Teri Allen
FAS MID DBIA Initiation RES
March 7, 2013
Version #5

CITY OF SEATTLE

RESOLUTION 31436

A RESOLUTION to initiate a Downtown Parking and Business Improvement Area.

WHEREAS, the operators of businesses, multi-family residential, or mixed use properties that are subject to sixty percent or more of the special assessments that would be assessed upon the establishment of a Business Improvement Area filed a petition with The City of Seattle pursuant to Chapter 35.87A RCW, and said petition is filed in C.F. 312838; and

WHEREAS, upon reviewing the petition, the City Council determined it is in the best interests of the City to proceed, as permitted by Chapter 35.87A.030, under the Resolution method of creating a new and expanded Downtown Parking and Business Improvement Area instead of the petition method; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The City Council of The City of Seattle declares its intention to establish a Downtown Parking and Business Improvement Area in accordance with Chapter 35.87A RCW to be known as the Metropolitan Improvement District ("MID").

Section 2. The MID shall be within the following boundaries as shown on the map attached as Exhibit "A" (when a street or alley is named, the area boundary is the centerline of the right-of-way including vacated portions unless otherwise specified in the description): From the corner of Elliott Avenue and Denny Way, proceed west to Elliott Bay; then proceed south along the waterfront to Alaskan Way and Broad Street; then proceed south along Alaskan Way, including the piers, to South King Street; then proceed east on South King Street to Railroad Way South; then proceed southeast along Railroad Way South to 1st Avenue South; then

proceed east along southern boundary of parcel number 7666206851 to Occidental Avenue South; then proceed north on Occidental Avenue South to South King Street; then proceed east on South King Street, including properties on the south side of South King Street, to 4th Avenue South; then proceed north on 4th Avenue South to South Washington Street; then proceed east on South Washington Street to 6th Avenue South; then proceed north along 6th Avenue South and 6th Avenue to Marion Street; then proceed north along Interstate-5 to Denny Way; then proceed west along Denny Way to Elliott Avenue. In case of a conflict between the description of the area and the map, the description shall control.

Section 3. Programs. Special Assessment revenues shall be used for the following component programs:

1. Clean Services
2. Safety Outreach and Hospitality
3. Marketing and Communications Services
4. Businesses Development and Market Research Services
5. Transit, Bike and Parking Services
6. Management

The listing of services is illustrative and not exclusive. All such activities are supplemental to street maintenance and law enforcement provided by the City and are not intended to displace any services regularly provided by municipal government. The total estimated cost for these services over the ten-year special assessment period is $89,000,000.

Section 4. Ratepayers Advisory Board. There shall be an advisory board whose membership is comprised of Ratepayers representative of the variety of locations, sizes and classifications of Ratepayers in the District.

Section 5. To finance the programs authorized in Section 3, there is proposed to be levied upon and shall be collected from the operators of business property, multi-family residential property (buildings containing four or more residential units), and mixed-use property (multi-family residential and commercial) located within the boundaries of the MID described in Section 2, a ten-year special assessment. Ratepayers will be assessed by the City for ten annual installments beginning with the base year of the authorization (2013-2014), by applying an assessment rate to each ratepayer as described below:

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

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

C. Building Square Footage Ceiling. No Base Year Assessment for any individual parcel shall exceed an amount equal to ($0.17 x Net Building Square Footage). This rate is called the "Building Square Footage Ceiling."

D. Special Assessment Ceiling Rate. For the following special classifications of Ratepayers (using King County Assessor's Present Use Code), a Special Assessment Ceiling Rate as set forth below shall be applied to the Base Year Assessment:

1. Hotel Room Ceiling: $80 per room

2. Residential Unit Ceiling: $125 per unit. This ceiling applies equally to owned (i.e., condominium) and to rental (i.e., apartment) units.

3. Surface Parking Ceiling: ($0.70 x (Total Appraised Value/$1,000))

E. If the Total Appraised Value and Total Taxable Value in the King County Assessor's 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. If TVR is "OP" (Operating Property), then use Appraised Value.

2. If TVR is "HP" (Historic Property), then use Taxable Value.

3. If TVR is "NP" (Nonprofit Org.), then use Taxable Value and calculate the Base Year Assessment as 25% of the Base Formula. 25% of the Base Formula is called the Nonprofit Rate.

