

City of Bellevue Cross-Cultural Center Feasibility Study

Draft Summary Report

May 2022

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I. Introduction and Summary of Findings

Summary of Findings

Project Context

Over the past five years, the City of Bellevue has been engaged in exploratory planning studies to evaluate the feasibility of a cross-cultural community center. The Bellevue community has transitioned over the past few decades into one with significant cultural diversity. The City of Bellevue understands this diversity to be a strength and opportunity and, as such, is interested in increasing its support for multicultural programming and spaces.

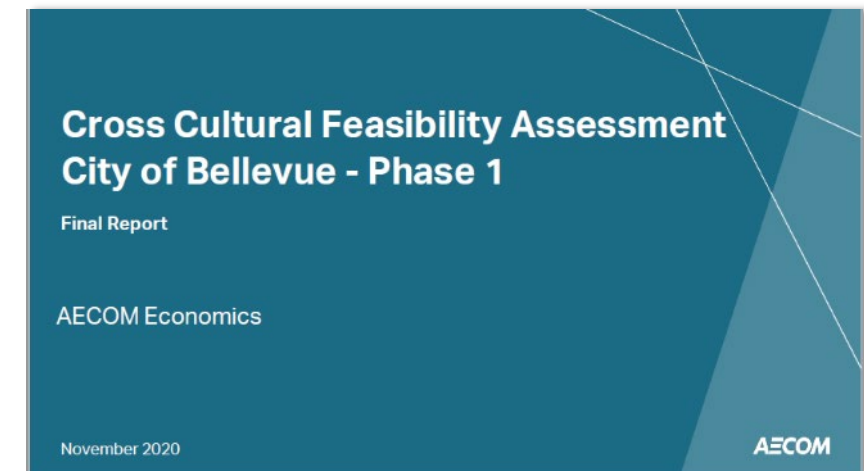
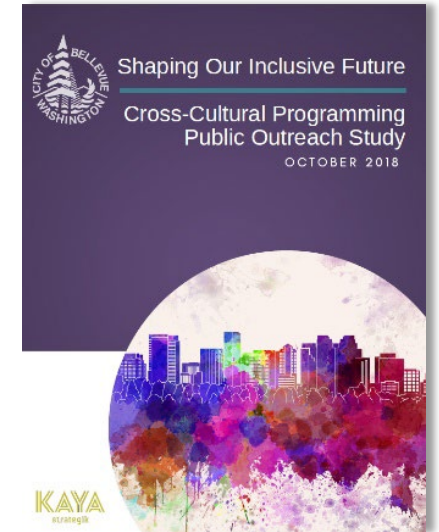
To support this goal, the City commissioned three studies:

- **Community Engagement Study:** *Shaping our Inclusive Future: Cross-Cultural Programming Public Outreach Study* was completed in October 2018 and engaged Bellevue community members to assess interest in cross-cultural programming and facilities.
- **Preliminary Feasibility Study:** In the next phase of work, the City retained AECOM to conduct a high-level feasibility study for a cross-cultural facility. The purpose of the study, completed in November 2020, was to assess on a preliminary basis, all aspects of feasibility, building on the previous community engagement work. The study included an examination of community needs and interest, an evaluation of site, a discussion of possible development and operating models, and an illustrative building program and operating pro forma. The study concluded that
- **Expanded Feasibility Study (current study):** Following the preliminary feasibility study, City Council directed staff to work with AECOM to expand the feasibility study to include indicators of demand, conduct benchmarking, engage with City staff to develop possible development and operating models, identify short- and longer-term strategies, and to refine a facility program and conduct subsequent capital cost estimating and implementation strategies.

This expanded feasibility study builds upon the community engagement, research, and analysis completed as part of the previous two studies. Some material from the previous reports has been repeated for context setting, although for the most part only new research and analysis has been included. However, the initial feasibility and community engagement studies are essential components of this as well.

All of the work previously completed is synthesized into the recommendations in this report.

This report includes a summary of findings along with a compilation of more detailed findings and analysis for the four core feasibility categories. Supporting data tables and research will be provided in the full report.



Summary of Findings

Project Scope Overview



Interviews with City Council, City staff, and community stakeholders



Potential user group survey



Benchmarking



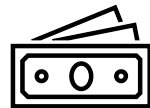
Population and demographic trends



Site analysis



Building program and test fit



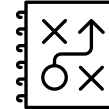
Development cost estimate



Operating pro forma, including staffing plan



Assessment of readiness and feasibility analysis



Implementation strategy

Summary of Findings

Project Task Details

Specific details related to tasks completed as part of this project are as follows:

- Conducted interviews with key stakeholders including City staff, City Council members, and other key stakeholders, specifically focused on the vision for a cross-cultural center, development strategies, the ability to support the development and/or operations of a facility, and programming strategies.
- Created a survey for potential user groups and incorporated survey results into the program development.
- Conducted benchmarking related to the development, operating model, and key operating characteristics for cultural centers and other non-profit multitenant centers, as well as City funding models.
- Updated population and demographic trends for Bellevue and the surrounding area.
- Conducted further evaluation of sites identified in the preliminary feasibility analysis.
- Refined the building program based on additional stakeholder and community input.
- Created a building concept test fit based upon the proposed building program.
- Developed an illustrative staffing plan.
- Updated the previous analysis of operating costs by category and earned revenue for a cross-cultural center.
- Defined feasibility and assessed readiness of the Bellevue community to develop and operate a cross-cultural center.
- Developed and implementation strategy with short- and long-term recommendations.



Summary of Findings

Key Conclusions

Strong Support and Interest

- There is strong support for cross-cultural engagement, interactions, programming, and appropriate spaces for these activities among Bellevue City staff, elected officials, and community members.
- There is recognition among everyone we interviewed that this is an important priority for the City and community of Bellevue.

Community-led, City supported effort

- Based upon dozens of stakeholder interviews, we would recommend that this be a community-led, City supported effort.
- As such, the City needs a partner. A key step is identifying a non-profit 501(c)3 with a mission related to cross-cultural engagement, who can be the champion the project and be a key partner working with the City on this effort.

Program and Financial Characteristics

- We have evaluated the likely physical and financial characteristics that would address the vision expressed by stakeholders.
- This includes an approximately 27,000 square-foot facility.
- It would cost around \$35 million to develop (excluding site costs).
- It would require \$1.9 million to operate, generate around \$400,000 in earned revenue, require about \$1.5 million annually in contributed income.

Requirements for development and operations

- Developing and operating any cultural or community facility requires an intensive staff, leadership, organizational, and financial commitment, typically over a period of several years.
- We have outlined some implementation steps that should be taken as part of this journey, which focusing on cultivating organizational capacity for operating a cross-cultural center.
- Feasibility for a any cultural center should focus on the ability to successfully operate it year after year.

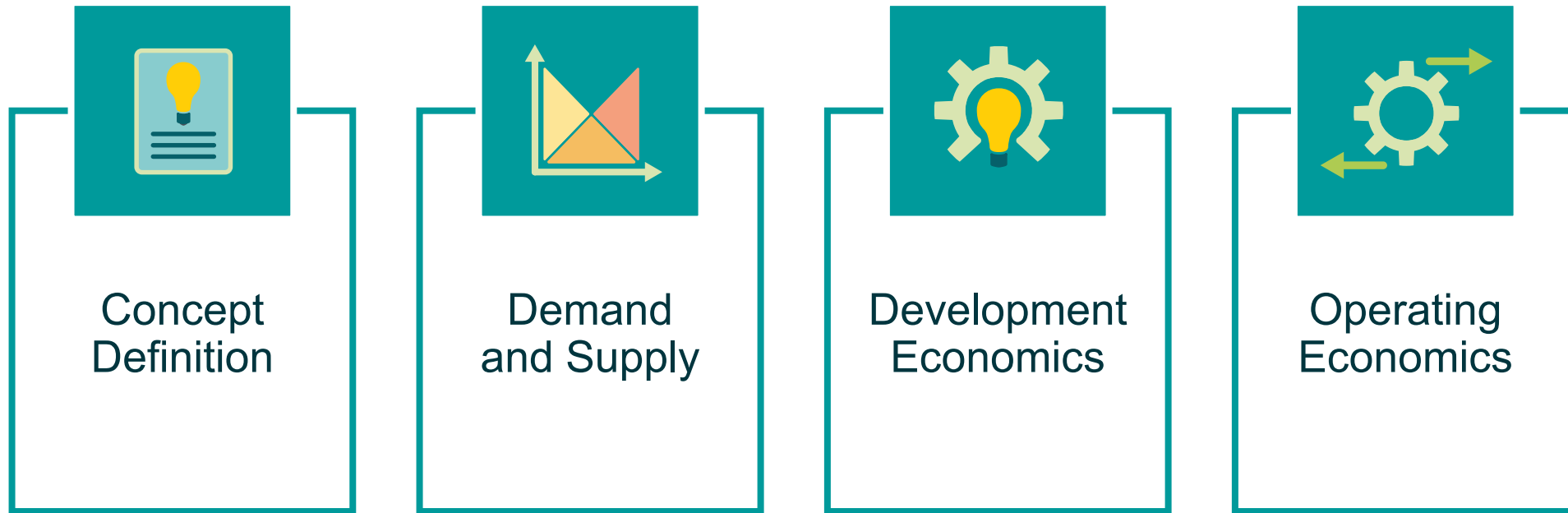
City Investments

- While steps are being taken to develop a feasible cross-cultural facility, we recommend a series of City investments that can be initiated in a much shorter time frame, including the provision of space, program funding, and capacity building support.
- In addition to providing immediate support for cross-cultural engagement in Bellevue, these strategies will also contribute requirements for the eventual successful development and operations of a cross-cultural center.

Summary of Findings

Core Feasibility Categories

As part of this feasibility study, we examined four core feasibility areas. Key findings for each of the four areas are summarized in these four slides, with more detail provided in Section II: Core Feasibility Analysis.



Summary of Findings

Core Feasibility Analysis: Concept Definition

Concept Definition

Cross-cultural engagement is a priority. There is clear alignment and strong support for the value of and need for cross-cultural engagement in Bellevue, although there are divergent views on how best to address the need.

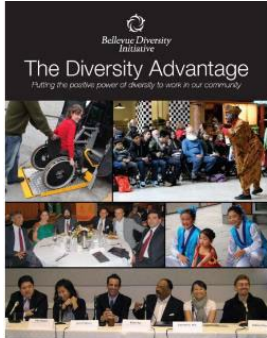
How is cross-cultural engagement defined? Cross-cultural experiences are designed intentionally around active intercultural engagement, learning, and exchange. The focus is to create interactions between people and groups from different racial, ethnic, cultural, and other backgrounds. There is a difference between cultural, multicultural, and cross-cultural.

