

BELLEVUE ARTS COMMISSION
REGULAR MEETING
MINUTES

August 16, 2016
4:30 p.m.

Bellevue City Hall
Room 1E -109

COMMISSIONERS PRESENT: Chairperson Manfredi, Commissioners, Jackson, Lewis, Madan, Malkin, Wolfteich

COMMISSIONERS ABSENT: Commissioner Lau Hui

STAFF PRESENT: Joshua Heim, Department of Planning and Community Development

OTHERS PRESENT: Steven Bronfenbrenner, B Squared Consulting; James Henderson, City of Bellevue Economic Director

RECORDING SECRETARY: Gerry Lindsay

I. CALL TO ORDER

The meeting was called to order at 4:34 p.m. by Chairperson Manfredi who presided. All Commissioners were present with the exception of Commissioner Wolfteich, who arrived at 4:39 p.m., and Commissioner Lau Hui, who was excused.

2. APPROVAL OF AGENDA AND MINUTES

A. Approval of Agenda

Motion to approve the agenda was made by Commissioner Jackson. Second was by Commissioner Malkin and the motion carried unanimously.

B. Approval of Minutes

Arts Program Coordinator Scott MacDonald pointed out that the minutes should reflect that Chair Manfredi and Commissioner Lau Hui were not present for the meeting.

Motion to approve the July 12, 2016, minutes as amended was made by Commissioner Malkin. Second was by Commissioner Jackson and the motion carried unanimously.

3. ORAL COMMUNICATIONS - None

4. ACTION ITEMS AND DISCUSSION ITEMS

A. Bellevue Arts Museum Update

The Commissioners and staff introduced themselves to Steven Bronfenbrenner, Bsquared Consulting, who participated via speakerphone.

Mr. Bronfenbrenner said Bsquared Consulting has worked nationwide in the cultural arts sector for more than 20 years, with an emphasis on venue, museum facilities, the operation of institutions, and the fiscal strengths and capacities of institutions. He said the firm does a lot

of work in areas of strategic planning, capital and operational fundraising, and institutional development. He noted that several years ago, in collaboration with Bora Architects in Portland, Bsquared Consulting conducted an initial study on behalf of the city to assess different approaches for the development of a performing arts facility in Bellevue; the process culminated in the formalization of PACE, which ultimately became the Tateuchi Center. Additional work was done for the city about two years ago to assess if and how the city might invest in the capital aspect of the Tateuchi Center, and that work resulted in the city approving a very conditional \$20 million to the project.

Continuing, Mr. Bronfenbrenner explain that in June 2016, the firm was contacted with a request to conduct an assessment of the Bellevue Arts Museum. The simple question on the table was whether and under what conditions the city might lend capital and/or operational support to the museum. He said he arrived in Bellevue in June 28 only to learn that two or three days prior the museum board had voted to suspend its operations on or about September 1. He said he met with the board and staff leadership early in July and went through a process which resulted in the board revising its decision to go on hiatus and to conduct a very thorough assessment of the institution to determine and execute a plan aimed at stabilizing the institution financially and operationally, and to strike a balance in terms of how the museum is investing in its programming and infrastructure. However, the museum soon thereafter experienced some additional challenges in the form of a damaging flood, the result of some plumbing issues in the building, and the departure of Stefano Catalani as curatorial director.

Mr. Bronfenbrenner said he has been engaged with and impressed by the leadership of the museum's board and staff and their efforts to conduct a process of self-assessment of the significant challenges and the strategies they might employ to stabilize and reinvent the museum. He said with the city as his client he has been working with the museum leadership to conduct assessments and planning efforts in the key areas of programming, staffing, education, infrastructure, building repair, marketing and retail. Task forces and committees have been formed to focus on the various areas. From the ideas and energy that has increasingly been coming from the board and the staff, a realistic and thoughtful plan for moving forward is emerging. Many elements of the plan have already been implemented in terms of addressing programming issues and the like.

Among the key parameters of the plan is a commitment by the organization to scale back its operations, programming and staff, for a for a sixteen-month period commencing in the very near future. By June 2017, the museum should be poised to reemerge as a rescaled and rebalanced institution. The target date of June is driven by the anticipated completion of the construction surrounding the museum.

