



SEATTLE CITY COUNCIL

Economic Development, Technology, and City Light Committee

Agenda

Wednesday, April 26, 2023

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Sara Nelson, Chair
Debora Juarez, Vice-Chair
Lisa Herbold, Member
Kshama Sawant, Member
Dan Strauss, Member

Chair Info: 206-684-8809; Sara.Nelson@seattle.gov

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<http://seattle.gov/cityclerk/accommodations>.



SEATTLE CITY COUNCIL
Economic Development, Technology, and City
Light Committee
Agenda
April 26, 2023 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://www.seattle.gov/council/committees/economic-development-technology-and-city-light>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Nelson at Sara.Nelson@seattle.gov

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. [Appt 02520](#) **Appointment of Oksana Savolyuk as member, City Light Review Panel, for a term to April 11, 2024.**

Attachments: [Appointment Packet](#)

Briefing, Discussion, and Possible Vote (5 minutes)

Presenter: Leigh Barreca, Seattle City Light

2. [Appt 02521](#) **Reappointment of Scott Haskins as member, City Light Review Panel, for a term to April 11, 2026.**

Attachments: [Appointment Packet](#)

Briefing, Discussion, and Possible Vote (5 minutes)

Presenter: Leigh Barreca, Seattle City Light

3. [Appt 02522](#) **Reappointment of Timothy O. Skeel as member, City Light Review Panel, for a term to April 10, 2026.**

Attachments: [Appointment Packet](#)

Briefing, Discussion, and Possible Vote (5 minutes)

Presenter: Leigh Barreca, Seattle City Light

4. [CB 120556](#) **AN ORDINANCE relating to the City Light Department; authorizing the transfer of certain funds in the Light Fund into the Rate Stabilization Account in 2023; and superseding certain provisions of subsection 21.49.086.E of the Seattle Municipal Code.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)

[Central Staff Memo](#)

[Presentation](#)

Briefing and Discussion (45 minutes)

Presenters: Kirsty Grainger, Emeka Anyanwu, and Carsten Croff,
Seattle City Light; Eric McConaghy, Council Central Staff

5. [CB 120537](#) **AN ORDINANCE relating to downtown business improvement areas; establishing a new ten-year Business Improvement Area to be known as the Metropolitan Improvement District; levying special assessments upon owners of commercial property, multifamily residential property, and mixed-use property 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; providing for an implementation agreement with a Program Manager; disestablishing the existing Metropolitan Improvement District that was established by Ordinance 124175 (“2013 MID”); suspending the issuance of assessments and providing for the continuity of services under the 2013 MID; providing for the transfer of any remaining funds from the 2013 MID Account; and ratifying and confirming certain prior acts.**

Attachments: [Att A - Proposed MID Boundaries](#)

Supporting

Documents:

[Summary and Fiscal Note](#)

[Summary Att A - MID 2023-2033 Business Plan](#)

[Central Staff Memo](#)

[MID Benefit Analysis](#)

[MID Renewal FAQ](#)

[MID Services Summary](#)

[DSA Presentation](#)

[OED Presentation](#)

Briefing, Discussion, and Possible Vote (20 minutes)

Presenters: Preeti Shridhar and Phillip Sit, Office of Economic Development (OED); Jon Scholes, President and CEO, Downtown Seattle Association (DSA); Jasmine Marwaha, Council Central Staff

E. Adjournment



Legislation Text

File #: Appt 02520, **Version:** 1

Appointment of Oksana Savolyuk as member, City Light Review Panel, for a term to April 11, 2024.

The Appointment Packet is provided as an attachment.



City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: <i>Oksana Savolyuk</i>		
Board/Commission Name: <i>City Light Review Panel</i>		Position Title: <i>Low Income Advocate Representative, Position 7</i>
<input checked="" type="checkbox"/> Appointment OR <input type="checkbox"/> Reappointment		City Council Confirmation required? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Appointing Authority: <input type="checkbox"/> City Council <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Other: <i>Fill in appointing authority</i>		Term of Position: * 4/12/2021 to 4/11/2024 <input checked="" type="checkbox"/> <i>Serving remaining term of a vacant position</i>
Residential Neighborhood: Federal Way	Zip Code: 98003	Contact Phone No.: [REDACTED] [REDACTED]
Background: Ms. Savolyuk is the Energy Program Director for the Multi Service Center, an organization that offers people pathways out of poverty through support and resources in education, employment, housing, energy assistance, food, and clothing. In her role, she works closely with City Light Customer Energy Solution (CES) staff. She is a knowledgeable Program Director well-versed in providing strategic direction and ongoing leadership to community action agencies. Veteran of Energy Program with 26-year demonstrated track record of success. She is ready to apply expertise and experience to challenging new role with the City Light Review Panel.		
Authorizing Signature (original signature): <i>Bruce A. Harrell</i> Date Signed (appointed): 3/27/2023		Appointing Signatory: <i>Bruce A. Harrell</i> <i>Mayor of Seattle</i>

*Term begin and end date is fixed and tied to the position and not the appointment date.

OKSANA SAVOLYUK



PROFESSIONAL SUMMARY

Knowledgeable Program Director well-versed in providing strategic direction and ongoing leadership to community action agencies. Veteran of Energy Program with 26-year demonstrated track record of success. Ready to apply expertise and experience to challenging new role at the Department of Commerce.

WORK HISTORY

Energy Program Director, 12/2011 to Current

Multi Service Center

- Oversee implementation of all Energy Assistance Programs
- Work with the Board of Directors with respect to development and implementation of agency program plans, goals, and outcomes.
- Represent the agency and the program at various community and coalition groups throughout King County, the City of Seattle, and the State or nationally as needed.
- Develop, implement, and control program budgets
- Assist with customer grievances as well as handle fair hearing requests
- Stay up to date on DEI trainings and apply DEI concepts when communicating with employees, customers, vendors, and peers.

Energy Program Supervisor, 04/2008 to 12/2011

Multi Service Center

- Directed team of nine personnel, overseeing records, performance and quality assurance.
- Coached team members on productivity strategies, policy updates and performance improvement plans to accomplish challenging goals.
- Assisted the Director in performing annual employee trainings and program presentations at annual conferences with Department of Commerce, PSE, and SCL.
- Worked closely with UTC on program policy and procedures on PSE HELP Program.

Energy Program Coordinator , 08/2006 to 04/2008

Multi Service Center

- Provided ongoing direction and leadership for program operations.
- Proofread customer files for accuracy.
- Helped design and setup a new customer database system.
- Helped design and implement brand new PSE HELP Program.

Energy Assistance Program Case Manager, 10/2000 to 08/2006

Multi Service Center

- Interviewed customers, reviewed income documents, and calculated energy assistance benefit.
- Explained eligibility requirements, application details, and preformed energy conservation education during intake assessment.
- Referred customers to other services based on specific needs and requirements.

EDUCATION

High School Diploma

Thomas Jefferson High School - Federal Way, WA

Accounting

Highline Community College - Des Moines, WA

REFERENCES

Kim Bachert

HR Director (MSC)

[REDACTED]

Linda Purlee

Direct Supervisor (MSC)

[REDACTED]

Tatyana Sirotin

Energy Supervisor (MSC)

[REDACTED]

City Light Review Panel

9 Members: Pursuant to Ordinance 123256, all members subject to City Council confirmation, 3-year terms:

- 4 City Council- appointed
- 5 Mayor- appointed

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
6	M	3	1.	Economist	Timothy O. Skeel	4/11/23	4/10/26	2	Mayor
6	M	4	2.	Financial Analyst	Scott Haskins	4/12/23	4/11/26	2	City Council
6	F		3.	Non-Profit Representative	Kerry Meade	5/1/21	4/30/24	1	Mayor
1	M	6	4.	Residential Customer Representative	Leo Lam	10/1/22	9/30/25	1	City Council
6	M		5.	Commercial Customer Representative	Mikel Hansen	4/13/21	4/12/24	2	Mayor
6	F	4	6.	Industrial Customer Representative	Anne Ayre	10/1/22	9/30/25	1	City Council
2	F		7.	Low-Income Customer Representative	Oksana Savolyuk	4/12/21	4/11/24	1	Mayor
6	M	4	8.	Member at Large	John Putz	10/1/22	9/30/25	2	City Council
6	M		9.	Suburban Franchise Representative	Joel Paisner	5/1/21	4/30/24	1	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	SELF-IDENTIFIED DIVERSITY CHART												
					(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Male	Female	Transgender	NB/ O/ U	Asian	Black/ African American	Hispanic/ Latino	American Indian/ Alaska Native	Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial
Mayor	3	2				1				4			
Council	3	1			1					3			
Other													
Total	6	3			1	1				7			

Key:

- *D List the corresponding *Diversity Chart* number (1 through 9)
- **G List *gender*, M= Male, F= Female, T= Transgender, NB= Non-Binary, O= Other, U= Unknown
- RD Residential Council District number 1 through 7 or N/A

Diversity information is self-identified and is voluntary.



Legislation Text


File #: Appt 02521, **Version:** 1

Reappointment of Scott Haskins as member, City Light Review Panel, for a term to April 11, 2026.

The Appointment Packet is provided as an attachment.



City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: Scott Haskins		
Board/Commission Name: City Light Review Panel		Position Title: Financial Analyst, Position 2
Appointment OR <input checked="" type="checkbox"/> Reappointment	City Council Confirmation required? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Appointing Authority: <input checked="" type="checkbox"/> City Council <input type="checkbox"/> Mayor <input type="checkbox"/> Other: <i>Fill in appointing authority</i>	Term of Position: * 4/12/2023 to 4/11/2026 <input type="checkbox"/> <i>Serving remaining term of a vacant position</i>	
Residential Neighborhood: View Ridge, District 4	Zip Code: 98115	Contact Phone No.: [REDACTED]
Background: Mr. Haskins is a project manager, leader, technologist, subject matter expert, and industry and management consultant for water, wastewater, power, and municipal clients in North America and abroad. He is a senior executive with extensive leadership and professional experience in management and finance and his international experience includes benchmarking, financial evaluation and capacity building. Mr. Haskins is a subject matter expert and industry leader in utility financial management, asset and risk management, alternative contracting, social equity, utility management, operations and maintenance, strategic planning, P3, leadership development, performance management, benchmarking, environmental management and sustainability, resilience, risk management, and triple bottom line and business case analysis. His background includes 30 years of utility management experience, primarily as Deputy Director for Seattle Water Department and Seattle Public Utilities, directing finance, project development, operations and maintenance, community programs, planning and executive leadership over the full range of wastewater, drinking water, and solid waste functions for City of Seattle. As a global director in Strategic Consulting for CH2M, now Jacobs, Mr. Haskins has worked closely with international industry organizations leading innovation and standards for benchmarking, optimization, asset management, and organizational development.		
Authorizing Signature (original signature): 	Appointing Signatory: Sara Nelson Seattle City Councilmember - District 9	
Date Signed (appointed): 3/29/23		

*Term begin and end date is fixed and tied to the position and not the appointment date.

EDUCATION

- Master of Public Administration, University of Washington, Seattle, Washington
- BA, Political Science, University of Washington, Seattle, Washington

CERTIFICATIONS

- Design-Build Institute of America, Professional Designation (now expired)

PROFESSIONAL AFFILIATIONS

- American Water Works Association
- Water Environment Federation
- International Water Association
- Design-Build Institute of America
- Water Research Foundation
- National Association of Clean Water Agencies
- Water Services Association of Australia
- Environmental Protection Agency



Scott Haskins

**Strategic Consulting-
Water Market Director
Jacobs, formerly CH2M**

SUMMARY BACKGROUND

Mr. Haskins is a project manager, leader, technologist, subject matter expert, and industry and management consultant for water, wastewater, power, and municipal clients in North America and abroad. He is a senior executive with extensive leadership and professional experience in management and finance and his international experience includes benchmarking, financial evaluation and capacity building. Mr. Haskins is a subject matter expert and industry leader in utility financial management, asset and risk management, alternative contracting, social equity, utility management, operations and maintenance, strategic planning, P3, leadership development, performance management, benchmarking, environmental management and sustainability, resilience, risk management, and triple bottom line and business case analysis. His background includes 30 years of utility management experience, primarily as Deputy Director for Seattle Water Department and Seattle Public Utilities, directing finance, project development, operations and maintenance, community programs, planning and executive leadership over the full range of wastewater, drinking water, and solid waste functions for City of Seattle.

