

# Cross Cultural Feasibility Assessment

## Executive Summary

### City of Bellevue

AECOM Economics

September 2020

# Introduction

## Report Outline

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1. Scope of Work
2. Community Needs, Concept, and Program
3. Review of Existing Facilities
4. Site Criteria and Evaluation
5. Illustrative Program and Financial Model
6. Operating and Governance Models
7. Development Models
8. Key Findings

# Introduction

## Scope of Work Tasks Completed

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### Identified Community Needs and Refined Concept and Program

- Reviewed previous work, including the prior study and other relevant studies conducted by other City departments
- Conducted a review of key demographic, market, and economic trends in Bellevue
- Completed over 40 interviews with City-identified stakeholders
- Assessed key issues related to the concept and vision for the cross-cultural facility
- Developed illustrative program

### Benchmarking and Review of Existing Facilities

- Reviewed operations of existing City owned and managed community centers
- Identified and evaluated other public and private facilities in Bellevue
- Reviewed key operating and financial characteristics as well as business models for cultural centers nationally

### Site Evaluation Criteria and Opportunities

- Developed site evaluation criteria
- Developed preliminary development program for purposes of analysis
- Identified, researched, and analyzed multiple sites

### Financial, Operating, and Development Models

- Developed illustrative financial model based upon preliminary development program
- Reviewed financial data for City-owned community and national benchmarking data
- Evaluated strengths and weaknesses of different governance and operating models
- Outlined possible development strategies
- Developed recommendations and key findings

# Community Needs, Concept, and Program

- **Summary of Recent Outreach and Planning Studies**
- **Demographic and Economic Overview**
- **Stakeholder Interviews**

# Cross-Cultural Facility Concept

## Definitions, Terminology, and Context



### Community Center

- Provides City-run or managed classes and activities
- Mix of community and recreational activities
- City owned and operated
- Facility usually includes mix of multipurpose space, gyms, classrooms, studios, etc.



### Performing Arts Center

- Focused on performing arts or visual arts
- Typically City owned
- City or nonprofit operated
- Facility includes fixed seat or black box theaters, exhibit areas, lobby, etc.



### Cultural Center

- Generally focused around race, ethnicity, gender identity, sexual orientation, or other defining characteristics
- Typically include performance space, gathering space, classrooms
- Usually non-profit operated, but can be City operated



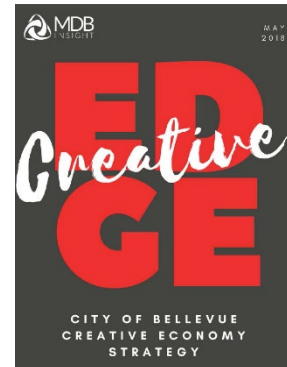
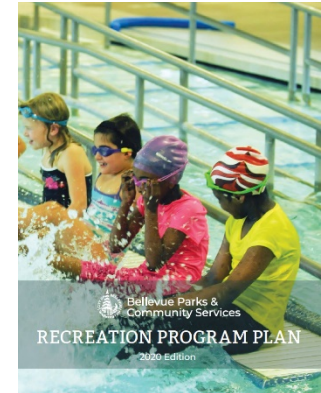
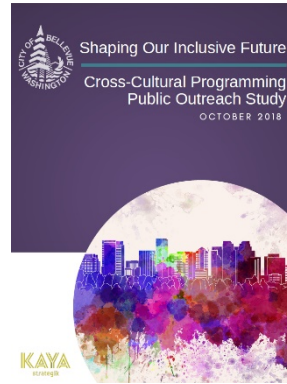
### Cross Cultural / Multicultural Centers

- Terminology comes from college campuses, where these are common
- Not as common outside of this context
- Organizations do exist who provide multicultural programming, but rarely tied to a facility

# Recent Outreach and Planning Studies

## Overview

- AECOM reviewed many planning and outreach studies and reports completed by various City departments. The most relevant are as follows:
  - *Shaping our Inclusive Future: Cross-Cultural Programming Public Outreach Study* (Oct 2018)
  - *Bellevue Parks and Open Space System Plan* (2016)
  - *Creative Edge: City of Bellevue Creative Economy Strategy* (May 2018)
  - *Recreation Program Plan* (2020)
  - *Outreach Report: Recreation Program Plan* (2020)
  - *City of Bellevue Arts and Culture Survey* (Sept 2019- Draft)
- Other studies included Grand Connection Framework Plans, Aquatics Feasibility Study, ArtSpace Feasibility Study, and many more.



