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117258

Carlton Seu/Nate Van Duzer  
LEG Tourism Improvement Area ORD  
July 21, 2011  
Version #1

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**ORDINANCE**

AN ORDINANCE establishing a Seattle Tourism Business Improvement Area; levying special assessments upon hotel businesses within the area; providing for the deposit of revenues in a special account and expenditures therefrom; providing for collection of and penalties for delinquencies; providing for the establishment of a Ratepayers Advisory Board, and providing for an implementation agreement with a Program Manager.

WHEREAS, RCW 35.87A authorizes the City to establish business improvement areas to provide special benefits to business and property owners within a defined geographic area through the imposition of special assessments; and

WHEREAS, RCW 35.87A.010 provides that such special assessments may be used, among other things, to provide, "the promotion of retail trade" within the defined area; and

WHEREAS, leisure tourism includes both individuals and groups traveling for pleasure, cultural enrichment, exploration and adventure; and

WHEREAS, other West Coast cities such as San Francisco, San Diego, Anaheim and Los Angeles have established dedicated funds for tourism promotion; and

WHEREAS, the State of Washington discontinued all funding for tourism promotion in its 2011-2013 Biennial Operating Budget, making Washington the only state not to appropriate any funds for such a purpose; and

WHEREAS, facing acute budgetary pressure, the City of Seattle reduced general fund support for tourism promotion in the 2011 adopted City budget; and

WHEREAS, the tourism industry is a vital and substantial component of the City's economy and tourism promotion will increase visitors to Seattle and grow the local economy; and

WHEREAS, the hotel businesses located within the area and subject to sixty percent or more of the special assessments levied by this ordinance filed a petition with the City of Seattle to establish a Business Improvement Area (BIA) pursuant to RCW 35.87A, which is filed in C.F. 311423; and

WHEREAS, pursuant to RCW 35.87A.040, the City on July 25, 2011 adopted Resolution 31309 entitled "A RESOLUTION of intention to establish a Seattle Tourism Business Improvement Area and fix a date and place for a hearing thereon," and declaring its intent to establish the same; and



1 WHEREAS, the BIA established herein is for the purpose of providing needed resources to  
2 increase leisure tourism, which will increase hotel occupancy rates among participating  
hotels within the defined area and provide family-wage jobs in the hotel industry; and

3 WHEREAS, the promotion of Seattle to increase leisure tourism will also provide economic  
4 benefit to the retail, restaurant, entertainment and cultural industries that are closely  
5 connected to the hotel industry and critical to the health of Seattle's downtown economy;  
and

6 WHEREAS, as provided by Resolution 31309, the City Council, through its Regional  
7 Development and Sustainability Committee, held a public hearing thereon on August 8,  
2011 at 5:30 p.m. in the City Council Chambers, City Hall, 600 Fourth Avenue, 2nd  
8 Floor, Seattle, Washington; and

9 WHEREAS, the testimony received at that hearing resulted in the Council determining that  
10 establishing a new BIA is in the best interest of the hotel businesses and hotel employees  
within the BIA's boundaries;

11 NOW, THEREFORE,

12  
13 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

14 **Section 1.** Area Established. As authorized by Chapter 35.87A RCW, there is hereby  
15 established a Business Improvement Area ("BIA"), to be known as the "Seattle Tourism  
16 Improvement Area" or "STIA," within the following boundaries as shown on the map attached as  
17 Exhibit "A" (when a street or alley is named, the area boundary is the centerline of the right-of-  
18 way including vacated portions unless otherwise specified in the description):

19 Beginning where Puget Sound meets W. Galer Street, continuing  
20 east as if Galer Street continued to 12th Avenue, south to South  
21 Royal Brougham Way, west as if South Royal Brougham Way  
continued to Puget Sound, continuing along the shore of Puget  
22 Sound to W. Galer Street.

23 In case of a conflict between the description of the area and the map, the map shall  
24 control.

25 **Section 2.** Programs. Special Assessment revenues shall be used solely and exclusively  
26 for domestic and international tourism promotion, advertising, sales and marketing activities  
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1 (including, without limitation, the creation of a standing limited reserve solely to fund any such  
2 activities that arise unexpectedly from year to year) intended to encourage leisure tourism in  
3 Seattle in order to increase area hotel occupancies and for no other purpose. Promotion,  
4 advertising, sales and marketing services include, but are not limited to, strategic planning,  
5 market research, creative development, media placement, sales activities, hosting tourism  
6 industry events relating to promotion and marketing, and administrative and management  
7 support for such services. No funds raised by the special assessment authorized by this ordinance  
8 may be used to take, support or oppose any position taken by any entity in a labor dispute.

