

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 3695 setting out a framework for a process between the City of Bellevue and Performing Arts Center Eastside (PACE) to advance public and private efforts to secure a major performing arts facility, the Tateuchi Center, in Bellevue for the benefit of the community and the entire Eastside.

FISCAL IMPACT:

Adoption of this resolution does not have a direct fiscal impact on the City.

STAFF CONTACTS:

Christopher Salomone, Director, 452-6191
Mary Pat Byrne, Arts Specialist, 452-4105
Department of Planning & Community Development

Lori Riordan, City Attorney, 452-7220
City Attorney's Office

POLICY CONSIDERATION:

Previous Council actions:

- Resolution No. 6670, approved in 2002, supports the Performing Arts Center Eastside (PACE) proposal to construct a performing arts center.
- In 2006, Council adopted four Investment Principles to guide City investments in cultural facilities and used these principles in approving major funding for several cultural facilities.

Comprehensive Plan:

The following Comprehensive Plan Policies support City participation in constructing performing arts facilities.

- **Urban Design: UD-36.** Encourage development, display, and performance opportunities for a wide range of artistic expression throughout the city.
- **Parks & Recreation: PA-14.** Develop partnerships with other public agencies and the private sector to meet the demand for cultural and recreational facilities in the city.
- **Parks & Recreation: PA-20.** Promote a diversity of privately funded recreational and cultural facilities throughout the city, especially in coordination with major employment centers.
- **Economic Development: ED-17.** Recognize the economic development benefits of city and private sector investments in urban amenities like arts and culture, open space and recreational facilities, and high quality urban design. Strengthen the city's assets in these areas as an explicit component of the city's economic development strategy.

Cultural Compass:

The *Cultural Compass*, which is the City's Cultural Plan and a reference document for the Comprehensive Plan, acknowledges the need for a variety of performing arts venues in the community and specifically includes the PACE project in its vision of a thriving Downtown.

GOAL 5: Develop a mix of flexibly designed, quality visual and performing arts spaces to serve Bellevue and Eastside organizations, artists, and residents.

BACKGROUND:

For decades, the City and various community groups have explored the idea of developing a large performing arts center focused on serving the Eastside. Marketing and feasibility studies over the last 30 years repeatedly demonstrated the community's desire for such a facility. That support surfaced again recently as the #1 voted (most positive votes) Bellevue Best Idea in an online outreach effort supporting the Comprehensive Plan Update.

At Council's November 18 regular meeting, the Arts Commission requested that Council direct staff to explore options for supporting the Tateuchi Center. Council did so, directing staff to report back in January 2014. In this memo, staff will summarize its efforts to date and propose a series of next steps.

Performing Arts Center History

A chronology of efforts to build a large performing arts center in Bellevue shows the active involvement of the City going back as far as 1973 when the City Council established the Arts Commission, including the directive to "Establish a long-range plan for the development and operation of a cultural center" in its enabling ordinance. Since then, the City has conducted feasibility studies, convened two Citizen Advisory Committees, identified "partnering with the community to establish a large performing arts center in Bellevue" as one of Council's "audacious goals," and endorsed the PACE proposal to build a large performing arts center downtown at 106th Avenue NE and NE 10th Street.

The proposed Tateuchi Center brought the Eastside closer to realizing this longstanding vision than at any other time in its history. PACE has raised \$63 million in pledges, including \$2 million from the City of Bellevue, towards reaching its funding goal of \$160 million. A site is selected, designs are complete, and permits have been approved. A chronology is attached (Attachment 3).

Response to Council Direction

Following Council's direction in November 2013, to perform due diligence in exploring the City's options for supporting the Tateuchi center, staff took the following steps.

- Engaged in several discussions with representatives of the Tateuchi leadership to explore various issues related to the Center's development;
- Met with representatives of King County to explore funding options;
- Reviewed an updated economic impact study conducted by Hebert Research on behalf of the Tateuchi Center;
- Conducted exploratory conversations and research for potential public and private funding partners;
- Researched comparable projects nationwide as well as major cultural projects with city investment in Seattle;
- Held individual briefings with each Councilmember.

