

# **Cross-Cultural Feasibility Assessment**

## **City Council Presentation**

### City of Bellevue

AECOM Economics

September 2020

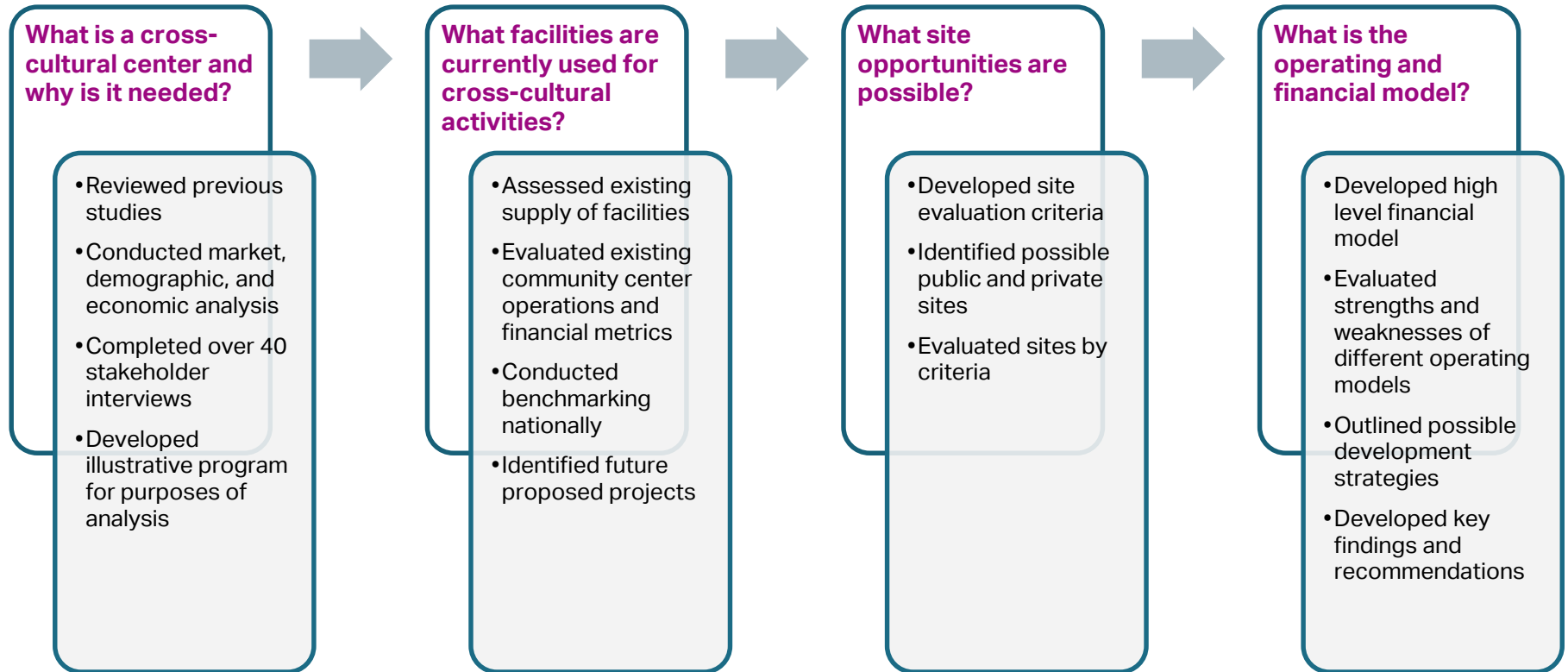
**AECOM**

# Introduction to AECOM

- Integrated, multi-disciplinary firm
- Economics practice with over 65 years of experience (originally Economics Research Associates)
- Specialized practice focusing on cultural and community facilities
- Deep experience working on projects with a cultural, diversity, or equity focus
- Help policymakers measure tradeoffs in “mission vs. money” question
- Extensive experience with public, private, and nonprofit clients - intersection of community needs, policy goals, development and land use economics, and cultural facility financial viability



# What was our scope of work?



# What is a cross-cultural facility?



## Community Center

- City operated recreation and community classes
- City owned and operated
- Mix of multipurpose space, gyms, classrooms, studios, etc.
- Can include specialty recreation space



## Performing Arts Center

- Performing arts focused, sometimes with visual arts
- Typically City owned
- City or nonprofit operated
- Fixed seat or black box theaters, exhibit areas, lobby, green rooms, etc.



