

SUMMARY and FISCAL NOTE

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1. BILL SUMMARY

Legislation Title: A RESOLUTION adopting updated policies regarding the establishment and management of Parking and Business Improvement Areas for The City of Seattle; and superseding Resolution 30389.

Summary and background of the Legislation: There are currently nine Business Improvement Areas (BIAs) in Seattle that fund services for improving neighborhood economic and business development through assessments of business and property owners. These BIAs generated \$16.8 million in 2014 and they are projected to generate over \$17 million in 2015. BIAs' direct investments translate into immediate benefits to the city through major tourism campaigns, maintenance of the downtown core, and the many festivals, small business support networks and beautification projects in neighborhood business districts.

Business districts are increasingly using BIAs as an effective tool to support their growth and transformation. In the past couple of years, the City enacted a new BIA in SODO, and passed significant changes to the BIAs in Pioneer Square and Downtown that increased their revenues and boundaries. The new University District BIA legislation recently passed and Chinatown\ID and Ballard are slated to bring BIA petitions to City Council this year. In addition, several other neighborhoods are evaluating the potential for developing new or expanded BIAs.

The expansion of BIAs, combined with an increase in the scrutiny they are undergoing at City Council and in the community, has created a need for better policies to improve the quality of proposals and the smoothness of the authorizing processes. Currently, the City's policies are not detailed enough to provide proper guidance on proposal development or evaluation. The lack of these policies and staffing has caused confusion, ambiguity around formation, and potential liability. City staff from OED, FAS, and Law have collaborated over the past year to develop draft City policies and procedures around BIA formation and operations. City staff also worked with the BIA community to develop policies that provide better clarity and direction. These proposed BIA policy updates:

- Clarify and codify existing practices and interpretations;
- Requires the submittal of additional information from BIA proponents to facilitate the review process;
- Enhance the City's role in evaluating each individual BIA proposal for its reasonableness; and,
- Clarify, modify and expand City Departmental roles and responsibilities.

Key highlights are summarized in the following table:

BIA Policy	Change
Open Meeting Policy	All BIA meetings are subject to the Open Public Meeting Act (OPMA); the change will codify existing requirements.
Increased Outreach	BIA proponents must demonstrate additional outreach and notification about the proposed BIA beyond obtaining signed petitions.
Boundaries	Provides requirements and guidance about drawing boundary lines.
Government Property Exemption	Codifies existing practice. Government properties are exempted from BIA assessments. However, if a government entity located within a BIA boundary is acting as a business it may be assessable.
Assessment	Codifies existing practice to allow for different assessment rates for different ratepayer classifications. BIA proponents will be required to describe more fully the benefits that will be provided to all classification of ratepayers and will continue to follow state law in having multifamily housing be eligible for assessment, supported by the benefits received.
Advocacy / Community Organizing	Codifies existing practices to allow BIA program managers to represent the interests of their ratepayers and stakeholders with regard to city practices and policies that affect the execution of their work.
City Department Support	Formalizes the roles for OED and FAS when managing the BIA process and operations.
Organizational Structure	Codifies the requirements for establishing the Board, developing bylaws, a budget and work plan. The policies also state that no one ratepayer may hold a majority interest (51%) in the voting rights of the Board either through one or more Board members.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
No. BIAs are established as revenue-neutral programs.
- b) **Is there financial cost or other impacts of not implementing the legislation?**
None. BIAs are established as revenue-neutral programs.
- c) **Does this legislation affect any departments besides the originating department?**
Business Improvement Areas are existing programs within OED and FAS. This legislation was drafted in conjunction with FAS and Law. No other departments are affected.
- d) **Is a public hearing required for this legislation?**
Not applicable.
- e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
Not applicable.
- f) **Does this legislation affect a piece of property?**
Not applicable.
- g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
These policies would result in better outreach and engagement to communities of color conducted by BIA proponents and business district organizations, as well as allowing the City to maximize the effectiveness of BIAs to invest in a wide variety of business district priorities, resulting in enhancing and maintaining inviting and safe neighborhoods and thriving commercial districts. The policies also include revised departmental responsibilities which will allow for clearer communication with communities of color by the City. BIAs are primarily supported in OED through the Only in Seattle Initiative (OIS), which allocates the majority of its funds to supporting commercial districts serving low and moderate income neighborhoods and businesses.
- h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**
Business Improvement Areas are existing programs within OED and FAS. This would not be a new initiative or major programmatic expansion.
- i) **Other Issues:**
None.