City of Bellevue  
Arts and Culture Survey  
September 2019 - Draft

# Recent Outreach and Planning Studies

## Summary of Key Points Relevant to Feasibility Study

- 86% of people felt that Bellevue needs a multicultural community center
- Vision / Concept:
  - A place for people **outside of their ethnic or cultural community** to understand their **values, customs, arts, culture, history, heritage**
  - Increase knowledge and awareness, particularly with **historically underrepresented communities**, of existing cross-cultural programs, services, and spaces
  - Significant interest in **retaining control of programming** while wanting endorsement by, support from, and partnership with the City of Bellevue
  - 66% indicated that it should be an “**Arts Performance and Practice Space**”
  - Other priorities included: **multi-generational activities, gathering space, festivals and celebrations, diversity and cultural awareness, and social services**
- Other studies:
  - City Parks and Open Space Plan identified **a need for another community center** with recommendation of downtown
  - New cross cultural facility could serve the goals in Creative Edge Bellevue study, **raising awareness for diverse communities and cultures**, building partnerships, and strengthening the creative sector
  - Bellevue residents have a **strong interest in the arts and culture** opportunities.

Desired Programs & Services

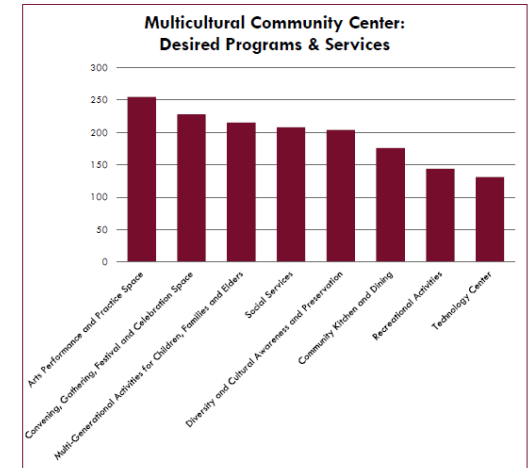


Figure 23 Desired Programs & Services

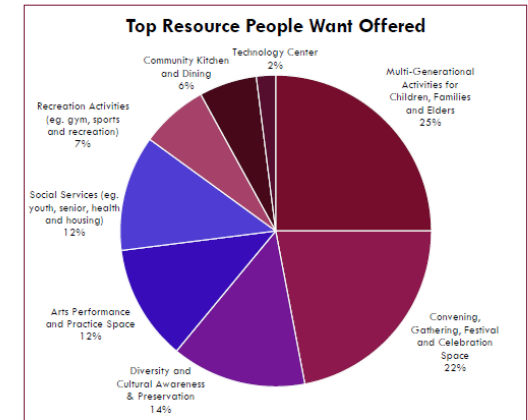


Figure 25 Top Resources

# Demographic and Market Analysis

## Summary of Key Points

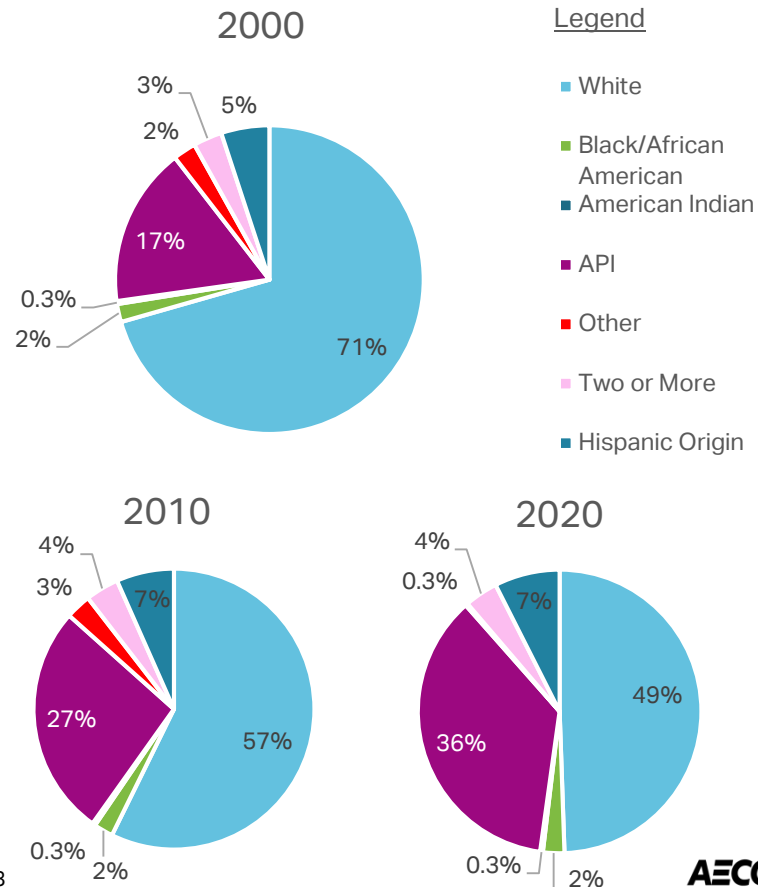
### Data examined

Regional and citywide population growth  
Population density  
Age demographics  
Income and education  
Persons with disabilities  
Race and ethnicity  
Development and economic trends