As a global director in Strategic Consulting for CH2M, now Jacobs, Mr. Haskins has worked closely with international industry organizations leading innovation and standards for benchmarking, optimization, asset management, and organizational development.

WORK HISTORY

Jacobs Engineering (2018-Present):

Strategic Consulting Water Market Director - Buildings Infrastructure & Advanced Facilities. Scott Haskins sits on the global leadership team for Strategic Consulting within the Solutions & Technology organization in Buildings Infrastructure & Advanced Facilities at Jacobs. In this capacity, he delivers the full range of consulting services across markets and geographies in the fields of asset management and reliability, management consulting, and financial and P3 services. These practices and resources help our clients solve their management and operations challenges; adapt to a changing business environment; secure the resources they need for successful operations; and make their operations more efficient, effective and sustainable.

CH2M (2007-2017):

Senior Vice President and Director of Strategic Consulting (2014-2017). Mr. Haskins served as senior vice president and director of Strategic Consulting, overseeing delivery of CH2M's full range of consulting services across markets and geographies, with stewardship responsibility for consulting services in the fields of asset management and reliability, management consulting, and financial and P3 services.

Senior Vice President and Director of Technology, Quality & Innovation - O&M Business Group (2008-2013). Mr. Haskins served for five years as director of technology, quality and innovation for CH2M HILL's former Operations Management Business Group, where he was on the global leadership team and had responsibility for external consulting services, as well as internal organizational support for environmental compliance, sustainability, quality, technical services and innovation.

Vice President & Principal Management Consultant - Water Business Group (2007-2008). Responsible for providing business development, project management and delivery, and related management consulting services to utilities and municipal clients to meet their needs in the areas of asset management, business planning, human resource and financial planning, alternative delivery, sustainability and climate change, leadership development, operations and maintenance, and other management services.

Seattle Public Utilities (1997-2007)

Deputy Director (Branch Executive), Seattle Public Utilities, Seattle, WA. As the Deputy Director of Seattle Public Utilities, Mr. Haskins was responsible for utility systems management for drinking water, surface water, wastewater and solid waste functions. He provided executive oversight for emergency management and security, asset management, water conservation, its race and social justice program, and major interdepartmental projects. His experience also includes triple bottom line evaluation of projects and programs that incorporates social benefits and risk for utility investments. Previously, he was the Utility's Deputy Director for Operations and Maintenance, Resource Management, and Finance and Administration. Scott has also provided leadership for major industry innovations, particularly in asset management, benchmarking, alternative project delivery, and utility management. These roles required extensive interface with the City Council, Mayor's Office, community groups, consultants, regulators, and Federal, State, Regional and other agencies.

Branch Executive, Utility Systems Management (2005-2007). Responsible for utility management of drinking water, surface water, wastewater and solid waste functions.

Branch Executive, Operations and Maintenance (2001-2005). Responsible for the regional drinking water supply system, the operation and maintenance of the City's drainage, wastewater collection and solid waste system, and for providing support services to all of SPU.

Branch Executive, Resource Management (1997-2001). Responsible for all planning and community programs for water, wastewater, storm water and solid waste at SPU; water quality, supply, system operations, and watershed management; capital project development for major CIP program; and alternative delivery.

Seattle Water Department (1975-1997)

Deputy Director for Finance and Administration (1990-1997). Directed all finance, human resource and Information Technology functions for Department. Also served as **Acting Superintendent of Water** for six months in 1995 during department transition to new department head.

Finance Director (1980-1990). Served as Chief Financial Officer for Seattle's water utility. Responsible for full range of functions, including: financial policies, forecasting and rates; budget/CIP development and administration; economic analysis; performance management; grants; procurement; accounting; auditing; financial systems; debt issuance; financial and utility reporting. Liaison with City Budget Office, Mayor's Office and City Council. This included multiple debt issuances, debt portfolio refinancing and restructurings, development of new financial policies, rating agency presentations, financial advisor and legal counsel and auditor liaison for all financial activities. Responsible for CIP, budget, accounting, grants, management controls and procurement services.

Budget / CIP Manager (1975-1980). Responsible for all aspects of budget and capital programs, development and administration. Coordinated utility processes, supervised staff.

CITY OF SEATTLE PROJECTS AND EXPERIENCE

- **City Light related activities:** These activities encompassed such things as coordination with City Light on street related projects; participation on city-wide committees involving City Light such as Board of Public Works; classification and compensation studies, labor management committees and interface, City rate and financial policy formulation; city-wide customer service and permitting issues; presentations on Seattle Public Utilities asset management program; and periodic review of City Light budgets for City Council and OMB.
- **Capital Improvement Program, Seattle, WA.** Mr. Haskins was responsible for all finance, budget, capital improvement program development and administration for Seattle Water Department. He provided executive oversight for debt issuances, rate studies, financial policy development, and financial system development; member of City of Seattle's Debt Management Committee. He was responsible for regular communications and presentations before Seattle City Council, Mayor's Office, rating agencies and other committees. He worked with regional utilities to further collaboration and consensus on capital, rate, legal, conservation and supply issues.
- **Capacity Building (Water Sector volunteer work for U.S. Agency for International Development, Indonesia).** Conducted capacity building for Indonesia's largest utilities; management to leadership development and alternative contracting. Visited country for four extended visits on U.S. Agency for International Development missions, originally to evaluate

capability of utilities to issue debt; signed a twinning agreement with the Government of Indonesia on behalf of AWWA; conducted training in Seattle for 25 utility directors and industry leaders from Indonesia on full range of management, finance, capital planning, contracting, and utility issues.

- **Executive Lead; Cedar River and Tolt River Water Treatment Plants, Seattle, WA.** Mr. Haskins led development, implementation, and financing for the City of Seattle's Cedar River and Tolt River water treatment plants. He led the City negotiation team for these design-build-operate projects and served as Principal in Charge for project issues and agreements. He served as a technical advisor to other cities and utilities on major projects.

CONSULTING PROJECTS AND EXPERIENCE

- North American and Global Lead for International Asset Management Benchmarking, Water Services Association of Australia (2008-2020). Mr. Haskins has served as the North American lead and most recently as the global lead for WSAA's Asset Management Customer Value Benchmarking Program. This practice based benchmarking is the most advanced consortium process and tool globally, and Scott has participated with some 75 utilities, domestically and internationally, over the last 15 years, working directly with organizations on maturity assessments and leading practices. This has included preparation of utility and industry reports, identification of improvement initiatives, and facilitating leading practice workshops. Social equity practices are one feature of this benchmarking.
- Water Research Foundation's Tailored Collaboration Project: Collaborative Utility Benchmarking in North America, Denver, Colorado (2015-2017). Mr. Haskins provided asset management benchmarking support for the Water Research Foundation, which included a Benchmarking Workshop with Steering Group, comprised of utility leaders, AWWA, WEF, and WSAA, and Project Advisory members, a Benchmarking Workshop Results Summary Report, and the development of an evaluation survey. The project, completed in 2017, focused on evaluating benchmarking in North America and integrated Effective Utility Management and leading research principles, ISO 55000, AWWA's utility metric survey and management standards, and other industry wide sources and considerations.
- **Executive Lead for City of Vancouver and Metropolitan Water District of Southern California SCADA projects (2017-2018).** Provided leadership and guidance, and actively participated, in development of plan, business case, stakeholder involvement, innovation and decision-making process for upgrade and replacement of its SCADA system for water and wastewater treatment facilities.
- Project Director and Lead Strategist for City of Columbus Department of Public Works (Water, Wastewater, Power) Asset Management Program; Columbus, Ohio (2010-2014). The effort focused for 5 years on enterprise asset management development and delivery, service level development, strategic plan, implementation of performance management, business cases, CMMS implementation, operations optimization, training/knowledge transfer, risk management and automation and culture development. The utility achieved a 7 to 1 return on investment for this program.

- **Strategic Advisor and Asset Management Consultant for Cincinnati Metropolitan Sewer District; Cincinnati, Ohio (2008-2016).** Mr. Haskins worked for utility executives and supported asset management and utility improvement efforts in the utility. He helped advance asset management, capacity building, strategic planning, alternative contracting, leadership development, financial and human resource planning, social equity, and utility management.
- **Lead consultant for Metropolitan Council for Environmental Services (MCES) (2014-2020).** Scott has been the lead resource, assisting utility in development of their Strategic Plan and vision for utility; served as executive coach for utility director and leadership team; helped establish performance management; conducted WSAA benchmarking program for utility; trained and helped develop asset management for utility; assisted with human resource planning and system integrations; provided maintenance optimization, and facilitated enterprise risk management efforts.
- **Consulting for SABESP, Brazil (2013).** Conducted asset management workshops and training for approximately 100 members of utility leadership, including modules for asset management framework, risk management, maintenance and operations, change management, strategic planning, performance management, condition assessment, business case evaluation and triple bottom line reporting.
- **Strategic Advisor/Asset Management Consultant, Central Arizona Project, Central Arizona Water Conservation District, Phoenix, AZ (2010-2017).** Part of a team performing an organizational assessment of the maintenance organization. Conducted benchmarking of practices, evaluation of organizational functions, and identification of opportunities for improvement. The project included interviewing key personnel, documenting and analyzing findings, and developing recommendations.
- **Utility Operations and Innovation Improvements (2008-2020).** Scott has participated in project and strategy development and training for numerous large and globally significant projects, including automation and strategic plans covering the full range of utility services. Melbourne Water, Water Care, Cincinnati, Columbus, DC Water, San Diego, LA Sanitation, Seattle City Light, Toho Water Authority, Metropolitan Water District of Southern California, Portland Water, Metropolitan Council for Environmental Services, CH2M's 200 water/wastewater operations contracts, and Seattle Public Utilities.
- **Industry Projects.** Over his career, Mr. Haskins has been one of the most active members and spokespersons in our industry, having served in numerous leadership roles on committees and research projects, as well as authoring several AWWA books, journal articles and many presentations at conferences and workshops. He served on the Study Group on Resilience for NACWA/AMWA; was chair of QualServe and AWWA's Benchmarking Committee for 20 years; conducted an evaluation of benchmarking alternatives for AWWA and documented its program for marketing purposes; serves on IWA's Strategic Group for Asset Management; participated and led WRF focus groups, formulating more than a dozen research projects; served on numerous Project Advisory Committees for WRF; helped formulate and then participated on WERF asset management and utility improvement projects; led four consortium practice benchmarking programs, involving dozens of utilities; was on the original formulating committee that created Effective utility Management; facilitated CEO and CFO workshops on

financial management for WRF; convened and facilitated best practice conferences for our industry; and introduced a number of utilities to social equity research and leaders.

- **Municipal Government Support and Projects.** As a consultant, Mr. Haskins has worked with the US Conference of Mayors, most major cities, American Society of Public Administration, and utilities in the US and abroad. Included was a consulting engagement in 2011-2012 with Seattle City Light to introduce Asset Management to the organization. It included development of an asset management framework, engagement with leadership, and conducting a Blue-Ribbon Panel--- bringing national leaders in the power industry to Seattle to share their asset management journey experiences, leading practices and lessons learned with executives.

EXAMPLE PUBLICATIONS AND PRESENTATIONS

Co-Author of two AWWA books: The Changing Water Utility: Creative Approaches to Effectiveness and Efficiency, and The Evolving Water Utility: Pathways to Higher Performance. In addition, major contributor to Reinventing Water and Wastewater Systems, Global Lessons for Improving Water Management.

Journal Articles & Other Research Publications (author, co-author or major contributor to the following partial list):

“Seattle’s Approach to Asset Management.” *Underground Infrastructure Management*, December 2004.

“Benchmarking: Performance Indicators for Water and Wastewater Utilities: Survey Data and Analysis Report.” *American Water Works Association*.

“Selection and Definition of Performance Indicators for Water and Wastewater Utilities.” *AWWA Research Foundation and American Water Works Association*.

“Creating Effective Information Technology Solutions.” *AWWA Research Foundation*.

“Financial and Economic Optimization of Water Main Replacement Programs.” *AWWA Research Foundation*.

“Triple Bottom Line Reporting of Sustainable Water Utility Performance. *AWWA Research Foundation and CSIRO*. Spring, 2007

“Findings and Recommendations for a Water Utility Sector Management Strategy.” *APWA, AWWA, AMWA, NACWA, NAWC, US EPA, WEF*. March, 2007.