The process to date has been very detailed and has involved four very lengthy board workshop sessions. The board and staff are taking ownership of the process. A plan document is being assembled and is set to be completed by the end of August. Mr. Bronfenbrenner said he is optimistic that the museum has the capacity to develop and implement a realistic transformation. He stressed that his task has been and remains to conduct an objective assessment of the museum, its capacity and stability, and to determine whether or not investment by the city for capital or operations would be appropriate.

Mr. Bronfenbrenner said in the midst of all the challenges, some very good news was received. An anonymous donor has offered a significant prospective gift to the museum to assist it through the process of transformation. Specifically, the gift is aimed at addressing the investments the museum needs to make in the building, which is sixteen years old and which requires some important exterior and interior repairs. The anonymous donor has also made a significant commitment to support operations at a vital level.

One core component of the planning effort is a focus on fundraising. The museum recognizes the need to diversity and expand the donor base.

Once the planning and assessment process wraps up, the board will go through a process of reviewing its own work and potentially adopting a plan that will call for new direction, new scaling and new capacities. Mr. Bronfenbrenner said he would then review and provide an assessment of the planning effort and make a recommendation to the city.

Mr. Bronfenbrenner answered a question asked by Commissioner Jackson by explaining that his entire scope of work is included in his agreement with the city. The scope of work has evolved, but it has always been part of the agreement with the city.

Commissioner Jackson said she was aware that Mr. Catalani had left the museum but was not aware of issues with the building and had not heard about the flooding incident. She asked what the primary cause was for allowing things to get to where they are. Mr. Bronfenbrenner said the museum's attendance has been growing every year since its reemergence in 2008. That is a testament to the exhibitions and the promotions. However, since the museum opened 16 years ago, it has had only one year of financial surplus. There was another year in which the audit showed a financial surplus, but that was due to the release of \$1 million of unrestricted funds from an endowment. Fundamentally, the museum has operated with a structural deficit of \$400,000 to \$600,000 per year since it opened. It could be said the life of the institution has suffered from the deficit, which could be deemed an overly optimistic anticipation of revenue. The largest expense for any organization is staff and benefits, unless they are collecting institutions, which the Bellevue Arts Museum is not. One of the largest issues the board is grappling with is establishing the appropriate level of staffing. The group has been looking in very healthy ways at different scenarios relative to both short- and long-term staffing. Between 60 and 65 percent of the museum's cash operating expenses go for staff. The second biggest line item in the museum's budget is depreciation, which is a non-cash expense. The museum has produced good programming and outreach, but has not over the years solved the puzzle of the economics. The direction being set by the philanthropic program that is being assembled and advanced by the commitments made by anonymous donors and others is very encouraging. The proof, however, will be in the execution of the plan.

Mr. Bronfenbrenner added that the city's commitment to the museum in the past has been both significant and vital to the survival of the museum. The city is in fact the largest sustained donor to the museum. That may change in the near future, which would be a good thing.

Arts Program Manager Joshua Heim asked what signs the Commission should look for in organizations when considering grant funding. Mr. Bronfenbrenner said he has for many years worked with the New York State Council of the Arts. The model employed by the organization includes a strong, thoughtful and professional focus on financial stability and capacity that parallels assessments of artistic quality and impact as well as other subjective measures. A fiscal assessment is made of each organization as a determinant of its capacity to achieve its plans. Often organizations are viewed in terms of the past and the immediate present, but it is equally important to look at the future in terms of sustainability. It is not always easy to understand an organization's fiscal situation relative to net asset accounting. Things to look at include how close expenses are to the budget, and how close revenues are to the budget. He said his experience has shown organizations do very well on the former but not so well on the latter.

The Commissioners thanked Mr. Bronfenbrenner for his information.

Mr. Heim said the issue began with the museum making a financial request to the city. The work done by Mr. Bronfenbrenner has been focused on whether or not the city should grant the request.

Commissioner Malkin asked what alternatives the museum has should the city choose not to continue supporting the organization. Mr. Heim said solid steps have been made toward re-engaging some past board members and supporters. The board is also looking at various programmatic models whether or not they should be charging for admission. If the museum were to become free to all, the city or other organizations could be asked to help underwrite the free admissions.