### Key findings

Increasingly diverse population, with "majority – minority" population  
Increasing % of foreign-born residents  
Younger age demographic is more diverse  
Significant diversity within racial groups  
Slightly older population relative to region  
High income and education levels  
Strong economy fueled by major technology companies and regional environment  
Retail will face challenges, but workforce has interest in living in downtown, urban locations  
Opportunities for corporate and development partners

### City of Bellevue Race and Ethnicity Demographic Trends





# Community Needs and Concept / Vision

## Summary of Stakeholder Interviews

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- AECOM interviewed over 40 stakeholders, including a mix of City of Bellevue staff from different departments and community stakeholders from nonprofit organizations, the school district, cultural groups, religious organizations, and other community members engaged in diversity, equity, disability, or cultural efforts or activities. A summary of key points is as follows:
  - There was **strong interest and enthusiasm** in the idea of a center that would focus on cross cultural, diversity, and/or equity issues, with multiple visions expressed and mix of levels of awareness.
  - Visions ranged from a performing arts space to a community center with a multicultural focus to a “third place” where people of underrepresented groups would feel welcome.
  - There was significant alignment around the value of a **separately branded facility** rather than integration into existing community centers, with the idea that the organization operating the facility would be mission-driven around cross-cultural and equity issues. The facility would produce programming as well as support other organizations programming. Several people emphasized that most organizations currently engaged in programming are focused on one segment of the community and are not cross-cultural in nature.
  - Many stakeholders emphasized the importance of a facility specifically designed and operated as **intentionally welcoming to all people** and communities, in contrast to one that can be made accessible through special accommodations. This would require advance planning, training, and experienced staff.
  - Many people indicated interest in **partnering or utilizing** a cross cultural center, though specific market support will need to be evaluated through a more comprehensive market and demand analysis should this move forward.
  - **Public support for capacity building for nonprofit cultural organizations** in Bellevue was identified as an important need.

# Community Needs and Concept / Vision

## Summary and Preliminary Building Program

- Based upon the stakeholder interviews, analysis of planning and outreach reports, and understanding of demographic and economic factors, AECOM prepared a preliminary program. The program is meant to be illustrative in nature, to be used for the purposes of site and financial analysis and for furthering the discussion and planning effort around the proposed facility.
- There were many different visions expressed for the facility purpose, but facility requirements were fairly consistent and included:
  - A range of **multipurpose spaces**, from small classrooms to large event spaces.
  - A **signature immersive and multimedia-based exhibit or experience** that would engage people in the history of diverse communities in Bellevue.
  - **Performing arts space**, which we have included in the program as a black box theater between 100 and 200 seats. This should be assessed in the context of other performing arts facility efforts in Bellevue should this project move forward.
  - Amenities such as a kitchen, shared working space, lounge, etc.
- This program totals approximately 25,000 square feet. For purposes of analysis, we assume a range of 20,000 to 30,000 square feet. A significantly smaller building may not provide sufficient critical mass to create the level of interest and vision required for capital and operating fundraising. On the other hand, a larger building may face operating challenges. A more detailed analysis of demand, once a site is identified, to ensure that the building is “right-sized” would be a logical next step in planning for a cross-cultural facility.
- Finally, the current COVID context has limited community building efforts, and there are also many examples nationally of increasing polarization. From a market standpoint, past and current benchmarking indicates that there will be significant demand for “high touch” in addition to “high tech” experiences post-COVID. There will also be a need for shared experience that allow diverse communities to develop mutual understanding.