List attachments below:

Exhibit A - BIA Proposal – Required Materials and Checklist

EXHIBIT A: BIA PROPOSAL – REQUIRED MATERIALS AND CHECKLIST

Required Materials to Request Creation of a BIA

- Petition packet, which includes
 - a. A description of the boundaries of the proposed area;
 - b. The proposed uses of the BIA funds and their estimated cost;
 - c. The assessment with a breakdown by class
- * **Note:** the petition will need to be reviewed by City staff prior to distribution. Please contact OED to arrange this step.
- Petition Signatures (representing 60 percent or more of assessment)
- One or two maps of the boundaries of the BIA proposal:
 - a. If the proposal is changing an existing BIA, two maps should be prepared. Map 1 showing the current boundary of the BIA area, with a dotted line showing the proposed addition. Map 2 should show the complete boundary as it will be after the modification is approved.
 - b. If the proposal is to create a new BIA exclusively, provide one map of the proposed BIA boundaries including any special benefit zones.
 - c. Do not caption the maps or add anything outside of the rectangular border of the map graphics (such as a distance scale or a north marker). The City will add map titles. See Section 2. Boundaries for further guidance on map specifications.
 - d. An electronic copy of all maps in the original format that can be edited by City staff.
- An electronic spreadsheet of potential ratepayers, indicating for each individual assessment:
 - a. Whether each ratepayer signed the petition
 - b. Addresses, parcel numbers and use of the affected properties and/or other necessary data used to calculate the assessment
 - c. The calculation and amount of each individual assessment
 - d. Names and mailing addresses of ratepayers
- Work plan and proposed budget for the first year of operation
- Completed checklist and narrative below

BIA Petition Checklist and Narrative

Boundaries

- 1) Describe how the boundaries were selected and how services will be distributed within the boundaries. Describe reasoning for excluding particular parcels or portions of parcels. Describe how this is a reasonable area for economic development and/or neighborhood revitalization

Ratepayers and Stakeholders

- 2) Total number of ratepayers _____

Ex A - BIA Proposal – Required Materials and Checklist

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- 3) Who are the ratepayers for this BIA? (See Glossary for definition of ratepayers). Check all that apply and add any additional ones.
 - Property owners, including multifamily residential condo owners, commercial condo owners, multifamily apartment owners, etc.
 - Business owners
 - Others: Please list

- 4) Describe the different “stakeholders” within the district and how they are affected by this BIA. (See Glossary for definition of stakeholder). Are there any stakeholders who are opposed to it?

Assessment and Benefits

- 5) Total annual assessment to be collected \$ _____
- 6) What will be the basis for calculating the assessment? Check all that apply.
 - Total Taxable Value
 - Total Appraised Value
 - Building Square Feet
 - Lot Square Feet
 - Other - If other, please describe the rationale for using a different methodology

- 7) Describe the assessment methodology and rates in detail providing the rationale for choosing the basis used. Show the different classifications of ratepayers, such as residential, commercial, etc., their assessment amounts in total, average and as a percentage of the total. and generally how their assessments relate to the benefits they will receive. A more detailed description of benefits for ratepayer classifications will be provided in question 8.

Example: Note - this is a hypothetical example. The actual classification descriptions, assessment and benefits descriptions for the proposed BIA should be entered.

Taxable property value was selected to determine the base assessment because it is a readily accessible and well maintained source of data and it best reflects the benefits received by the ratepayers within the BIA. Taxable property value reflects differential benefit associated with different land uses, investment value of property within land uses, and economic activity. The base assessment formula is: $\$XX * \text{Total Taxable Value} / \X,XXX

Land square feet is used to determine the Cleaning Area assessment amounts because it relates directly to the cost of cleaning services provided. The Cleaning Area assessment formula is $\$XX * \text{Land Square Feet}$

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The following chart shows actual and average base assessment amounts per ratepayer classification, including caps but not including Cleaning Area assessments.

Ratepayer Classification	Types of Ratepayers	Number of Ratepayers	Total Assessment	Average Assessment Amount	% of Total
Commercial	Office buildings		\$	\$	
	Commercial Parking lots		\$	\$	
Industrial / Warehouse			\$	\$	
Multi-Family Residential and Mixed Use	4-plex buildings		\$	\$	
	Mixed Use		\$	\$	
	Condos		\$	\$	
	Apartments		\$	\$	
Tax Exempt	Churches		\$	\$	
	Nonprofit housing		\$	\$	
	Social services and other		\$	\$	
Government acting as business	(List the agencies)		\$	\$	

8) BIA Proposed Budget

Show the estimated cost for each type of service. The total cost shown should equal total assessments.