Commissioner Jackson asked how everyone could have missed the museum's financial issues. Over the years the Commission has received updates and has been provided with reports. The city has apparently sustained their support despite these reports. Had this support been reduced earlier, the problems might have come to light sooner. She noted that Mr. Bronfenbrenner had stressed the need to look at the future rather than the past, but that is exactly what was said in 2008.

Commissioner Madan said he assumed Mr. Bronfenbrenner's report will summarize the past as well as look to the future.

B. Grant Program Guidelines

Mr. Heim suggested the difference between the past applications and what the Allocations Committee is recommending is a new emphasis on the quality of proposed service as opposed to the excellence of past services and accomplishments. The applications to date have asked about programmatic and organizational goals for the grant period rather than the capacity of the organization to execute. Questions about capacity were often asked and answered during the interview process. What the Allocations Committee is recommending is a shift away from assessing applications by merit and toward assessing capacity moving forward.

Mr. Heim said the revised application does not change anything about the goals of organizations but does seek to be more performance oriented. A greater emphasis is placed on the evaluation criteria. The category of creative engagement specifically focuses on the quality and effectiveness of the organization's existing and proposed arts, cultural, and heritage programming and services to meet the cultural needs of an audience and/or constituent group; the extent of creative and civic participation by Bellevue's diverse residents and visitors; the meaningful creative and civic opportunities for working artists, cultural workers and volunteers; and diversification of the forms of art, creative experiences and cultural resources available to Bellevue residents and visitors. The category of public access and benefit for Bellevue residents and visitors centers on the quality and extent of public benefits offered to Bellevue residents and visitors; significant access to cultural opportunities to under-served groups, or a demonstration of improved access by underserved people and communities over time; marketing strategies and reach are appropriate to target audiences and attendance; and effort and evidence of inclusive communications to new and/or underserved people and communities, particularly those who speak a language other than English at home. The organizational capacity and sustainability category speaks to demonstrated financial capacity and stability as shown in IRS Form 990; evidence of community support, which may include, but is not limited to, in-kind or cash donations from individuals, foundations, corporations, or other government sources; and the strength of organizational governance.

Commissioner Jackson noted that the combination of Word documents, Excel documents and pdf documents that comprised the previous application have all been consolidated into a single application form. The result should be less confusion and more clarity.

Chair Manfredi called attention to the proposal to have funding limits for two years with a maximum award of \$3000 and asked where that number came from. Mr. Heim said the EAP (EAP) program funds the operations of arts organizations, and the special projects program funds specific projects. During the last funding round there were some 25 projects funded by the Commission, and the bulk of the awards were between \$1000 and \$2000; five or six hit the \$3000 mark, and a few were at \$5000, but they were all programs rather than projects. As proposed, the change is to pull the funding of longstanding programs through projects and put them in the EAP.

Commissioner Jackson noted that the same rationale was used previously to move Wintergrass to the EAP. She agreed that special projects should in fact be actual projects that do not go on for several years in a row. As envisioned, special projects can be done twice with a cap of \$3000 per year, or can be done over a two-year period.

Commissioner Malkin said his read was that special project dollars are to be limited specifically to special projects, and that a cap was being put on both the dollar amount and the timeframe.

Chair Manfredi commented that the Lake Washington Symphony typically submits an application for \$10,000, which the Commission chooses to fund at half that level. The proposal is to drop that down to only \$3000, which would be a statement of some sort. Mr. MacDonald said that is a good example for why ongoing projects should be funded through the EAP, which has a much different cap. Chair Manfredi suggested it is possible an application could be submitted for a project that legitimately will happen within a scope of two years, and which will need more than \$3000.

Commissioner Jackson pointed out that the request from the Lake Washington Symphony for \$10,000 covers far more than a single concert in Bellevue. Projects that come back year after year should be under the EAP.

Commissioner Madan pointed out that under the EAP guidelines, organizations are required to show their governance and organizational capacity. The organizations that do not meet all of those requirements will not qualify under the EAP program and will thus be limited to projects every other year. There could also be organizations that put on projects every two years legitimately because it is the nature of what they do. Projects involving big bold ideas that will cost more than \$3000 could be excluded.

Chair Manfredi agreed with the need to push things in the direction of partnerships rather than projects that continue, even for organizations that legitimately put on a project only every two years, and even if the organizations does not have strong governance. The criteria should be considered to be suggestive rather than absolutes. Commissioner Jackson said the issue of governance is certainly something the Commission may well need to help organizations with. The fact is non-profits should have boards governing them. That is not true of individual artists who proposed special projects. The governance requirements should not be seen as onerous.