### Illustrative Cross Cultural Facility Program

Program Area	Estimated Size (SF)
Multipurpose Room	4,000
Flexible Performance Space	3,000
Immersive Exhibit / Multimedia Experience	5,000
Kitchen	1,000
Community Rooms / Classrooms	4,500
Office / Working Space	1,500
<b>Total Estimated Program Area</b>	<b>19,000</b>
<b>Gross Facility Size</b>	<b>25,000</b>

# Review of Existing Facilities

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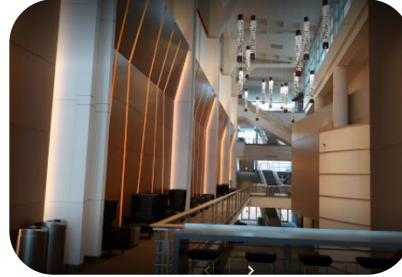
## Research Overview

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- AECOM reviewed the following facilities in Bellevue currently used for a variety of cultural programming:



City Owned and  
Operated  
Community Centers



Other Public and  
Private Facilities in  
Bellevue

# Review of Existing Facilities

## City Owned and Operated Community Centers

- The City of Bellevue owns and operates four multi-use community centers in Bellevue, plus the Northwest Arts Center. These facilities host a wide range of activities including City-run recreational programming and private rentals.



Crossroads  
Community Center



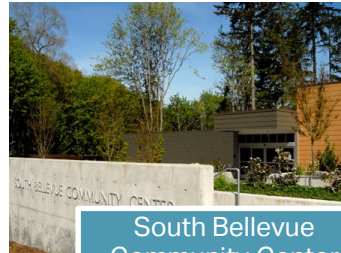
Highland Community  
Center



North Bellevue  
Community Center



Northwest Arts Center



South Bellevue  
Community Center

# Existing Supply

## City-owned Community Centers

Community Center	Facility Size (SF)	Programming	Utilization Notes
Crossroads Community Center	16,990	<ul style="list-style-type: none"> <li>Wide range of programs for all ages, but particular emphasis on youth and teens</li> </ul>	<ul style="list-style-type: none"> <li>Estimated utilization is 82-85 percent</li> <li>Serves most ethnically diverse spectrum among city community centers facilities</li> </ul>
Highland Community Center	20,890	<ul style="list-style-type: none"> <li>Focused on adaptive recreation</li> <li>Cross cultural primarily seen in private rentals</li> </ul>	<ul style="list-style-type: none"> <li>Well-utilized overall, with some gaps of availability in day only; Nights are generally in high demand</li> </ul>
North Bellevue Community Center	17,713	<ul style="list-style-type: none"> <li>Senior programming focused</li> <li>Recently initiated new partnerships with cultural groups to engage wider audience</li> </ul>	<ul style="list-style-type: none"> <li>Utilization strong, but staff indicated some availability during evenings and afternoons</li> </ul>
Northwest Arts Center	5,342	<ul style="list-style-type: none"> <li>Focused on arts programming</li> </ul>	<ul style="list-style-type: none"> <li>Staff indicated some ability to increase utilization, however small square footage limiting for larger programming</li> </ul>
South Bellevue Community Center	33,980	<ul style="list-style-type: none"> <li>Focused on health and wellness, offering a range of outdoor adventure and fitness activities</li> <li>Partnership with Boys &amp; Girls Club</li> </ul>	<ul style="list-style-type: none"> <li>Nearly fully utilized</li> <li>Partnership impacts availability for prime rental slots significantly</li> </ul>

# Existing Supply

## City-owned Community Centers

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	Crossroads Community Center	Highland Community Center	North Bellevue Community Center	South Bellevue Community Center
2019 Financial Performance				
Revenue				
Rentals	\$117,000	\$133,328	\$172,000	\$74,000
Rec Fees	\$183,000	\$139,419	\$92,000	\$888,000
Total	\$300,000	\$273,000	\$264,000	\$962,000
Expenses	\$960,000	\$763,658	\$789,000	\$1,801,000
Cost Recovery	31%	36%	33%	53%
Expenses per GSF	\$57	\$37	\$45	\$53

# Existing Supply

## Other Private and Public Facilities

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- **Performing arts and meetings facilities**
  - Crossroads Market Stage / Shopping Center
  - Meydenbauer Center
  - Meydenbauer Theatre
  - Bellevue Youth Theatre
  - Resonance at SOMA Towers
- **Churches, school auditoriums, and other nonprofit facilities**
  - Includes Sammamish High School, Crossroads Bible Church and others
  - These kinds of venues have their own programming first and may not work for all user groups.
- **Proposed or Future Facilities**
  - PACE
  - “The Playhouse” at Cloudvue Development
  - City Aquatic Center