What is the vision for a cross-cultural center in Bellevue? While there is no “official” vision for the center, there is a clear sense among community proponents about the general purpose for a center and the types of activities that would be included. The City of Bellevue’s *2014 Diversity Advantage Plan* envisioned a cross-cultural facility with a mission to “educate, celebrate, challenge and inspire Bellevue to be a welcoming and inclusive community that embraces diversity.” The current vision anticipates cross-cultural interactions through formal programming, as well as informal cross-cultural interactions through the development of a center that serves as a third place. It is different from a community center or performing arts venue in its mission to create programming, interactions, and activities that achieve cross-cultural engagement. It is envisioned to host a variety of cultural, multicultural, and cross-cultural activities. While these activities can be accommodated in other space types that exist in the City, shared spaces with multiple tenants and activities aligned around common goals can be very effective and create synergies and additional benefits. There is significant research about the benefits of mission-driven shared multi-tenant nonprofit centers.

Key Conclusion: The foundation for the evaluation of feasibility for any mission-driven facility is to develop a clear understanding of vision and concept. Clarity in purpose and vision is critical and drives decisions about all aspects of the project, including demand, building program, operating model, financial performance, and development model. Through two phases of feasibility assessment, we (as City consultants) have developed an understanding of the vision and concept for a cross-cultural facility. However, the mission and vision needs to be formally defined, further developed, and adopted by a strong community champion who can partner with the City in a community-led, City supported process.

Summary of Findings

Core Feasibility Analysis: Concept Definition



What is the purpose of the cross-cultural center?

The City of Bellevue's 2014 *Diversity Advantage Plan* envisioned a cross-cultural facility with a mission to "educate, celebrate, challenge and inspire Bellevue to be a welcoming and inclusive community that embraces diversity."

A formal mission statement will need to be developed.

What are defining and differentiating characteristics of a cross-cultural center?

- Formal programs and informal interactions and synergies from co-location and areas that create a "third place"
- Mission-driven focused on cross-cultural engagement
- Envisioned to host cultural, multicultural, and cross-cultural activities

What else is important about concept definition?

- Alignment and strong support for cross-cultural engagement in Bellevue, with divergent views on how best to address the need
- Mission need to be formally developed and adopted by a strong community champion who can partner with the City in a community-led, City supported process
- City role includes ensuring that nonprofit leadership and organization is broad-based and inclusive of all Bellevue communities

Cross-Cultural

Intentional experienced designed around active intercultural engagement, learning, and exchange

Terminology

Multicultural

The presence of multiple cultures, often co-existing but separate

Cultural

Expression of distinct groups, races, and cultures

Summary of Findings

Core Feasibility Analysis: Demand and Supply

Demand and Supply

Demand. Currently there appears to be significant demand from user groups and audiences for cultural and multicultural activities and programs in Bellevue. There are limited examples of cross-cultural programming currently in existence in Bellevue that are intentionally designed to bring two or more groups together. Examples of existing programs include the City's *Cultural Conversations and Welcoming Week* programs, as well as other nonprofit and educational programming. However, there is substantial interest and strong indicators of community need for cross-cultural activities and programs. This demand would require investment and cultivation over time to translate to effective demand, with a larger "portfolio" of programming developed to activate a facility.

Building program. Based upon the activities that are envisioned to occur in a cross-cultural center, we estimate the required building size to be around 27,000 square feet. A more detailed program can be found in Section II.

Capacity in existing community centers. Prior to the pandemic, the community centers were very heavily utilized, with limited availability. However, since the pandemic, demand has declined, and there is increased capacity at the community centers. Furthermore, Parks and Community Services staff have indicated strong support for providing space for cross-cultural programming, which could include highly subsidized or free space usage and priority scheduling. This could serve as a short-term interim strategy concurrent with planning and fundraising for a cross-cultural center or could be part of a toolkit of long-term strategies designed to support cross-cultural engagement.

Conclusions. With substantial interest in cross-cultural engagement, there are three elements that will be required to translate this interest into effective demand for a facility:

- Support needs to be directed towards developing cross-cultural programming and activities that could eventually activate a cross-cultural center. This could be achieved through a grant program, that the City could either administer itself, or partner with a mission-driven organization to administer. This strategy would allow smaller organizations without capacity to handle the many requirements associated with City grants to access funding and participate.
- Capacity building for a mission-driven organization dedicated to developing, funding, promoting, and supporting cross-cultural activities and programs and spaces. This organization would ultimately be the lead entity for a facility and could partner with the City.
- Time. It generally takes a few years to develop audience and partners in a new facility. Typically, a stabilized year of operations occurs two to three years after a facility opens, and more for start-up organizations. Programming, organizational development, and partnerships could be developed in the interim while planning and fundraising for a facility is conducted, which would allow for a more experienced and well-funded operator with a track record of producing cross-cultural programming.

Summary of Findings

Core Feasibility Analysis: Demand and Supply

Three requirements to translate interest into effective facility demand:

1

Financial support for cross-cultural programming to develop track record and sufficient demand.

2

Funding for capacity building for a mission-driven organization dedicated to developing, funding, promoting, and supporting cross-cultural activities.

The City needs a community partner.

3

Time. It generally takes a few years to develop audience and partners in a new facility.

Programming and organizational capacity can be developed in the interim using existing spaces.

Community center availability has increased since first feasibility study.

Summary of Findings

Core Feasibility Analysis: Development Economics

Development Economics

Estimated development cost. Using the illustrative building program, we developed a preliminary cost estimate for a cross-cultural center in Bellevue. Based upon this analysis, the order of magnitude cost is estimated to be around \$35 million (in 2022 dollars). This estimate is meant for high-level planning and decision-making only and excludes any site acquisition costs. A more detailed architectural program and comprehensive cost estimate, with inflation escalations and a timeline built in, will eventually be required.

Site. There are two sites that we believe could be very interesting opportunities for a cross-cultural center: Civic Center and Lincoln Center. Both are City-owned and fulfill many of the evaluation criteria that are important to key stakeholders and generally beneficial for the market and economic viability of cultural centers. Both of these sites have longer term planning horizons are just starting initial studies now. The Grand Connection and a cross-cultural center could be complementary with significant synergies. This longer-range timing may be optimal given the overall findings of this study, which document a number fundamental implementation steps and strategies which should be completed prior to the development of cross-cultural center. The timing would also allow for early planning studies to consider an alternative with a cross-cultural facility.

Funding model. The development of cultural centers is typically funded in one of four ways. The two most common ways are City funding or a non-profit capital campaign, with the two other methods - development incentives and angel donors, having some precedent examples, but not very likely.

- Funding has currently not been allocated or prioritized for a cross-cultural center in the City of Bellevue Capital Investment Program Plan (CIP) budget. Allocating funding may require re-prioritization of other projects, unless the City were to go out to public levy. A Council discussion with City staff to fully understand trade-offs would be required to further explore this option.
- To successfully take on a capital campaign would require a strong non-profit organization with fundraising capacity. It is not clear that there is currently a non-profit organization dedicated to cross-cultural engagement with the capacity required to conduct a \$30 to \$40 million capital campaign and the experience to develop a major facility project. The City could develop a process to identify a lead non-profit organization to become the project champion for this and support that organization with capacity building funds for organizational development, campaign counsel / fundraising capacity, board development, etc. Development expertise can be supplied by a partnering organization, such as EastHub or another entity or partner.
- Regardless of the funding model, a clear model for successful operations of a facility should be developed prior to development.

Conclusions. One of the critical issues to decide is whose responsibility it will be to develop the cross-cultural center. The City needs to clarify and understand its ability to provide funding support for the development and operations of this project, which may require a more extensive analysis of City priorities. The development and/or identification of a non-profit that can serve as robust community partner for the City should be a priority, as funding the development of this will likely require public and private funding. Capital campaigns usually take a minimum of five years, which would allow time to develop a sustainable operating model and organizational capacity.

Summary of Findings

Core Feasibility Analysis: Development Economics

Estimated Development Cost

\$35
million

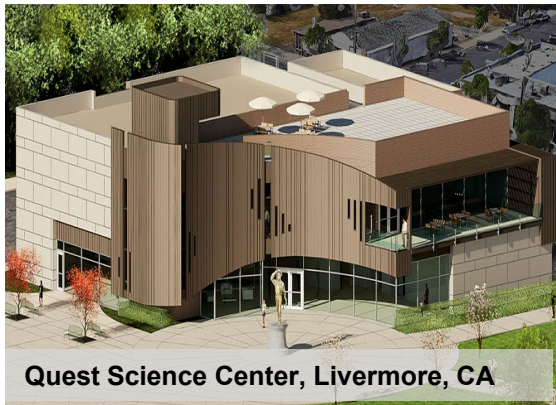
Project Cost Summary		Cost per SF	Estimated Cost (\$000)
Gross Area	27,230		
Building		743.22	20,238
Site Preparation		32.28	879
Site Development		72.79	1,982
Site Utilities		40.58	1,105
Construction Cost at Award		888.87	24,204
Construction Contingency		5.0%	1,210
Construction Cost at Completion		44.44	1,210
Construction Administration Services		4.0%	968
Project Management		35.55	968
Owner Furnished FF&E		\$45.00	1,225
Owner Furnished Active IT equipment		\$15.00	408
Owner Furnished & Installed Components		59.97	1,633
Design and Engineering		13.0%	3,147
OFOI Design and Procurement		5.0%	82
Surveys, Tests and Inspections		2.0%	484
Third Party Commissioning		1.5%	363
Professional Fees		149.69	4,076
Permits and Inspection		1.5%	363
Entitlements and Planning Fees		0.5%	121
Utility Connection Fees		0.5%	121
Construction Sales Tax		10.1%	2,445
Fees and Assessments		112.01	3,050
Estimated Project Budget (excluding financing and developer fee)		1,290.53	35,141

Summary of Findings

Key Findings by Core Feasibility Area

Non-profit Capital Campaign

- Requires non-profit organization with capacity to conduct a \$30 to \$40 million capital campaign + development experience
- Fundraising capacity development can be supported by the City
- City could lead a process to identify a lead non-profit organization to become the project champion for this



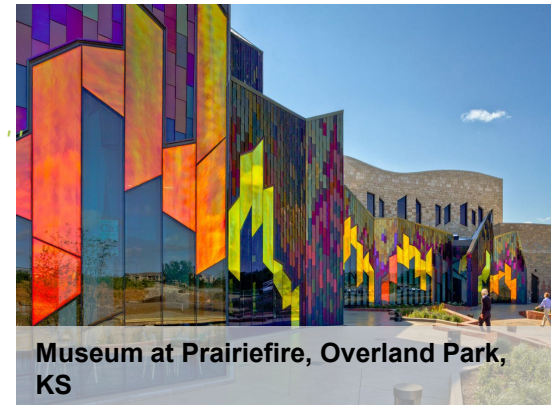
City Funded

- Funding for any capital project is Council directed
- Options include using of existing revenue (may require trade-offs of existing capital projects), establishing a new revenue source or expanding of existing revenue authority
- The City does not currently have sufficient staff capacity to take on another major project and would need to add staff or reprioritize other development projects.