Commissioner Malkin agreed the governance issue is not onerous. He said where he was struggling was in regard to something like a theater company like Seattle Shakespeare wanting to put on Shakespeare in the park. The company may be formalized, but every other year they do a new production. The question is whether or not each production is a special project, or whether the company should be moved into the EAP because of the way they are structured.

Commissioner Jackson asked how the Seattle Shakespeare production was recently funded. Mr. Heim said it was funded as a special project through an application filed by a neighborhood group. It was not the Shakespeare group saying it wanted to establish a presence in Bellevue and provide ongoing programming.

Mr. Heim said the problem being addressed is how to manage expectations moving forward. Some 25 special projects are funded for the current year, a number of which are reoccurring projects. There were unclaimed funds the Commission was able to distribute, but that level of funding will be halved next year. Commissioner Madan pointed out that it was made clear to those receiving the extra funds that they were one-time dollars to avoid creating any expectations.

Commissioner Malkin said the focus is on funding as many arts programs and special projects as possible with the given budget.

Commissioner Jackson suggested the two-year requirement will enable diversification. She added that she did not object to the \$3000 limit for special projects. The proposed approach will keep the usual suspects from seeking funding for projects year after year.

Commissioner Madan said there is no reason to believe organizations being funded for special projects will not be competitive through the EAP. Mr. MacDonald agreed and said under the proposal the larger organizations will be pushed into the EAP and the special projects focus will be more on true special projects.

With regard to the \$3000 limit on funding, Commissioner Jackson said she would like to have the wording such as “generally limited to.” Overall, the cap will help to differentiate special projects from the EAP. Mr. Heim said the largest request for special project funding the previous year was \$47,000. It is not helpful to artists or small organizations to say the sky is the limit and then only offer them \$1000. It would be far better to say special project funding can be sought in amounts up to \$3000 or some other set number; that would give organizations more of a focus for crafting their requests.

Commissioner Jackson reiterated that special projects are not special if they occur every year. The EAP offers a format through which organizations can depend on for some annual funding, and through which the Commission can depend on the organizations to deliver. Special projects are by their very nature risky and do not always come to fruition.

Commissioner Malkin asked how the payout for a two-year project would be handled. Mr. MacDonald clarified that as proposed special projects would be funded for a single year and would be allowed the opportunity to renew the project the second year. Chair Manfredi suggested the renewal opportunity would be the occasion for the Commission to encourage the organization to move toward the EAP if it wants to continue the special project in a program fashion.

Commissioner Malkin said one organization the approach might impact would be Chop Shop which comes forward every year with a dance troupe special project. The project would become a candidate for the EAP even though it may not have a governance structure given that it is just a single person. Chair Manfredi pointed out that in fact Chop Shop is not a project, it is a program that has been going on annually for many years.

Commissioner Jackson said another example is the Lake Washington Symphony. When they first came to the Commission, they were not programming in Bellevue, and they were not a Bellevue organization. EAP is specifically for organizations in Bellevue. The Commission

told them to come back when they put on a concert in Bellevue and that they could be funded as a special project.

Mr. MacDonald noted that Village Theater, based in Issaquah, operates the Pied Piper program that works with schools in Bellevue and which also puts on performances in Bellevue. Commissioner Malkin commented that their program would need to be moved to the EAP, but they would not qualify because they are not Bellevue-based. Mr. Heim said under the proposal they would qualify. The same is true for the Seattle Chinese chorus that holds all of its concerts in Bellevue. He said hopefully organizations will commit to either being special projects or ongoing programs. Mr. MacDonald allowed that an educational component is likely needed to help organizations make the leap to the EAP.

Commissioner Madan suggested moving ahead with the recommendation as proposed. The change will not really kick in until the third year. That will allow time to bring everyone up to speed and to test to see if the change will be successful.

There was consensus to revise the first sentence of the available funding paragraph on page 3 to read “The maximum award is generally limited to \$3000 and the minimum award is \$500.” It was also noted that in the first paragraph in the timing of projects and payments paragraph on page 4, “December 1, 2016” should be change to read “December 1, 2017.”