OTHER SIGNIFICANT ROLES

American Water Works Association Research Foundation (AWWARF)

Research Advisory Council member

Project Advisory Committee or Case Study Lead (Triple Bottom Line Reporting; Asset Management; SIMPLE for Drinking Water Sector; Water Main Replacement/Renewal; Energy Management; Enhancement of Qualseve Tools

Water Environment Research Foundation (WERF)

Steering Committee or Challenge Project member for: Asset Management; Performance Measures; Strategic Planning; SIMPLE and AMPLE, including current tool enhancement, decay studies, and asset management benchmarking

International Water Association (IWA)

Member; regular presenter at international conferences on asset management, alternative contracting, leadership, performance management and benchmarking

Member of Program Committee and topic coordinator and rapporteur on risk for 2007 Leading Edge Strategic Asset Management Conference (Portugal)

Global Water Research Coalition (GWRC)

Representative for AWWARF and WERF on asset management research collaboration

Environmental Protection Agency (EPA)/Collaborating Industry Organizations

Steering Committee Member for Effective Utility Management Initiative

Member of EPA's Environmental Finance Advisory Board (EFAB)

Design Build Institute of America (DBIA)

Chair, Water/Wastewater Specialty Conference; Program Committee; Water Committee; Trainer.

OTHER

Numerous papers, presentations and trainings conducted annually for conferences and utilities, including conferences and seminars for EPA, AWWA, WEF, NACWA, AWWARF, WERF, IWA, DBIA, WSAA, and GWRC.

City Light Review Panel

9 Members: Pursuant to Ordinance 123256, all members subject to City Council confirmation, 3-year terms:

- 4 City Council- appointed
- 5 Mayor- appointed

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
6	M	3	1.	Economist	Timothy O. Skeel	4/11/23	4/10/26	2	Mayor
6	M	4	2.	Financial Analyst	Scott Haskins	4/12/23	4/11/26	2	City Council
6	F		3.	Non-Profit Representative	Kerry Meade	5/1/21	4/30/24	1	Mayor
1	M	6	4.	Residential Customer Representative	Leo Lam	10/1/22	9/30/25	1	City Council
6	M		5.	Commercial Customer Representative	Mikel Hansen	4/13/21	4/12/24	2	Mayor
6	F	4	6.	Industrial Customer Representative	Anne Ayre	10/1/22	9/30/25	1	City Council
2	F		7.	Low-Income Customer Representative	Oksana Savolyuk	4/12/21	4/11/24	1	Mayor
6	M	4	8.	Member at Large	John Putz	10/1/22	9/30/25	2	City Council
6	M		9.	Suburban Franchise Representative	Joel Paisner	5/1/21	4/30/24	1	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	Male	Female	Transgender	NB/ O/ U	Asian	Black/ African American	Hispanic/ Latino	American Indian/ Alaska Native	Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial					
Mayor	3	2				1				4								
Council	3	1			1					3								
Other																		
Total	6	3			1	1				7								

Key:

- *D List the corresponding *Diversity Chart* number (1 through 9)
 - **G List *gender*, M= Male, F= Female, T= Transgender, NB= Non-Binary, O= Other, U= Unknown
 - RD Residential Council District number 1 through 7 or N/A
- Diversity information is self-identified and is voluntary.*



Legislation Text

File #: Appt 02522, **Version:** 1

Reappointment of Timothy O. Skeel as member, City Light Review Panel, for a term to April 10, 2026.

The Appointment Packet is provided as an attachment.



City of Seattle Boards & Commissions Notice of Appointment

Appointee Name: <i>Timothy O. Skeel</i>		
Board/Commission Name: <i>City Light Review Panel</i>		Position Title: <i>Economist, Position 1</i>
Appointment OR <input checked="" type="checkbox"/> Reappointment	City Council Confirmation required? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Appointing Authority: <input type="checkbox"/> City Council <input checked="" type="checkbox"/> Mayor <input type="checkbox"/> Other: <i>Fill in appointing authority</i>	Term of Position: * 4/11/2023 to 4/10/2026	
Residential Neighborhood: <i>Central District, District 3</i>	Zip Code: <i>98122</i>	Contact Phone No.: [REDACTED]
Background: <i>Mr. Skeel has thirty-five years of experience applying economic principles, research and analysis to guide public policy, including transportation and utility asset management, capital and O&M expenditure optimization, life cycle costing, risk assessment, integrated resource planning, non-market social and environmental (triple bottom line) valuation, modeling, econometrics, demand forecasting, benefit/cost analysis, utility rate setting, and financial forecasting and analysis.</i> <i>He has held positions that include Principal Economist for the City of Seattle at Public Utilities and the Department of Transportation, Director of Asset Management Services for CH2M Hill, Economics instructor at the University of Washington and North Seattle Community College, Economist for the Montana Department of Natural Resources and independent Asset Management Economics Consultant.</i> <i>Mr. Steel received a Master's degree in Economics from the University of Washington in Seattle, WA, 1983 and has completed all requirements for Ph.D. except dissertation.</i>		
Authorizing Signature (original signature): <i>Bruce C. Harrell</i> Date Signed (appointed): 3/27/2023	Appointing Signatory: <i>Bruce Harrell</i> <i>Mayor of Seattle</i>	

*Term begin and end date is fixed and tied to the position and not the appointment date.

Timothy O. Skeel



Thirty-five years of experience applying economic principles, research and analysis to guide public policy, including transportation and utility asset management, capital and O&M expenditure optimization, life cycle costing, risk assessment, integrated resource planning, non-market social and environmental (triple bottom line) valuation, modeling, econometrics, demand forecasting, benefit/cost analysis, utility rate setting, and financial forecasting and analysis.

Positions include Principal Economist for the City of Seattle at Public Utilities and the Department of Transportation, Director of Asset Management Services for CH2M Hill, Economics instructor at the University of Washington and North Seattle Community College, Economist for the Montana Department of Natural Resources and independent Asset Management Economics Consultant.

Received Master's degree in Economics from the University of Washington in Seattle, WA, 1983 (completed all requirements for Ph.D. except dissertation).

Experience

Economics and Asset Management Consulting Services, 2018 – Present

Provided independent asset management consulting services, including benefit/cost, business case, and financial analyses to Pierce County Transit (Tacoma, WA), Portland General Electric (Portland, OR) and Seattle Public Utilities (Seattle, WA)

Principal Economist/Consultant, Asset and Performance Management, Seattle Department of Transportation, Seattle, WA, 2014 – 2019

Developed economic decision models and business tools to assist SDOT better manage expenditures to realize best value over cost. Represented the department as its primary authority on the economics and financing of optimal capital and O&M expenditures on its assets. Advised department executives on economic principles, optimal expenditure strategies, and best practices of asset management. Gave written and oral presentations to management, citizen advisory boards, other agencies and organizations about research and analyses on economics and financing of asset life-cycle costing, benefit/cost analyses, risk models, and optimal capital investment strategies. Conducted research and analyses of economic and financial data on asset operation, maintenance, repair and replacement expenditures for economic prioritization models, financial models, and long-range resource planning, including models for pavement, traffic signals, sidewalks, bridges and structures. Developed and used databases for

economic analyses and asset expenditure optimization models. Analyzed the economic impacts of alternative asset investment strategies, determined project and program costs and benefits, and impacts of legislation, regulations, policies and projects. Incorporated analyses of equity impacts of projects and programs to support department goals in promoting diversity, race, and social justice. Conducted collaborative research and analysis with other work groups and organizations. Represented the department in efforts involving research and analysis, asset management best practices, and Transportation Asset Management conference presentations. Developed and gave presentations, participated in webinars, and provided analytical and technical expertise to outside groups, agencies and other transportation departments. Supervised professional technical staff involved in economic and statistical research, analyses and modeling.

Principal Economist/Strategic Advisor, Director's Office of Strategic Asset Management, Seattle Public Utilities, Seattle, WA, 2003 – 2009, 2011 - 2014

Helped shape and launch the utility's ongoing asset management program. Responsibilities included developing a structure for benefit/cost analysis evaluation of utility expenditures, managing the training of 200 key SPU employees in principles of optimal asset management, including whole-of-life cost, non-market economic valuation, value engineering, benefit/cost analysis, risk assessment, and customer-centered perspective. Developed a "Quick Start Guide to Business Cases" and template for use at SPU in capital and program investments; a model to forecast long run financial requirements for physical assets based on risk cost and optimal life cycle asset management decisions; a methodology for determining optimal infrastructure investment decisions; models used for optimal infrastructure replacement and optimal heavy equipment and fleet investments; economic structure for optimal maintenance strategy; data and methodology for asset costing; and optimal investment in asset information.

Provided ongoing review and guidance to business unit managers on asset management principles and review and approve business cases prior to funding. Promoted cultural "change management" efforts to establish asset management principles at all levels of decision making at SPU. Gave advice and recommendations to the SPU Director and Executive Team regarding optimal expenditure and policy decisions. Managed formal Value Engineering program to increase value and reduce cost of large capital projects.

Economics Instructor, North Seattle Community College, Seattle, WA, 2012 – 2013

Taught undergraduate micro- and macroeconomics principles courses, Econ 201 and 202.

Director, Asset Management Services, O&M Business Group, CH2M Hill, Denver, CO, 2010

Developed Economic decision models and business tools to assist clients better manage business value and cost. Models included optimal capital replacement timing, optimal operation and maintenance expenditures, risk cost analysis, benefit-cost templates, project opportunity decision framework. Implemented programs to use benefit-cost analysis in decision making for utilities, cities and other clients.

Consulting Economist, US Agency for International Development, Amman, Jordan, 2003

Developed water demand management data and analysis framework and work plan for Jordan's Ministry for Water and Irrigation under contract with USAID.

Principal Economist, Resource Management, Seattle Public Utilities, Seattle, WA, 1996 – 2003

Developed SPU's "Conservation Potential Assessment" to determine the least-cost investment path to meet growth in customers. Managed ongoing research and evaluation of integrated supply and demand-management investments to ensure cost-effective delivery and continuous improvement in cost of service. Developed program for incorporating social and environmental costs and benefits into utility investment and policy decisions. Initiated life-cycle cost analysis of utility infrastructure to optimize investment decisions. Participated in development of long range utility policy for infrastructure investments, service and risk. Presented analysis results and proposed strategies to management, elected officials and technical audiences.

Senior Economist, Rates and Finance, Seattle Water Department, 1986 – 1996

Responsible for utility water demand forecasting, economic, rate and financial analyses. Developed and maintained econometric demand forecasting models and databases used in rate setting, water conservation program planning and evaluation, integrated resource planning, and utility policy analysis. Developed state of the art integrated demand-supply-cost model used in long range water comprehensive planning. Rate setting work included development of utility revenue requirements, cost allocation to customer classes, and design of seasonal rates. Developed marginal cost methodology and applied marginal cost rate model. Presented results of planning, forecasting, rates and economic analyses to citizen advisory committees, City Council, Mayor's Office, utility managers and technical staff. Responsible for managing consultant contracts involving rate studies, comprehensive system planning, forecasting, databases and model development.

Economics Instructor, University of Washington, Seattle, WA, 1982 – 1986

Taught undergraduate micro- and macroeconomics principles courses, Econ 201 and 202.

Economist, Montana Department of Natural Resources, Helena, MT, 1978 – 1981

Provided economic and financial analyses for Environmental Impact Statements under Montana's Environmental Policy and Major Facility Siting Acts. Experience included benefit-cost analyses, evaluation of alternative financing structures, assessment of project need, and energy demand forecasting. Other responsibilities included managing consultant contracts, analyzing energy legislation, and supporting development of state conservation policies and legislation.

Education

M.A. Economics, 1983. University of Washington, Seattle (completed all requirements, course work and exams for Ph.D., except dissertation). Fields of specialization: Public Finance, Natural Resource Economics and Labor Economics.

B.A. Economics, 1978. University of Montana, Missoula.

Publications and References

Presented numerous papers and talks at conferences and panels locally, nationally and internationally, including: Transportation Research Board; Society for Advancement of Value Engineering International; American Water Works Association; American Water Resources Association; National Water Resources Association; Water Utility Infrastructure Association; International Water Association; World Water Forum; Global Water Challenge; International Conference on Wadi Hydrology; Sustainable WASH; Environmental Finance Center; Western Economics Association; Society for Benefit-Cost Analysis; Water Environment Federation; and Seattle Management Association.

References will be provided on request.