## Cultural Center

- Typically focused on one group defined by race, ethnicity, gender identity, sexual orientation, or other characteristic
- Includes performance space, gathering space, classrooms
- Usually non-profit operated, but can be City operated



## Cross-Cultural and Multicultural Centers

- Terminology comes from college campus context
- Not as common outside of this context
- Organizations exist that provide multicultural programming, but rarely tied to a facility

# What are implications of demographic and economic factors?

## – Increasingly diverse population

- Largest “majority – minority” population in Washington
- Increasing % of foreign-born residents
- Younger age demographic is more diverse
- Significant diversity within racial groups

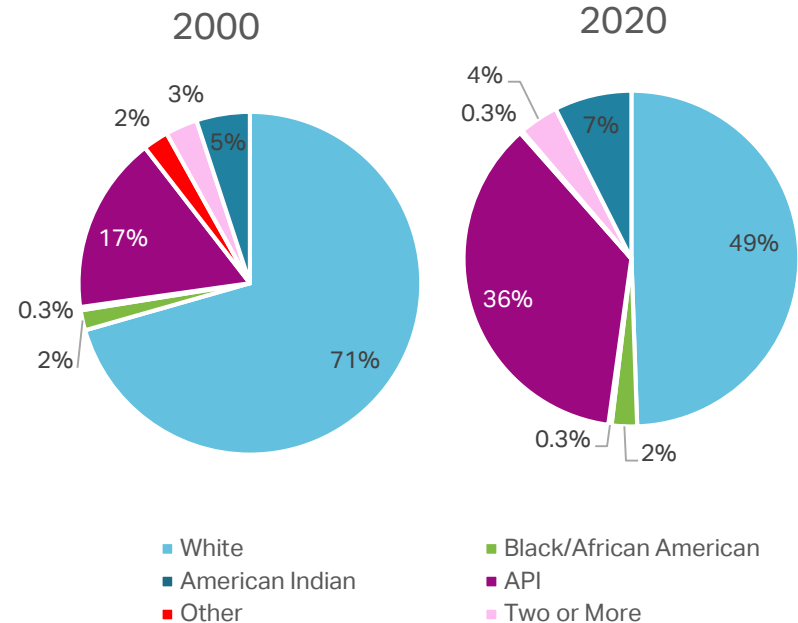
## – Age, Income & Education

- High income and education levels favorable for cultural facilities
- Slightly older population relative to region

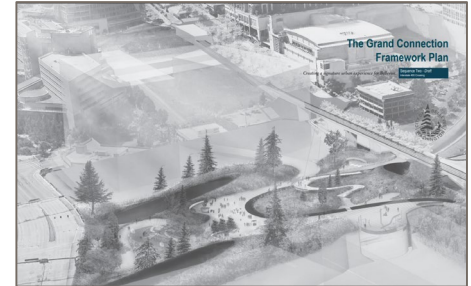
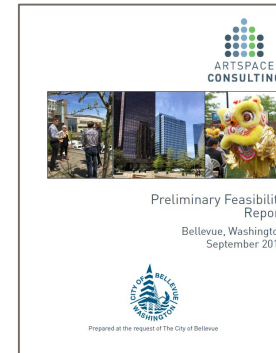
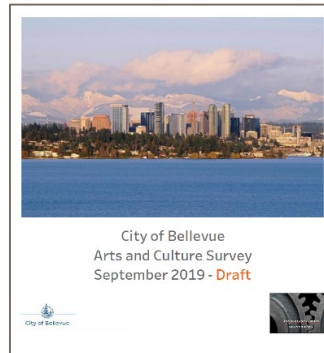
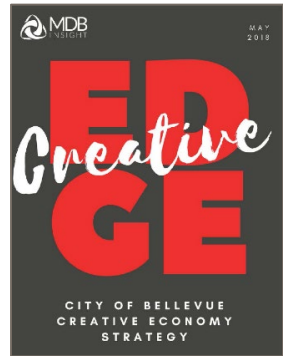
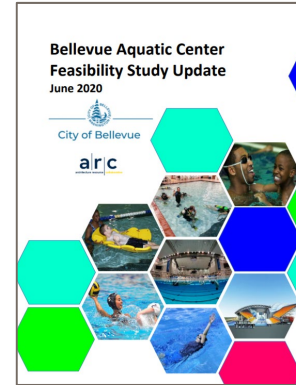
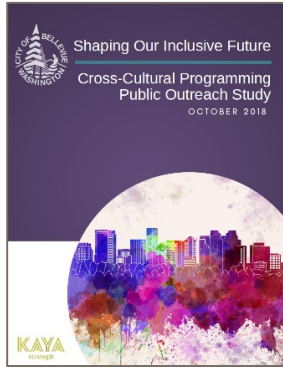
## – Economic Trends

