: Implements Council adopted 2020 ED Plan with urgency around economic diversification. Funding ensures needed flexibility and capacity to respond to opportunities in dynamic economic market. Adjustability: Provides base capacity needed to advance diversification work in three sectors. Implementation adjustable to Council priorities. Increased funding would allow for faster implementation of the work, whereas decreased funding would require spreading resources too thin to make an impact. Resource availability: Potential for governmental grants and private sector partnerships that often require matching funds. Project Dependencies: Requires interdepartmental coordination to scale.

Council Policy Priority Type

2. Community Belonging

Council Policy Priorities - Does this proposal align with and contribute to the Council Policy Priority? If yes, explain with specifics:

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Removing barriers to business ownership and living wage employment opportunities is vital and lays the foundation for a person's sense of belonging in a community. Bellevue does not offer economic opportunity to all. Correcting that requires broadening the range of employment options. Creating physical incubator spaces and education hubs to support a diversity of interests will make it easier for everyone to find a community where they can work, learn, and build community.

Budget Summary

<u>Operating</u>	<u>2025</u>	<u>2026</u>	<u>FTE</u>	<u>2025</u>	<u>2026</u>
Expenditure	\$100,000	\$225,000	Total Count	0.00	0.00
Personnel	\$0	\$0			
Revenue	\$0	\$0			
Rev-Exp Balance	(\$100,000)	(\$225,000)			