

# 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

So that...

Kirkland has a healthy business and tourism economy

So that...

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

MEASURE	2010	2011	2012	2013	2014	Target
Number of businesses helped with consultant services	161	173	183	187	178	N/A
Office space vacancy rate	24.2	7.9%	8.4%	7.6%	5.5%	Eastside: 9.0%##
Lodging tax revenue	\$265,000	\$205,583	\$220,145	\$247,075	\$270,607	Increase
Net new businesses	469	1,475	471	641		Increase
Visits to ExploreKirkland.com	*	N/A	105,570	90,523	86,017	Increase
New Green Businesses	12	12	9	1#	3	Increase
Annual number of jobs	30,492	N/A	***	***	37,378	Increase
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%	80%

\* No data available due to website server crash

\*\* Community survey occurs in even years

\*\*\* Business survey was conducted in 2015 and will be reported on in the 2015 performance report

# Green Business program undergoing change (See Environment report for more details)

## This percentage reflects the 2014 office space direct vacancy rate for the entire Eastside

## 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 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 Kirkland Economic Development 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 through individual work sessions and group seminars and periodic education and networking events. The City-staffed Kirkland Business Roundtable offers CEO-level networking and input on City policy through quarterly meetings. In past years, the Roundtable has weighed in on the 2035 Comprehensive Plan Update Economic Development Element, Downtown vision, and the Cross Kirkland Corridor.

The Tourism Program promotes recreational and leisure opportunities in Kirkland, and brings outside revenues into the City. Exposure to Kirkland through a business trip or attendance at an event can lead to a decision to relocate a home or business here.

# 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.

However, every district needs a heart and Totem Lake had lost its heart, the Totem Lake Mall. The mall was established in 1973 as a major retail center on the edge of a major freeway. The Mall's owner, Puget Sound Land Company's president John Stuart, interviewed at the time by the Eastside Journal said, "We hope eventually, one can bike or walk to all these facilities. They'll all be in one place." In 2014, enter Centercal LLC, a California-based mall developer with a strong portfolio of quality mall projects across the west coast, to rekindle and rebuild on the original vision.

But first, the City, which had committed \$15 million for plaza, road improvements and a portion of a parking garage in a previous development agreement with prior owners, DDR/Coventry, was asked by Centercal to reassign and extend that agreement, and also ensure that the company could vest in the existing development standards. Those conditions of purchase triggered a rigorous intra-departmental effort with the support of Berk Associates, a local economic consulting firm, to elevate the expected revenue stream that Centercal was positing for the mall, and evaluate the risk that the City would take to recover its investment. With the analysis indicating that the project was viable, and the embrace of Centercal's redevelopment plan for a mixed use center, the City Council voted to approve the reassignment of the development agreement to Centercal in early 2015, and with it, the start of a new day for the mall, now called the Village at Totem Lake, and a bright future for the Totem Lake Business District.



## Totem Lake Redevelopment

When it comes to jobs and sales tax revenue, no other business district compares to Totem Lake. A third of Kirkland's 37,378 jobs are located in Totem Lake, and 30.8% or \$4.4M of its sales tax, 60% of which comes from auto sales, is collected in Totem Lake. While it currently serves as the City's economic generator, Totem Lake holds the key to the City's future as its most populous residential neighborhood, as well as a major employment center. To support that aspiration, Totem Lake was designated an Urban Center in 2003, and equipped with transportation infrastructure to accommodate a planned doubling in population and tripling in employment by 2035.

But the vitality and high expectations that these current and projected numbers convey, do not describe the business district that for many years has languished. Limited new development, a lake that nobody sees, a rail corridor that had been abandoned, and the view from I-405 of a dilapidated, outdated mall were what people recalled when thinking about Totem Lake.

The City of Kirkland, motivated by a report from the Urban Land Institute and feedback at a symposium of Totem Lake stakeholders, began efforts to revitalize Totem Lake starting in 2010 and resulting in over \$100 million secured or already invested in infrastructure and amenities.