- Strong economy fueled by major technology companies and Seattle head tax
- Workforce interested in downtown residential
- Retail will face pre-and post-COVID challenges, could provide synergistic opportunities

City of Bellevue Race and Ethnicity  
Demographic Trends



# What studies and planning efforts are relevant?



# What are the relevant findings of outreach and planning studies?

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## – Outreach Study

- **86% of people** felt that Bellevue needs a multicultural community center
- A place for people **outside of their ethnic or cultural community** to understand **values, customs, arts, culture, history**
- **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, support and partnership with the City
- 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
- Bellevue residents have a **strong interest in the arts and culture**
- **Raising awareness for diverse communities** identified as part of creative sector strategy



# What are key findings from the stakeholder interviews?

## Over 40 Stakeholder Interviews

- City of Bellevue staff
- Nonprofit organizations
- School district staff
- Cultural groups
- Religious organizations
- Disability organizations
- Community members engaged in diversity, equity, disability, or cultural efforts or activities

## Key Findings

- **Strong interest and enthusiasm** for a center that focused on diversity and equity issues
- **Multiple visions expressed:** performing arts space, community center with a multicultural focus, “third place” where people of underrepresented groups would feel welcome
- Significant alignment around the value of a **separately branded facility** rather than integration into existing community centers
- **Mission-driven organization** with cross-cultural and equity focus
- **Produce programming** and support other organizations’ programming
- **Cross-cultural**, not just one cultural segment or community
- Specifically designed and operated as **intentionally welcoming to all people** and communities, not just accessible through special accommodations
- **Experienced staff** with appropriate expertise, not just facility management
- Interest in **partnering or utilizing** a cross-cultural center - specific market support needs further evaluation
- **Public support for capacity building for nonprofit cultural organizations** in Bellevue is an important need

# How does this research translate to building program?

- Program is illustrative for financial and site analysis purposes
- Key program elements:
  - 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 (need to examine other future facilities)
  - Amenities such as a kitchen, shared working space, lounge, etc.
- 20,000 – 30,000 square feet, midpoint of 25,000 square feet
- Important to right size based upon detailed demand analysis and site planning
- Current context
  - COVID has limited community building efforts
  - Nationally increasing polarization
  - Past and current benchmarking indicates that there will be significant demand for “high touch” in addition to “high tech” experiences post-COVID
  - Need for shared experiences 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>

