

CITY COUNCIL AGENDA TOPIC

Ordinance (1) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$500,000 from the Long-Range Planning Reserve; and (2) authorizing execution of a funding agreement with KidsQuest Children's Museum, in an amount up to \$500,000, to support KidsQuest in pursuing a new facility in Bellevue.

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EXECUTIVE SUMMARY**ACTION**

This ordinance 1) authorizes the use of \$500,000 in previously identified funds from the Long-Range Planning Reserves to support KidsQuest Children's Museum (KidsQuest) in pursuing a new facility in Bellevue, and 2) amends the 2025-2026 General Fund budget to increase the appropriation by \$500,000.

The associated funding agreement is for KidsQuest to study design and feasibility of an expanded facility.

RECOMMENDATION

Move to adopt Ordinance No. 6863

BACKGROUND/ANALYSIS**Background**

KidsQuest offers high quality children's programming and is the only children's museum on the Eastside. Due to the intense need for family-friendly, educational opportunities, KidsQuest has reached the design capacity of their current facility, serving 220,000+ children and families per year in 17,000 square feet. The museum has two options for the future – limit the number of families served while raising admission prices or expand into a facility that allows the museum's costs to be shared among many more families. They have asked for City support to lean into their mission as an affordable, inclusive museum through the construction of an expanded facility.

In September 2024, KidsQuest applied to the City's Art and Cultural Capital Facility Grants for funding support to expand their service capacity. The museum has explored several options for delivering a facility with around 30,000-40,000 square feet of exhibition space. Funding approved tonight will help them undertake further review and early design on their preferred options.

Addressing the need for more museum capacity aligns with Bellevue City Council's Strategic Target Area Objective 2.6: Build up Bellevue's arts providers' organizational capacity to increase the breadth and depth of artistic and entertainment offerings for Bellevue's residents and visitors.

Funding Request & Support Phasing

KidsQuest's initial funding request during the Arts and Culture Facility Grant application was \$20 million. The Art Commission found the requested amount outside the scope of the grant program, but their October 8, 2024 report to the City Council strongly encouraged Council to explore alternative funding. To that end, the Council identified up to \$10 million over the next four years for KidsQuest within the Long-Range Planning Reserves.

Staff proposes a two-phase approach to funding:

- Phase 1 – Tonight's ordinance and funding agreement will support design and planning work that would further the goal of delivering a new museum facility capable of serving a larger number of children and families, which may include feasibility studies, long-range planning initiatives, and exploration of potential facilities and facility designs. Reimbursable up to \$500,000.
- Phase 2 – A future ordinance and funding agreement will provide up to \$9.5 million for delivery of an expanded KidsQuest Children's Museum, which may include property acquisition and construction of a new facility in Bellevue.

KidsQuest has worked with staff to outline Attachment B, a Phase 1 agreement outlining the work to be performed and public benefits and other funding conditions. The companion ordinance, Attachment A, makes the funds available for the contract.

These funds represent the first public investment in the project, helping lead the way as KidsQuest applies this year for funds from King County's Building for Equity program and in 2026 for funds from the State of Washington's Building for the Arts Program. Beyond government support, KidsQuest plans to launch a full capital campaign that would secure private and corporate philanthropic dollars to complete the funding package.

If provided, City funding would not waive permit requirements. KidsQuest and their construction partners would be required to comply with all permit processes, public work, and land use requirements for the site.

KidsQuest Public Benefit - Economic

Bellevue is the cultural and economic heart of the Eastside, and the City recognizes the substantial cultural activity and economic benefits KidsQuest has brought to the community since opening its first location in 2005 at Factoria Mall. Since its inception, KidsQuest has continuously seen strong demand and in 2017 moved to its current location in Downtown Bellevue to accommodate that demand for service. In total, KidsQuest has served over 3 million people with high-quality experiences. Based on the City's recent Arts & Economic Prosperity data, staff estimate that since first opening its doors, KidsQuest guests have generated approximately \$165 million in economic activity in Bellevue.

An expanded facility would further serve the residents, workers, learners, and visitors of Bellevue with high-quality learning through play with an emphasis on science, technology, engineering, art, and math (STEAM). The proposed new facility would serve an additional 100,000 people per year, including double the number of summer and school break camp days, filling a much-needed gap in services for

Bellevue and surrounding area families of all economic levels. Overall, the new facility would generate an extra \$5-6 million in economic benefit to our community per year.

KidsQuest Public Benefit - Access

KidsQuest offers \$5 admission price, a 70 percent discount from the regular entrance fee, for people on public assistance (WIC, Chip, EBT, and Apple Health) and distributes free passes through King County libraries and other community partners. Scholarships are available for memberships, classes, camps, and workshops. KidsQuest provides expanded opportunities and resources to families to support childhood development and ensure those facing barriers to access can receive much-needed educational resources within their facility.

Securing Public Investment & Other Key Points

This Phase 1 agreement follows the general format of other City investments in cultural institutions, including awards from the Arts and Cultural Capital Facility Grants. Public investment in early design and planning work (Phase 1) will be secured with a Deed of Trust at the current KidsQuest facility, to be repaid through ongoing delivery of public benefit including:

- Operation of KidsQuest as a museum consistent with national museum standards, open to the public during regular hours, subject to reasonable admission standards for a period of not less than five years from the date of execution.
- Provision of education as a primary function through exhibitions and programs.
- Maintenance and operation of the museum as a center of learning in the community by provision of professional artistic and educational experiences for people of all ages.
- Low-cost rental and/or free use of the KidsQuest Facility to other arts and culture groups directly serving underserved Bellevue populations.
- If the museum moves out of Bellevue (or otherwise to a new location) the City has the option to require reimbursement on an amortized basis or take a security interest in any new facility if it continues to operate.

Next Steps

If approved, staff will finalize the Phase 1 funding agreement. After further work by the museum, staff will return with the Phase 2 ordinance and funding agreement with KidsQuest at a future date.

POLICY & FISCAL IMPACTS

Policy Impact

This work advances Bellevue City Council's Strategic Target Area Objective 2.6: Build up Bellevue's arts providers' organizational capacity to increase the breadth and depth of artistic and entertainment offerings for Bellevue's residents and visitors.

Additionally, Comprehensive Plan policies UD-14 through 16 and ED-14, 22, and 24, support developing, displaying, and performing various artistic expressions and cultural facilities. The policies also recognize the economic development benefits of art and cultural facilities and how they support community activity and gathering.

Fiscal Impact

This project utilizes \$500,000 in funds held within the Long-Range Planning Reserves. Per section 8.2.3 of the City's Comprehensive Financial Policies, Council must authorize spending of the reserve. This use of the reserve has been anticipated by City staff. Adopting this ordinance will amend the 2025-2026 General Fund budget by \$500,000.

Any fiscal impact associated with Phase 2 of the project will be brought to Council for consideration at a future date.

OPTIONS

1. Adopt the Ordinance (1) amending the City of Bellevue 2025-2026 General Fund budget to increase the appropriation by \$500,000 from the Long-Range Planning Reserve; and (2) authorizing execution of a funding agreement with KidsQuest Children's Museum, in an amount up to \$500,000, to support KidsQuest in pursuing a new facility in Bellevue.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Phase 1 Funding Agreement between City of Bellevue and KidsQuest Children's Museum.
Proposed Ordinance No. 6863

AVAILABLE IN COUNCIL LIBRARY

Economic Development Plan