9 **Section 3. Levy of Special Assessments.** To finance the programs authorized in Section  
10 2, there is levied upon and shall be collected from the owners of all transient accommodations  
11 ("Ratepayers") with more than 60 rooms located within the boundaries of the Business  
12 Improvement Area described in Section 1, monthly special assessments in an amount equal to \$2  
13 per night per occupied hotel room for each such Ratepayer.

14 The special assessments shall not be imposed on rooms (a) where the occupant has stayed  
15 30 or more days, (b) that are provided by a Ratepayer to guests without charge for promotional  
16 purposes, (c) that are available exclusively to members or guests of members of a private  
17 member-owned club or its reciprocal clubs or (d) that comprise facilities where accommodations  
18 are generally marketed and sold on a per bed, shared room basis (e.g. hostels).

19 **Section 4. Rate Changes.** Changes in the assessment rate shall only be made by  
20 ordinance and as authorized in RCW 35.87A.140 upon the City Council's receipt of a written  
21 request from the Program Manager submitted with the approval of the Ratepayers Advisory  
22 Board and shall not occur more than one time per year.

23 **Section 5. Collection Schedule.** Special assessments for the preceding month shall be  
24 collected on a monthly basis and shall be due on the 10<sup>th</sup> of each month. The Director of Finance  
25 and Administrative Services, or the Director's designee ("Director") may change the billing  
26 frequency by directive to an interval no less frequent than quarterly. A copy of a directive issued  
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1 under this Section shall be mailed to all Ratepayers not less than 90 days before the new billing  
2 cycle is to take effect.

3 **Section 6. Deposit of Revenues.** There is in the City Treasury's Business Improvement  
4 Area Fund, a separate subaccount designated the Seattle Tourism Improvement Area Account  
5 (called "the Account"). The following monies shall be deposited in the Account:

- 6 (a) All revenues from special assessments levied under this ordinance;
- 7 (b) All income to the City from public events financed with special assessments;
- 8 (c) Gifts and donations;
- 9 (d) Interest and all other income from the investment of Account deposits;
- 10 (e) Restitution moneys for expenditures made from the Account; and
- 11 (f) Reimbursements due to the Account.

12 **Section 7. Delinquent Payments.** If an assessment has not been paid within thirty (30)  
13 days after its due date, the Director shall send a reminder notice and add a Five Dollar (\$5.00)  
14 processing fee. If the assessment is not paid within sixty (60) days after its due date, a  
15 delinquency charge shall be added in the amount of ten percent (10%) of the assessment. All  
16 assessments that are not paid within sixty (60) days of the due date shall also bear interest from  
17 the due date at twelve percent (12%) per annum. The Director is authorized to refer any unpaid  
18 assessments to a collection agency or to bring an action to collect any unpaid assessments in any  
19 court of competent jurisdiction in King County.

20 **Section 8. Notices.** Notices of assessment, installment payments, or delinquency, and all  
21 other notices contemplated by this ordinance may be sent by ordinary mail or delivered by the  
22 City to the address shown on the records of the Director, and, if no address is shown there, to the  
23 address shown on the records of the County Assessor. Failure of the Ratepayer to receive any  
24 mailed notice shall not release the Ratepayer from the duty to pay the assessment and any  
25 interest and delinquency charges on the due date.

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1           **Section 9.** Disputes. Any Ratepayer aggrieved by the amount of an assessment or  
2 delinquency charge may on request obtain a meeting with the Director or the Director's designee.  
3 If not satisfied, the Ratepayer may appeal the matter to the City's Hearing Examiner in the  
4 manner provided for a contested case under Chapter 3.02 of the Seattle Municipal Code. The  
5 Ratepayer has the burden of proof to show that the assessment or delinquency fee is incorrect.

6           **Section 10.** Audit. The City may conduct random audits of Ratepayers to ensure that  
7 assessments are being properly calculated and reported.

8           **Section 11.** Expenditures. Expenditures from the Account shall be made upon demand  
9 and presentation of documentation of allowable expenses to the Director by the Program  
10 Manager and shall be used exclusively for the statutory purposes as defined in Section 2,  
11 including the reimbursement of costs reasonably incurred for the benefit of the STIA by the  
12 Ratepayers or the Program Manager in the formation and creation of the STIA and its initial  
13 work program, respectively. Demand for payment and presentation of documentation of  
14 allowable expenses may also be submitted by the Program Manager to the Director on a monthly  
15 basis based on pro rata allocation (1/12) of the annual work plan and budget approved by the  
16 Ratepayers Advisory Board.