4. If TVR is "EX" or "MX" (Exempt from Taxes), then review the property in detail, and:

a. If the property is owned and operated by a governmental organization, it is exempt from mandatory MID assessment.

b. If the property is owned and operated by a nonprofit organization, the Base Year Assessment is calculated using Taxable Value and the Nonprofit Rate.

c. If the property is owned by a for profit organization, the Base Year Assessment is calculated using Appraised Value.

d. For the following properties, special circumstances require assessment calculations reflecting the unique nature of the ownership and use for each property.

i. For 2821 Alaskan Way and related overwater parcels, known as Pier 70 Ainsworth & Dunn Wharf:

a. PIN#7666202292 is exempt;
b. PIN#7666202290 will be assessed normally.

ii. For 2411 Alaskan Way and related overwater parcels, known as Edgewater Inn:

a. PIN#7666202310 will be assessed normally;
b. PIN#7666202312 is exempt;
c. PIN#7666202315 is exempt;
d. PIN#7666202317 is exempt.

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.

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

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

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

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

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

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

vii. 1301 Fifth Avenue (King County PIN#0002400003), known as RAINIER PLAZA FAIRMONT OLYMPIC HOTEL will be assessed at 450 rooms multiplied by the Hotel Room Ceiling (initially $80/room/year and subject to the Inflationary Factor according to the provisions of this ordinance).

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

a. COBB BLDG - RENOVATION TO APTS; SKINNER BLDG; FINANCIAL TOWER; I B M BLDG; PUGET SOUND PLAZA will be assessed at $0.0875/Net Building Square Foot. This rate will increase at the same Inflationary 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.

F. When more than one Assessment Ceiling Rate applies to a single parcel, Ratepayers shall pay the lesser of the applicable Assessment Ceilings.

G. Properties owned by governmental entities and public utilities will not be assessed except as provided in subsection E.4.

H. To maintain the current level of services and benefits provided by MID, annual assessment rate increases shall be applied consistent with this subsection.

1. Assessments in the second and third assessment years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the first assessment year. In the fourth assessment year (2016-2017), the Base Formula shall be calculated using the most recent Total Appraised Value, Total Taxable Value, Land Square Footage, Net Building Square Footage, and other information from the King County Assessor's Office, or the commensurate values from the first assessment year, whichever is greater. Assessments in the fifth and sixth assessment years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the fourth assessment year. In the seventh assessment year (2019-2020), the Base Formula shall be calculated using the most recent Total Appraised Value, Total Taxable Value, Land Square Footage, Net Building Square Footage, and other information from the King County Assessor's Office, or the commensurate values from the first or fourth assessment years, whichever is greater. Assessments in the eighth, ninth, and tenth assessment years, as

adjusted pursuant to this subsection, shall be based upon the same property values as in the seventh assessment year.

2. After the first assessment year, the Land Square Footage rate, and the ceilings for TAV, Building Square Footage, Hotel Room, and Residential Unit rates shall be adjusted by an Inflationary Factor, which will be equal to the change in the annual Consumer Price Index for All Urban Consumers in Seattle – Tacoma – Bremerton ("CPI"), or three percent per year, whichever is less, subject to the following conditions:

a. Second Assessment Year (2014 – 2015): The Inflationary Factor will be calculated using the change in the annual CPI from 2012 to 2013.

b. Third Assessment Year (2015 – 2016): The Inflationary Factor will be calculated using the change in the annual CPI from 2013 to 2014.

c. Fourth Assessment Year (2016 – 2017): The Inflationary Factor will be calculated using the change in the annual CPI from 2014 to 2015.

d. Fifth Assessment Year (2017 – 2018): The Inflationary Factor will be calculated using the change in the annual CPI from 2015 to 2016.

e. Sixth Assessment Year (2018 – 2019): The Inflationary Factor will be calculated using the change in the annual CPI from 2016 to 2017.

f. Seventh Assessment Year (2019 – 2020): The Inflationary Factor will be calculated using the change in the annual CPI from 2017 to 2018.

g. Eighth Assessment Year (2020 – 2021): The Inflationary Factor will be calculated using the change in the annual CPI from 2018 to 2019.

h. Ninth Assessment Year (2021 – 2022): The Inflationary Factor will be calculated using the change in the annual CPI from 2019 – 2020.

i. Tenth Assessment Year (2022 – 2023): The Inflationary Factor will be calculated using the change in the annual CPI from 2020 to 2021.

3. Notwithstanding the provisions of subsection H.2, the following shall apply:

a. The Base Formula rate for the Total Taxable Value portion of the calculation will not exceed $0.37.

b. The Base Formula rate for the Land Square Footage portion of the calculation will not exceed $0.32 x the cumulative Inflationary Factor.

c. The TAV Ceiling rate will not exceed $1.84 x the cumulative Inflationary Factor.

d. The Building Square Footage Ceiling rate will not exceed $0.17 x the cumulative Inflationary Factor.

e. The Hotel Room Ceiling rate will not exceed $80 x the cumulative Inflationary Factor.

f. The Residential Unit Ceiling rate will not exceed $125 x the cumulative Inflationary Factor.

g. The Surface Parking Ceiling rate will not exceed $0.70.

h. In applying annual rate increases to Ratepayers' assessments, any revisions to Base Formula and assessment ceiling rates will be rounded to the nearest one-hundredth of one cent ($0.0001).

