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Teri Allen / Martha Lester
FAS MID DBIA Correction ORD
July 16, 2013
Version #4

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117840

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AN ORDINANCE relating to the Downtown Parking and Business Improvement Area (known as the Metropolitan Improvement District); amending Ordinance 124175 to correct a technical error in the special assessment rate schedule; and ratifying and confirming certain prior acts.

WHEREAS, earlier this year ratepayers representing over 62% of the total assessments expressed their support by petition to establish a new and expanded Downtown Parking and Business Improvement Area, commonly known as the Metropolitan Improvement District (MID); and

WHEREAS, on May 6, 2013, the City Council passed Ordinance 124175, which established the new and expanded MID; and

WHEREAS, Ordinance 124175 contained a drafting error in failing to state the legislative intent in subsection 6.C that the Building Square Footage Ceiling applies only to a parcel for which the Floor Area Ratio is greater than 0.5; and

WHEREAS, the MID Building Square Footage Ceiling has been limited to properties with a Floor Area Ratio greater than 0.5 since the MID was first created in 1999, and the MID Renewal Committee intended for this limitation to continue into the new MID and it was included in the 2013 MID Business Plan; and

WHEREAS, the estimated 2013 – 2014 MID assessments were calculated with the Building Square Footage Ceiling limited to properties with a Floor Area Ratio greater than 0.5, and these estimates were sent to all prospective MID Ratepayers along with MID petitions for their signature; and

WHEREAS, the MID, in planning its services and budget, used the estimated MID assessment of approximately \$7,599,000 for the 2013/2014 billing period, which is based upon the Building Square Footage Ceiling calculation being limited to properties with a Floor Area Ratio greater than 0.5; and

WHEREAS, Ordinance 124175 also reflected a drafting error in the description of the MID assessment rate for the parcel that includes Rainier Plaza and the Fairmont Olympic Hotel;
NOW, THEREFORE,

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

2 **Section 1.** Subsection 6.C of Ordinance 124175 is amended as follows:

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4 Section 6. Levy of Special Assessments. To finance the programs authorized in Section 5,
5 there is proposed to be levied upon and shall be collected from the operators of business property,
6 multi-family residential property (buildings containing four or more residential units), and mixed-use
7 property (multi-family residential and commercial) located within the boundaries of the MID
8 described in Section 4, a ten-year special assessment. Ratepayers will be assessed by the City for ten
9 annual installments beginning with the base year of the authorization (2013-2014), by applying an
10 assessment rate to each ratepayer as described below:
11

12 A. Base Year Assessment = $(\$0.32 \times \text{Land Square Footage}) + (\$0.37 \times (\text{Total Taxable Value}$
13 $(\text{Land} + \text{Improvements})/\$1,000)$. This calculation is called the "Base Formula." Records for
14 the initial assessment calculation are based on information provided by the King County
15 Assessor's office for the year 2012. Modifications or limitations to the Base Year
Assessments are described below.

16 B. TAV Ceiling. No Base Year Assessment for any individual parcel shall exceed an amount
17 equal to $(\$1.84 \times (\text{Total Appraised Value}/\$1,000))$. This rate is called the "TAV Ceiling."

18 C. Building Square Footage Ceiling. ~~((No Base Year Assessment for))~~ For any individual
19 parcel for which the Floor Area Ratio (FAR = Net Building Square Footage / Land Square
20 Footage) is greater than 0.5, no Base Year Assessment shall exceed an amount equal to
21 $(\$0.17 \times \text{Net Building Square Footage})$. This rate is called the "Building Square Footage
Ceiling."

22 * * *

23 **Section 2.** Subsection 6.E.4.d.vii of Ordinance 124175 is amended as follows:

24 * * *

25 E. If the Total Appraised Value and Total Taxable Value in the King County Assessor's
26 records are not equal, then using the King County Assessor's notations about "Tax Value
Reason" (TVR), nonprofit rates or other special criteria may apply under the following rules:

- 1 1. If TVR is "OP" (Operating Property), then use Appraised Value.
- 2 2. If TVR is "HP" (Historic Property), then use Taxable Value.
- 3 3. If TVR is "NP" (Nonprofit Org.), then use Taxable Value and calculate the Base
- 4 Year Assessment as 25% of the Base Formula. 25% of the Base Formula is called the
- 5 Nonprofit Rate.
- 6 4. If TVR is "EX" or "MX" (Exempt from Taxes), then review the property in detail,
- 7 and:
 - 8 a. If the property is owned and operated by a governmental organization, it is
 - 9 exempt from mandatory MID assessment.
 - 10 b. If the property is owned and operated by a nonprofit organization, the
 - 11 Base Year Assessment is calculated using Taxable Value and the Nonprofit
 - 12 Rate.
 - 13 c. If the property is owned by a for profit organization, the Base Year
 - 14 Assessment is calculated using Appraised Value.
 - 15 d. For the following properties, special circumstances require assessment
 - 16 calculations reflecting the unique nature of the ownership and use for each
 - 17 property.
 - 18 i. For 2821 Alaskan Way and related overwater parcels, known as
 - 19 Pier 70 Ainsworth & Dunn Wharf:
 - 20 a. PIN#7666202292 is exempt;
 - 21 b. PIN#7666202290 will be assessed normally.
 - 22 ii. For 2411 Alaskan Way and related overwater parcels, known as
 - 23 Edgewater Inn:
 - 24 a. PIN#7666202310 will be assessed normally;
 - 25 b. PIN#7666202312 is exempt;
 - 26 c. PIN#7666202315 is exempt;
 - 27 d. PIN#7666202317 is exempt.
 - 28 iii. For 1515 Alaskan Way and related overwater parcels, known as
 - Pier 59 Seattle Aquarium:
 - a. PIN#7666202420 will be assessed at the nonprofit rate;
 - b. PIN#7666202422 is exempt.