Proposed Next Steps

While staff found that the Tateuchi Center will confer economic and cultural benefits on Bellevue and the Eastside, and that it enjoys local support, the size of the project demands multiple funding partners. Coalition-building for funding support is critical right now. The City has heard from many quarters

that its leadership will be key in gaining the participation of additional funding partners. City Council assistance will be needed to play a leadership role in discussions with Eastside communities and potential public funders to gather support for the project.

Although the vision of a large performing arts center in Bellevue has existed for decades, it is likely that the general public has limited awareness and knowledge of the proposed Tateuchi Center. City Council expressed its desire for robust public engagement that will make clear what the Tateuchi Center is and clarify what public benefits it would bring to Bellevue and the Eastside.

To accomplish this goal, a process between the City and PACE is proposed (Attachment 1). Elements include goals, objectives, tasks, and timelines that the City and PACE are responsible for individually and collaboratively. The attached draft timeline guides progress of the work through the end of 2014, culminating in a decision on how the City will most effectively be able to support the Tateuchi Center within the limits of its resources (Attachment 2).

A draft outline of the proposal is also attached.

OPTIONS:

1. Adopt Resolution No. 8695.
2. Do not adopt Resolution No. 8695 and provide staff with further direction.

RECOMMENDATIONS:

Adopt Resolution No. 8695

MOTIONS:

Move to adopt Resolution No. 8695

EFFECTIVE DATE:

If adopted, Resolution No. 8695 will be effective immediately.

ATTACHMENTS:

1. Outline of proposed framework
2. Draft timeline
3. Chronology of the development of the performing arts center
4. Proposed Resolution No. 8695

DRAFT OUTLINE -- CITY/TATEUCHI CENTER PROCESS

A. Recitals

- Series of recitals on the history and significance of this project, leading to a desire for collaboration between the City and Tateuchi Center

B. Definitions

C. Goals and Objectives

- Advance the performing arts in Bellevue and the Eastside by securing a major performing arts facility
- Fully investigate public and private funding options to assist in completion of Tateuchi Center
 - Engage the public to inform and involve them in the Council's deliberations
 - Ensure open and transparent information sharing
 - Create a full understanding of the City's financial capacity and Tateuchi Center's capital and operating requirements
 - Clarify the public benefits and structure of any City contribution
 - Understand the direct and indirect economic benefits of Tateuchi Center
- Assist in promotion of Tateuchi Center to Bellevue and the Eastside

D. City Consideration of Contribution

- Explore City funding options
 - Establish Principles for any City financial contribution
 - Initiate public process to build awareness, investigate whether and how an additional City investment should be made
 - Identify legal requirements and issues attached to each option
 - Identify governance options triggered by City participation
- Provide City Council liaison, plus adequate staffing to support this as a priority initiative

E. Supportive Actions by Tateuchi Center

- Support the City's public process and Council deliberations
 - Share information on facility feasibility and collaborate with gathering additional information as needed
 - Be prepared for adopting any necessary changes/adjustments to Governance legally triggered by City participation;
 - Actively renew fundraising efforts both public and private

F. Mutual Activities

- Meet with County, regional, state and federal representatives to explore public funding options

- Explore an Eastside arts consortium that would involve a collaboration of Eastside cities jointly pursuing a major performing arts facility
- Establish points of contact, regular meetings, reports to boards and Council

G. Potential Future Agreements

- Any additional City funding contribution resulting from this MOU would be captured in a future agreement

H. General Provisions

Timeline/Milestones

Through March, 2014

City activities:

- Explore all options regarding PACE building permits
- Develop public awareness
- Continue research on financial options
- Continue research on legal issues
- Identify City Council liaison plus adequate staffing to support this as a priority initiative
- Establish points of contact, regular meetings, reports to boards and Council

PACE Activities:

- Secure board agreement to participate in the process

Both:

- Process document terms finalized and signed
- Collaborate on outreach plans for fundraising (PACE) and awareness-raising (City) to maximize efficiency and impact

April to July

City Activities:

- Implement public awareness process
- Complete research on legal issues
- Explore City funding options
- Establish principles for any City financial contribution
- Identify governance options triggered by City participation

PACE Activities:

- Secure sufficient operating funds to continue a full-fledged capital campaign
- Share information on facility feasibility and collaborate with gathering additional information as needed
- Prepare to adopt any necessary changes/adjustments to governance legally triggered by City participation

Both:

- Identify funding sources including federal, state, county and regional and, if appropriate, initiate application processes
- Discuss and reach agreement on how to address any legal issues
- Complete first round of briefings of Eastside legislators

- Explore an Eastside arts consortium that would involve a collaboration of Eastside cities, first to jointly pursue securing the Tateuchi Center and setting the foundation for future collaboration on securing arts facilities throughout the Eastside.