Developer Incentives

- Somewhat unlikely in Bellevue without a developer with a specific and strong interest in cross-cultural engagement, diversity, or equity
- Developer usually select incentives that minimize development and future operational risk and cost or provide amenities or services to their tenants
- Still requires fundraising for tenant improvements / fit out and viable operational model



Angel Donor

- Somewhat unlikely and not typically able to be planned
- DEI is a major priority for many Bellevue corporations, but most prefer to fund operations and programming or contribute gap funding for a capital campaign
- Requires designated non-profit champion to initiate conversations to understand angel donor potential, usually requires City financial commitment as well



Summary of Findings

Core Feasibility Analysis: Development Economics

Development Economics Key Conclusions

Funding the development of a cross-cultural center will likely require public and private funding. The best models typically involve a mix of funding, as even when public agencies are able to fully fund the capital cost, involvement from the nonprofit operating partner builds fundraising capacity and demonstrates ability to raise future operating funds.

While capital cost is important, the timing of project investments and decisions should be driven by market demand and the ability to successfully operate the facility.

Capital campaigns usually take a minimum of five years, which would allow time to develop a sustainable operating model, organizational capacity, and a track record for programming.

Key questions and priorities include decisions around:

- Who will take responsibility for development of the cross-cultural center?
- What is the City's ability to provide financial support for the development and operations of this project?
- What role can the City play in identifying, selecting, and supporting a nonprofit that can serve as a champion for the project and key partner for the project.



Summary of Findings

Core Feasibility Analysis: Operating Economics

Operating Economics

Operating model alternatives. Within the United States, there are models for public agency operated cultural centers, non-profit operated cultural centers, and hybrid models. Hybrid operations represent a broad range of agreements and arrangements, including models such as public agency-operated facilities with a supportive fundraising non-profit, primarily non-profit operated facilities with non-competitive City grant support, and joint operations with public agency and non-profit staff sharing work. A multitude of governance structures also exist, with additional variations related to multi-tenant organizations in shared spaces.

Implications for Bellevue. Since the early engagement studies for a cross-cultural center in Bellevue, community stakeholders have expressed a strong interest in a model that would allow for a mission-driven non-profit organization to retain control of programming, yet still partner and be supported by the City. The critical issue now is the clear identification and/or selection of a strong non-profit community organization to lead the cross-cultural effort and eventually be the key operating partner.

Operating cost and revenues. An illustrative operating budget was prepared for a cross-cultural center in Bellevue. It assumes that the facility is operated by a mission-driven non-profit organization dedicated to supporting cross cultural interactions, programming, and activities. Staff positions were developed to support this general mission. The number and type of staff positions were developed using a combination of industry standards customized for the Bellevue market, along with specific needs of the cross-cultural center. Staff training in diversity, equity, and inclusivity will be important for all staff positions. The cross-cultural center will produce its own programming, in addition to collaborating with other non-profit organizations and cultural and community groups. We have assumed that the cross-cultural center would house non-profit tenants who are engaged in cultural, multicultural, and cross-cultural work. This model assumes that the non-profit organization is fully responsible for the facility, i.e. the “all in” cost of operations is reflected. A hybrid model partnering with the City or a developer where specific facility maintenance and operations functions are subsidized could reduce operating costs. We estimate an operating budget of approximately \$1.9 million. Assuming that earned revenue is around \$300,000 to \$400,000, required contributed income from public subsidy, corporations, foundations, individual donors, or endowment income would be between \$1.5 and \$1.6 million on annual basis.

Conclusion. The likely operating economics of a cross-cultural facility will require a nonprofit organization with the ability to raise substantial funding from individual donors, corporations, and foundations on an annual basis. It will likely take at least a few years to identify, form, and/or develop this non-profit organization to the point where it has the required capacity, board structure, and fundraising relationship. We would recommend that the City invest in non-profit capacity for an identified organization and in cross-cultural programming, allowing for this longer-term process to take place while also supporting cross-cultural engagement in the more immediate future.

Summary of Findings

Core Feasibility Analysis: Operating Economics

CITY OPERATED

HYBRID MODELS

NON-PROFIT OPERATED



Asian American Resource Center,
Austin, TX



Latino Cultural Center, Dallas, TX



Plaza de Cultura Y Artes Los
Angeles, CA



African American Cultural Complex,
San Francisco, CA



Center on Halstead, Chicago, IL

City has complete responsibility for all aspects of operations, management, and programming, with supporting tenants or partners.

Unusual for cultural centers, more common for community centers and sometimes performing arts.

Jointly operated by City and non-profit organization. Models can vary widely, including:

- City operated with associated fundraising nonprofit
- City owned with nonprofit operating agreement or lease
- Joint City / nonprofit operations
- Non-competitive substantial operating subsidy provided by City to nonprofit

Some form of this is very common for cultural centers.

Non-profit has full responsibility for all aspects of facility management, including occupancy choices and costs, programming, facility management, operations, etc.

Purest form of this model may not be suitable for initiative with strong interest from City leadership.

Summary of Findings

Core Feasibility Analysis: Operating Economics

Key Operating Assumptions

- Operated by a mission-driven non-profit organization dedicated to supporting cross cultural activities
- Cross-cultural center will produce programming and collaborate with other groups
- Facility will house tenant organizations engaged in cultural, multicultural, and cross-cultural work

Operating Economics

Annual operating budget - \$1.9 million

Earned revenue – Likely between \$300,000 to \$400,000 (close to 20%)

Required contributed income - \$1.5 to \$1.6 million annually

Implications for Feasibility

- Operating economics require a nonprofit organization with the ability to raise substantial funding on an annual basis
- City could also provide financial and in-kind operating support across multiple categories
- Typical operating support from corporations can range from \$5k - \$50k
- Takes years to develop fundraising capacity, appropriate board structure, and fundraising relationships
- City can accelerate process by investing in non-profit capacity building

Bellevue Cross Cultural Center Financial Analysis

Illustrative Pro Forma (in constant 2022 dollars)

Building SF	27,000
Earned Revenues	
Large Multipurpose Room	\$123,000
Community Rooms / Classrooms	\$72,000
Outdoor Programmable Space	\$5,000
Non-profit Tenant Office Space	\$76,800
Café Net Revenue	\$9,000
Program Revenue	\$30,000
Total Earned Revenue	\$315,800
Operating Costs	
Labor Costs (see staffing plan)	\$858,000
Building Operations & Maintenance	\$135,000
Landscape and site maintenance	\$64,000
Services and Supplies	\$324,000
Utilities	\$135,000
Insurance / Admin	\$81,000
Capital Renewal/ Asset Replacement	\$108,000
Outreach, events, & programming	\$200,000
Total Operating Costs	\$1,905,000
Required Contributed Income	\$1,589,200
% Earned Revenue	17%
Operating Cost per Building SF	\$71
Building Operating Cost per Building SF	\$68

Summary of Findings

Implementation Strategies

We recommend a multi-faceted plan, with one set of strategies focused on short term program funding, space provision, and capacity building, and a second component directed towards supporting the development of key elements required for an economically feasible cross-cultural center in Bellevue.

Cross-Cultural Engagement Strategies (short-term)

- Provision of City-owned space for cross-cultural activities
- Investment in capacity building for cross-cultural non-profit organizations
- Grants for cross-cultural programs and activities
- Staff assistance in the areas of development, programming, grants, etc.

Cross-Cultural Center Development Next Steps (multi-year process)

City Role

- Work with community to identify and support non-profit organization to partner with the City
- Determine priorities and available funding to support cross-cultural center

Community Partner Role

- Form nonprofit and complete organizational strategic plan including mission, goals, etc.
- Build organizational capacity: board development, hire staff, cultivate funding relationships
- Develop track record / portfolio of successful cross-cultural programming
- Hire capital campaign counsel
- Work with the City to identify site opportunities and participate in site planning studies

Summary of Findings

Short-Term Cross-Cultural Engagement Strategies: Additional Detail

Invest in Cross-Cultural Programming

- City-funded grant program for non-profit organizations & fiscal sponsors to create cross-cultural programming
- Grants could require multiple groups to work together
- Builds track record for programming and support mission of cross-cultural engagement, allow community non-profits to build capacity
- City and/or community groups can work with local corporate partners to enhance funding availability
- Consider structuring as mini-grant program, working with one nonprofit to administer program

Work with Bellevue Parks & Community Services on a Cross-Cultural Space Initiative

- Pandemic conditions have led to increased availability at City community centers
- Work with the Parks & Community Services Department to prioritize cross-cultural programming in existing City-owned facilities
- Build on existing organizational arrangements, such as memorandum of understanding structure or discounted rental fees

Establish Fund for Non-profit Capacity Building

- Provide organization capacity building funding for non-profits engaged in cross-cultural activities
- This could include: board governance, fiscal management, fundraising capacity, program development, strategic planning, facility management
- May also consider dedicated "start-up" capacity building funding for one non-profit organization to specifically work towards cross-cultural center development

Provide Staff Support and Technical Assistance

- Cross-cultural programming and education
- Programming
- Engagement
- Identification and negotiation assistance for other existing suitable spaces for programming
- Grant program administration

Summary of Findings

Implementation Strategy: Key Roles

	City of Bellevue Implementation Steps	Community Partner(s) Implementation Steps
Cross-Cultural Engagement Strategies	<ul style="list-style-type: none">• Establish grant program to support cross-cultural programming• Develop program with Parks & Community Services to provide space and priority booking for cross-cultural activities at community centers• Fund capacity building for nonprofit organizations engaged in cross-cultural activities• Provide staff support and technical assistance for programming, engagement, and development• Identify and help negotiate other existing suitable spaces for programming	<ul style="list-style-type: none">• Work with the City to possibly administer cross-cultural mini-grants and with designated City staff on other cross-cultural initiatives• Organize together to develop cross-cultural programming and activities• Establish non-profit dedicated to cross-cultural engagement, ensuring organization is broad-based and inclusive of diverse communities in Bellevue• Engage corporate and philanthropic partners to develop private funding for cross-cultural efforts
Cross-Cultural Center Next Steps	<ul style="list-style-type: none">• Create an mechanism to identify a non-profit partner for a future cross-cultural center• Fund capacity building for the non-profit development partner• Work with the non-profit development partner on site identification• Provide staff support and technical assistance	<ul style="list-style-type: none">• Establish or identify dedicated non-profit to work with City on cross-cultural center development• Complete organizational strategic plan and develop appropriate Board of Directors• Hire capital campaign counsel to study fundraising feasibility• Work with the City to identify site opportunities• Conduct initial meetings with possible private sector funders