17           **Section 12.** Ratepayers Advisory Board. The Director shall appoint an interim  
18 Ratepayers Advisory Board comprised solely of Ratepayers from the Area within thirty days of  
19 the effective date of this ordinance. The Director shall solicit recommendations from the  
20 Ratepayers with the assistance of the then current presidents of the Seattle-King County  
21 Convention and Visitors Bureau and the Seattle Hotel Association, and shall appoint the interim  
22 board solely from that list. Within ninety days of the effective date of this ordinance, the interim  
23 Ratepayers Advisory Board will recommend to the Director a permanent Ratepayers Advisory  
24 Board ("Board") comprised solely of Ratepayers. The Board shall consist of an odd number of  
25 Ratepayers (no less than nine and no more than eleven members) reflecting the diversity of  
26 location, size and type of Ratepayers, whose initial terms shall be for one, two, or three years in  
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1 accordance with bylaws which shall be adopted by the interim Ratepayers Advisory Board.  
2 Individuals serving on the Board must possess the legal authority to represent, and act on behalf  
3 of, their respective hotel properties in all STIA board matters. Subsequent appointments to the  
4 Board shall be made in accordance with bylaws adopted by the Board, subject to review and  
5 approval by the Director to ensure adequate representation of Ratepayers reflecting the diversity  
6 of location, size and type of Ratepayers.

7 The Ratepayers Advisory Board shall be responsible for adopting policy guidelines,  
8 providing advice and consultation to the Department of Finance and Administrative Services  
9 initially, and to the Program Manager, on all matters related to the operation of the program.

10 The Board shall meet at least once quarterly; approve an annual work program and  
11 budget; address and discuss Ratepayer concerns and questions regarding the STIA district and  
12 program; review all reports submitted to the Department by the Program Manager; and sponsor  
13 an annual Ratepayers' meeting.

14 At the annual Ratepayers' meeting, the Board shall submit for approval its proposed work  
15 plan and budget for the next year, and its recommendation regarding whether to continue with  
16 the current Program Manager if the Program Manager's contract is scheduled to expire at the end  
17 of the current year. The work plan, budget, and a decision on the Program Manager contract  
18 must be approved by a vote of the Ratepayers attending the meeting.

19 **Section 13. Administration.** The Director shall administer the program for the City with  
20 authority to:

21 (a) Collect the special assessments; refund special assessments when overpaid or  
22 otherwise improperly collected; extend the deadline for payment and waive delinquency charges  
23 and interest whenever the delinquency results from extenuating circumstances beyond the  
24 Ratepayer's control, such as a casualty loss causing premature closure of the business or  
25 bankruptcy or the total payment due to the City (exclusive of penalty and interest) is Ten Dollars  
26 (\$10.00) or less.



1 (b) Calculate and collect the interest for late payments;

2 (c) After receiving the recommendation of the interim Ratepayers Advisory Board,  
3 execute a program management contract with a Program Manager for a term no less than seven  
4 years;

5 (d) Accept and deposit advance payment of assessments by ratepayers; accept donations  
6 from governmental agencies, the public, and owners and operators of businesses on land that is  
7 developed or redeveloped during the existence of the STIA for STIA programs.

8 **Section 14.** Contract for Program Management. The Director is authorized to contract  
9 with any local non-profit entity experienced in tourism marketing to act as the Program Manager  
10 whose duty shall be to manage the day-to-day operations of the STIA and, after receiving the  
11 approval of the Ratepayers at each annual meeting, to administer the projects and activities. The  
12 entity acting as Program Manager shall have on its governing Board of Directors an advisory  
13 member representing the interests of organized labor within the STIA. It is the intent of the City  
14 Council that the Director contract with the Seattle-King County Convention and Visitors Bureau  
15 as the initial Program Manager. The selection of a Program Manager upon the recommendation  
16 of the Ratepayers Advisory Board acting on behalf of the Ratepayers shall obviate compliance  
17 with the consultant selection procedures of Seattle Municipal Code Chapter 20.50 and Section  
18 20.42.050.

19 **Section 15.** Commencement of Assessments. Assessments shall commence as of  
20 November 1, 2011.

21 **Section 16.** Request to Disestablish. Upon a petition signed by Ratepayers that would  
22 pay sixty percent of the proposed special assessments, the Ratepayers Advisory Board shall  
23 request the City Council to disestablish the STIA in accordance with Chapter 35.87A RCW.

24 **Section 17.** Ratification and Confirmation. The making of contracts and expenditures  
25 and the sending of assessment notices pursuant to the authority and prior to the effective date of  
26 this ordinance are hereby ratified and confirmed.