July - October

City Activities:

- Analyze leading alternatives for financing options

Both:

- Complete Round two of meetings with County, regional, state and federal representatives to explore public funding options

October - December

City Activities:

- Complete process for identifying financing options
- Complete awareness campaign, evaluate and decide on next steps
- Assemble a package of options the City can commit to for supporting the Tateuchi Center
- Present options to City Council with recommendations and seek direction from Council

PACE Activities:

- Achieve 65% of target in pledges

Both:

- Continue to collaborate on efforts to secure funding from federal, state, county and other regional sources
- Develop a framework for proceeding.

Performing Arts Center Development Chronology

An incomplete chronology of efforts to develop a major performing arts center in Downtown Bellevue

Year	Item	Description
1973	Arts Commission Established	One of the Arts Commission's purposes as stated in its enabling ordinance is to "Establish a long-range plan for the development and operation of a cultural center."
1982	Dykstra Report	City commissioned a study by Economic Research Associates and John Dykstra to "assess community desire for a convention facility and performing arts center." Strong support was identified; recommendation was two theatres, 1,000 seats and 300 seats.
1984	EPAC: Eastside Performing Arts Center	Bellevue Chamber of Commerce establishes a subcommittee "to review the need for new performing arts facilities." They saw that since the facility or facilities would be regional in scope, they should be regional in funding. Chamber voted to form an independent nonprofit corporation whose purpose would be to carry out the objectives of the community. EPAC Board was formed.
1986	Theatre Projects Study Phase 1	EPAC hired Theatre Projects Inc. (Steven Wolff) to conduct a feasibility study. The study presented several alternative facility concepts. The study was completed in June 1986.
1986 - 1987	City study for a convention center and theatre authorized	Council authorized City Manager to hire Theatre Projects to do Phase 2, taking one recommended concept and developing it further. In the discussion draft, the recommendation called for a Lyric Theater of approximately 1,600 seats with movable elements to accommodate various elements, a 200 seat Studio Theatre, a Creativity Center for the community, and optional administrative space for resident companies. Observations by Council included: 1) this idea came from the private sector, ergo its creation should be either a) a public/private partnership, or b) paid wholly by the private sector since the public should not be taxed for entertainment purposes; and 2) the Creativity Center should be scrapped because the Parks Department already provides the hands-on programs it would provide. The Council voted to refer the matter to the Arena/Convention Center Ad Hoc Committee for further development.
1988	Public Hearing on Convention Center	Fifty speakers commented on the proposed convention center. Many commented on a performing arts center being included.
1988	PARC: Performing Arts Regional Committee	Council appointed 25 people to serve on PARC from a list recommended by Council's Ad Hoc Civic Center Committee. Members included Bellevue leaders as well as leaders from surrounding communities.
1989, July	PARC Recommendations	PARC recommendations presented to Council.