II. Core Feasibility Analysis: Additional Research and Analysis

Core Feasibility Questions

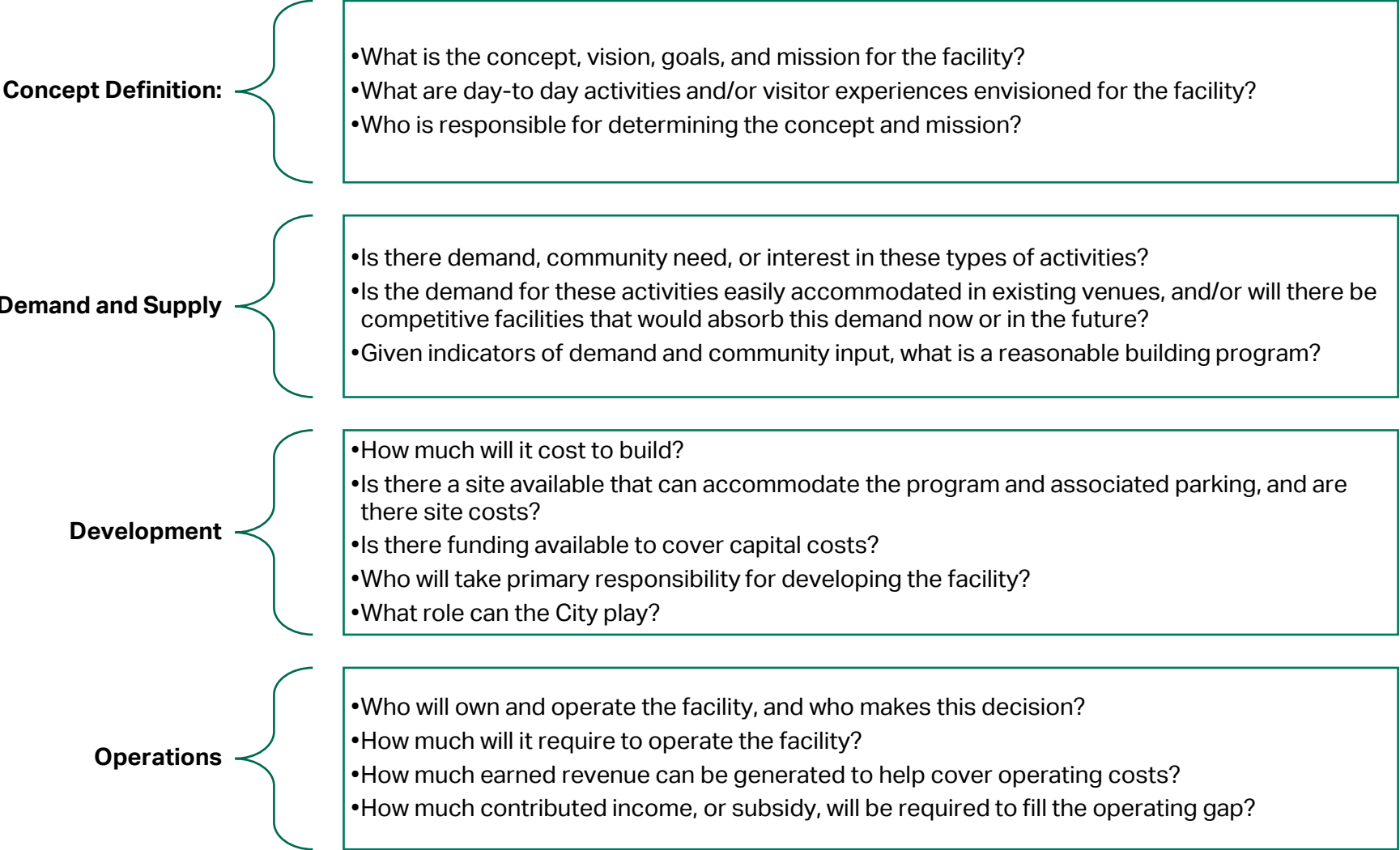
Overview

The City of Bellevue retained AECOM to evaluate feasibility for a cross-cultural center in Bellevue.

As a community facility, a cross-cultural center is in an industry category that typically requires a mix of both earned revenue and contributed revenue to cover operating costs, therefore requiring philanthropic or public support to be economically viable.

Therefore, feasibility is a much more complex concept than for a more traditional real estate development.

To assess feasibility for these types of facilities, it is necessary to answer a series of sequential and essential questions, shown to the right.



Core Feasibility Questions

Defining the Concept: Key Roles and Framework

The foundation for the evaluation of feasibility for any mission-driven facility is to develop a clear understanding of vision and concept. Clarity in purpose and vision is critical and drives decisions about all aspects of the project, including demand, building program, operating model, financial performance, and development model. Through two phases of feasibility assessment, we (as City consultants) have developed an understanding of the vision and concept for a cross-cultural facility. However, the mission and vision needs to be formally defined, further developed, and adopted by a strong community champion who can partner with the City in a community-led, City supported process.

What is the role of this feasibility study in defining the concept for a cross-cultural center?	
What concept questions can this feasibility study address?	Through review of previous studies and community engagement, dozens of interviews with City councilmembers, City staff, community and organizational stakeholders, and a potential user survey, we have developed an understanding of the intent and vision for a cross-cultural center. We have used this understanding as a basis for our feasibility analysis. This understanding is documented in subsequent slides.
Which concept questions can this study not address?	We have not crafted a mission statement, nor have we developed a set of goals, objectives, or organizational strategies that would be typically part of a non-profit organization's strategic plan. This would be an important next step for the project proponent organization. We have also not identified the organization that would lead this effort.
Are you studying the feasibility of a facility or programming?	The scope of work for this assignment covers the evaluation of the feasibility of a cross-cultural center facility, as well as the identification of strategies for the City to support cross-cultural engagement and programming.
Is there a unified vision for how the City should support cross-cultural engagement?	We conducted dozens of interviews during the course of the feasibility study. There is clear alignment and strong support for the value of and need for cross-cultural engagement. There were divergent views on how best to accomplish this. Some stakeholders felt that a cross-cultural center would not only support programming but would create a critical third place where informal interactions could also occur. Others expressed the need to offer cross-cultural experiences throughout Bellevue and not concentrated in one geographic location. There was also some concern about the economic viability of supporting the ongoing operations of a cross-cultural center.

Core Feasibility Questions

Defining the Concept: What is a Cross-Cultural Center?

What is the primary mission of a cross-cultural center in Bellevue?

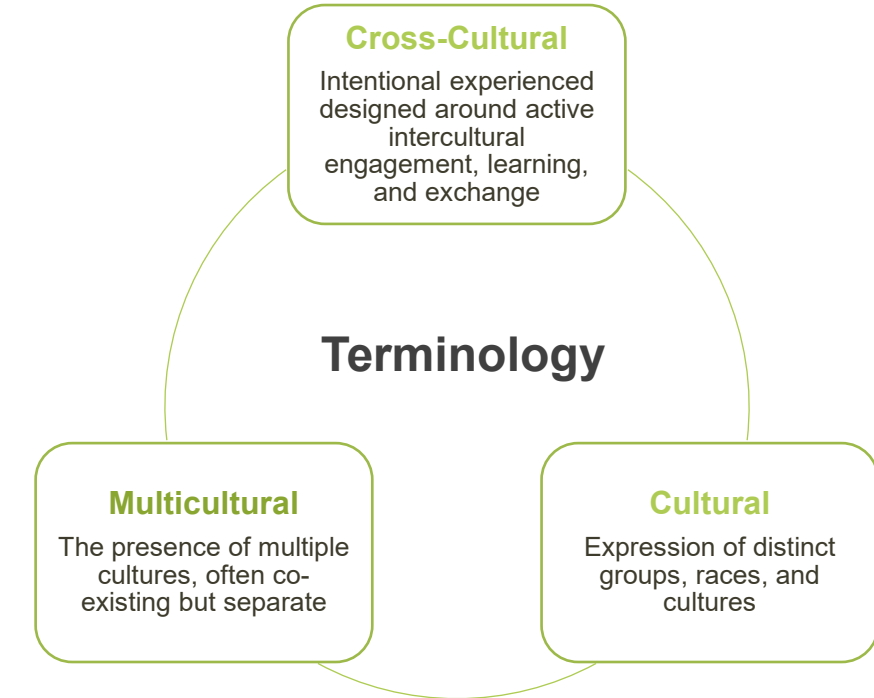
- The City of Bellevue's *2014 Diversity Advantage Plan* envisioned a cross-cultural facility with a mission to "educate, celebrate, challenge and inspire Bellevue to be a welcoming and inclusive community that embraces diversity."
- The vision includes cross-cultural interactions through formal programming, as well as informal cross-cultural interactions through the development of a center that serves as a third place.
- It is different from a community center or performing arts venue in its mission to create programming, interactions, and activities that achieve cross-cultural engagement (see definition below).
- It is envisioned to host a variety of cultural, multicultural, and cross-cultural activities.

What is the difference between cross-cultural, multicultural, and cultural?

- Cross-cultural experiences are designed intentionally around active intercultural engagement, learning, and exchange. The focus is to create interactions between people and groups from different racial, ethnic, and cultural backgrounds.
- Cultural refers to the expression of distinct groups, races, and cultures.
- Multicultural typically implies the presence of multiple cultures, with different communities co-existing but often separate.

Are there any precedents or examples of cross-cultural centers?

- As discussed in our previous report, cross-cultural centers are typically found in college or university settings, where they are fairly common. They typically host student groups who plan a variety of cultural, multicultural, and cross-cultural activities and programs.
- Outside of academic settings, there are cultural centers and community centers that sometimes serve as venues for cross-cultural programming or activities. While these often have different mission statements, conducting benchmarking around other cultural centers and venues can be instructive in understanding development and funding models, operating and governance structures, physical spaces, and operating characteristics.



Core Feasibility Questions

Defining the Concept: Key Roles and Framework

Who should take primarily responsibility for developing the mission and vision for a cross-cultural center in Bellevue?

The key question and the central issue for this entire feasibility study is defining what roles the City and the non-profit / private sector will play in leading this effort. Based upon our analysis of demand, user survey results, input from stakeholders, benchmarking, and general understanding of the vision for this, we would recommend that this effort move forward as a community-led and City-supported effort. Possible roles pertaining to the initial task of formally defining the mission and vision for a cross-cultural center are suggested below.