Benefit/Service	Cost	% of Budget
Administration	\$XX	X%
District and business marketing	\$XX	X%
Business support and recruitment	\$XX	X%
Community events and festivals	\$XX	X%
Public plaza management	\$XX	X%
Sidewalk and street cleaning	\$XX	X%
Community forums and communication	\$XX	X%
Total (should equal total assessment collected)	\$XX	100%

9) Describe how each ratepayer classification will benefit from the services relative to their assessment. Make a connection between the percentage of costs

Example: Commercial uses represent 60percent of total assessment and will benefit from all services.

Outreach

- 10) Ratepayers representing _____ percent of the total annual assessment signed the petition. (Will be 60 percent or above).

- 11) Please describe how the BIA petition packet, map, work plan and budget were provided to all ratepayers (as defined in the Glossary) and what, if any, feedback was received.

- 12) Describe all of the outreach conducted to determine support for the BIA proposal, including outreach to the different stakeholders, geographic areas, ratepayer classifications, etc. Include dates of group meetings and attendance, number of individual meetings, number of letters mailed, electronic communications, etc. The City's policies require that ratepayers and other identified stakeholders are provided with reasonable notice and opportunity to provide feedback about the proposed BIA.

Glossary

Assessment: A BIA assessment is a fee that each ratepayer pays to support the programs funded by the BIA. The sum of all the individual assessments that ratepayers pay comprise the total yearly assessment of the BIA, and underwrite most, if not all, annual operating expenses. The total yearly assessment is unique to each BIA in Seattle.

Benefit Zone: The City defines benefit zones as identified areas within a BIA that have additional or unique assessments that pay for specific services. For example, many BIAs establish cleaning area zones in which ratepayers pay an additional assessment to receive more cleaning services than are provided to the rest of the BIA area.

BIA: “BIA” is an acronym for Business Improvement Area. A business improvement area is a geographically defined area within the City of Seattle, in which services, activities, and programs are paid for through a special assessment which is charged to all eligible ratepayers within the area with the intention of reasonably distributing the benefits received and the costs incurred to provide the agreed-upon services, activities, and programs.

BIA Notification and Petition Validation Process: Processes in which the City notifies potential ratepayers of the BIA proposal and validates the petitions signed in favor of a BIA proposal. The City’s policy is to send a letter to all potential ratepayers to notify them that the BIA proposal has been submitted to the City. The City also validates all signed petitions that have been submitted by the party or parties requesting to establish the BIA.

Program Manager: the organization that administers the operations of the BIA. The Program Manager is recommended by the Ratepayers Advisory Board to the City. The Ratepayers Advisory Board approves an annual budget for use of BIA generated funds in alignment with the BIA ordinance. The Program Manager administers the funds in accordance with the approved budget through direct expenditures and/or contracts with service providers. The Program Manager’s administration will comply with all applicable provisions of law, with all county and City resolutions and ordinances, and with all regulations lawfully imposed by the state auditor or other state agencies.

Ratepayer: those individuals, organizations or entities that are assessed, i.e. those that receive an assessment bill from the City as a result of establishing the BIA. Individuals, organizations or entities that receive an increase in their lease rates or other contractual agreement with ratepayers as a result of the establishment of the BIA are not, for purposes of City policies, considered ratepayers.

Ratepayers Advisory Board: The City’s policy is to create a Ratepayers Advisory Board to oversee operations of the funds, approve an annual budget for use of BIA generated revenues and recommend a Program Manager; however, the City has sole discretion as to how the revenue derived from the BIA is to be used within the scope of the purposes stated in the BIA ordinance.

Ratepayer Classification: ratepayers that are grouped into a specific category either for purposes of applying a unique assessment rate or formula or for distinguishing a unique type or level of benefit.

Ex A - BIA Proposal – Required Materials and Checklist

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Stakeholder: Individuals, organizations or entities that are located in or have a direct interest in the boundaries of the district. They can be ratepayers or non-ratepayers. They may include, but not be limited to, property owners, businesses, residents, government agencies, nonprofit agencies and other institutions. For example, a district could have the presence of manufacturing businesses, retail and service businesses, a private school, nonprofit service providers, condo associations, residential property owners, commercial property owners, etc.