Year	Item	Description
1989, September	Kemper Freeman Proposal to PARC	Kemper Freeman gave PARC a proposal to site the PAC at Bellevue Place.
1989 December	PARC Final Recommendations	<ol style="list-style-type: none"> 1. Encouraged but did not endorse the Kemper Freeman proposal; 2. Retain option on convention center property 3. Continue developing plans for the PAC at the convention center site since that's the preferred location. Council voted not to develop parallel plans until Freeman's fundraising deadline, July.
1990 - 1992	BCCA (Bellevue Convention Center Authority recommendation	At Council's request, BCCA continued planning for a PAC in downtown Bellevue. BCCA confirmed size at 1800 seats, reconsidered market data in light of demographic changes, established a siting preference for the Special Opportunity Area (now location of Meydenbauer Center, City Hall, and the vacant Metro site), and re-studied capital and operating costs.
1992	Council Resolution 5585	<ol style="list-style-type: none"> 1. declared City's intention to take a leadership role in developing a PAC 2. stated that it be completed no later than 2005, 3. stated that the BCCA recommendations on site, size and function be adopted 4. directed the city conduct feasibility analysis of potential site acquisitions within the Special Opportunity Area 5. confirmed the need for a public/private partnership to accomplish the PAC
1995	Performing Arts Steering Committee	Council appointed a Performing Arts Steering Committee
1995 - 1997	AMS Feasibility Study	Purpose was to analyze the functional, physical, operational and financial requirements for a performing arts center in Downtown Bellevue. Study components included Community Context, Market Analysis, Public Survey, User forecast, an economic impact estimate and other information
1999	Environmental Scan for Comprehensive Plan update/arts facilities	The dearth of arts facilities was cited as a significant issue in an environmental scan conducted as part of the Comprehensive Plan Update preparation.
2000	Council Audacious Goals	Council adopted a series of "Audacious Goals" which included partnering with the community to build a performing arts center.
2001 - 2002	Performing Arts Citizens Committee	Council appointed the PACC to evaluate 3 proposals for development of a PAC. 1. The City; 2. A sports arena with PAC from Michael Tuckman; 3 Kemper Freeman offering to build a PAC at Bellevue Place.
2001	Arts Commission Endorsement	The Commission endorsed a PAC and provided its views on various aspects of the PAC, such as size, site, programming, weaving in consideration of the needs of the local arts community.

Year	Item	Description
2002	PACC's recommendations	PACC gave Council a conditional endorsement of the PACE proposal, contingent on several conditions to ensure that the board truly represented key stakeholders in the community, that development would achieve set milestones of progress, and in return the City would not run a competing project and instead pursue a smaller educational facility. The Committee also recommended providing additional operating support to local arts groups through a different process than the PACC committee recommendation.
2002	Arts Commission Endorses PACE	The Commission encouraged Council to adopt the PACC recommendations.
2002	Council Resolution 6670	Council adopted PACC's recommendations in this resolution.
2002	PACE begins	Richard Collins was appointed executive director. Design development and fundraising initiated.
2004 - 2005	Cultural Compass	The Cultural Compass examined facility needs and activity in the community. In it, PACE is mentioned
2006	John Haynes hired	Design completed and fundraising kicked into high gear.
2006	City Funding Principles adopted	City Council adopted 4 principles to guide city investments in cultural facilities.
2008 - ?	Recession	Fundraising virtually halted as donors took a hiatus.
2009	City contributes \$2 million	Council approved and City signed an agreement with PACE to provide \$2 million towards the design and construction of the PAC.
2010	Tateuchi Foundation Contribution	The Tateuchi Foundation contributed \$25 million, changing the PAC name from PACE to the Tateuchi Center.
2013	Public Funding Sought	Tateuchi Center Board turns its attention to the City of Bellevue and King County for major funding support.

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8695

A RESOLUTION setting out a framework for a process between the City of Bellevue and Performing Arts Center Eastside (PACE) to advance public and private efforts to secure a major performing arts facility, the Tateuchi Center, in Bellevue for the benefit of the community and the entire Eastside.

WHEREAS, the Bellevue City Council believes that the Tateuchi Center would be a positive, possibly transformational, addition to the region's arts and cultural landscape; and

WHEREAS, the Bellevue City Council believes the path forward to realizing that vision is one of regional partnership, including with King County, the other Eastside Cities, the private sector, the broader arts community, and the Board of Directors of PACE; and

WHEREAS, the Bellevue City Council believes it will be in the public interest to encourage and support the development of the arts and cultural landscape, in balance with the other obligations of Bellevue and our regional partners; and

WHEREAS, it is important to engage in due diligence to ascertain how such a regional partnership could be achieved between Eastside cities and PACE; and

WHEREAS, support of Bellevue and other Eastside cities could renew and energize PACE's private fundraising campaign, now, therefore;

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or his designee resolves that the City adopt a framework for a process between the City of Bellevue and Performing Arts Center Eastside (PACE) to advance public and private efforts to secure a major performing arts facility, the Tateuchi Center, in Bellevue for the benefit of the community and the entire Eastside.

2964-RES
2/6/2014

Passed by the City Council this _____ day of _____, 2014,
and signed in authentication of its passage this _____ day of _____,
2014.

(SEAL)

Claudia Balducci, Mayor

Attest:

Myrna L. Basich, City Clerk