Possible City Role in Defining the Vision

- Identify and select a non-profit organization that would serve as the champion and key City partner for cross-cultural activities in Bellevue.
- Fund capacity building for this organization to develop a strategic plan, engage the community, and create and implement cross-cultural programming.
- Provide staff support and set funding criteria to ensure that the organization leading this effort is broad-based and inclusive of all communities in Bellevue.
- Work with the private sector to help identify and direct funding towards this effort.
- Fund programming to develop a greater portfolio of demonstrated and successful cross-cultural activities (i.e. track record, proof of concept).



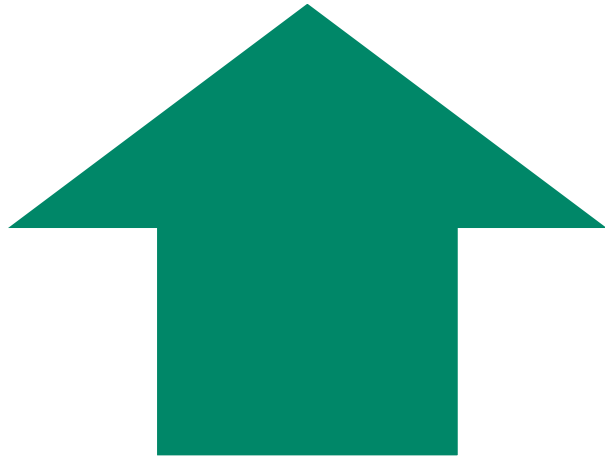
Community Role in Defining the Vision

- Form 501(c)3 organization that can formally partner with the City.
- Complete a strategic planning process that clearly defines mission and vision for the organization and clearly identifies strategies to develop the required capacity to operate a cross-cultural center.
- Develop and implement cross-cultural programming.
- Continue to engage the community to build a broad base for this.

Core Feasibility Questions

Defining the Concept: Key Roles and Framework

There is a tremendous amount of support for cross-cultural engagement in Bellevue. There are varying perspectives on the best way to accomplish this. Below we have a summary of strength and opportunities, as well as challenges associated with a centralized cross-cultural facility strategy



Strengths and Opportunities

- Allows for a central place for organizations, programming, and activities dedicated to cross-cultural programming,
- Creates a third place, which supports important social interactions as well as formal programming.
- “The sum is greater than the parts.” There are synergies associated with being co-located. These have been well-documented with the “shared space” movement of multi-tenant centers with common interests.
- A centralized facility serves as focus for fundraising, marketing, and operations, and there are some efficiencies in the consolidation of efforts in one place.
- This strategy does not preclude offering programming in other locations.



Challenges / Considerations

- Cultural facilities have risks associated with not being able to generate enough revenue to properly cover operational costs, which can negatively impact both the quality of the facility as well as the ability of the organization to achieve its mission.
- It requires time to develop the level of programming and audience support to activate an entire facility year-round.
- The ability of City community centers and other venues to accommodate cross-cultural activities has improved post-pandemic.
- Rapidly rising construction costs increase the amount required to develop a facility.
- The capital campaign and development of a facility often takes several years and can divert significant energy and resources away from the mission of an organization.

Core Feasibility Questions

Defining the Concept: Programming Examples

What are some examples of programming and activities that could occur in the cross-cultural center? If you were to walk into the Bellevue Cross-Cultural Center many years from now, what would you see?

The vision for a cross-cultural center encompasses both formal interactions (i.e. planned programming and activities) as well as valuable social yet informal exchanges. Programming concepts include indoor and outdoor experiences. The activities below are anticipated to be cultural, multicultural, and cross-cultural in nature, but would prioritize programming that intentionally brings people from different backgrounds together through social, cultural, education, and civic engagement.



Social

- Mixers between different communities or organizations
- Senior programming
- Game nights (and mornings)
- Film night with highlighted speakers on specific topics
- Fundraising events for non-profits
- Church gatherings
- Ethnic or international café
- Potlucks



Cultural

- Cultural performances
- Music and dance
- Festivals and celebrations
- Temporary exhibits
- Food oriented activities and cooking
- Mural painting
- Programs organized by two or more organizations representing different cultures
- Art shows, fashion shows
- Storytelling



Educational

- Classes
- Speaker series
- Language classes / talk times
- Workshops
- Conferences
- Youth programming
- Small business resources
- Multifaith discussions
- Digital divide resources



Civic

- Non-profit meetings, exchanges, or trainings
- Multilingual services and clinics
- Citizenship classes
- Immigrant and refugee acclimation support
- Community workshops and meetings
- Mini City Hall
- Informal cross-cultural exchanges
- Non-profit office space
- Community dialogues

Core Feasibility Questions

Demand and Supply: What is Demand?

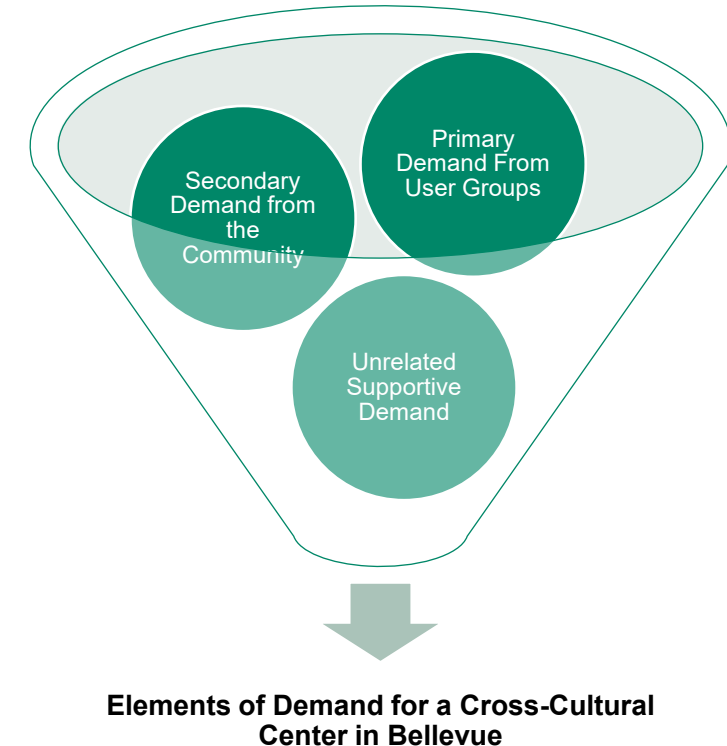
How is the economic principle of “demand” defined for a cross-cultural center?

In an economic feasibility study, demand refers to a consumer’s desire and willingness to purchase a specific good or service during a given period or over time at a specific price. For a mission-driven community facility such as a cross-cultural center in Bellevue, there are two levels of demand:

- **Primary Demand:** Demand from **user groups** to utilize the cross-cultural center. This is typically measured by evaluating the capacity of existing organizations, the number, type, and frequency of existing and future planned programs and activities, and through engagement with possible user groups. It also reflects demand for tenants.
- **Secondary Demand:** The second level of demand is **interest from the community to attend** programs, events, and activities that are organized either by cross-cultural center staff, resident tenants, partnering organizations, or other space users. While the first tier of demand from user groups drives the fundamental economics of a community facility, the second tier is important to longer term economic viability.
- **Unrelated Supportive Demand:** In addition to mission-related demand, a high-quality multipurpose venue such as a cross-cultural center is also likely to experience demand for private facility rentals, including birthday parties, retirement gatherings, corporate events, etc.

Two important considerations related to demand for a mission-driven facility:

- With mission-driven organizations and facilities, sometimes, there is no track record to “prove” existing demand, but rather, there is **strong interest** or **community needs** that drive future demand potential.
- In this case, **demand must be created** and developed **over time**.



Core Feasibility Questions

Demand and Supply: Cross-Cultural Center Demand

How did you assess demand for a cross-cultural center in Bellevue?

With standard real estate uses, such as housing, it is possible to develop fairly precise estimates of demand given a particular product, price points, and site based upon concrete data such as population growth, income levels, performance of comparable products, etc.

For a cross cultural center, the evaluation of demand is part art, and part science. To assess demand, we analyzed results from the initial 2018 community engagement work, interviewed dozens of stakeholders, including City staff and elected officials and community organizations, conducted a user group survey, and reviewed demographic trends in Bellevue.

Is there existing demand, community need, or interest in these types of activities?

Currently there appears to be **significant demand for cultural and multicultural** activities and programs in Bellevue, both from user groups and audiences. There are **limited examples of cross-cultural programming currently in existence** in Bellevue that are intentionally designed to bring two or more groups together. Examples of existing programs include the City's *Cultural Conversations* and *Welcoming Week* programs, as well as other non-profit and educational programming. However, there is **substantial interest** and **strong indicators of community need** for cross-cultural activities and programs.

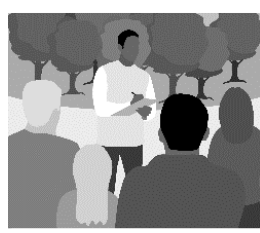
What are the implications of the demand assessment?

With substantial interest in cross-cultural engagement, there are three elements that will be required to translate this interest into effective demand for a facility:

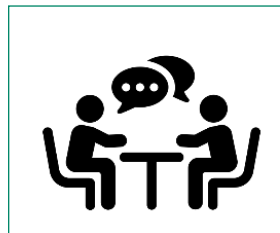
- Support needs to be directed towards developing cross-cultural programming and activities that could eventually activate a cross-cultural center. This could be achieved through a grant program, that the City could either administer itself, or partner with a mission-driven organization to administer. This strategy would allow smaller organizations without capacity to handle the many requirements associated with City grants to access funding and participate.
- Capacity building for a mission-driven organization dedicated to developing, funding, promoting, and supporting cross-cultural activities and programs and spaces. This organization would ultimately be the lead entity for a facility and could partner with the City.
- Time. It generally takes a few years to develop audience and partners in a new facility. Typically, a stabilized year of operations occurs two to three years after a facility opens, and more for start-up organizations. Programming, organizational development, and partnerships could be developed in the interim while planning and fundraising for a facility is conducted, which would allow for a more experienced and well-funded operator with a track record of producing cross-cultural programming.



User Group Survey



2018 Community Engagement Study



Stakeholder Interviews



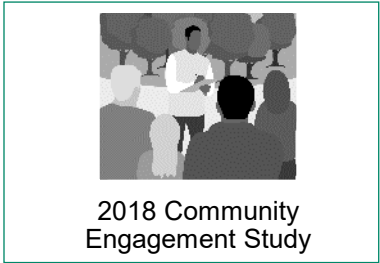
Demographics

Core Feasibility Questions

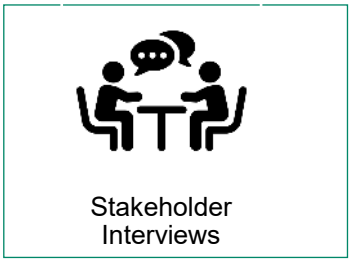
Demand and Supply: Cross-Cultural Center Demand



- The top space desired in a cross-cultural center is a large multipurpose events space that can accommodate between 200 to 300 people (71 percent of respondents).
- 64 percent of respondents noted that current space in Bellevue was too expensive.
- Only 33 percent of respondents currently utilize space in existing Bellevue community centers.
- The largest share of user group respondents (86 percent) noted that they would use the space for education uses such as classes, speaker series, workshops, etc.