1           **Section 18.** This ordinance shall take effect and be in force 30 days from and after its  
2 approval by the Mayor, but if not approved and returned by the Mayor within ten days after  
3 presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020:

4           Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2011, and  
5 signed by me in open session in authentication of its passage this  
6 \_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

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Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
Michael McGinn, Mayor

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Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

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\_\_\_\_\_  
City Clerk

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(Seal)

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Exhibit A: Seattle Tourism Improvement Area Map

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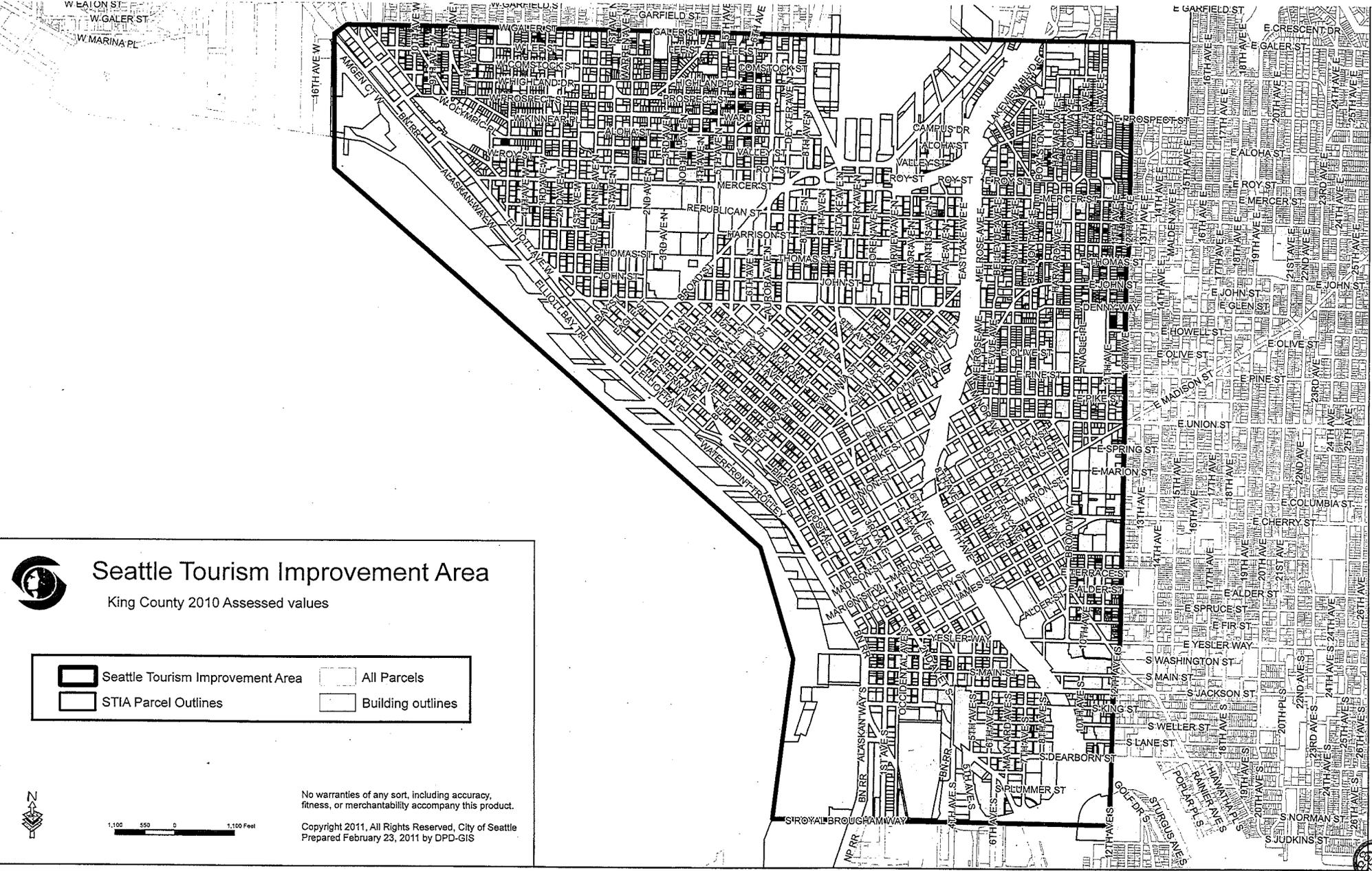
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# Seattle Tourism Improvement Area

King County 2010 Assessed values

	Seattle Tourism Improvement Area		All Parcels
	STIA Parcel Outlines		Building outlines



1,100 550 0 1,100 Feet

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Prepared February 23, 2011 by DPD-GIS



### FISCAL NOTE FOR NON-CAPITAL PROJECTS

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Legislative	Nate Van Duzer/206-233-7801	N/A

**Legislation Title:**

AN ORDINANCE establishing a Seattle Tourism Business Improvement Area; levying special assessments upon hotel businesses within the area; providing for the deposit of revenues in a special account and expenditures therefrom; providing for collection of and penalties for delinquencies; providing for the establishment of a Ratepayers Advisory Board, and providing for an implementation agreement with a Program Manager.

• **Summary of the Legislation:**

This ordinance creates a Tourism Business Improvement Area as allowed under RCW 35.87A to be known as the Seattle Tourism Improvement Area (STIA). Hotels over 60 rooms in size within the geographic boundaries shown in Exhibit A will include a \$2 per occupied room per night surcharge to guests. The purpose of the funds collected will be to pay for promotion and marketing activities intended to increase hotel occupancy within the boundaries of the STIA. The City would contract with a Program Manager to administer these activities. The STIA's Program Manager will be overseen by a Ratepayer Advisory Board, which would be broadly representative of the ratepayers in the area covered by the improvement district.

• **Background:**

This ordinance is the final piece of legislation that must be prepared, per RCW 35.87A, to establish a Tourism Business Improvement Area to be known as the Seattle Tourism Improvement Area (STIA). The City has passed a resolution to initiate the formation of the STIA along with the passage of a resolution of intent that included the time, date and location of a public hearing. After the public hearing, the Council agreed to go forward with this ordinance that will impose a special assessment on hotel properties within the STIA boundaries as shown in Exhibit A.

A proposal was put together by Seattle's Convention and Visitors Bureau, with the support of the Seattle Hotel Association, to create the Seattle Tourism Improvement Area (STIA). These organizations worked to collect signatures for a petition to form a business improvement area that will allow for the promotion and marketing of leisure tourism in Seattle, with the goal of increasing hotel occupancy. The petitioning effort resulted in a 77% show of support by 41 of the 53 affected hotel property owners. This exceeds the required demonstration of 60% financial support from the responsible ratepayers.

- *Please check one of the following:*



**This legislation does not have any financial implications.** (Stop here and delete the remainder of this document prior to saving and printing.)

  X   **This legislation has financial implications.** (Please complete all relevant sections that follow.)

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:** This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Fund Name and Number	Department	Revenue Source	2011 Revenue	2012 Revenue
198XX Seattle Tourism Improvement Area	Finance and Administrative Services	Ratepayer Assessments	\$1,000,000.00	\$6,000,000.00
<b>TOTAL</b>			<b>\$1,000,000.00</b>	<b>\$6,000,000.00</b>

**Notes:** In the first year, the special assessment will provide approximately \$1,000,000.00 in revenue for leisure tourism promotion and marketing costs of the STIA. Finance and Administrative Services (FAS) would collect the assessments from the ratepayers, but the funds would then be kept by FAS only for reimbursement to the Seattle Tourism Improvement Area.

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE**

**Impact:** This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/Full Time	2011 Positions	2011 FTE	2012 Positions**	2012 FTE**
<b>TOTAL</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* List each position separately

\*\* 2011 positions and FTE are total 2012 position changes resulting from this legislation, not incremental changes. Therefore, under 2012, please be sure to include any continuing positions from 2011

**Notes:** Discussions with FAS indicate that existing staff resources can handle any administrative functions related to the STIA necessary for the City to perform.

- **Do positions sunset in the future?** (If yes, identify sunset date):

Not applicable.



**Spending/Cash Flow:** *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name and Number	Department	Budget Control Level*	2011 Expenditures	2012 Anticipated Expenditures
198XX Seattle Tourism Improvement Area	Finance and Administrative Services	Not applicable.	\$1,000,000.00	\$6,000,000.00
<b>TOTAL</b>			<b>\$1,000,000.00</b>	<b>\$6,000,000.00</b>

\* See budget book to obtain the appropriate Budget Control Level for your department.

**Notes:** Again, FAS would collect the assessments from the ratepayers, but the funds would then be kept by FAS only for reimbursement to the Seattle Tourism Improvement Area, which would actually administer the staffing, projects and other costs associated with the STIA.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other costs if the legislation is not implemented.)*

None. The STIA is established as a revenue-neutral program.

**What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

None. Improvement area services are in addition to, and not a replacement of, basic City services, and are funded by assessments on the properties that benefit from the services. If the legislation is not passed, the services under the improvement area will not be provided.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s).)*  
No

- **Other Issues** *(including long-term implications of the legislation):* None.

**Please list attachments to the fiscal note below:**

