

**CITY OF ISSAQUAH
Economic Vitality Commission**

5:30 PM
October 20, 2021

Virtual Meeting

MINUTES

COMMISSION AND ADMINISTRATIVE PERSONNEL PRESENT

Alternate Meeting Format: On March 6, 2020 the Mayor declared a civil emergency due to the outbreak of novel coronavirus (COVID-19). On March 24, 2020 the Governor issued Proclamation 20-28 relating to the COVID-19 emergency and open public meetings. The proclamation has been extended. Due to these factors, the meeting was held using a remote meeting platform.

Commissioners Present:

Kathy McCorry, Chair
Jon Edwards, Vice Chair
Theresa Garcia
Thomas Brown
Joan Probala
Art Freas, Alternate*
Chris Reichley, Alternate*
(*Acting as regular member)

Administration/Staff:

Mary Lou Pauly, Mayor
Jen Davis Hayes, Economic Dev. Mgr.
Benton Coblentz, Economic Development
and Recovery Coordinator

Commissioners Not Present (Excused):*

Christopher Beaudoin*
Ashwin Muthuvenkataraman
Anjali Remme, Alternate*
Tom Rogers*

CALL TO ORDER

McCORRY, Chair, called the meeting to order at 5:32 PM. She affirmed that a quorum of members is present, and that the two alternate members present tonight are willing to act as regular members.

APPROVAL OF MINUTES

- a) MOVED BY PROBALA, SECONDED BY BROWN that minutes of the EVC meeting on September 29, 2021 be approved as presented. Minutes are approved.

PUBLIC COMMENTS

None.

AGENDA ITEMS

- a) **Mayor's Check-In, (I)**
Presented by:
Mary Lou Pauly, Mayor

Mayor Pauly shared some thoughts about her intended focus as Mayor, and referred to the City's Strategic Plan as a 20,000-foot view of her goals and objectives. She talked about how the pandemic has affected the City, including the economic consequences, and described City activities and federal funding available to assist businesses. She gave her perception about how the City is doing despite Covid, and gave examples for optimism. She discussed her specific goals to start thinking about a five- and ten-year economic plan for the City, including ideas for

getting targeted businesses to locate in Issaquah; the experience of Evanston, Indiana in convincing tech companies to move there; and what the City can do to get businesses to come here, particularly those offering flexible, hybrid-schedule jobs.

She mentioned a specific sector of interest to her, namely small-scale manufacturing. The City needs to look at businesses that are already here that could be redeveloped, and think broader than just the office sector. She expressed her commitment to the Central Issaquah Plan and its objective to put new growth primarily on the Valley floor, with an emphasis on mixed use. She recommended that Commissioners read the Strategic Plan and Central Issaquah Plan if they haven't already, and take a look at the Economic Development section of the City's most recent budget submittal.

The Mayor also talked about the need to ensure the City develops as a city, with a good mix of development, housing, and revenue sources. Commercial property has been converted into housing over the last few years, she said, but she is committed to not losing more job opportunities by converting more commercial space into housing. Having a good jobs-housing balance is where we want to go and is what will make us a whole city.

She concluded with thanks to the Commissioners for their work and encouraging them to become familiar with the economic vitality objective in the Strategic Plan.

PROBALA asked how do we encourage builders to tear down existing buildings and start over to achieve these objectives. Pauly replied property values on the Valley floor have risen, and the economics pencil out for at least some to redevelop older structures. In 20 or 30 years, the cost of a mortgage today may not be as significant a factor as it is now, so instead of having a one-story strip mall a developer could have a five-story mixed-use building with retail, commercial, and/or residential space. We are closer to that than we were just five or ten years ago, she added.

PROBALA said what happens around a redevelopment is also important; it could take years for the Central Issaquah section of our City to cohesively form. Pauly agreed, and said we're likely to experience some awkward years, and gave examples. She continued achieving this is realistic within a ten- or 15-year time frame, and we can have two downtowns, both new and old, that are both vibrant in different ways.

b) Business Retention and Recruitment SWOT, (D)

Presented by:

Kathy McCorry, Commission Chair

Jon Edwards, Commission Vice Chair

Art Freas, Commissioner

FREAS gave an overview of the purpose of doing a SWOT analysis. He explained the four quadrants (strengths, weaknesses, opportunities, and threats); how the four quadrants relate to each other; and the SWOT document prepared in 2012, which EVC can use as a baseline for updating it now. EDWARDS asked did the 2012 SWOT have the same focus as the one we are going to do now. FREAS replied it was very similar, yes. Davis Hayes added the 2012 SWOT was done when the Economic Development Department and staff were brand new.

The Commission proposed ideas and refinements to the 2012 SWOT. FREAS will develop a new SWOT as a result of tonight's meeting for additional discussion by the Commission. He

suggested keeping the number of bullets in each item roughly the same, and the Commissioners agreed. The Commissioners also agreed that wordsmithing and refining the language can be done later. Comments offered by Commissioners included the following:

STRENGTHS

- The City's highly educated work force is not specifically called out, which would attract employers. On the other hand, the City doesn't have an abundance of people who are not in that category—blue collar workers, restaurant workers, and so on—who have to live elsewhere because of the cost of living in Issaquah
- The “Location Advantage—Regional transportation” is a strength because the City is convenient for interstate transportation, but also a weakness because of “limited transportation mobility options.”
- Issaquah's location is a good jumping-off point for getting to other regions in the area, to the mountains, and so on.
- “Nice place to live” is a bit broad and could be refined.
- “Work-life balance” was mentioned by the Mayor as a City strength.
- Maybe note “diversity” as strength in the first bullet. [According to the 2020 census, the City is more diverse from a racial point of view than might be expected.]
- What does nice place to live mean—access to culture, parks, nature, and recreation.
- Eliminate a separate bullet for parks and open space.
- Framing the “nice place to live” idea is different if the idea is to attract businesses and employers, versus new residents.
- Keep education as a strength.
- The City's increasing population (a 17 percent increase in 2019) could be viewed as a strength or an opportunity (external factor).