# Site Opportunity Analysis

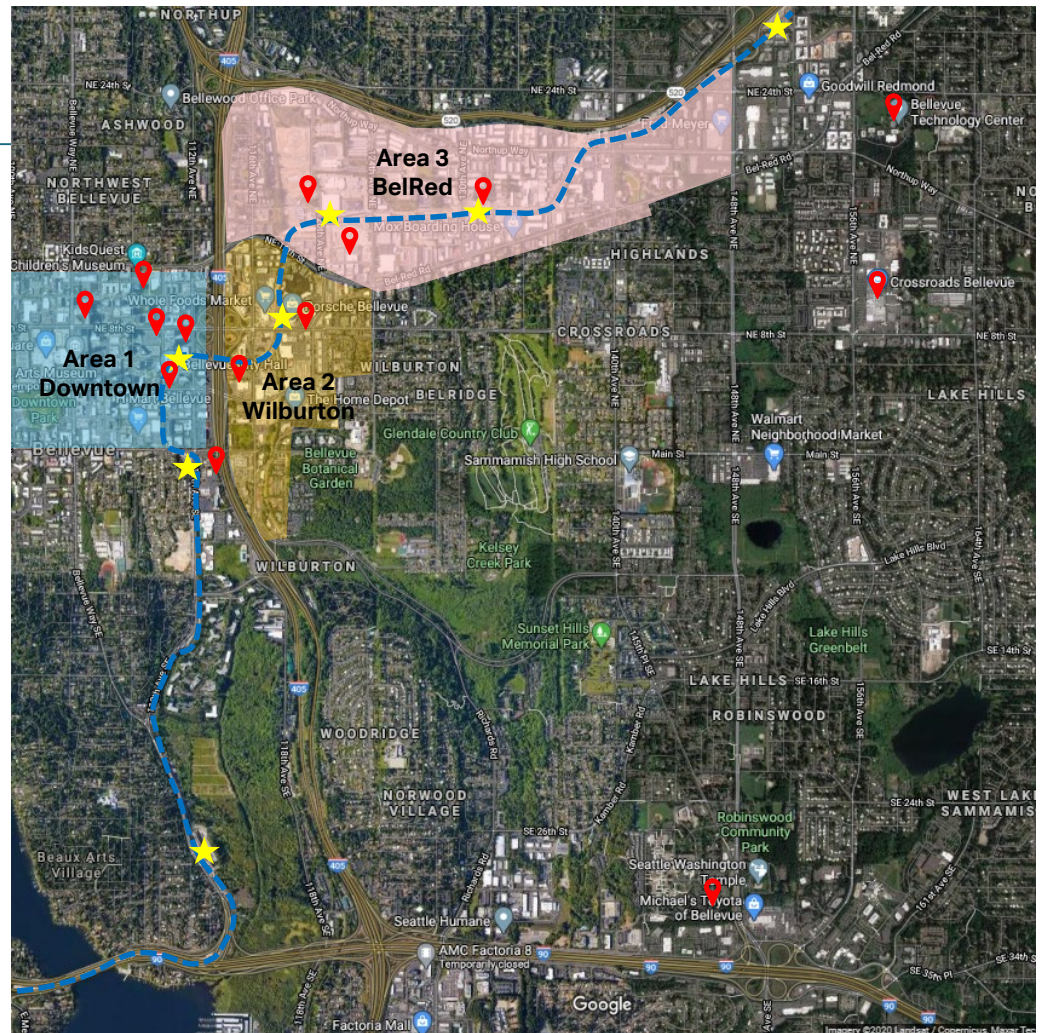
# Site Evaluation Overview

## Key Site Evaluation Criteria

- Accessible to a Sound Transit station (maximize investment in light rail, accessibility, and TOD)
- Surrounding uses - restaurants and retail, other activities or community facilities, active parks, etc.
- Community and economic goals – Leverage and support other community and economic development goals and investments
- Programmable outdoor space
- Site area sufficient to accommodate the facility and parking
- Visibility and centrally located– location that has funding potential

