



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033
425.587.3001 www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: James Lopez, Assistant City Manager
Ellen R. Miller-Wolfe, Regional Business
Partnership Manager

Date: March 2, 2021

Subject: Regional Economic Development Partnerships:
Startup 425 and the Innovation Triangle

RECOMMENDATION:

It is recommended that the City Council receive this report on regional economic development partnerships administered by the City of Kirkland; Startup 425 and the Innovation Triangle.

BACKGROUND:

Startup 425:

Startup 425 is a regional economic development partnership designed to support entrepreneurs and small businesses, foster sustained economic growth, and create jobs. It is an initiative of five Eastside cities, Bellevue, Kirkland, Issaquah, Redmond, and Renton, who all entered into an Interlocal Agreement in 2019 following three years of collaboration. The economic development offices in each of the partner cities contribute funding and guide the enterprise with support from the Port of Seattle, King County Library System (KCLS), and the Service Corps of Retired Executives (SCORE). Initiated by a UW Livable Cities Study on behalf of the City of Bellevue, the program has been administered by the City of Kirkland (2019-2020) and is now in its third year of Kirkland administration under the City Manager's Office.

Two key reports guide Startup 425. The first is a 'Long-Range Planning Recommendations for Startup 425' report prepared under the auspices of the University of Washington's Livable City Year 2018-2019 program. The second is a 'Five-Year Strategic Plan' developed by the City of Kirkland based upon recommendations from its city partners and an advisory committee in 2019. As administrator of the program, the City of Kirkland also prepares an annual report and convenes at least four partner meetings annually.

Startup 425 currently offers 12 workshops (originally 42 separate sessions in area libraries and now virtual) over two sessions, spring and fall, for a 100-level 'Foundations of Business' series.

These workshops are free to all, seeking to expand access and business ownership to diverse and underserved communities. Classes consistently are primarily populated by women and non-white attendees, and most attendees represent a new or 'soon to be started' business. Classes

are often taught by SCORE volunteers such as preparing a business plan, marketing, finance, and networking. In recent sessions, a survey of past attendees recommended sessions on directing remote teams and also cybersecurity.

These topics were added to the most recent session in 2020. There were 276 registrants for the program which has been archived for future viewing. Startup 425 also offers a 200-level 'Small Business Essentials' series (a 'deeper dive' into fundamentals of business) at an Eastside co-working space. That program fielded 58 registrants.

In addition to Foundations and Small Business Essentials, in 2020, despite the difficult challenges of COVID-19, Startup425 succeeded in partnering with Bellevue College to mount an accelerator. The curriculum, developed by Professor Leslie Lum for businesses interested in scaling quickly, is a seven-module, (seven evenings) program that includes lectures on key business topics by Professors Lum and Judith Paquette, and also experts such as Joe Sky-Tucker, (Executive Director, Business Impact NW) who spoke to the cohort about alternative financing for startups.

Most importantly, each of the ten businesses in the inaugural class was assigned a volunteer mentor, familiar with their business type and challenges, to work with them. Many of those relationships and those among cohort members continue beyond the class, and their recommendations, particularly lengthier weekend sessions on tactical issues, have been added to the Startup425 offering.

reStartup425 and Other New Programs

This past year, in response to COVID-19 impacts on small business, Startup425, with additional investments from partner cities, contracted with Business Impact Northwest, a local Community Development Financial Institution (CDFI), to provide one-on-one consulting to small businesses located in partner cities including Kirkland on accessing funding with a focus on federal offerings. To date the program, Business Response Team, has serviced over 600 business clients, a majority of which are sole proprietor or under 5 employee businesses and include many women and minority owned endeavors. And, Kirkland has led other cities in regard to businesses served by this program.

Second, we began developing a bootcamp recommended by the Innovation Lab cohort as well as our partners and the City of Kirkland, that recently launched Shop Local Kirkland, to teach the basic elements of developing an online presence to businesses. The project, a partnership of OneRedmond, Bellevue College, and Startup425 has been fueled by a \$14,370 grant from Brazen, whose virtual meeting platform will be used to mount 3 one-day workshops. The first, **Boost Your Business: Tools and Resources for Getting Online**, is scheduled for April 17, 2021, and will include lectures provided by Innovation Lab faculty, experts, and an afternoon vendors fair, including local companies who provide tools and networking for businesses seeking a digital presence.

The City of Kirkland, acting as the Startup 425 Administrator, oversees the marketing, scheduling, operation, and survey documentation of the 100 and 200-level workshops. Kirkland Staff also represents Startup 425 at trade shows, and other business events. The City of Kirkland is the lead on the new accelerator program and other 2021 workplan items.

Innovation Triangle:

The Innovation Triangle is a partnership of Bellevue, Redmond, and Kirkland bound by a 2019 interlocal agreement. It was established in 2016 to recruit foreign and domestic businesses in the information, communication, and technology (ICT) sector to the Eastside of Lake Washington and to act as a bridge between the U.S. and global ICT markets. The goal is to grow targeted industry clusters to promote the region as a global hub for innovation, international trade and investment. Innovation Triangle partners share duties and costs of activities.

The most recent reporting on output for the Innovation Triangle was \$48.2 billion total and \$21.5 billion in the ICT sector alone. This makes the Innovation Triangle one of the most dynamic regional economies in the country with 23% of residents working in science and engineering related fields and 61% of residents holding at least a bachelor's degree, almost twice the state-wide average.

Targeted Innovation Triangle clusters include:

- Enterprise software
- Interactive media (gaming and AR/VR)
- Commercial space
- Big-Data
- Artificial intelligence & machine learning

Innovation Triangle partners engage and participate in the following activities:

- Maintaining and updating the website and other communication strategies
- Attending conferences and tradeshows
- Recruiting and assisting companies interested in locating in the Innovation Triangle
- Leveraging the talent and other attributes of the Innovation Triangle for other needs such as transportation and housing affordability
- Reporting annually to City leadership

A cornerstone each year is the attendance of the Innovation Triangle partners at the Select USA Investment Summit presented by the U.S. Department of Commerce to promote direct investment by countries outside of the U.S. 2019 marked the fourth year of Innovation Triangle participation at the Summit where meetings were held with 35 business and trade investment organizations with an ICT focus and interest in locating on the Eastside. Also, in 2019, the Innovation Triangle welcomed delegations of businesses interested in our region from Poland, India, Japan, and Great Britain.

In 2020 the program, and most Foreign Direct Investment (FDI) programs in the region shut down trade shows and meetings due to COVID-19. A few delegations were hosted virtually, and the hope is that activity can resume in late 2021.