City Light Review Panel

9 Members: Pursuant to Ordinance 123256, all members subject to City Council confirmation, 3-year terms:

- 4 City Council- appointed
- 5 Mayor- appointed

Roster:

*D	**G	RD	Position No.	Position Title	Name	Term Begin Date	Term End Date	Term #	Appointed By
6	M	3	1.	Economist	Timothy O. Skeel	4/11/23	4/10/26	2	Mayor
6	M	4	2.	Financial Analyst	Scott Haskins	4/12/23	4/11/26	2	City Council
6	F		3.	Non-Profit Representative	Kerry Meade	5/1/21	4/30/24	1	Mayor
1	M	6	4.	Residential Customer Representative	Leo Lam	10/1/22	9/30/25	1	City Council
6	M		5.	Commercial Customer Representative	Mikel Hansen	4/13/21	4/12/24	2	Mayor
6	F	4	6.	Industrial Customer Representative	Anne Ayre	10/1/22	9/30/25	1	City Council
2	F		7.	Low-Income Customer Representative	Oksana Savolyuk	4/12/21	4/11/24	1	Mayor
6	M	4	8.	Member at Large	John Putz	10/1/22	9/30/25	2	City Council
6	M		9.	Suburban Franchise Representative	Joel Paisner	5/1/21	4/30/24	1	Mayor

SELF-IDENTIFIED DIVERSITY CHART

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	Male	Female	Transgender	NB/ O/ U	Asian	Black/ African American	Hispanic/ Latino	American Indian/ Alaska Native	Other	Caucasian/ Non-Hispanic	Pacific Islander	Middle Eastern	Multiracial					
Mayor	3	2				1				4								
Council	3	1			1					3								
Other																		
Total	6	3			1	1				7								

Key:

- *D List the corresponding *Diversity Chart* number (1 through 9)
 - **G List *gender*, M= Male, F= Female, T= Transgender, NB= Non-Binary, O= Other, U= Unknown
 - RD Residential Council District number 1 through 7 or N/A
- Diversity information is self-identified and is voluntary.*



Legislation Text

File #: CB 120556, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the City Light Department; authorizing the transfer of certain funds in the Light Fund into the Rate Stabilization Account in 2023; and superseding certain provisions of subsection 21.49.086.E of the Seattle Municipal Code.

WHEREAS, pursuant to Seattle Municipal Code Section 21.49.086, the City established the Rate Stabilization Account (RSA) within the Light Fund to protect the City Light Department (“City Light”) and its customers from deviations in revenues from surplus electricity sales, also called net wholesale revenue, compared to amounts assumed in budgets; and

WHEREAS, over its past 12 years in operation, the RSA has proven to be a useful and effective mechanism for shielding customer rates from financial risks brought on by uncontrollable external factors like temperatures, rainfall, and wholesale market conditions; and

WHEREAS, since November 2022 the RSA balance has declined rapidly and at the end of March was \$45.8 million, which triggers a four percent rate surcharge effective June 1, 2023 per the RSA operating rules codified in Seattle Municipal Code Section 21.49.086; and

WHEREAS, excellent financial performance in 2022 has left City Light with a surplus of operating cash; and

WHEREAS, City Light’s strong financial outlook for 2023 may allow the utility to both forestall a rate surcharge via an RSA deposit while still maintaining a high likelihood of exceeding debt service coverage targets; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Light Department is authorized to transfer 2023 cash available in the Light Fund for

debt service coverage in excess of 1.85 times debt service for 2023 into the Rate Stabilization Account so long as its balance does not exceed \$100 million. Multiple transfers may be made during 2023. Notwithstanding the RSA replenishment requirements of Seattle Municipal Code subsection 21.49.086.E, no RSA surcharge will be imposed on June 1, 2023.

Section 2. 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 _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
City Light	Kirsty Grainger	Greg Shiring

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the City Light Department; authorizing the transfer of certain funds in the Light Fund into the Rate Stabilization Account in 2023; and superseding certain provisions of subsection 21.49.086.E of the Seattle Municipal Code.

Summary and Background of the Legislation:

Seattle City Light (SCL) buys and sells energy on the wholesale market. Because City Light typically has more electricity than needed to meet retail demand, the sum of these sales and purchases is referred to as net wholesale revenue (NWR). The Rate Stabilization Account (RSA) is a cash reserve that buffers NWR, insulating the utility and its retail customers from wholesale power market volatility. When NWR comes in below planned levels, funds are transferred from the RSA into City Light’s operating account. Under the current RSA rules adopted in December 2021, if the RSA balance is below \$75 million at the end of Q1 or Q3, a 2% surcharge is placed on all retail sales and associated revenue is deposited into the RSA. The surcharge is lifted when the RSA balance returns to its target level of \$100 million. The surcharge increases to 4% if the RSA balance is below \$50 million at the end of Q1 or Q3.

The RSA is a restricted reserve, and its rules of operation are codified in SMC 21.49.086. Any deposits or withdrawals not determined by the operational rules in the SMC require explicit Council approval.

In November 2022 the RSA balance was over \$100 million but has since rapidly declined, resulting in a \$45.8 million ending balance in March 2023. With no action, this will trigger a 4% RSA surcharge on customer rates starting June 1, 2023. Contributing factors to the RSA depletion include high winter demand for electricity due to cold temperatures, poor snow and precipitation reducing hydroelectric generation volumes, and sustained high wholesale energy market prices.

While the RSA is designed to be an automatic mechanism, City Light’s current strong financial position allows for a discretionary transfer(s) into the RSA to reduce or avoid surcharges. City Light had excellent operating performance in 2022 resulting in 2.5x debt service coverage and \$140 million higher than planned operating cash balance. The outlook for 2023 is also expected to be strong at around 2.0x debt service coverage.

Strong retail performance correlates with poor wholesale performance; higher retail load reduces the amount of surplus electricity available for wholesale sales and/or increases purchases. In 2022 retail revenue was over \$50 million higher than planned and in 2023 current expectations are that retail revenue will be over \$20 million higher than planned.

With the utility’s strong financial position, imposing a rate surcharge on customers seems unwarranted.

This legislation authorizes City Light to transfer surplus operating funds into the RSA. Immediately after the adoption of this legislation, City Light would make an initial \$30 million transfer which, when applied retrospectively, would increase the effective March RSA balance to over the \$75 million surcharge threshold and prevent the 4.0% surcharge from being implemented on June 1, 2023.

The ordinance would allow another transfer, should the RSA balance continue to drop as the year unfolds. If, at the end of September, the RSA balance dips below a surcharge trigger, City Light will evaluate its financial position to determine if another RSA transfer is financially feasible. Given the uncertainty of the remainder of the year even with the transfer(s) it is still possible for a surcharge to trigger in September and start January 1, 2024. Restricting the transfer amounts to only surplus revenues above 1.85 debt service coverage allows some buffer so City Light has a strong likelihood of meeting its target of having debt service coverage greater than 1.80x.

There is historical precedence for discretionary cash transfers to avoid unneeded RSA surcharges. In the past under similar circumstances, City Light made discretionary transfers of surplus operating funds into the RSA to replenish the reserve and forestall a surcharge in 2012, 2013 and 2021.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes x No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes x No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Implementing the legislation and transferring funds into the RSA will have the impact of incrementally increasing the amount of debt issued by the utility in 2023 and 2024, all else being equal. However, even with the proposed transfer, the projected debt issue will still be lower than outlined in City Light’s 2023-2028 Strategic Plan.

Are there financial costs or other impacts of *not* implementing the legislation?

Not implementing the legislation would result in rates for City Light customers increasing by 4% in June 2023. The surcharge would be lifted when the RSA balance rises back to \$100 million.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**
No
- b. **Is a public hearing required for this legislation?**
No
- c. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No
- d. **Does this legislation affect a piece of property?**
No
- e. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**
N/A
- f. **Climate Change Implications**
- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No.
 - 2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
No.
- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?** NA

April 20, 2023

MEMORANDUM

To: Economic Development, Technology and City Light Committee
From: Eric McConaghy, Analyst
Subject: Transfer from Light Fund to Rate Stabilization Account Ordinance

On April 26, 2023, the Economic Development, Technology and City Light Committee (Committee) will discuss and possibly vote on an ordinance that would authorize Seattle City Light (City Light) to transfer cash available in the Light Fund for debt service coverage to the Rate Stabilization Account (RSA) in June 2023 and again later in 2023, as necessary.

The RSA serves as a reserve fund for City Light to decrease the need to adjust customer rates that would otherwise result from extreme swings in City Light’s wholesale revenues. City Light is seeking the authorization to transfer the cash to prevent the automatic addition of a surcharge on customer bills based on the current RSA balance per [Seattle Municipal Code \(SMC\) 21.49.086](#).

This memorandum provides background, outlines the decrease in the RSA balance, and describes the effect of the proposed legislation.

Background

The purpose of the RSA, established by [Ordinance 121637](#) and most recently amended by [Ordinance 126502](#) in 2021, is generally to cope with fluctuations in City Light’s net wholesale revenue. City Light receives net wholesale revenue from sales of power in energy markets that is surplus to the needs of City Light’s retail customers. In general, City Light’s operating and capital budgets rely on retail revenue, wholesale revenue and borrowed money (bond sales).

Whenever net wholesale revenue during any month of the year falls below the amount allocated in the forecast for that month, then the SMC requires that City Light transfer the amount of the shortfall from the RSA to the Light Fund. If monthly net wholesale revenue exceeds the forecasted amount, then City Light must transfer the excess from the Light Fund to the RSA. In either case, the SMC states that the transfer will occur within 30 days of the end of the month in question.

SMC specifies the annual net wholesale revenue forecasts for 2022 and 2023 as \$40 million for each year. As required by SMC 21.49.086, City Light allocates the yearly wholesale revenue forecast by month, see Table 1, below.

Table 1: Net Wholesale Revenue Forecasts for 2022 and 2023, by Month

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2022	4.67	4.67	4.67	2.67	2.67	2.67	2.00	2.00	2.00	4.00	4.00	4.00	40.00
2023	4.74	3.70	4.21	3.13	3.44	4.56	4.91	2.02	3.04	2.77	3.19	0.28	40.00

\$Millions

The SMC provides for the replenishment of the RSA with funds from surcharges added to retail rates when the RSA balance is less than specified thresholds. When the amount in the RSA is \$75 million or less on either March 31 or Sept 30, City Light must impose a surcharge on all retail customer bills equal to 2 percent of base rates and deposit the proceeds from the surcharge into the RSA. Once imposed, the surcharge remains in effect until the amount in the RSA reaches \$100 million.

The SMC requires an additional surcharge of 2 percent (for a total of 4 percent) when the RSA is drawn down below \$50 million. As above, the surcharge remains in effect until the amount in the RSA reaches \$100 million.

Surcharges may be initiated twice per year, on either January 1 or June 1 and they should be lifted within 90 days of when the month-end balance has reached the relevant threshold. The SMC states that City Light will notify the Mayor and the Council in writing of any upcoming surcharge change before it is implemented.

If for any reason the RSA balance is \$25 million or less at the end of a month, the SMC requires City Light to notify the Council within 30 days and requires the Council to begin a rate review within 45 days, if the Mayor has not already done so, that would “increase rates, reduce Department spending, or identify additional sources of funding, or a combination of these measures, to bring the amount in the (RSA) up to \$100 million within a period of 24 or fewer months.”

City Light customers paid a RSA surcharge between August 2016 and April 2021. The codified surcharge increments were 1.5 percent and 3 percent during this period. City Light imposed a 1.5 percent surcharge in August 2016, increased the surcharge to 3 percent in November 2019 and removed the surcharge entirely in April 2021.

Decrease in RSA Balance

During the last quarter of 2022 and the first quarter of 2023, City Light made the required transfers from the RSA to the Light Fund to compensate for under-target wholesale revenues. Several factors contributed to low net wholesale revenues and the resulting decrease in the RSA balance.

The precipitation necessary to drive City Light’s hydropower generators was lower than usual resulting in less surplus power to sell wholesale. Also, cold winter temperatures caused increased demand for power and the increased demand and other market factors drove up wholesale power prices. City Light had to buy power to meet demand at the higher wholesale prices.

Simultaneously, City Light’s retail sales increased resulting in a greater than planned balance in the Light Fund. City Light reports that retail revenue was more than \$50 million higher than planned in 2022 and expects retail revenue in 2023 to exceed \$20 million more than planned.

Effect: Transfer Cash from Light Fund to RSA

The proposed Light Fund to RSA transfer ordinance would allow City Light to transfer cash available in the Light Fund to the RSA to prevent the need to impose a surcharge on customer rates in June 2023 as required by the SMC. The RSA balance fell from over \$100 million to \$45.8 million between November of 2022 and March 2023. As described above, this amount is lower than the \$50 million threshold and triggers the required 4 percent surcharge on customer rates on June 1, 2023.