4. "New benefit areas" shall be added to the assessment roll on an annual basis, as follows. A "new benefit area" is created when a parcel's net building square footage increases as a result of either a new building or expansion of an existing building. A new benefit area shall be added to the MID assessment roll as of July 1 if its value has been added to the King County Assessor assessment roll during the preceding year. The new benefit area shall be assessed according to the Base Formula factors and Assessment Ceiling rates in effect during the assessment year.

Adopted by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its adoption this_____ day of _____, 2013.

_____

President _____of the City Council

THE MAYOR CONCURRING:

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

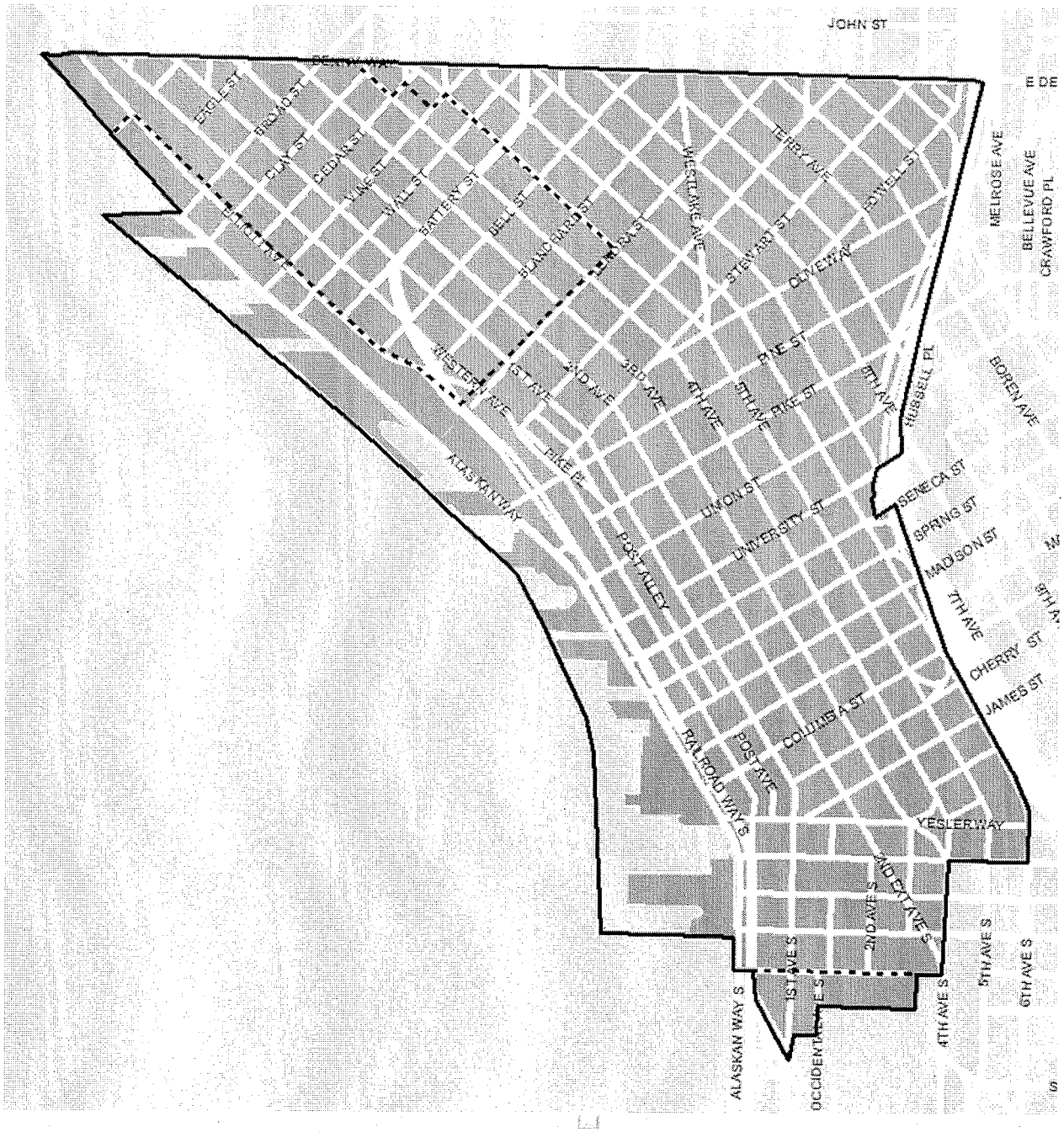
Monica Martinez Simmons, City Clerk

(Seal)

Exhibit A: Metropolitan Improvement District – Service Area

Boundaries

EXHIBIT A. Metropolitan Improvement District — Service Area



The renewed and expanded Metropolitan Improvement District will cover the area generally between Elliott Bay and Interstate-5, and between Denny Way and the sports stadiums to the south.