# What existing facilities exist that support cross-cultural activities?



City Owned and  
Operated Community  
Centers



Crossroads  
Community  
Center



Highland  
Community  
Center



North Bellevue  
Community  
Center



Northwest Arts  
Center



South Bellevue  
Community  
Center



Other Public and  
Private Facilities in  
Bellevue



Performing Arts and  
Other Public Facilities



Churches, School  
Auditoriums, Nonprofits



Proposed or Future  
Facilities

# What are key operating and financial characteristics of the City's existing community centers?

Community Center	Facility Size (SF)	Programming	Utilization	Financial Performance	
<b>Crossroads</b>	16,990	Programs for all ages, particular emphasis on youth and teens	Estimated 85%; serves most ethnically diverse population	Revenue Expenses Cost Recovery Expenses per GSF	\$300,000 \$960,000 31% \$57
<b>Highland</b>	20,890	Focused on adaptive recreation Cross-cultural primarily seen in private rentals	Well-utilized overall, with some gaps in availability during daytime slots; nights have high demand	Revenue Expenses Cost Recovery Expenses per GSF	\$273,000 \$764,000 36% \$37
<b>North Bellevue</b>	17,713	Senior programming focused Recently initiated new partnerships with cultural groups	Utilization strong; some availability during evenings and afternoons	Revenue Expenses Cost Recovery Expenses per GSF	\$264,000 \$789,000 33% \$45
<b>Northwest Arts Center</b>	5,342	Focused on arts programming	Some available utilization; limited due to size and location	n/a	
<b>South Bellevue</b>	33,980	Health and wellness focus, outdoor adventure and fitness activities; partnership with Boys & Girls Club	Nearly fully utilized; partnership impacts availability for prime rental slots significantly	Revenue Expenses Cost Recovery Expenses per GSF	\$962,000 \$1,801,000 53% \$53

# What criteria should be considered when evaluating possible site opportunities?



Accessible to a Sound Transit station to maximize accessibility, leverage investment in light rail, integrate with TOD efforts



Complimentary surrounding uses and/or critical mass of activity: restaurants and retail, active parks, other community nodes of activity



Ability to leverage and support other community and economic development goals and investments



Programmable outdoor space



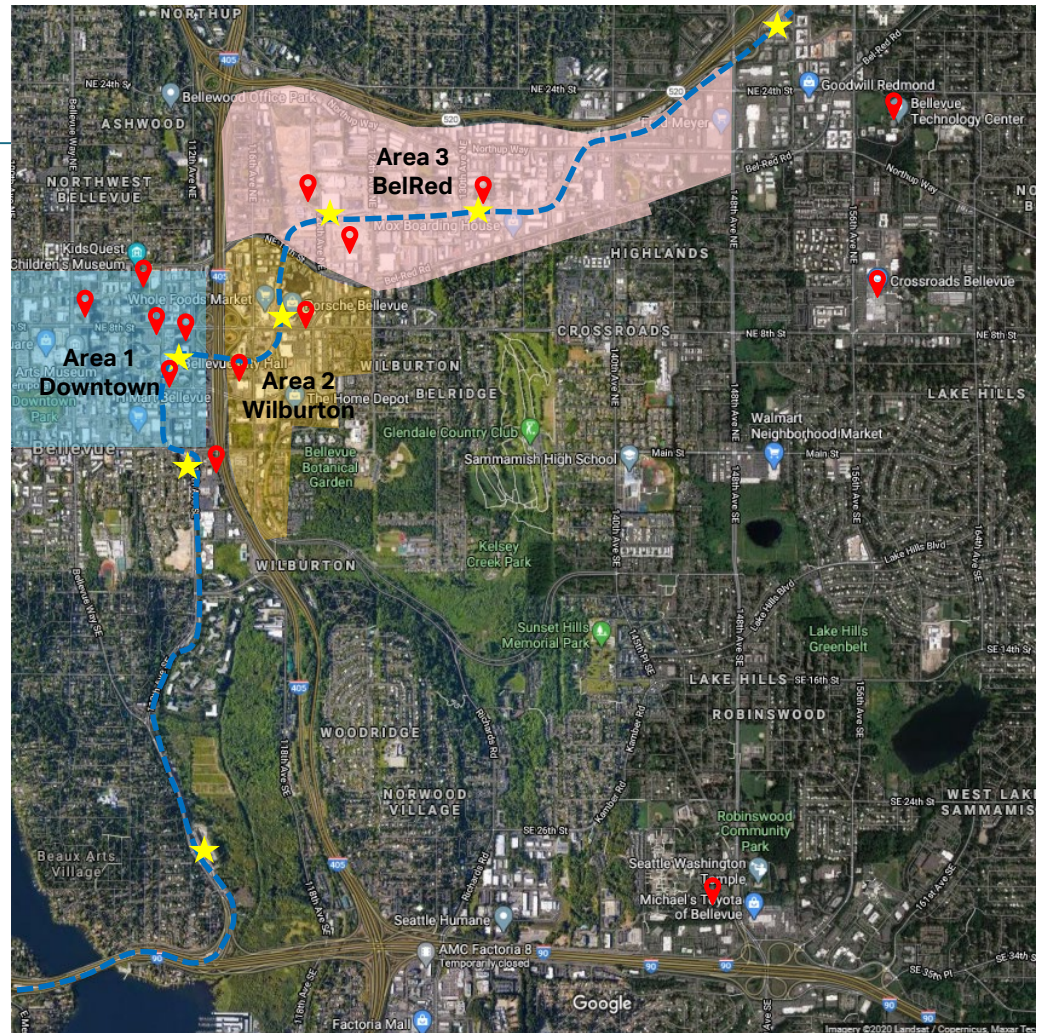
Site area sufficient to accommodate the facility and parking



Visibility and centrally located

# What area have site opportunities?

- **Downtown**
  - Civic Center
  - Meydenbauer Center
  - Ashwood Park
- **Wilburton**
  - Lincoln Center
- **BelRed**
  - 130th TOD site
  - Sound Transit OMF TOD site
- **Other Opportunities**
  - Performing arts
  - Retail centers



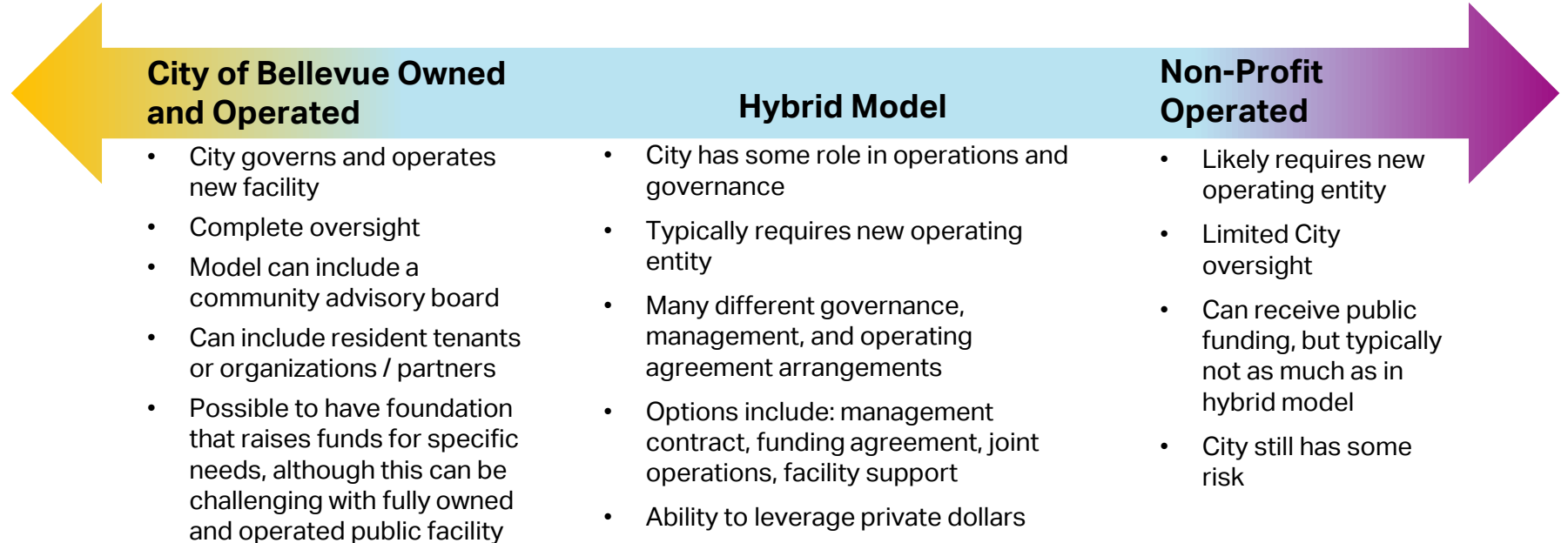
# What is the financial model for a cross-cultural facility?