The proposed ordinance would allow City Light to execute multiple transfers from the Light Fund to the RSA in 2023 as necessary to replenish the RSA to prevent the required surcharge. The total amount of 2023 transfers from the Light Fund to the RSA would be limited to less than \$100 million.

The total amount of all transfers would also be limited to the amount of cash in the Light Fund available for debt service in 2023 that is in excess of the amount necessary to maintain a debt service coverage ratio of 1.85 (consistent with financial policies that the City adopted through [Resolution 31187](#)). City Light’s debt service coverage ratio equals the net revenue (revenue after subtracting operating expenses) divided by the total of interest and principal payments on debt.

Upon approval of the legislation, City Light would transfer \$30 million to increase the RSA balance above the \$75 million dollar threshold to prevent the imposition of the surcharge. Council has previously authorized similar transfers from the Light Fund to the RSA. The authorized amounts by ordinance and year are shown in Table 2, below:

Table 2: Cash Transfers from Light Fund to RSA

Year	Dollars	Authorizing Ordinance
2011	40.5	123757
2012	22.0	124059
2013	21.0	124426
2021	15.0	126502

\$millions

Next steps

If the Committee votes to recommend the proposed ordinance to the Council during the April 26 meeting, then Council could take final action as soon as May 2.

- cc: Esther Handy, Director
- Aly Pennucci, Deputy Director
- Brian Goodnight, Lead Analyst

City Light Rate Stabilization Account (RSA) Transfer Ordinance

Economic Development, Technology & City Light Committee

April 26, 2023



WE POWER SEATTLE

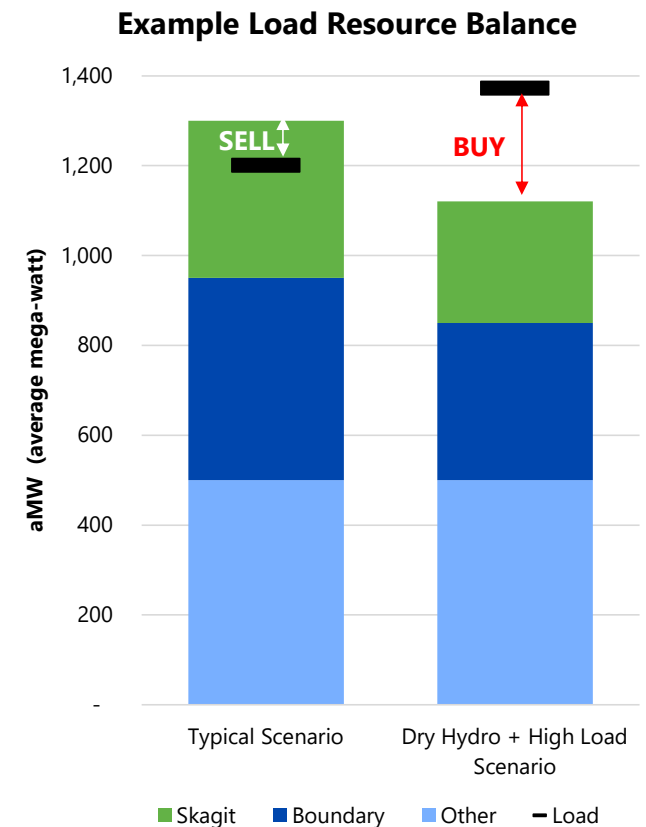
Purpose of RSA Transfer Legislation

Situation: Per RSA rules, an automatic 4% electricity rate surcharge will go into effect June 1, 2023, without Council action

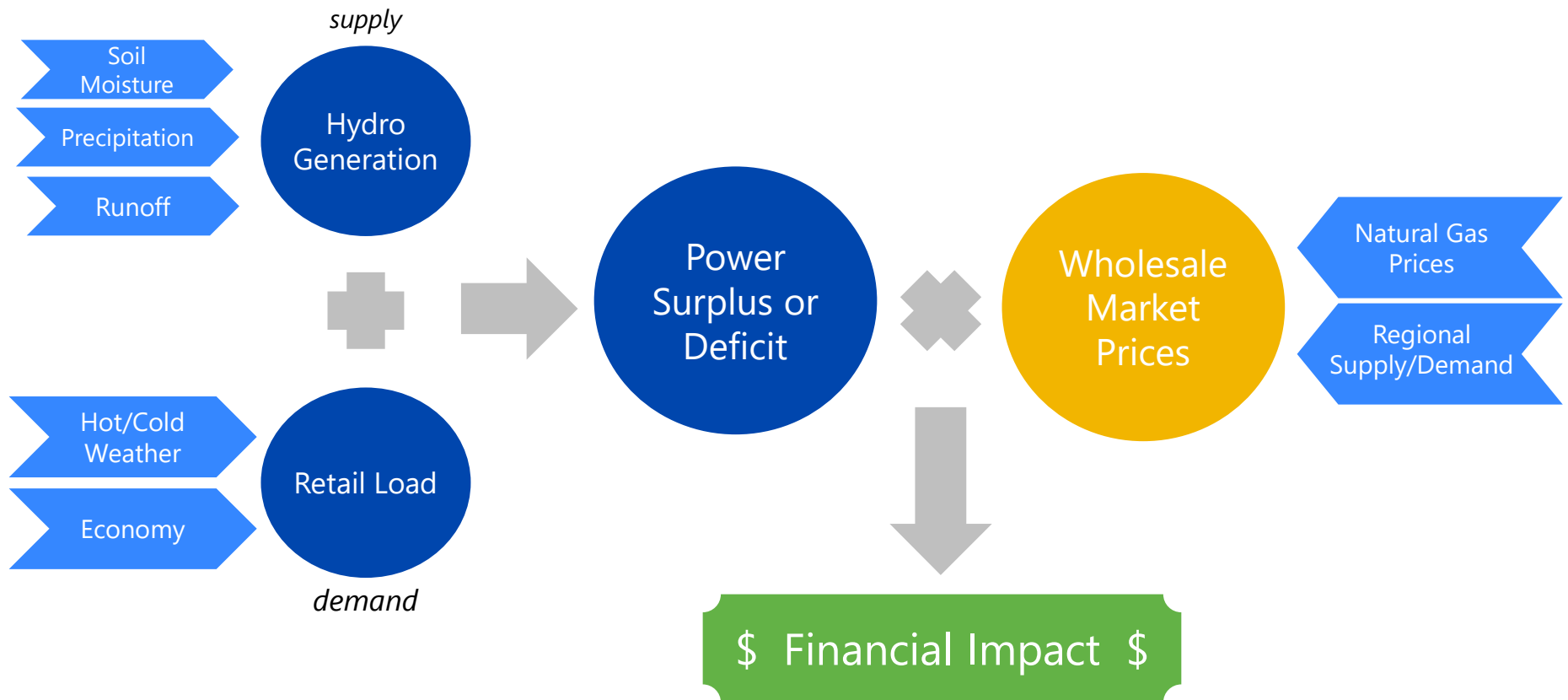
Legislation: Ordinance authorizes transfer of surplus operating cash into the RSA to forestall surcharge

Background: What is the RSA?

- Electric utilities buy and sell power on the wholesale market to balance supply and demand
 - Hydropower supply, retail load and wholesale market prices are all significant risks
- The RSA is a ~\$100M cash reserve that buffers financial impacts of wholesale market activities
 - Established by City Council in 2010
 - Revenues from surplus energy sales are deposited into the RSA, and withdrawals are made for purchases
- If the RSA becomes depleted, automatic rate surcharges are triggered to replenish it