## Site Opportunity Areas

- Downtown
- Wilburton
- BelRed
- Other areas / development models



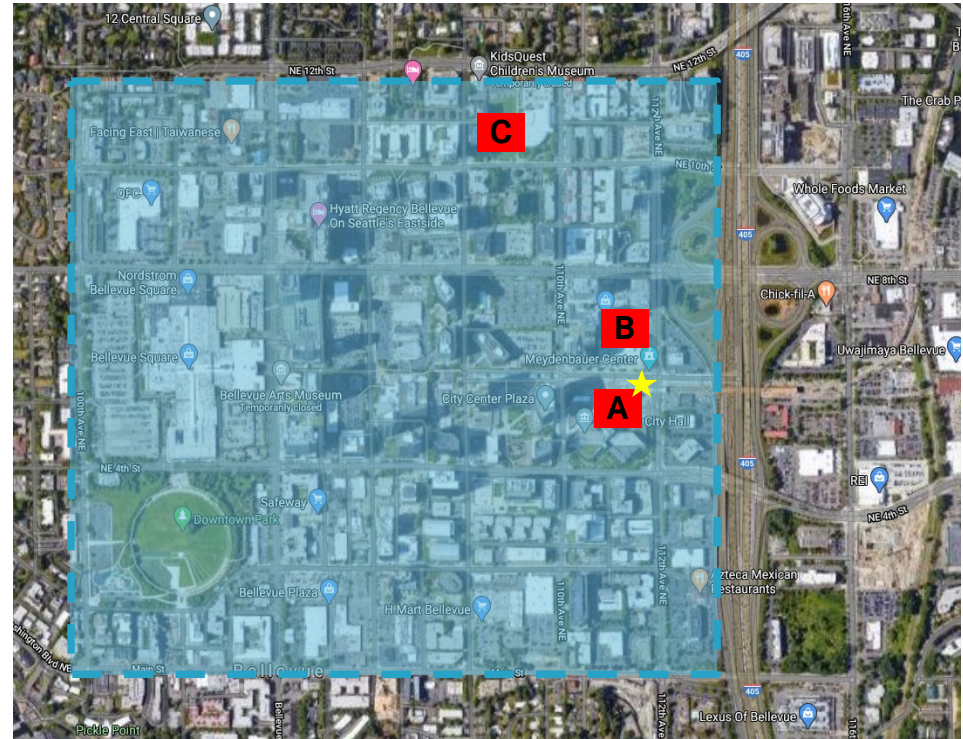
# Key Downtown Public Opportunity Sites

## Sites

- A. Civic Center Site
- B. Meydenbauer Center Site
- C. Ashwood Park

## Overall Opportunity

- Would support other City economic development goals for downtown, support retail and restaurants, provide amenity for residents
- Most visible of locations, signature visibility, high profile
- Great transit access
- Need for community center in downtown already established
- Centrally located
- Perception of downtown traffic (better relative to other cities)
- Providing sufficient parking may be a challenge
- Perception of downtown may not be welcoming to everyone







# Key BelRed Public Opportunity Sites

## Sites

- A. Sound Transit OMF East TOD site
- B. 130<sup>th</sup> St. Station Site (City owned)

## Overall Opportunity

- Bel-Red has two light rail stations
- Proximity to Microsoft campus and Redmond – regional approach to cross cultural / diversity issues
- Redmond has identified the need for a cultural center, potential to collaborate
- Emerging area that is currently primarily industrial, with some office and MF residential developing
- Longer term the investment in Sound Transit will lead to a broader mix of uses
- Area identified as the “arts district”



# Other Site Development Opportunities

- AECOM also examined a number of private real estate opportunities, as well as less traditional approaches to providing cross-cultural programming. Examples of these include:
  - **Shopping Centers** – The COVID global pandemic has accelerated the decline of physical retail spaces. Prior to COVID, shopping centers owners and managers were increasing the number of entertainment and cultural venues that would serve as anchors to increase foot traffic to support retail. Crossroads is already viewed as a center for multicultural programming, and some parking lot space is being redeveloped. It may be possible to consider working with shopping centers to use vacant retail spaces (at a subsidized, anchor tenant rate) or to redevelop on surplus parking area.
  - **Grand Connection** – The Grand Connection is expected to eventually provide and arts and cultural corridor for Bellevue. It may be possible to activate multiple spaces along the Grand Connection through programming.
  - **Future Performing Arts or Community Facilities** – There are a few performing arts and community facilities that are in various stages of planning, from early visioning to detailed feasibility. Examples include PACE, the Playhouse at Cloudvue, a community center downtown, and an aquatic center. These plans should be monitored to evaluate their impact on facility needs and for possible partnership opportunities. The Land Use Code includes incentives to create arts space, which may result in additional relevant development opportunities in the future.
  - **Other Considerations** – Other possible site opportunities explored include Bellevue College, Global Innovation Exchange, and the Bellevue Technology Center.



# Financial and Operational Analysis

# Financial Model

## Approach and Details

- We developed a financial model based upon “top down” and “bottom up” assumptions.
- It is primarily based upon industry standards customized for the illustrative program, vision for the facility, and local and national benchmarks.
- These estimates represent reasonable planning expenses, but ultimate expenses will depend on a number of factors, including:
  - The nature of visitor experiences and programming
  - Operating and governance model
  - Location, site and other physical characteristics
- Key components of the financial model are as follows:
  - Annual operating budget of approximately **\$1 to \$1.5 million required**
  - Earned revenue ratio (or cost recovery) between **35% and 40%**
  - Will require annual contributed income of **\$700,000 to \$800,000.**