Answering a question asked by Commissioner Malkin in regard to the references to the Cultural Compass, Mr. MacDonald said it is the task of the Commission to develop programs in accordance with the Cultural Compass.

A motion to endorse the guidelines as amended was made by Commissioner Jackson. The motion was seconded by Commissioner Malkin and the motion carried unanimously.

C. Cultural Compass Update: Final Draft Vision and Initiatives

Mr. Heim noted that all of the requested changes to the document were made. He said the document is tentatively set to be before the City Council on September 19. The Council will review the document and offer recommendations that will then be reviewed by the Commission before finalizing the document and sending it back to the Council for approval.

Commissioner Wolfteich called attention to the sixth bullet under the Vision for the Arts in Bellevue paragraph and questioned the use of the word “complete” as being limiting in terms of growth. He suggested using “authentic” instead. Commissioner Jackson said the draft language is intended to reflect the notion that Bellevue has participants, professionals, students and audiences, a complete arts ecology. She allowed that “comprehensive” might be a better word. The other Commissioners concurred.

A motion to endorse the final drafts of the vision and core initiatives as amended was made by Commissioner Jackson. The motion was seconded Commissioner Malkin and the motion carried unanimously.

5. COMMISSION QUICK BUSINESS

Economic Development Director James Henderson said he was born and raised in Bellevue. After graduating from the University of Washington, he lived and worked in Washington, D.C, spent time in Europe, and then moved to San Antonio, Texas, where he worked in the field of economic development for 12 years before moving back to Bellevue. He said the office of Economic Development helps recruit national and international companies to

Bellevue, helps keep companies in Bellevue, and helps support startups. The office partners with organizations throughout the Eastside, including the cities of Redmond and Kirkland.

Mr. Henderson said there is a great deal of synergy between economic development and the arts. The building blocks of cities are businesses and neighborhoods, and it is the arts and culture that holds it all together. When seeking to site a corporate headquarters, a myriad of location factors are utilized, including good buildings, a good airport nearby, and good workers, but a prime component is always the arts and the attributes offered by the city. The arts also attract worker talent.

Mr. Henderson said he and Mr. Heim have been talking about doing a creative economy study to measure the economic impact of the creative arts on the Eastside. Non-profit arts groups certainly add to the economy, but so does Bellevue's focus on the gaming industry that hires all manner of creative people who add to the richness of the economy.

Commissioner Madan said the statistics show that money spent on the arts elicits economic returns. Washington state ranks 46th in the nation in public art spending, which is pathetic. Mr. Henderson said he participated in a creative economy study in San Antonio. The study indicated that tens of millions of dollars were flowing through the economy as a result of the arts. The study helped to change the debate as to whether or not the city should increase its level of funding for the arts based on the finding that the arts had a direct impact on the economic quality of the city. The studies were continued in subsequent years and showed a doubling of the creative economy about every two years. As the city increased its funding for the arts it served as a catalyst for corporations and others to increase their funding.

Chair Manfredi asked to what degree the creative economy study drilled down. Mr. Henderson said there can be different levels of sophistication, but such studies can almost be done to the level of job classification codes. How deep the studies go is dependent on the budget for the studies.

Commissioner Malkin asked what the Commission can do to move things forward. Mr. Henderson said the first step is always to initiate conversations. Currently things are at the concept level but later in the year a scope will be developed that could engage the Commission. The study will hopefully return an impact number and yield a strategy element tied to where the greatest impact will be for the available dollars.

Commissioner Malkin pointed out that the \$110,000 budget for grants has been the same for the past 15 years, not accounting for inflation.

6. REPORTS

A. Commissioner's Committee and Lead Reports

Mr. MacDonald said the Bellwether opening event occurred on a beautiful evening. Most of the artists were able to attend, including the international artists. Some two hundred people attended the event. The exhibition is being well received and people are particularly excited about the events Mr. Heim and the consultant are pulling together.

Mr. Heim reported that the next art walk is slated for September 2 and will be focused on the pedestrian corridor. He said the first one was a lot of fun.

B. Project Updates from Staff – As Noted

7. CORRESPONDENCE, INFORMATION

- A. Written Correspondence – As Noted
- B. Information
 - i. Future Agenda Items – As Noted
 - ii. Committees – As Noted

8. ADJOURNMENT

Chair Manfredi adjourned the meeting at 6:23 p.m.