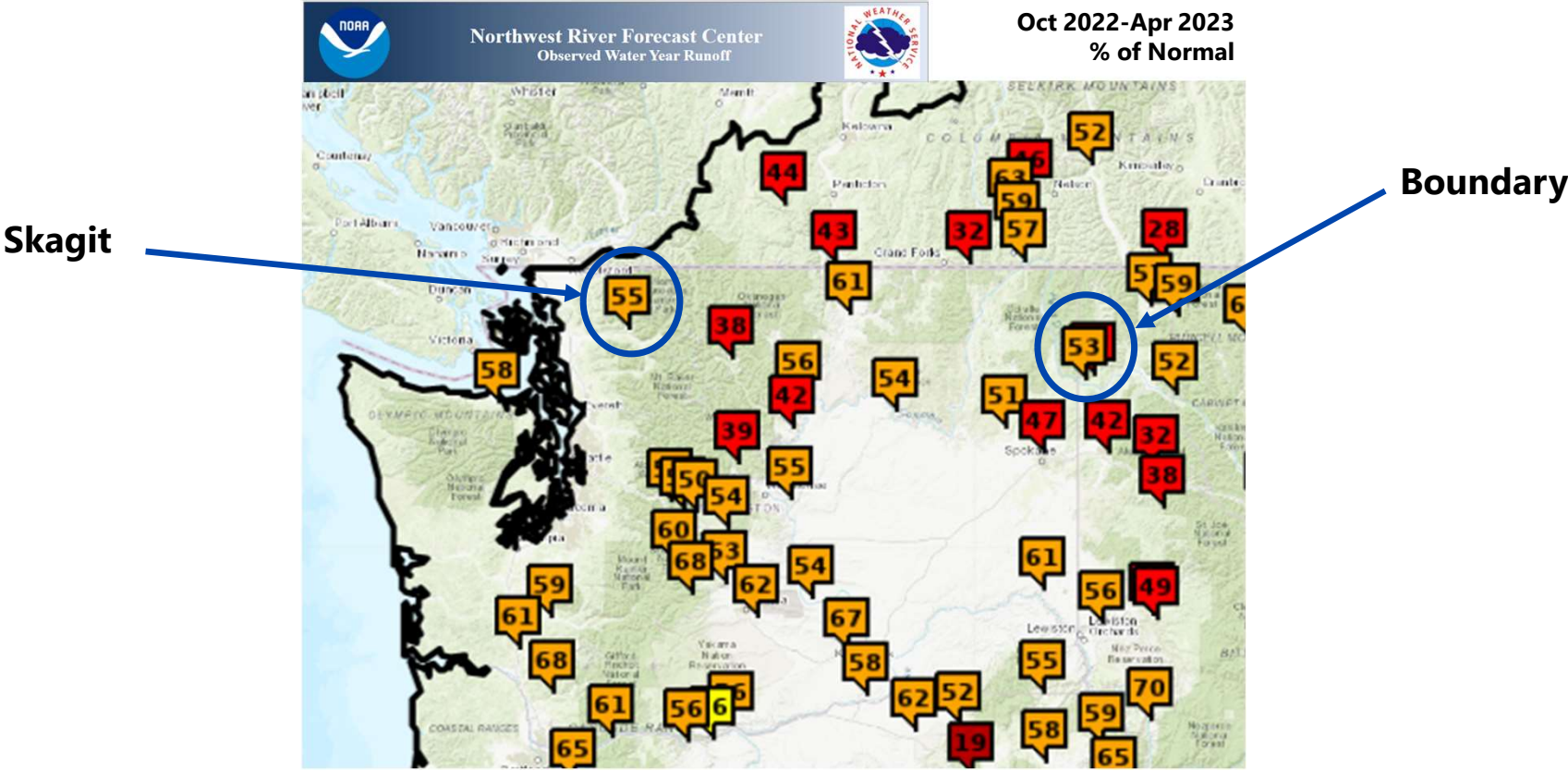
Wholesale Market Dynamics & Risks



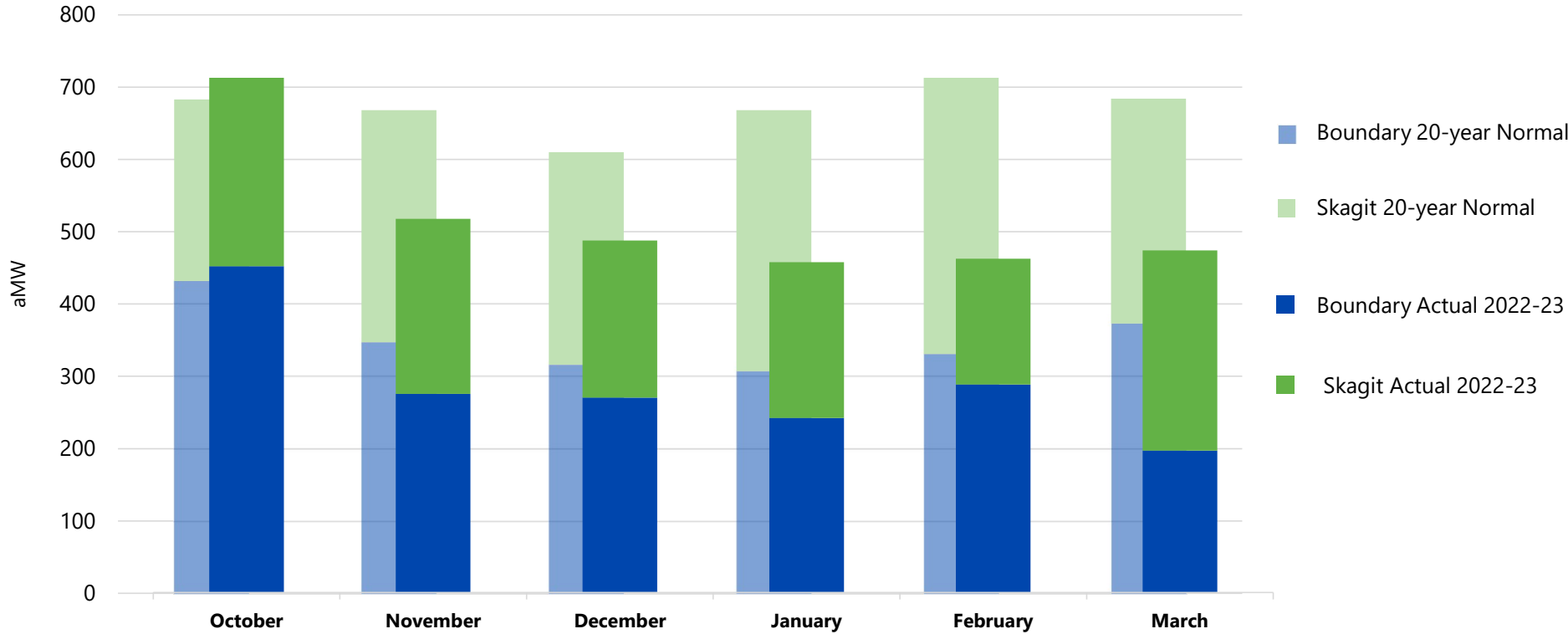
Winter 2022-2023 Recap



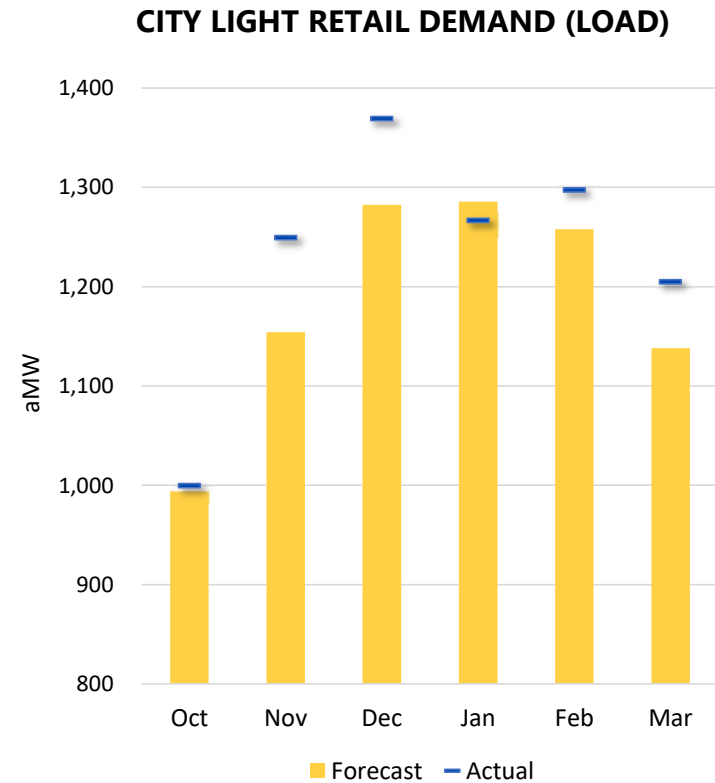
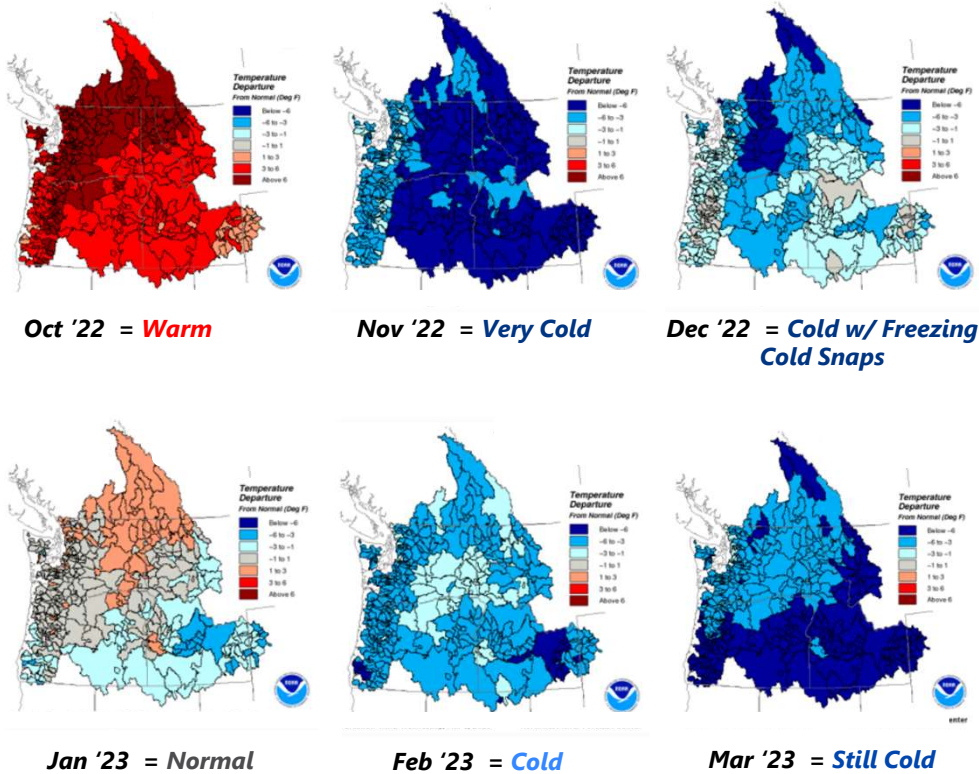
Dry Winter Hydro Conditions



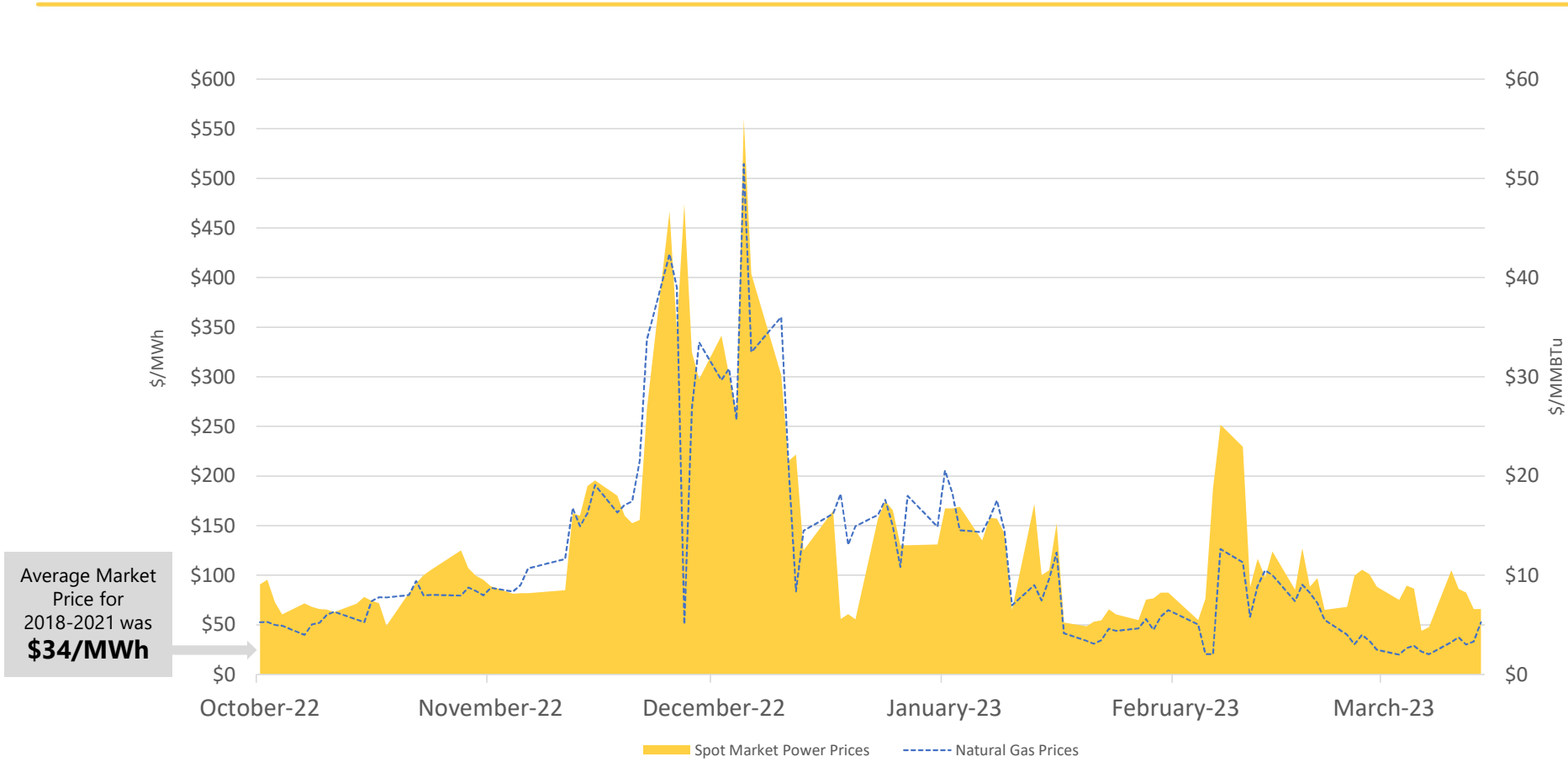
Below Normal Winter Hydro Generation



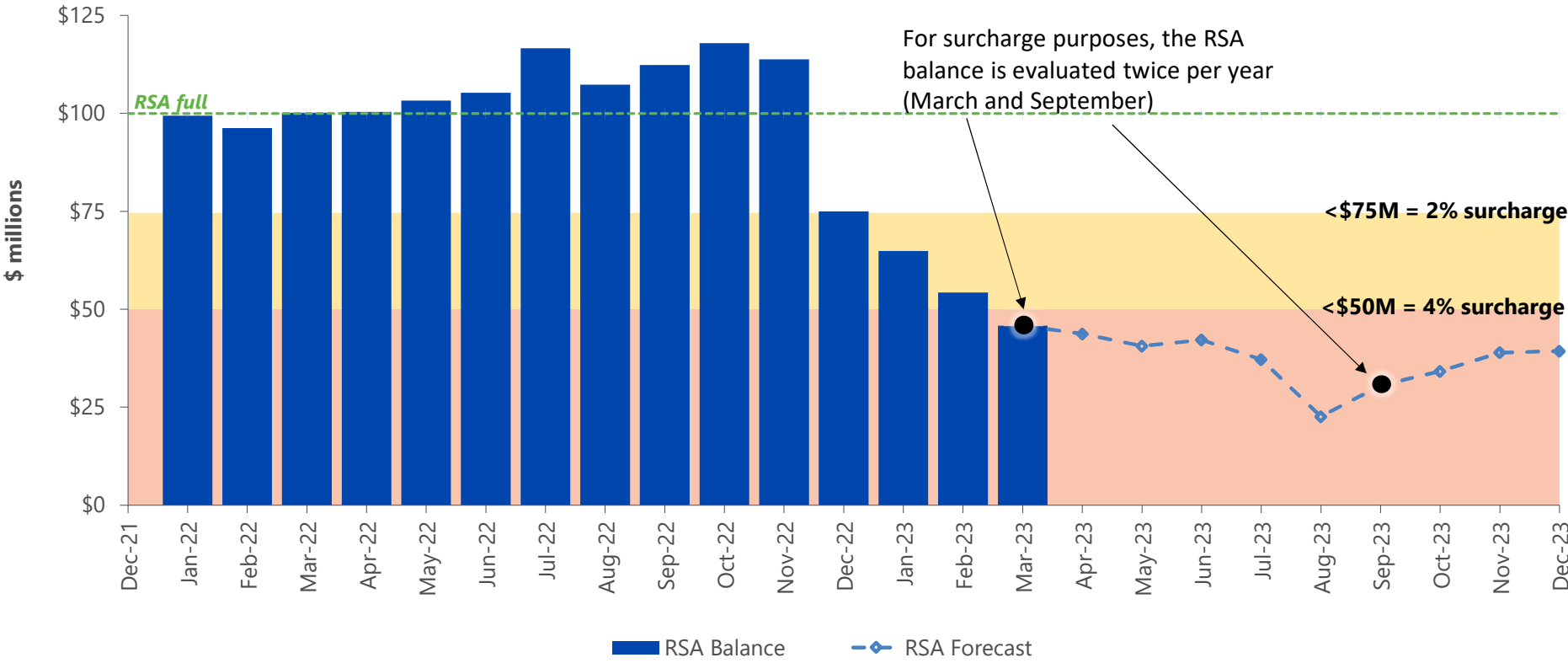
Cold Winter Temperatures Drove Up Demand for Electricity