1 iv. For 1301 Alaskan Way and related overwater parcels, known as
2 Pier 57 Bay Pavilion:

- 3 a. PIN#7666202433 is exempt;
4 b. PIN#7666202435 will be assessed normally.

5 v. For 1201 Alaskan Way and related overwater parcels, known as
6 Piers 55 & 56:

- 7 a. PIN#7666202485 will be assessed normally;
8 b. PIN#7666202487 is exempt.

9 vi. For 1003 Alaskan Way and related overwater parcels, known as
10 Pier 54 Ivars Acres of Clams:

- 11 a. PIN#7666202495 will be assessed normally;
12 b. PIN#7666202497 is exempt.

13 vii. 1301 Fifth Avenue (King County PIN#0002400003), known as
14 RAINIER PLAZA FAIRMONT OLYMPIC HOTEL; the Fairmont
15 Olympic Hotel will be assessed at 450 rooms multiplied by the Hotel
16 Room Ceiling (initially \$80/room/year and subject to the Inflationary
17 Factor according to the provisions of this ordinance); Rainier Plaza
18 will be assessed at \$0.0875/Net Building Square Foot, and this rate
19 will increase at the same Inflationary Factor as applied other
20 properties according to this ordinance.

21 viii. For 1326 Fifth Avenue and related parcels (King County
22 PIN#0002400002), known as SKINNER-IBM-WASH-COBB-FIN-
23 BLDS:

- 24 a. COBB BLDG - RENOVATION TO APTS; SKINNER
25 BLDG; FINANCIAL TOWER; I B M BLDG; PUGET
26 SOUND PLAZA will be assessed at \$0.0875/Net Building
27 Square Foot. This rate will increase at the same Inflationary
28 Factor as applied other properties according to this ordinance.

ix. For 1415 Seneca Street (King County PIN#0942000170), known
as Olympic Hotel Parking Garage the assessment will be calculated
using Total Appraised Value (TAV) instead of Total Taxable Value in
the Base Formula.

5. If TVR is blank, then use Taxable Value.

Section 3. Ratify and Confirm: Any act consistent with the authority of this ordinance and prior to its effective date is ratified and confirmed.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its passage this ____ day of _____, 2013.

President _____ of the City Council

Approved by me this ____ day of _____, 2013.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Finance and Administrative Services	Teri Allen/684-5226	Jennifer Devore/615-1328

Legislation Title:

AN ORDINANCE relating to the Downtown Parking and Business Improvement Area (known as the Metropolitan Improvement District); amending Ordinance 124175 to correct a technical error in the special assessment rate schedule; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This ordinance corrects technical errors in Ordinance 124175, which was passed by City Council on May 6, 2013, establishing the ten-year Downtown Parking and Business Improvement Area to be known as the Metropolitan Improvement District (MID). First, Section 6.C contained an inadvertent omission of the intended provision that the Building Square Footage Ceiling applies only to a parcel for which the Floor Area Ratio is greater than 0.5. Second, Subsection 6.E.4.d.vii reflected a drafting error in the description of the MID assessment rate for the parcel that includes Rainier Plaza and the Fairmont Olympic Hotel. The correct versions of these assessment rates were included as part of the Fiscal Note for Ordinance 124175.

Background:

Ordinance 124175 established a ten-year Downtown Parking and Business Improvement Area to be known as the Metropolitan Improvement District (MID). To pay for MID programs and services, Ordinance 124175 included the provision for levying special assessments upon operators of the business property, multi-family residential property (buildings containing four or more residential units), and mixed-use property (multi-family residential and commercial) within the area. Included in Section 6 of Ordinance 124175 is the assessment methodology to be applied to each ratepayer. In drafting Ordinance 124175, a phrase was inadvertently omitted from Subsection C that limits the application of the Building Square Footage Ceiling **only** to a parcel with the Floor Area Ratio greater than 0.5.

This provision has historically been in place for the Downtown Parking and Business Improvement Area for the past 15 years. It was utilized in the calculation presenting the estimated assessment amount on each petition sent to the ratepayers, and the projected revenue and cash flow totals included in the fiscal note to Ordinance 124175 were predicated on the assumption that this provision was included in the Ordinance 124175. The estimated MID revenues and program budgets presented to City Council and to ratepayers assumed this provision would be included in the new MID ordinance, and therefore this correcting ordinance has no additional financial implications.

In addition, Ordinance 124175 reflected a drafting error in the description of the MID assessment rate for the parcel that includes Rainier Plaza and the Fairmont Olympic Hotel. This bill corrects that error.

 X **This legislation does not have any financial implications.**

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
No.

b) **What is the financial cost of not implementing the legislation?**
None to the City. If the correction to establish MID assessments as originally planned is not passed, total MID assessment revenue will be lower than budgeted and MID programs will have to be cut back.

c) **Does this legislation affect any departments besides the originating department?**
No.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
None. The required correction to Ordinance 124175 must be passed by a subsequent ordinance and cannot legally be addressed administratively.

e) **Is a public hearing required for this legislation?** No.

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** No.

g) **Does this legislation affect a piece of property?** Yes.

h) **Other Issues:** None.

List attachments to the fiscal note below: None