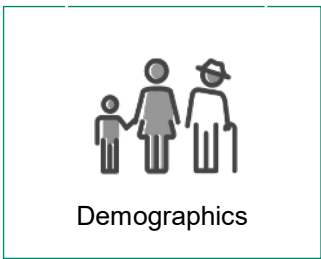
- Respondents expressed a need to increase knowledge and awareness, particularly with historically underrepresented communities, of existing cross-cultural programs, services, and spaces.
- Participants expressed a significant desire to privately retain control of programming while wanting endorsement by, support from, and partnership with the City.
- There is a need to address social-cultural barriers to participation in existing programs and services including language and culturally relevant activities, the time of day, location, cost, transportation, and safety risks for undocumented participants.



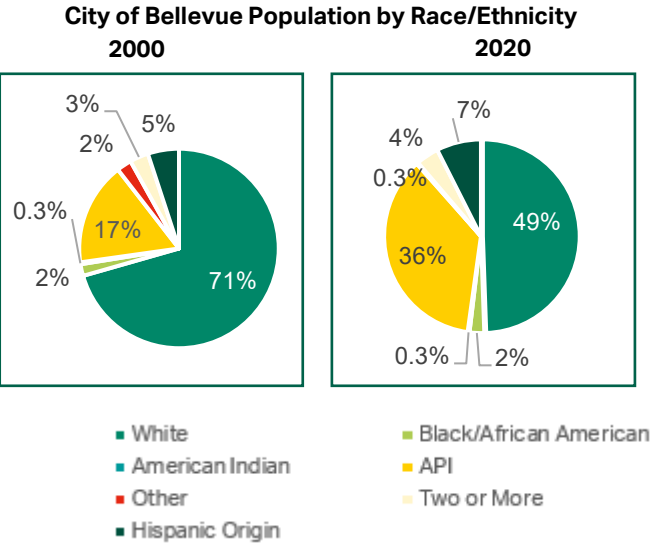
Interviews with stakeholders established multiple categories of demand related to cultural organizations:

- Rent stabilization. Nonprofits in Bellevue have experienced challenges in affordability and space availability due to Bellevue development and economics.
- Demand for dedicated spaces.
- Demand for high quality spaces that are cheaper than existing supply.
- Demand for event and programming space.
- Demand for nonprofit office space.
- Demand for a third place for informal interactions.
- Demand from informal groups and users who don't know how to access City facilities.

A cross-cultural center would address some, but not all of these demand categories.



Bellevue is an increasingly diverse population, transitioning from a White majority population to being a majority-minority city, with an increasing percentage of foreign born and more diversity in the younger age demographic. There is also significant diversity within racial groups.



Core Feasibility Questions

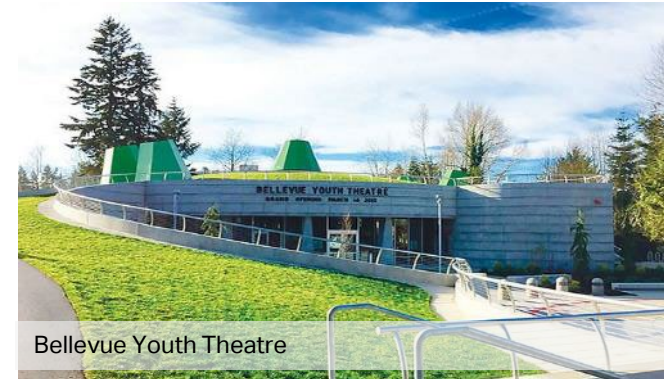
Demand and Supply: Evaluation of Existing Supply

Is the demand for these activities easily accommodated in existing venues, and/or will there be competitive facilities that would absorb this demand now or in the future?

In our previous analysis, we closely examined the utilization profile, operating, and financial characteristics of the existing City of Bellevue community centers, in addition to other venues including the Meydenbauer Center, Bellevue Youth Theater, Crossroads Shopping Center, churches, high school auditoriums, and others. The first feasibility report reviewed detailed data from 2018 and 2019 prior to the pandemic. Subsequently, we have interviewed staff with Parks and Community Services to understand current usage of key City-owned facilities.

Major conclusions related to the existing supply of space to accommodate cross-cultural programming and activities are as follows:

- **City-owned spaces:** The City of Bellevue has developed and successfully operates five high-quality community centers with a variety of multipurpose spaces. Through special space usage agreements and discounted rents non-profit organizations, the City supports many diverse cultural organizations, services, programs, and activities. While the community centers are all publicly available to all residents, each community center has its own user profile, and in some cases has been particularly effective at meeting the needs of specific groups.
- **Current availability:** Prior to the pandemic, the community centers were very heavily utilized, with limited availability. However, since the pandemic, demand has declined, and there is increased capacity at the community centers. Furthermore, Parks and Community Services staff have indicated strong support for providing space for cross-cultural programming, which could include highly subsidized or free space usage and priority scheduling. This could serve as a short-term interim strategy concurrent with planning and fundraising for a cross-cultural center or could be part of a toolkit of long-term strategies designed to support cross-cultural engagement.
- **Other venues:** Other public and private facilities, including indoor and outdoor venues, may also have increased capacity now due to the impact of the pandemic on user groups.
- **Proposed developments:** There are a number of cultural, community, and performing arts space in various stages of planning. These include CLOUDVUE, EastHub additional spaces, and PACE, and the Redmond Senior and Community Center. There is also a proposed aquatic center being planned in Bellevue that envisions some dry side amenities.



Core Feasibility Questions

Demand and Supply: Updated Program

Given indicators of demand and community input, what is a reasonable building program?

An illustrative program was developed using the following information:

- Phase 1 community engagement findings
- Phase 3 cross-cultural online survey of potential users
- Interviews with key stakeholders
- Trends in visitor experience, programming, and amenities for community and cultural facilities
- Industry standards for community and cultural facilities
- Market and demographic characteristics of Bellevue
- Review of existing supply of facilities in Bellevue
- Benchmarking of cultural and community centers nationally

As there are a number of various sized performing arts venues in the development pipeline, we have not included a formal performing arts space. Some cultural performance categories could be accommodated in the multipurpose room. An informal outdoor amphitheater could also be created to support performing arts.

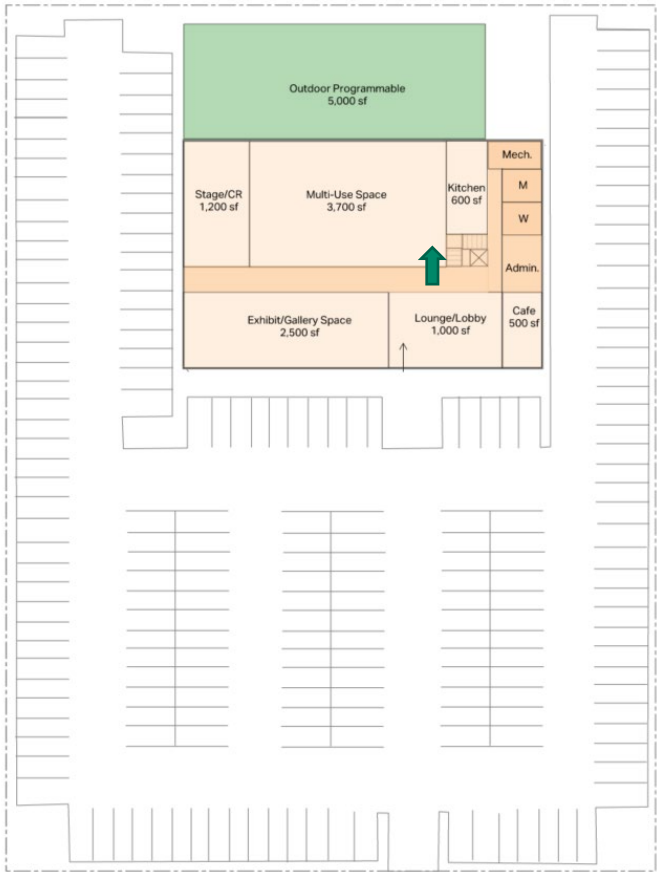
Bellevue Cross Cultural Center Updated Illustrative Space Program

Program Area	Estimated Size (SF)
Large Multipurpose Room	4,000
Exhibit / Gallery Space	2,500
Activity rooms, classrooms, and meeting rooms	4,000
Kitchen(s)	600
Non Profit Tenant / Administrative Office Space	5,000
Lounge / Lobby	1,000
Café	500
Total Estimated Program Area	17,600
Gross Facility Size	27,000
Outdoor programmable space	5,000

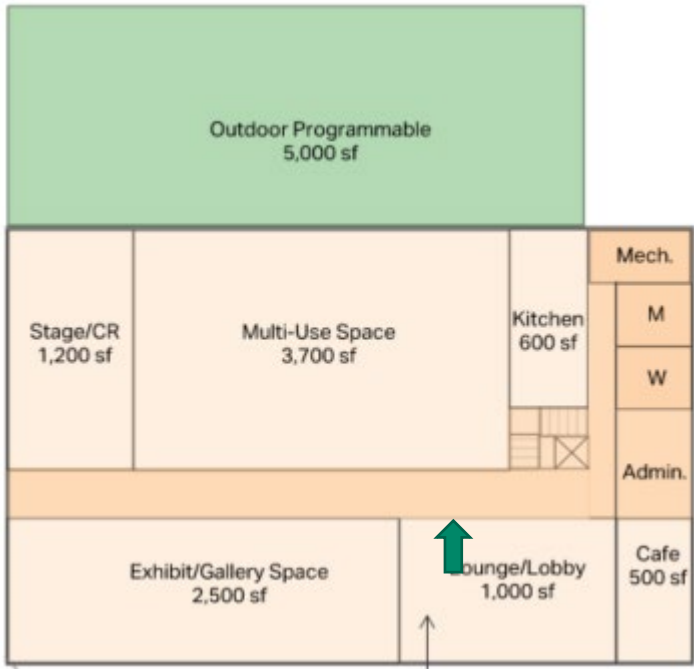
Core Feasibility Questions

Demand and Supply: Program Test-Fit

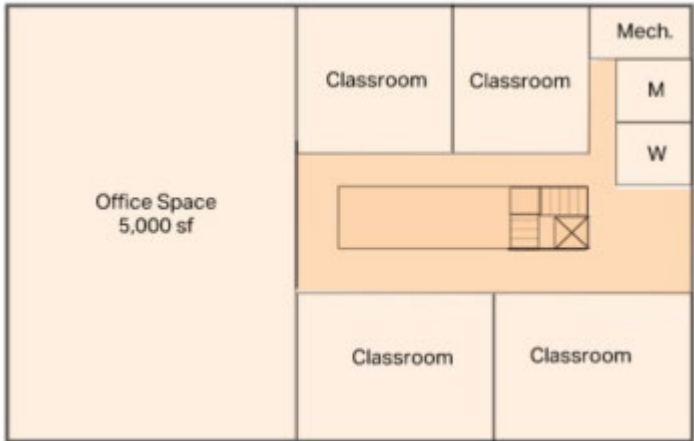
AECOM conducted a high level, preliminary test-fit of the illustrative program based upon a hypothetical two-acre site. This is not intended to reflect an architectural or design representation, but instead completed to establish parameters and context for how the program could fit on a site.