WEAKNESSES

- An aging physical economic base instead of “transitioning to economic maturity.”
- What does “undefined value proposition” mean.
- Are we getting our message out in front of the right audience.
- Lack of commercial space.
- What is “limitation of capital, land and labor” [lack of incentives for businesses].
- Cost of starting a business in Issaquah.
- Perceived difficulty of getting permits to develop in Issaquah.
- High cost of living, particularly housing.

OPPORTUNITIES

- Remove BC (Bellevue College).
- See several of these as strengths and not opportunities (small town character, outdoor recreation, and arts/culture identity). Which are strengths and which are opportunities.
- Labor shortages, forced retirements, working from home, supply chain issues, and other changes due to Covid need to be reflected in this SWOT analysis. The changes are likely to be around for a decade or more, or could be permanent changes.
- As a result of Covid, some people are starting their own small businesses and not looking to work for large companies that offer little job security.
- People who can work remotely can work from anywhere as long as they have Wi-Fi, which will inspire some people to move to lower-cost areas.
- The “growing Puget Sound economy” has changed since 2012, but it's still not bad.

- The City has an affluent customer base for businesses.
- More marketing of events like Salmon Days.
- More marketing of the City's "green" image, which is becoming very important in today's market.
- Add "the ability to obtain sustainably built space" as a way to attract businesses. It's not yet a strength, but it is an opportunity.
- Work-life balance.
- The City now has more affordable, convenient, and easier-to-maintain housing options than when this SWOT was written in 2012.
- Sound Transit is a future opportunity.
- The City's plans for more mixed use and affordable housing. It's becoming easier for people to move here; we don't have just big houses anymore.

THREATS

- Remove "large commercial vacancies."
- What does "reversion to old policies" mean; remove it.
- Vacancies as a result of moving to a remote work model could be a threat. Businesses are figuring out they can reduce the amount of real estate they lease or own. Both large and small commercial vacancies could be affected.
- Inflation.
- Continuing changes in the economy due to Covid, including employee shortages, supply chain issues, and so on. We lost a lot of commuting service-sector employees who chose to work closer to home when employment opportunities reopened.
- An impact when eviction bans end and people have to start paying rent/mortgages.
- Lack of appropriate housing for service-sector employees.
- Cuts in Metro Transit service. Possibly approach them about the use of smaller buses and alternative ways to move people.
- Shortage of cars.
- Labor shortage for technology workers. Employers like Microsoft, Facebook, etc. are vying for the same pool of technical talent. It's a buyer's market for technical employees now.

Davis Hayes noted these are all good ideas. FREAS will incorporate them into a new draft for discussion at the next meeting. The next discussion will focus on which of these ideas are the most important in thinking about business retention and recruitment.

c) **Business Openings, Closures, & Industry Trends, (D)**

Presented by:

EVC Commissioners

No discussion.

REPORTS

a) **City Council Report Out, (I)**

Presented by:

Jen Davis Hayes, Economic Development Manager

Davis Hayes noted Council recently approved a stipend to Commissioners who are in need of financial assistance for child care, transportation, and/or other expenses to allow them to

participate on boards and commissions. The amount is \$50.00 per meeting. Contact staff directly for more information.

Coblentz reported on the continuing American Rescue Plan Act allocation process. The City expects to receive just over \$11 million and Council is continuing to discuss allocation of that funding. At its last meeting, Council allocated \$300,000 to the State's flexible small-business fund and \$500,000 to a rental assistance program. He explained how the fund will become available and who will qualify for eligibility.

PROBALA asked if a small business has already received federal assistance, can they apply for this allocation as well. Coblentz replied yes. Davis Hayes noted the business has to have the ability to pay back the funds.

McCORRY asked what happens to the fund after people pay back what they have received. Coblentz replied the technical details about administering the fund are still being worked out, but the general hope is that the fund will become a permanent revolving fund.

b) **2021 Schedule, (I)**

Presented by:

Jen Davis Hayes, Economic Development Manager

Davis Hayes reported a regional recruitment agency created several years ago will make a presentation at EVC's November 17 meeting, which will fit in nicely with the continuing SWOT discussion. The agenda for the December meeting is not yet set. Davis Hayes added we are looking at presenting information about progress in the Title 18 update effort at EVC's January 2022 meeting.

OTHER BUSINESS / ANNOUNCEMENTS

- a) Business Resource Update. In agenda package.

The next EVC meeting is scheduled for November 17, 2021 at 5:30 PM.

ADJOURNMENT

With no further business to conduct, McCORRY adjourned the meeting at 7:26 PM.

Respectfully submitted,

Susan Lowe
Recording Secretary