### Illustrative Financial Model for Cross-Cultural Facility

Category	Amount
<u>Estimated Operating Expenses</u>	
Salaries and benefits	\$700,000
Supplies and services	\$60,000
Building maintenance / janitorial	\$90,000
Utilities	\$75,000
Programming	\$250,000
Marketing	<u>\$63,000</u>
<b>Total Operating Budget</b>	<b>\$1,238,000</b>
Typical Earned Income Ratio	35%
Resulting Earned Income	\$465,000
<b>Required Contributed Income</b>	<b>\$773,000</b>
Operating Budget per Gross SF	\$50



# Financial Analysis

## Earned and Contributed Revenues

- Cultural centers constantly balance mission versus revenue and financial viability. They also fill multiple roles in education, community building, culture and art, and social services. Earned and contributed revenue potential is directly affected by the way this balance manifests in the programming and visitor experiences.
- Earned and contributed revenue potential will also be affected by operating and governance model.

### Earned Income

- Includes program fees, event income, facility rentals food and beverage or other sales, memberships, ticket sales, endowment, and sometimes real estate or other sources
- Typically 20% - 40% for cultural centers

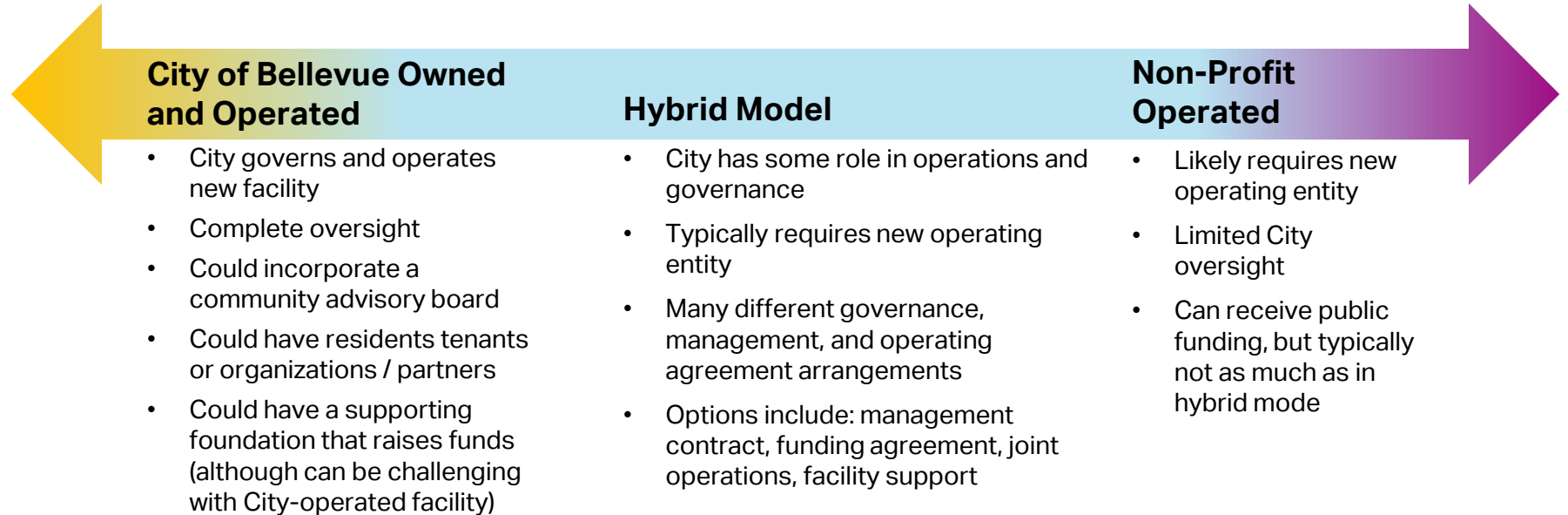
### Contributed Revenues

- Includes City or other public subsidies, corporate philanthropy, foundation grants, individual contributions, and annual fundraisers
- Typically 60% - 80% for cultural centers