Site Plan



Ground Floor Plan



Second Floor Plan

Core Feasibility Questions

Development Economics: Estimated Capital Cost

How much will a cross-cultural center in Bellevue cost to build?

Based on our illustrative program, the center will cost a minimum of \$35 million to develop.

Using the illustrative program shown on the previous slide, AECOM's Program and Cost Consultancy practice developed a preliminary, order of magnitude cost estimate for a cross-cultural center in Bellevue. A summary is shown to the right, with additional detail available in the supporting research and analysis report.

Based upon this analysis, the preliminary, order of magnitude cost is estimated to be around \$35 million. This estimate is meant for high-level planning and decision-making only. Key assumptions and caveats are as follows:

- All estimates are in 2022 constant dollars.
- Construction costs were based on industry standards for the Seattle / Bellevue market.
- It is not based upon a specific site, nor is it based upon an architectural design but rather on a conceptual program.
- It assumes a two-story building, surface parking, and a level of finish consistent with a nonprofit community center.
- Site acquisition, financing, and developer fee costs are excluded.
- Construction costs have risen rapidly in the past two years, as much as 20% in some markets and land use categories due to a number of factors (supply chain disruptions, labor shortages, increased demand coming out of the pandemic, etc.)
- As a result, our estimates are intended to be illustrative as an order of magnitude only and reflective of conditions as of March 2022.

Project Cost Summary	Cost per SF	Estimated Cost (\$000)
Gross Area 27,230		
Building	743.22	20,238
Site Preparation	32.28	879
Site Development	72.79	1,982
Site Utilities	40.58	1,105
Construction Cost at Award	888.87	24,204
Construction Contingency	5.0%	1,210
Construction Cost at Completion	44.44	1,210
Construction Administration Services	4.0%	968
Project Management	35.55	968
Owner Furnished FF&E	\$45.00	1,225
Owner Furnished Active IT equipment	\$15.00	408
Owner Furnished & Installed Components	59.97	1,633
Design and Engineering	13.0%	3,147
OFOI Design and Procurement	5.0%	82
Surveys, Tests and Inspections	2.0%	484
Third Party Commissioning	1.5%	363
Professional Fees	149.69	4,076
Permits and Inspection	1.5%	363
Entitlements and Planning Fees	0.5%	121
Utility Connection Fees	0.5%	121
Construction Sales Tax	10.1%	2,445
Fees and Assessments	112.01	3,050
Estimated Project Budget (excluding financing and developer fee)	1,290.53	35,141

Core Feasibility Questions

Development Economics: Site Opportunities

Is there a site available that can accommodate the program and associated parking, and are there site costs?

As part of our current analysis, we developed a streamlined list of site opportunities, along with key characteristics and considerations for each site, shown on the following slides. Conclusions related to our site analysis include:

- There are two sites that we believe could be very interesting opportunities for a cross-cultural center: Civic Center and Lincoln Center. Both are City-owned and fulfill many of the evaluation criteria that are important to key stakeholders and generally beneficial for the market and economic viability of cultural centers.
- Both of these sites have longer term planning horizons are just starting initial studies now. Both of these sites have longer term planning horizons are just starting initial studies now, particularly as related to the preliminary studies for the pedestrian and bicycle connection over the I-405, which is a key precedent study to master planning for the Civic Center and Lincoln Center sites. The Grand Connection and a cross-cultural center could be complementary with significant synergies.
- This longer-range timing may be optimal given the overall findings of this study, which document a number fundamental implementation steps and strategies which should be completed prior to the development of cross-cultural center. The timing would also allow for early planning studies to consider an alternative with a cross-cultural facility.
- There are other sites that provide interim or more modest space opportunities at a lower cost or that have some benefits but do not meet as many of the criteria established.

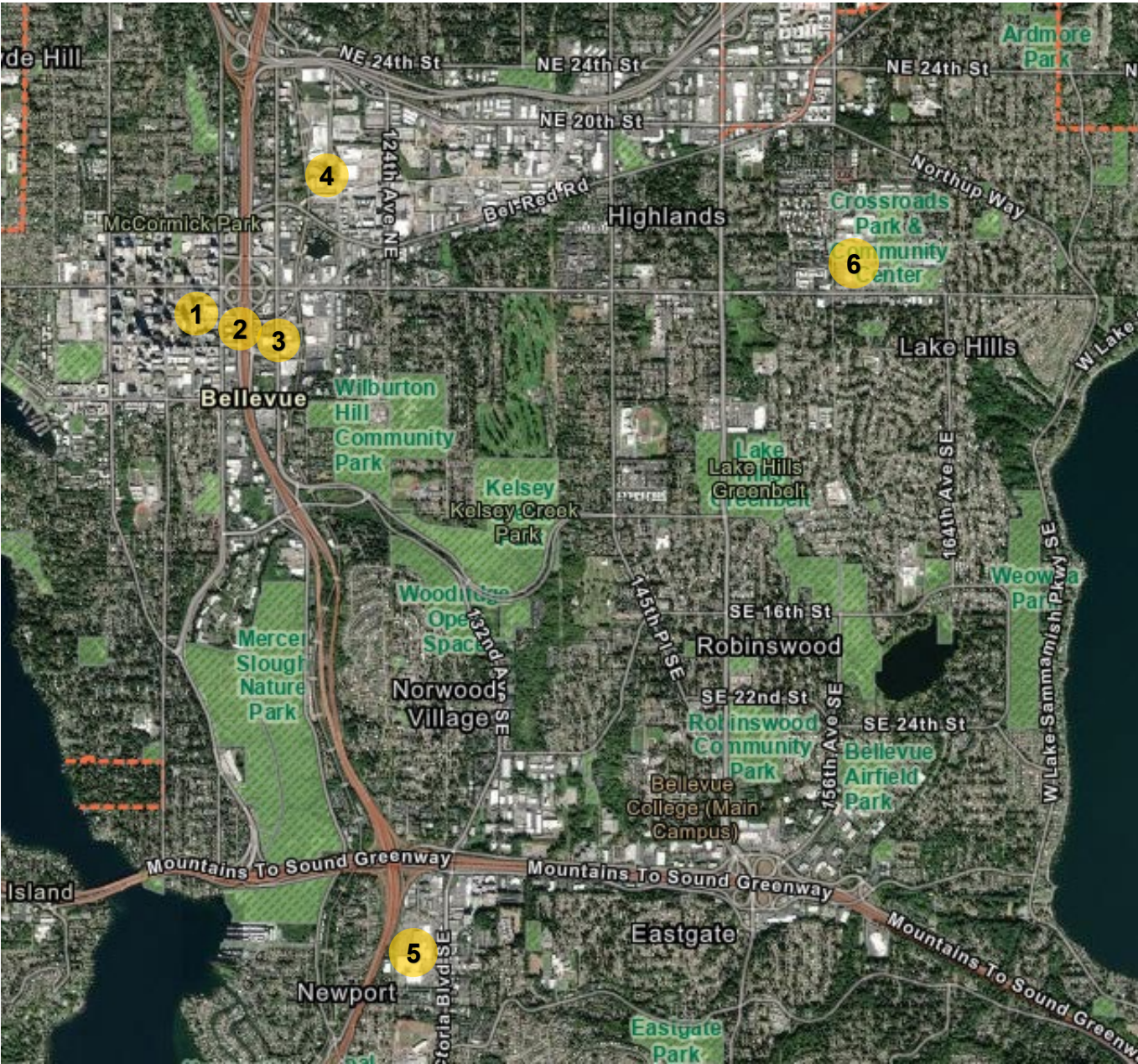
Site Location Criteria

In the initial phase of feasibility work, AECOM developed a list of criteria that could be used to evaluate sites for development of a potential cross-cultural center:

- Proximity and access to light rail
- Complimentary surrounding uses
- Ability to leverage other economic and community development initiatives
- Programmable outdoor space
- Ability of site to accommodate program
- Central location and visibility
- Cost (publicly owned)

Core Feasibility Questions

Development Economics: Site Opportunities (includes interim)



Core Feasibility Questions

Development Economics: Funding Alternatives

Is there funding available to cover capital costs and who will take primary responsibility for developing the facility?

There are as many development models as there are cultural facilities. We have conducted benchmarking assessing the development models for many cultural facilities around the United States. Each has its own set of nuanced conditions, funding sources, and division of roles and responsibilities.

Similarities between development models for cultural centers include:

- Most involve some sort of partnership between the public sector, private (corporate) sector, and a non-profit organization.
- There is almost always a strong community partner, 501(c)3 organization involved.
- The operating model is required to be developed prior to development of the facility (i.e., best practice).

Models differ across the following factors:

- Primary responsibility for fundraising and development (i.e., who “owns” the project)
- Sources of funding
- Ownership and subsequent operating models

Given what we learned through community engagement and stakeholder interviews, we recommend that this is a community led, City-supported effort, basically a public private partnership. Development models commonly found are summarized in the following two pages.

What information does this feasibility study provide and what does the City need to decide?

As part of this study, we identified and analyzed development and funding models. We conducted research and held discussions with City staff and elected officials to understand possible viability of these models in Bellevue. We have synthesized this information on the following pages. However, the City needs to ultimately determine overall funding priorities.

Regardless of funding sources, we would recommend starting with a series of short-term strategies to develop operating capacity and a track record for programming. Also, the ability to fund a cross-cultural center is important, but the ability to operate year after year must be considered and should drive feasibility decisions. Implications of the development model on ultimate ownership and management are also important.

The ability to successfully operate a facility, not to fund or develop it, should drive feasibility decisions.

Core Feasibility Questions

Development Economics: Funding Alternatives Analysis

What are major funding options typically used?