High Market Prices



RSA Status & Outlook*



*As of March 31, 2023

RSA Transfer Background

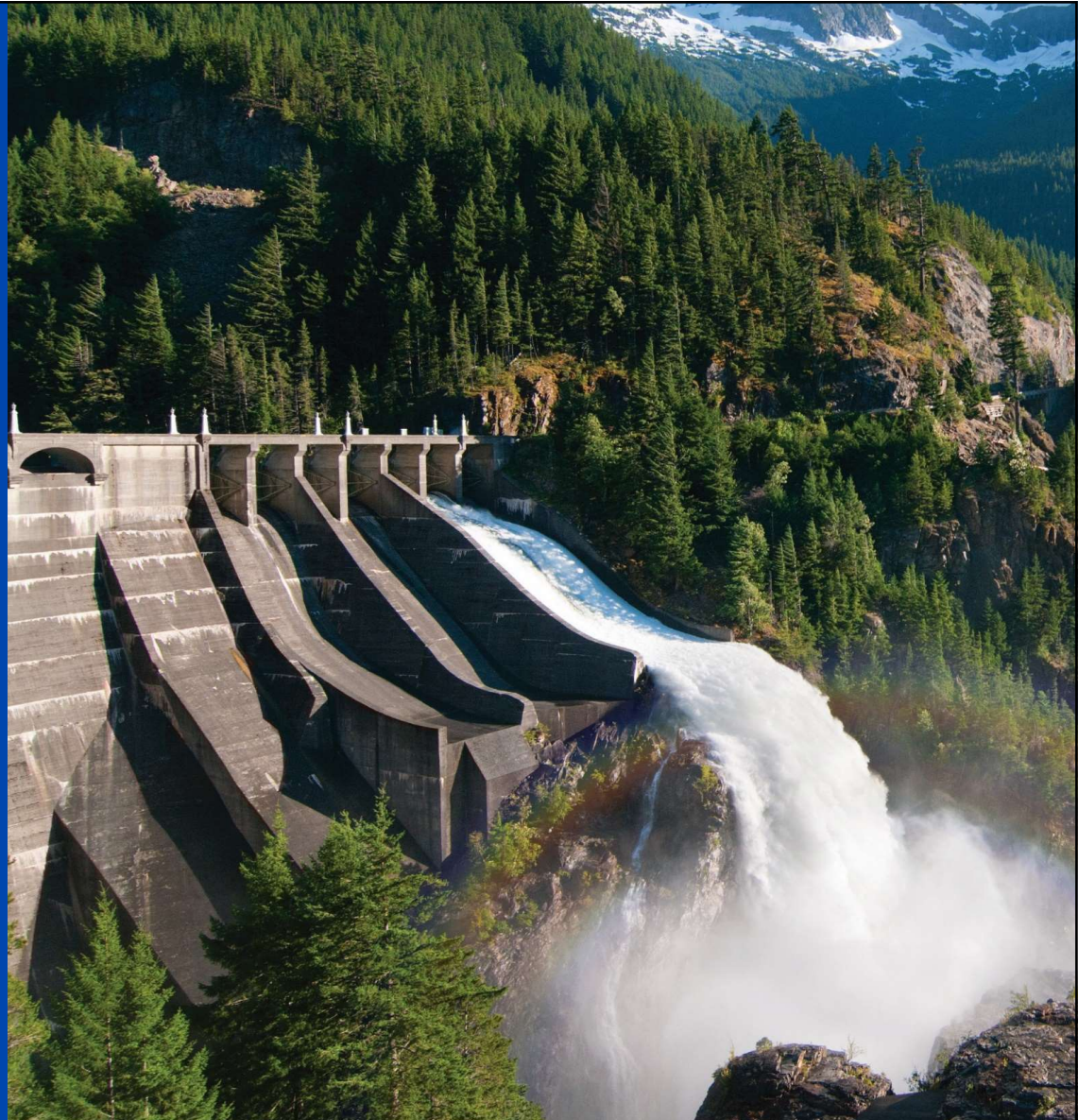
- Justification
 - Strong liquidity: \$356 million operating cash
 - Excellent financial performance in 2022, positive outlook for 2023
 - Historical precedent, transfers also made in 2011, 2012, 2013 and 2021
- Risks
 - Cash transfer to RSA will incrementally weaken financial results*
 - Potential credit rating impacts- looking to maintain strong likelihood of > 1.80x debt service coverage
- Proposal
 - Initial transfer of \$30M (bring RSA balance up over \$75M)
 - Second transfer in September if financials can support

RSA Transfer Amount \$M	Debt Service Coverage**
\$0	2.05x
\$14	2.00x
\$25	1.95x
\$30	1.93x
\$37	1.90x
\$49	1.85x

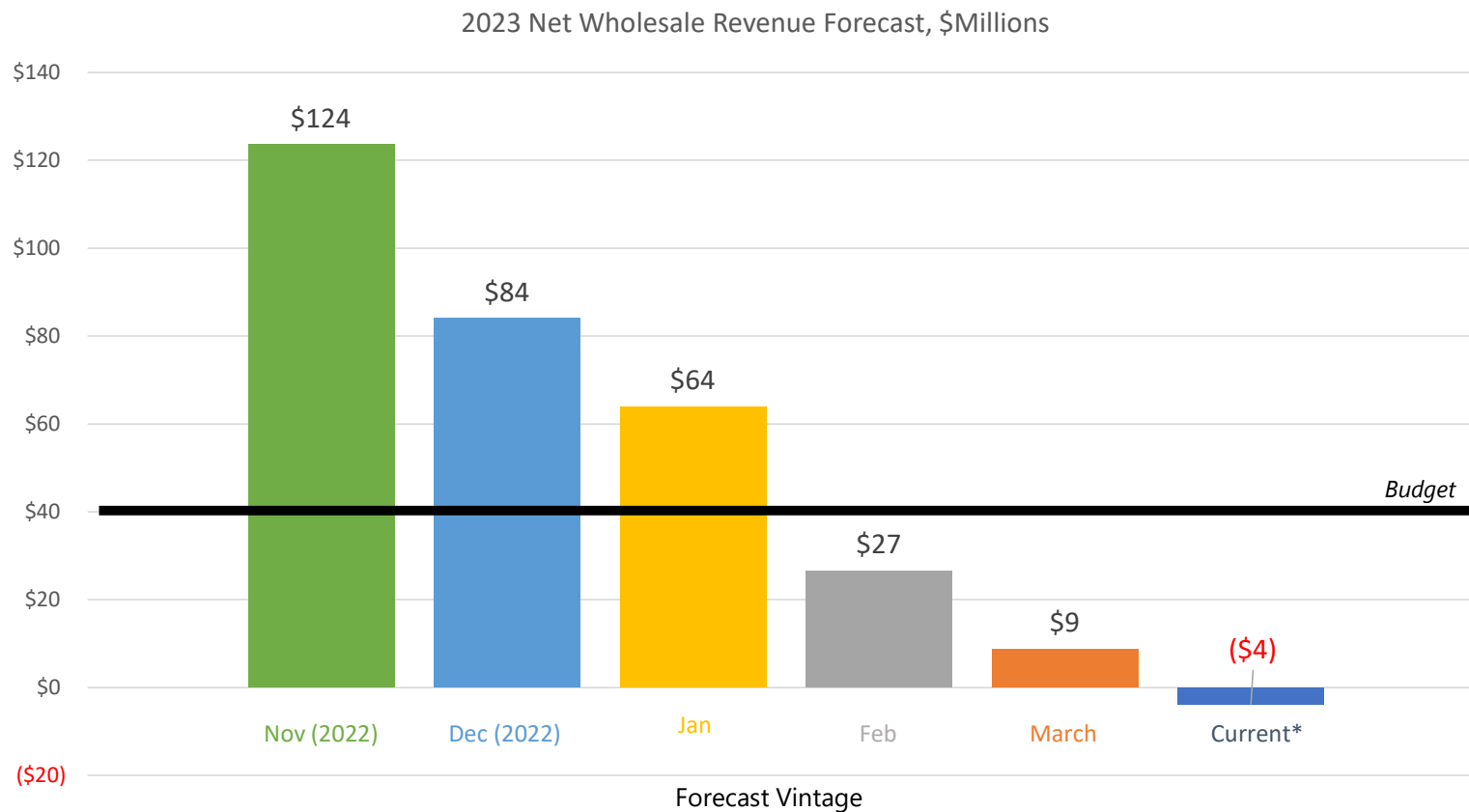
* Transfer will behave like a new expense, reducing 2023 financial results (debt service coverage, etc.) and incrementally impacting leverage/rates