Form revised: December 12, 2012

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: A RESOLUTION to initiate a Downtown Parking and Business Improvement Area.

Summary of the Legislation:
This Resolution is the first of two similar resolutions that must be prepared, per RCW 35.87A, to form a new and expanded Downtown Parking and Business Improvement Area to be known as the Metropolitan Improvement District (MID). The second resolution will set a public hearing date and location. After the public hearing has taken place, the Council may introduce an ordinance to create the new MID.

Background:
The existing MID, which was established in 2004, expires on June 30, 2014. A proposal was developed by the MID's Ratepayer Advisory Board recommending the continuation and expansion of the current MID. The Board developed a proposal that they believe to be efficient, accountable, and responsive to the area's needs. The Board collected signatures for a petition to form a Business Improvement Area that will allow for the implementation of the MID business plan that would include the following program components:

1. Clean Services
2. Safety Outreach and Hospitality
3. Marketing and Communications Services
4. Businesses Development and Market Research Services
5. Transit, Bike and Parking Services
6. Management

The petitioning effort resulted in an approximate 62% show of support by more than 500 of the affected ratepayers. This exceeds the required demonstration of 60% financial support from the responsible ratepayers.

The MID is expected to be funded by a special assessment levied on operators of businesses, multi-family residential, or mixed use properties within its boundaries. The new MID will be overseen by a Ratepayer Advisory Board, which would be broadly representative of the ratepayers in the area covered by the improvement district.

Please check one of the following:

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

__X__ **This legislation has financial implications.**

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

Appropriations Notes: No appropriation authority is required to expend these funds.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
19855 Metropolitan Improvement District	Finance and Administrative Services	Ratepayer Assessments	$ 3,830,000	$ 7,780,000
TOTAL			**$ 3,830,000**	**$ 7,780,000**

Revenue/Reimbursement Notes: The 2013 revenue amount represents ratepayer assessment collections for six months (July through December).

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

Position Notes:

Do positions sunset in the future? Not applicable.

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
19855 Metropolitan Improvement Area	Finance and Administrative Services	Not applicable	$ 3,830,000	$ 7,780,000
TOTAL			**$ 3,830,000**	**$ 7,780,000**

Spending/Cash Flow Notes: The Department of Finance and Administrative Services will collect the MID's assessments from its ratepayers. FAS would then hold the funds solely for the purpose of reimbursing the Metropolitan Improvement District, which would actually administer staffing, projects, and other costs associated with the MID.

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. The MID is established as a revenue-neutral program.

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. 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.

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:

Exhibit A: Proposed Metropolitan Improvement District – Service Area

City of Seattle
Office of the Mayor

March 5, 2013

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Resolution that will initiate the process to establish a Downtown Parking and Business Improvement Area (BIA) that will be known as the Metropolitan Improvement District (MID). The existing MID, which was established in 2004, expires on June 30, 2014. Over the past several months, a proposal was developed by the MID's Ratepayer Advisory Board and business owners to renew and expand the current business improvement area. A recent petitioning effort resulted in a 62 percent show of financial support of the proposal by operators of the business, multi-family residential (buildings containing four or more residential units), and mixed-use (multi-family residential and commercial) property operators, exceeding the required demonstration of 60 percent in financial support from the responsible ratepayers. The formation of an expanded MID will continue the excellent work currently done by the MID by bringing high-quality services to a larger portion of the downtown community.

Subsequent to the passage of this initiation Resolution by the City Council, a second Resolution will follow, declaring the date, time and location of a public hearing. That second Resolution will show how the MID will be funded by a special assessment levied on operators of business, multi-family residential, and mixed-use properties, with inflationary increases to allow for consistent levels of service in future years. The expanded MID will continue to be overseen by a Ratepayer Advisory Board, which will be broadly representative of the ratepayers within the improvement area.

In light of the strong ratepayer response to the petition to form the new MID, we anticipate ratepayers will support the Council action. Thank you for your consideration of this legislation. Should you have questions, please contact Teri Allen at 684-5226, or Fred Podesta at 386-0041.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov