



City of Seattle
Office of Economic Development

Memo

Date: July 3, 2012

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Richard Conlin
Councilmember Jean Godden

CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, Director, Office of Economic Development

Re: 2012 Business Improvement Area Work Plan Update

The City of Seattle has approved eight existing Business Improvement Areas (BIAs) all which vary widely in terms of organizational structure, assessment rationale and formula, services and budgets. BIAs are funding mechanisms for business district revitalization and management. Specifically, the mechanism is an assessment collected from businesses and/or properties within defined boundaries. The funds collected are used to provide services for the mutual benefit of the businesses and properties being assessed. BIA technical assistance and support is an integral part of the Office of Economic Development's (OED) Only in Seattle (OIS) business revitalization program. OIS is structured around the basic premise that business districts benefit most from comprehensive approaches that work simultaneously in the following strategy areas:

- Business Organization
- Business and Retail Development
- Safety and Cleanliness
- Marketing and Promotion
- Appearance and Pedestrian Environment

The formation of a BIA is an integral part of sustaining organizational and financial progress and viability.

2012 BIA Work Plan

OED assists neighborhood business districts in creating and/or modifying existing BIAs in conjunction with the Department of Finance and Administrative Services (FAS) in five primary areas:

- BIA Concept Orientation
- Complete BIA Development
- BIA Formation Follow-through

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- Existing BIA Modifications
- Ad-Hoc BIA Research and Assistance

In 2012, this assistance has translated into funding work in seven neighborhood business district including starting BIA formation processes in four new neighborhoods. Below is a breakdown of the 2012 scope of work:

- **BIA Concept Orientation** – Madison Valley Merchants Association
- **Complete BIA Development** – SoDo Business Association, Belltown Business Association, Ballard Chamber of Commerce
- **Existing BIA Modification** – Broadway BIA, Pioneer Square BIA
- **Ad-Hoc BIA Research** – West Seattle Junction BIA

Current BIA Formation/Amendment Efforts and Timeline – OED Funded

Belltown — The Belltown Business Association will negotiate with the Metropolitan Improvement District (MID) on a customized, tailor-made program for Belltown. There is also some discussion of creating a business-based BIA on top of the MID. **OED anticipates this being a major priority over the next year.**

Pioneer Square BIA — The BIA is considering major changes to BIA ordinance, including expanded boundaries and changing the assessment methodology to business square footage (rather than the current gross revenue). **Current plans hope to have petitions to FAS by October 2012 in order to launch Council process at the first of the year.**

SoDo — SoDo Business Association is working toward a BIA proposal. Major property owners (north of Spokane) are active in this effort. Program and budget concepts are in place. Outreach is ready to begin. **Current plans hope to have petitions to FAS by October 2012 in order to launch Council process at the first of the year.**

Broadway BIA — The BIA is considering expanding boundary to produce 10% increase in budget and are planning to launch this discussion at the BIA annual meeting in July. **There is preliminary talk of approaching the City by fall 2012.**

Ballard — A work group comprised of business and property owners, the Ballard Chamber of Commerce and the InBallard Merchants is beginning talks on BIA feasibility in their business district. **It is unlikely that any formal request will come to the City in 2012.**

Madison Valley — The Madison Valley Merchants Association have quickly come to together and launched a BIA feasibility process. Although, this efforts has the potential of materializing quickly **it is unlikely that a formal request will come to the City in 2012.**

West Seattle Junction BIA — The BIA is considering several amendments to their ordinance to include food trucks; eliminate phase-in of BIA Assessment for new businesses; eliminate BIA exemption for businesses with less than \$100,000 in gross revenue; and establish new rates. Expected pace of progress is uncertain. **No action is likely in 2012.**

Other BIA Activity- Not funded by OED

Metropolitan Improvement District — The MID is aiming to have petitions delivered to the City early in 2013. Need new ordinance in place by **6/30/13**.

Chinatown/International District BIA — The BIA is considering better inventory and/or new rates to produce 10% increase in budget. **Major progress is unlikely before 2013.**

Jackson Street Business Association — Solid process complete, many petitions signed, but stuck with decline to sign by Promenade 23 owner. Local organizers are considering options.

23rd & East Union — Solid process complete, many petitions signed, but stuck with 1-2 key property owners. Local organizers are considering re-launching petitions with a lower rate.

Lake City — Local organizing is long stagnated. There is talk of possible 2013 re-initiation.

Specific Project Highlights

OED has identified three project highlights and program needs to consider in the coming months.

- 1) **Belltown Business Association (BBA) and Metropolitan Improvement District Integration (MID)** – In June, the BBA Board of Directors agreed to enter into negotiations with the MID on a customized, tailor-made program for Belltown. This is the outcome of a thorough process conducted by a BBA Feasibility Study Work Group and led by OED Consultant Brian Scott over the past few months. Since BIAs, including MID, depend on property ratepayer assessments, there is a need for equity in assessing Belltown's mix of commercial, residential, and social services. This work will take place over the next 8 to 12 months and will require significant staff and resource support. As we enter into budget deliberations for 2013, OED will consider how and where to best spend OIS program budget resources given the complexity of this work and the growing demand in other business districts.
- 2) **Coordination with Finance and Administrative Services (FAS) on Data** – As our BIA portfolio grows the City will need to figure out a more streamlined approach on how make data available to business districts looking to amend or complete their BIA assessment. Current assessments are either directed at property or business owners. Under the business owner assessment model it is often challenging for business districts to acquire the required data necessary to best inform their process. Many look to base assessment on gross sales based on B&O reporting. This triggers disclosure laws as much of this information is proprietary. We will work with FAS to identify ways to enhance infrastructure as we expect and hope continued BIA formation and expansion.
- 3) **BIA Formation as a Sustainable Funding Tool** – Over the last years, there has been an inherent shift in BIA organizational thinking away from solely functioning as a maintenance and funding tool. More and more, BIAs are now functioning as an integrated organizational tool, which can actively promote and influence business district revitalization. As demand for the OIS program grows and we look at potentially doubling the number of operating BIAs over the next two years, OED will need to discuss how to best align its resources given the current budget challenges. As a City, OED believes that there is great potential in coordinating our neighborhood business district-based capital improvement projects with BIA work and planning.