

# ECONOMIC DEVELOPMENT

**GOAL** Attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

City provides welcoming, supportive environment for businesses

MEASURE	2009	2010	2011	2012	Target
Number of businesses helped with consultant services	148	161	173	183	N/A
Office space vacancy rate	30.4%	24.2	7.9%	8.4%	Eastside: 18%
Lodging tax revenue	\$235,000	265,000	\$205,583	\$220,145	Increase
Net new businesses	606	469	1,475	471	Increase
Visits to ExploreKirkland.com	148,442	*	N/A	105,570	Increase
New Green Businesses	30	12	12	9	Increase
Annual number of jobs	30,631	30,492	N/A	***	Increase

So that...

Kirkland has a healthy business and tourism economy

Businesses are satisfied with Kirkland as a place to do business	**	75%	**	***	80%
Residents are satisfied with the availability of goods and services in Kirkland	**	76%	**	81%	80%

So that...

Kirkland has a diverse, business-friendly economy that supports the community's needs

\* No data available due to website server crash  
 \*\*Community survey occurs in even years  
 \*\*\* No data available

## HOW DO WE MEASURE ECONOMIC DEVELOPMENT?

Net new businesses and office space vacancy rates are both indicators of the health of the local business economy. Kirkland's vacancy rates have decreased as the economy continues to recover from the recession. Lodging tax revenue measures the vitality of the hospitality industry, which in turn supports other tourism assets such as restaurants and retail shops. Internet visits to the ExploreKirkland.com website demonstrate the public's interest in Kirkland and often translate to actual visits and extended stays in our city. The City's Green Business Program promotes business adoption of efficient and environmentally sound practices, hopefully resulting in more sustainable businesses that can weather difficult economic times and perpetuate stable City services.

## HOW ARE WE DOING?

The City helps to grow the Kirkland economy by recruiting and retaining businesses, promoting Kirkland as a business location, and supporting arts and tourism. Together, these activities enhance the quality of life that residents of Kirkland enjoy and have come to expect.

The program ministers to small and large businesses. It has invested in a Retention Consultant who provides free services to small businesses in the areas of permitting, marketing, networking and expansion. New businesses are welcomed and can take advantage of a monthly orientation program. Technical assistance is provided one-on-one or through seminars and other educational and networking opportunities. By the same token, the City facilitates CEO-level networking and input on City policy through a quarterly Kirkland Business Roundtable. In past years, the Roundtable has weighed in on Totem Lake redevelopment policy and supported the Cross Kirkland Corridor.

Tourism programs promote the recreational and leisure opportunities in Kirkland, and bring outside revenues into the City. Moreover, exposure to Kirkland through a business trip or attendance at an event may lead to a decision to relocate a home or business here. This past year the City developed a short tourism video that has been widely distributed throughout the region, and is used by many Kirkland businesses to promote themselves. The City has overhauled the ExploreKirkland.com website so that it is easier to use and better showcases the beauty that is Kirkland. In addition, the Tourism Development Committee funds events year-round that bring tourists and their dollars to Kirkland.

## WHAT ARE WE DOING?

The City helps develop the economy of Kirkland through supporting businesses and promoting tourism. Kirkland's Economic Development Program promotes a quality business climate for Kirkland businesses, assists businesses in locating in Kirkland and provides a liaison with City departments. The success of economic development efforts is highly dependent on the general economic climate, regional policies and competing cities' policies regarding business. Local programs help sustain businesses through economic cycles by being responsive to business needs.

In the most recent survey, businesses highlighted room for improvement in taxes and licensing fees, parking, signage requirements, networking opportunities and outreach about City business services. To address businesses' concerns, the Business Retention Consultant provides outreach services to current businesses in the areas of real estate searches, zoning, permitting and business planning, including:

- Referrals to City staff, networking organizations and professional services
- One-on-one technical assistance
- Educational seminars
- Issue resolution between business and the City

The Kirkland Business Roundtable facilitates CEO-level discussion of economic challenges, opportunities and strategies for economic development in Kirkland. The City initiated KirklandFirst.org, encouraging residents to support local, Kirkland-based businesses and products while the Green Business program aids businesses in adopting environmentally-friendly practices and other cost-saving measures.

Tourism programs and events are promoted through the ExploreKirkland.com website, Facebook page and advertising in local and national publications. The City also offers networking opportunities to tourism purveyors.

### O'Brien Auto Group

The O'Brien Auto Group is making a major investment in the Totem Lake Business District. Its Toyota of Kirkland dealership will be moving into a new 125,000 square foot space at the site of the derelict former Graham Steel building on NE 124th Street. A new dealership, Volkswagen of Kirkland, will move into a renovated space at the original Toyota dealership location.

In October 2012, at the City's Second Totem Lake Symposium, Michael O'Brien, Principal of the O'Brien Auto Group announced plans to invest \$20 million in constructing a state-of-the-art new facility for Toyota sales and service. The plans also include hiring 30 additional employees which brings total employment at the dealership to 160. Mr. O'Brien projects \$110 million in annual revenues from selling 1,900 new and 1,500 used vehicles per year. Once the new Toyota facility is completed, the O'Brien Group will also invest \$2 million to remodel the existing Toyota facility to allow the new Volkswagen dealership to open for business. The Volkswagen dealership will employ 100 people with projected annual revenues of \$60 million from selling 1,200 new and 1,200 used vehicles per year. Operating expenses at both dealerships will create revenue for area businesses providing gasoline, supplies, maintenance, dining and entertainment.

Mr. O'Brien noted that the resurgence in demand for automobiles, coupled with public infrastructure investments and zoning and regulatory changes, have helped to make the time right to expand his operations in Totem Lake.

The regulatory and infrastructure investments Mr. O'Brien alludes to include: Amendments to the 2011-2016 Capital Improvement Program to address flooding problems (that had in the past negatively impacted Toyota's business Culvert replacement and beaver dam removal have greatly reduced the frequency and severity of roadway closures due to flooding. A new connecting roadway between Slater Ave NE and 124th Ave NE will be constructed to help improve circulation and access to many of the car dealerships that are so critical to the Kirkland economy.