Non-profit Capital Campaign

Benefits: Allows for community-led development process, and time and effort required for capital campaign allows proper time to develop organizational, fundraising, and facility management capacity for operations.

Requirements:

- Dedicated 501(c)3
- Development expertise(can bring in a partner)
- Time (usually requires 5 years or more)

Considerations:

The City of Bellevue could support a non-profit capital campaign in many ways:

- Lead funding for project components and/or contribution of site.
- Streamlining or acceleration of permits and approvals.
- Staff support/ technical assistance.
- Investment in non-profit capacity building and organizational funding.
- Assist with recruitment of donors.

Private funders would typically expect some form of City support for a project such as this as part of a capital campaign.

City Funded

Benefits: Cities typically have expertise in development and financing of large projects and have the ability to cover major capital costs.

Requirements:

- Funding available in capital budget or able to be raised through tax levy or allocation
- Dedicated staff / sufficient staff capacity
- Available site / existing facility to renovate

Considerations:

- Costs can be higher for public agencies to develop (sometimes).
- An operational plan clarifying responsibility for managing the facility, covering operating costs, and capital reinvestment would be required prior to development.
- Owning a facility carries risks should it not be economically sustainable, even if there is an operating lease or agreement with a non-profit. Typically, cities will need to fund future capital reinvestment.

Developer Incentives

Benefits: Allows cross-cultural center to capitalize on development energy in Bellevue. Lowers costs required for capital campaign and can serve as economic anchor drawing visitors to surrounding development.

Requirements:

- Planning / development codes that allow for developers to take advantage of incentives to provide cultural space.
- Market conditions and development economics that encourage developers to use incentives, as well as a developer interested in supporting cross-cultural engagement and willing to work with a non-profit partner.
- Community / non-profit flexibility to adapt design to building footprint and layout.

Considerations:

Typically, developers select incentives that minimize risk and cost or provide amenities or services to their tenants. Cultural centers often require more time to raise money for tenant improvement costs and can slow down projects. There is also operational risk for the developer should the center not be able to cover its costs.

Angel Donor

Benefits: Accelerates fundraising process, allows for more certainty in development, can help avoid burnout of capital campaign.

Requirements:

- Major corporations or high-wealth individuals with commitment or interest in mission of organization (can also be another public agency such as a state).
- Typically requires matching fundraising and business plan
- Unicorn approach, relies on unique circumstances.

Considerations:

- Would still need to develop non-profit with fundraising and operating capacity.
- More likely to manifest as seed gift and requires some level of capital campaign.
- Most corporations prefer to support capital campaigns in more limited way (i.e. look for demonstrated support from City and/or other public agencies, community, etc.)
- Hard to plan for this / opportunistic.

Core Feasibility Questions

Development Economics: Funding Alternatives in Bellevue

Which funding options are viable in Bellevue?

Non-profit Capital Campaign

- It is not clear that there is currently a non-profit organization dedicated to cross-cultural engagement with the capacity required to conduct a \$30 to \$40 million capital campaign and the experience to develop a major facility project.
- Fundraising capacity would need to be developed, which could be supported by the City starting with a fundraising study. The City lead a process to identify a non-profit organization to become the project champion for this.
- Development expertise can be supplied by a partnering organization, such as EastHub or another entity or partner.

City Funded

- Funding has currently not been allocated or prioritized for a cross-cultural center in the City of Bellevue Capital Investment Program Plan (CIP) budget. Allocating funding may require re-prioritization of other projects, unless the City were to go out to public levy. A Council discussion with City staff to fully understand trade-offs would be required to further explore this option.
- The City does not currently have sufficient staff capacity to take on another major project and would need to add staff or reprioritize other development projects.
- If the City does not develop and ultimately own the facility, it may limit hybrid operational models available.

Developer Incentives

- This option may be somewhat unlikely in Bellevue without a developer with a specific and strong interest in cross-cultural engagement, diversity, or equity.
- Typically, developers select incentives that minimize development and future operational risk and cost or provide amenities or services to their tenants.
- The previous incentive structure in Bellevue favored parking. The new structure may provide a better opportunity.

Angel Donor

- This option is also somewhat unlikely and certainly hard to include as part of a planning process.
- While diversity and equity is a major priority for many corporations based in Bellevue, our research indicates that most corporations would prefer to fund operations or contribute gap funding for a capital campaign. Almost all will expect to see public agency support.
- Once there is a designated non-profit champion, conversations could be initiated to understand any angel donor potential.

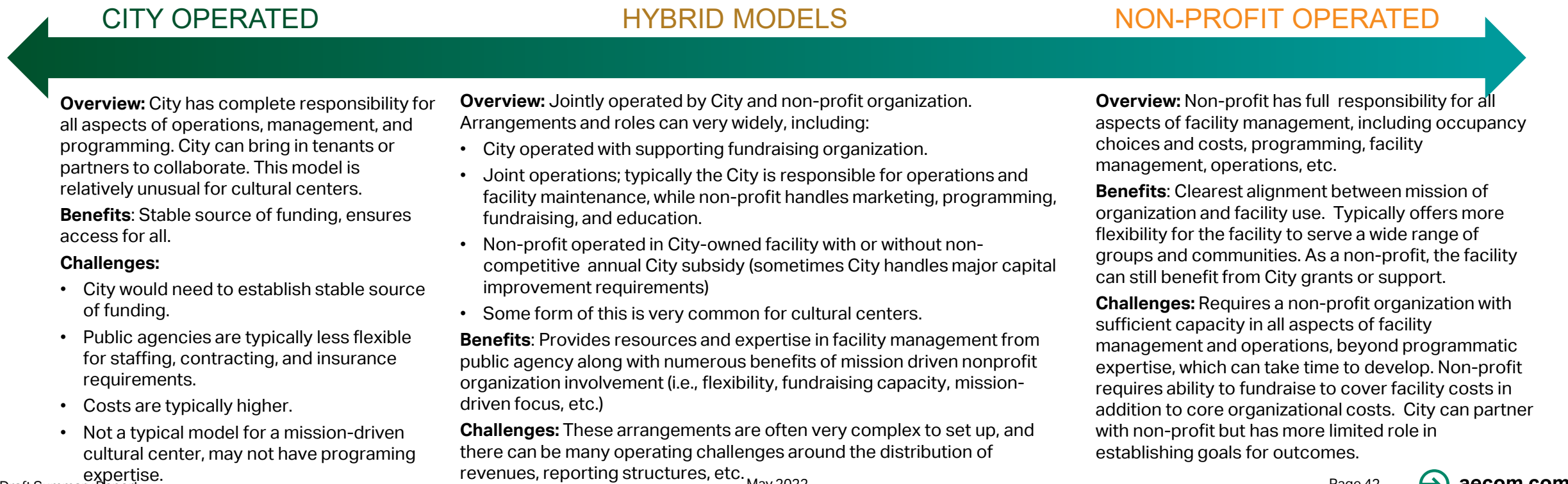
Core Feasibility Questions

Operating Economics: Operational Model

Who will own and operate the facility, and who makes this decision?

We have identified a number of operating models for cultural centers, which is sometimes related to ownership of the facility, but not always. Within the United States, there are models for public agency operated cultural centers, non-profit operated cultural centers, and hybrid models. Hybrid operations represent a broad range of agreements and arrangements, including models such as public agency-operated facilities with a supportive fundraising non-profit, primarily non-profit operated facilities with non-competitive City grant support, and joint operations with public agency and non-profit staff sharing work. A multitude of governance structures also exist, with additional variations related to multi-tenant organizations in shared spaces.

Since the early engagement studies for a cross-cultural center in Bellevue, community stakeholders have expressed a strong interest in a model that would allow for a mission-driven non-profit organization to retain control of programming, yet still partner and be supported by the City. The critical issue now is the clear identification and/or selection of a strong non-profit community organization to lead the cross-cultural effort and eventually be the key operating partner.



Core Feasibility Questions

Operating Economics: Financial Analysis

What will it cost to operate the facility? How much earned revenue can be generated? How much contributed income will be required on an annual basis?

An illustrative operating budget was prepared for a cross-cultural center in Bellevue. This is not intended to be a detailed estimate, particularly since there is no site identified or facility designed. This pro forma is meant to convey the order of magnitude operating costs, distribution of costs by category, overall level and type of earned revenue that may be possible, and contributed income required on an annual basis. Key assumptions are as follows:

- The facility is operated by a mission-driven non-profit organization dedicated to supporting cross cultural interactions, programming, and activities. Staff positions were developed to support this general mission. The number and type of staff positions were developed using a combination of industry standards customized for the Bellevue market, along with specific needs of the cross-cultural center. Staff training in diversity, equity, and inclusivity will be important for all staff positions.
- The cross-cultural center will produce its own programming, in addition to collaborating with other non-profit organizations and cultural and community groups to offer programs. We have assumed that the cross-cultural center would house non-profit tenants who are engaged in cultural, multicultural, and cross-cultural work.
- This model assumes that the non-profit organization is fully responsible for the facility, i.e. the “all in” cost of operations is reflected. A hybrid model partnering with the City or a developer where specific facility maintenance and operations functions are subsidized could reduce operating costs.
- We have been conservative in estimating earned revenue potential. Depending on the site, a nicely designed cross-cultural facility in Bellevue may be able to generate more earned revenue from external facility rentals. However, this often competes for space with mission-driven activities, limiting the ability to realize this revenue potential without jeopardizing organization mission.

As shown, we estimate an operating budget of approximately \$1.9 million. Assuming that earned revenue is around \$300,000 to \$400,000, annual contributed income from public subsidy, corporations, foundations, individual donors, or endowment income would be between \$1.5 and \$1.6 million on annual basis.

Bellevue Cross Cultural Center Financial Analysis

Illustrative Pro Forma (in constant 2022 dollars)	
Building SF	27,000
Earned Revenues	
Large Multipurpose Room	\$123,000
Community Rooms / Classrooms	\$72,000
Outdoor Programmable Space	\$5,000
Non-profit Tenant Office Space	\$76,800
Café Rental	\$9,000
Program Revenue	\$30,000
Total Earned Revenue	\$315,800
Operating Costs	
Labor Costs (see staffing plan)	\$858,000
Building Operations & Maintenance	\$135,000
Landscape and site maintenance	\$64,000
Services and Supplies	\$324,000
Utilities	\$135,000
Insurance / Admin	\$81,000
Capital Renewal/ Asset Replacement	\$108,000
Outreach, events, & programming	\$200,000
Total Operating Costs	\$1,905,000
Required Contributed Income	\$1,589,200
% Earned Revenue	17%
Operating Cost per Building SF	\$71
Building Operating Cost per Building SF	\$68

General and Limiting Conditions

- Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of AECOM and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.
- This report is based on information that was current as of June 2021, and AECOM has not undertaken any update of its research effort since such date.
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