- Methodology and assumptions:
  - Preliminary financial model for illustrative purposes only
  - Based upon “top down” and “bottom up” assumptions
  - Uses industry standards customized for the illustrative program, vision, and local and national benchmarks
  - In constant 2020 dollars
- Estimates are reasonable for high level feasibility, can vary according to:
  - Specific visitor experiences and programming
  - Operating and governance model
  - Location, site and other physical characteristics
  - Mission-related decisions about equity, affordability, etc.
- Summary:
  - Annual operating budget: **\$1 to \$1.5 million**
  - Earned revenue ratio/cost recovery: **35% to 40%**
  - Required annual contributed income of **\$700,000 to \$800,000**
  - Contributed income can be mix of City funding, corporate donations, foundation grants, individual contributions

## 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

# What are possible operating models?



# 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>• Challenge to leverage private dollars</li> <li>• City operational requirements can be limiting</li> <li>• Typically operate as partnership / rental / class model, may limit cross-cultural programming</li> <li>• Community may feel less engaged</li> </ul>
Community Nonprofit Operated	<ul style="list-style-type: none"> <li>• Mission-driven organization and facility that typically produces programming</li> <li>• Community engagement and buy-in</li> <li>• More flexibility typically in operations; can be more entrepreneurial</li> <li>• Can raise funds from individuals, corporations, and foundations</li> </ul>	<ul style="list-style-type: none"> <li>• Financial risk, which can lead to reduced operating costs, building maintenance issues, and programming challenges</li> <li>• Nonprofit operating expertise may not be sufficient to manage building facility</li> <li>• City does not have oversight but may have risk if City land or facility is involved</li> <li>• Would require new nonprofit organization</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>

# What are possible development models for a cross-cultural facility?

Model	Strengths	Challenges / Risks
<b>Publicly Financed and Developed</b>	<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>
<b>Community Non Profit Developed</b>	<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>
<b>Public-Private Joint Development</b>	<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>
<b>Rental Model</b>	<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>• May be able to negotiate subsidized rate</li><li>• No long term commitment, can start small 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>

# What are key findings and recommendations from our study?

Why?	What?	Where?	How?	What else?
<ul style="list-style-type: none"><li>• Strong interest and enthusiasm for a cross-cultural center in Bellevue</li><li>• Interest in facility separate from existing community centers</li><li>• Mission-driven organization that would produce and support programming</li><li>• Current context: demand for “high touch” in addition to “high tech” environments and need for programming to bring different communities together for shared experiences</li></ul>	<ul style="list-style-type: none"><li>• Illustrative program of 20,000-30,000 sq. ft.</li><li>• Multipurpose space</li><li>• Performing arts space</li><li>• Classrooms, workshops, meeting rooms</li><li>• Multimedia visitor experience/exhibits telling the story of Bellevue communities</li><li>• Amenities such as kitchen, work space, lounge</li><li>• Possible nonprofit office space</li><li>• Back of house spaces</li></ul>	<ul style="list-style-type: none"><li>• Key criteria include: access, Sound Transit proximity, surrounding uses, sufficient space for parking and facility, outdoor space, and visibility</li><li>• Sites identified in Downtown, Wilburton, and Bel-Red</li><li>• Other opportunities around performing arts efforts, planned City facilities, or retail centers</li><li>• Consider integrating into other City community and economic development efforts (can provide and draw market support)</li></ul>	<ul style="list-style-type: none"><li>• Financial Model: Operating costs estimated between \$1 to \$1.5 million, with 30%-40% earned revenue, required contributed income of \$700,000-\$800,000</li><li>• Operating Model: Precedent for public, private nonprofit, and hybrid models. Hybrid models most likely to accommodate vision and financial viability.</li><li>• Development Model: Public, private, and joint development options.</li></ul>	<ul style="list-style-type: none"><li>• Need to develop proponents/champions and a small organizing group of leaders, with representatives from the City, community stakeholders, and the corporate sector</li><li>• Greater public support for capacity building for nonprofit cultural organizations in Bellevue identified a need</li><li>• Many developments and planning efforts in Bellevue currently that may provide opportunities for partnership or coordination</li></ul>