# Operating Models

## Alternatives

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# Operating Models

## Assessment of Alternatives

Model	Strengths	Challenges / Risks
City of Bellevue Owned and Operated	<ul style="list-style-type: none"> <li>• Ability to fully leverage City of Bellevue expertise in community facility management and operations</li> <li>• Economies of scale for functions such as accounting and finance, legal, maintenance, etc.</li> <li>• Ultimate control over visitor experience, quality, partnerships, vision</li> </ul>	<ul style="list-style-type: none"> <li>• City has all financial responsibility and risk</li> <li>• City-owned and operated facilities typically face challenges in private fundraising, even with a “Friends of” group</li> <li>• City requirements (hiring, salaries, contracting, etc.) can be limiting</li> <li>• City models typically operate more as rental model, which may limit ability to achieve cross-cultural mission</li> <li>• Community may feel less engaged</li> </ul>
Community Nonprofit Operated	<ul style="list-style-type: none"> <li>• Mission-driven organization and facility</li> <li>• Typically very active in producing programming</li> <li>• Community engagement and buy-in</li> <li>• More flexibility typically in hiring, contracting, etc.</li> <li>• Can be more entrepreneurial</li> </ul>	<ul style="list-style-type: none"> <li>• Financial risk – if they don’t meet fundraising or earned income goals, need to reduce costs, which affects ability to achieve mission and quality of programming, could affect building maintenance</li> <li>• Nonprofit operating capacity – may not have technical ability to manage facility</li> <li>• City doesn’t have oversight but has risk</li> <li>• Would require new nonprofit</li> </ul>
Hybrid Models	<ul style="list-style-type: none"> <li>• Can combine benefits of both models: community and mission driven programming with City expertise in managing facilities</li> <li>• Provides more stable funding environment than community nonprofit operated</li> </ul>	<ul style="list-style-type: none"> <li>• Can be more complex initially and need to clearly define roles and responsibilities</li> </ul>

# Development Models

## Assessment of Alternatives

Model	Strengths	Challenges / Risks
Publicly Financed and Developed	<ul style="list-style-type: none"> <li>• Most straightforward</li> <li>• Funding usually available</li> <li>• Precedent / experience</li> <li>• City has most leverage over operations</li> </ul>	<ul style="list-style-type: none"> <li>• Typically challenging to leverage private funding</li> <li>• Largest capital outlay for City</li> <li>• May imply more operating risk depending on operating model</li> </ul>
Community Non Profit Developed	<ul style="list-style-type: none"> <li>• City does not need to raise money</li> <li>• Requires a demonstrated community commitment</li> <li>• Engages corporate community</li> <li>• Requires demonstrated support in capital campaign (which can help cultivate operating support)</li> </ul>	<ul style="list-style-type: none"> <li>• Capital campaigns can be lengthy</li> <li>• Risk that insufficient funds are raised</li> <li>• May tie up City and/or other projects</li> <li>• Timing can be complicated, even with milestones and checkpoints</li> </ul>
Public-Private Joint Development	<ul style="list-style-type: none"> <li>• Many models</li> <li>• Leverages private dollars</li> <li>• Provides ground floor active use</li> <li>• Part of community benefit requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Less control over facility size and characteristics</li> <li>• Timing of shell vs. interior improvements</li> <li>• Cultural centers typically do not have revenue benefits for a true public-private partnership</li> </ul>
Rental Model	<ul style="list-style-type: none"> <li>• Less upfront cost</li> <li>• With current retail environment, may be able to get highly subsidized rent as anchor tenant</li> <li>• City may be able to negotiate subsidy depending on development environment</li> <li>• No long term commitment, can start in smaller space and expand</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural centers do not have a financial model that supports paying market rate rents</li> <li>• Can increase operating risk</li> <li>• Retail spaces may not provide ideal design</li> <li>• Management / ownership can change</li> </ul>

# Key Findings

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- There is **strong interest and enthusiasm** for a cross cultural center in Bellevue that is **separate from existing community centers**, with a strong organizational mission.
- Given the current context, there will be demand **for “high touch” in addition to “high tech”** environments and a need for facilities and programming that bring different communities together to develop **shared experiences and mutual understanding**.
- We developed an illustrative program of **20,000-30,000 SF**, with a mix of multipurpose spaces, performing arts space, classrooms, and multimedia storytelling / exhibits.
- This effort should be integrated into other City **community and economic development** goals.
- There are multiple site opportunities. Key criteria includes **access and complimentary surrounding activities**.
- The facility will require an estimated \$1 - \$1.5 million to operate, with 35%-40% cost recovery estimated, translating to required contributed income of **\$700,000 - \$800,000**
- The project needs to develop **proponents/champions and a small organizing group** of leaders, including representatives from the City, community stakeholders, and the corporate sector.
- There is a need for greater public support for **capacity building for nonprofit cultural organizations** in Bellevue.
- There are many **developments and planning efforts in Bellevue** currently that may provide opportunities for partnership or coordination.

# General and Limiting Conditions

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- 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 September 2020, and AECOM has not undertaken any update of its research effort since such date.
- Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by AECOM that any of the projected values or results contained in this study will actually be achieved.
- No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of AECOM. Further, AECOM has served solely in the capacity of consultant and has not rendered any expert opinions. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of AECOM. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from AECOM. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by AECOM, shall be at the sole risk of the party making such changes or adopting such use.
- This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.