**Debt service coverage is City Light's primary financial metric- based on forecast as of 3-30-2023

Looking Ahead to the 2023 Runoff Season and Beyond



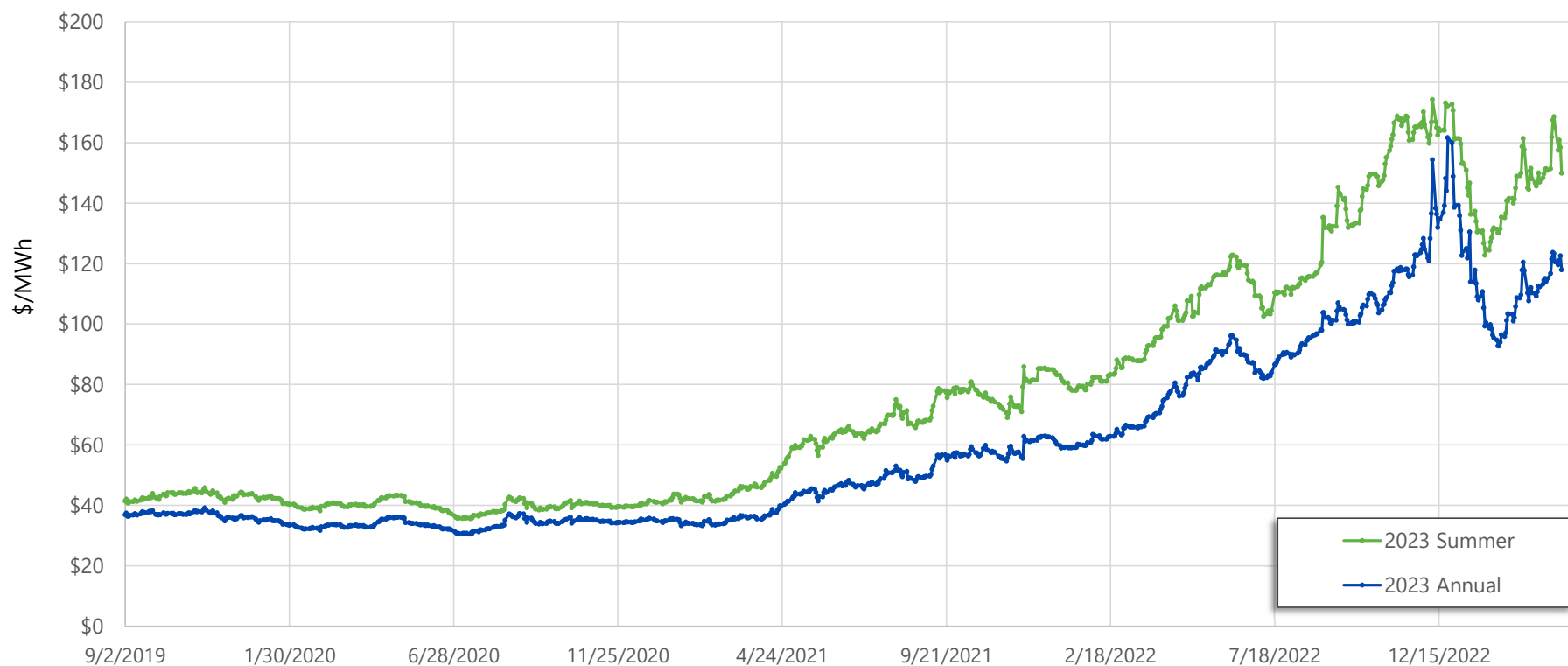
2023 Wholesale Outlook has Deteriorated



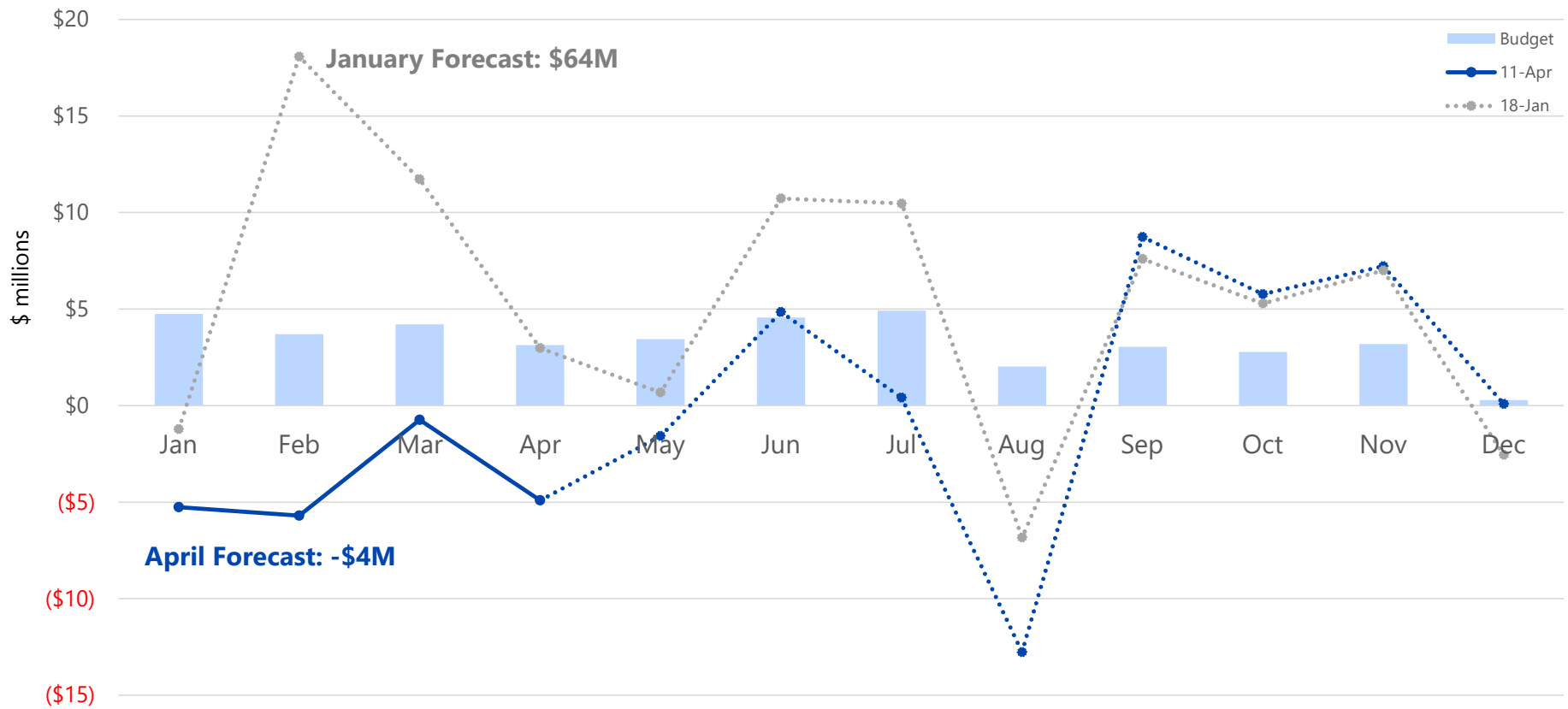
Apr 14, 2023 Forecast

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Wholesale Market Prices for 2023 are High



2023 Net Wholesale Revenue Outlook



Recommended Next Steps

- Ordinance (if approved) will forestall spring 2023 RSA surcharge
 - Enables immediate RSA transfer from operating cash to avoid a June 1 RSA surcharge, AND
 - Authorizes another transfer later in the year if needed to avoid a fall RSA surcharge (which would go into effect January 1, 2024) if financial position (1.85x+ debt service coverage) allows
- Active management of supply/demand balance and wholesale market risk
 - Monitor the runoff and refine hydro generation forecasts
 - Hedging for the summer heating season and managing deficits
- Planning for future power needs
 - Integrated Resource Plan (IRP) calls for new long-term resource acquisition
 - Engagement in WEIM and WRAP provide better visibility of and access to regional resources

WEIM = Western Energy Imbalance Market, WRAP = Western Resource Adequacy Program

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POWER SEATTLE



Seattle City Light



Legislation Text

File #: CB 120537, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to downtown business improvement areas; establishing a new ten-year Business Improvement Area to be known as the Metropolitan Improvement District; levying special assessments upon owners of commercial property, multifamily residential property, and mixed-use property 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; providing for an implementation agreement with a Program Manager; disestablishing the existing Metropolitan Improvement District that was established by Ordinance 124175 (“2013 MID”); suspending the issuance of assessments and providing for the continuity of services under the 2013 MID; providing for the transfer of any remaining funds from the 2013 MID Account; and ratifying and confirming certain prior acts.

WHEREAS, chapter 35.87A RCW 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, the owners of commercial, multifamily residential, and mixed-use properties located within the area and representing over 66 percent of the total special assessments levied by this ordinance filed a petition with The City of Seattle (“City”) to establish a new Metropolitan Improvement District pursuant to chapter 35.87A RCW, a copy of which is filed in Clerk File 322591; and

WHEREAS, to gauge the percentage of special assessments that were reflected in signed petitions, City staff followed RCW 35.87A.010, and calculated the dollar amount of the special assessment that each commercial, multifamily residential, or mixed-use property would pay, and compared the dollar amount represented by signed petitions and letters of support to the estimated total for the entire proposed Metropolitan Improvement District, and the result was nearly 66 percent in approved and validated

petitions, which exceeds the threshold of 60 percent stated in RCW 35.87A.010; and

WHEREAS, the City Council adopted Resolution 32089, initiating the Metropolitan Improvement District via the resolution method instead of the petition method as provided for in RCW 35.87A.030; and

WHEREAS, pursuant to RCW 35.87A.040, the City Council on March 28, 2023, adopted Resolution 32090 entitled “A RESOLUTION of intention to establish a new Metropolitan Improvement District and fix a date and place for a hearing thereon,” which stated its intention to establish the new Metropolitan Improvement District, the proposed boundaries, and the proposed programs, and which set the date and time for a public hearing; and

WHEREAS, pursuant to RCW 35.87A.180, the City Council adopted Resolution 32091, which stated its intention to disestablish the current Metropolitan Improvement District established in 2013 by Ordinance 124175 and set a date and place for a public hearing; and

WHEREAS, the purpose of the Metropolitan Improvement District is to enhance conditions for the commercial, multifamily residential, and mixed-use properties by performing activities that go beyond the basic services provided by the City; and

WHEREAS, as provided by Resolution 32090, the City Council, through its Economic Development, Technology, and City Light Committee, held a virtual public hearing at 9:30 a.m. on April 12, 2023, at City Council Chambers, City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, Washington, 98104; and

WHEREAS, the testimony received at that virtual public hearing resulted in the Council determining that establishing a new Metropolitan Improvement District is in the best interest of the owners of commercial, multifamily residential, and mixed-use properties within the Metropolitan Improvement District’s boundaries; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Disestablished. The current Business Improvement Area (BIA) known as the Metropolitan Improvement District (“2013 MID”) established by Ordinance 124175 shall be disestablished at 12:01 a.m. on

July 1, 2023.

Section 2. 2013 MID Assessments to Cease. No further MID assessments from Ordinance 124175 shall be made after July 1, 2023.

Section 3. Winding up of Operations. The Director of the Office of Economic Development or designee (“OED Director”) is authorized to enter into an agreement with the Program Manager of the 2013 MID to provide for continuity of services and winding up of operations of the 2013 MID. All 2013 MID program and management operations shall cease effective July 1, 2023 and all remaining funds in the 2013 MID Account shall immediately be transferred to the account described in Section 9 of this ordinance.

Section 4. Area established. As authorized by chapter 35.87A RCW, there is established a Business Improvement Area to be known as the Metropolitan Improvement District (“MID”), within the following boundaries as shown on the map attached to this ordinance as Attachment A and described in this section. 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.

The Metropolitan Improvement District Area:

- From the corner of Elliott Avenue and Denny Way, proceed west to Elliott Bay [excluding Myrtle Edwards Park]; then proceed
 - South along the waterfront to Alaskan Way and Broad Street; then proceed
 - South along Alaskan Way, including the piers and/or properties abutting the west side of Alaskan Way, to South Dearborn St; then proceed
 - East to 1st Ave South; then proceed
 - South to South Royal Brougham Way, including properties abutting the west side of 1st Ave South to Alaskan Way South; then proceed
 - East to Occidental Avenue South; then proceed
 - North on Occidental Avenue South to South King Street; then proceed

- East on South King Street, including properties abutting 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 Jefferson Street; then proceed
- North along Interstate-5 to Denny Way [excluding Freeway Park]; then proceed
- West along Denny Way and West Denny Way to Elliott Avenue.

In case of a conflict between the descriptions of the areas and the map, the descriptions shall control.

Section 5. Programs. Special assessment revenues shall be used for the following component programs within the Business Improvement Area:

- A. Cleaning and Maintenance Services;
- B. Community Safety, Hospitality, and Outreach Services;
- C. Public Events and Beautification of Public Spaces;
- D. Economic Development, Advocacy and other Planning Services;
- E. Promotion, Marketing and Communication Services;
- F. Transportation and Parking Support; and
- G. Program Management.

All such activities are supplemental to programs and services provided by the City and are not intended to displace any services regularly provided by municipal government. The total projected cost of MID programs that will be paid for with the proposed MID's assessments in the fiscal year of 2023-2024 is estimated to be approximately \$18.3 million. This will also be the approximate amount in subsequent years as adjusted by various factors including, but not limited to, inflation and other impacts to the total level of assessment due to factors discussed in the assessment formula.

Section 6. Levy of special assessments. To finance the programs authorized in Section 5 of this

ordinance, a ten-year special assessment shall be levied upon and collected from the owners of commercial property, multifamily residential property (buildings containing four or more residential units), and mixed-use property (multifamily residential and commercial) located within the boundaries of the Metropolitan Improvement District (MID) described in Section 4 of this ordinance. Initial assessment calculations will be based on property information from the King County Assessor’s Office for Value Year 2021/Tax Year 2022. The MID shall annually update records based on data and information from King County and the City. Ratepayers shall be assessed by the City in ten annual installments to be billed semi-annually beginning in the year of the authorization (2023), by applying the following assessment rates to each ratepayer:

A. Base Year Assessment = $(\$0.45 \times \text{Land Square Footage}) + (\$0.37 \times (\text{Total Taxable Value (Land + Improvements)} / \$1,000))$. Records for the assessment calculation are based on information provided by the King County Assessor’s Office. This calculation is called the “Base Formula.” Modifications or limitations to these assessments are described below.

B. Building Square Footage Ceiling. For any individual parcel for which the Floor Area Ratio (FAR=Net Building Square Footage/Land Square Footage) is greater than 0.5, no Base Year assessment shall exceed an amount equal to $(\$0.24 \times \text{Net Building Square Footage})$. This rate is called the “Building Square Footage Ceiling.”

C. For the following special classifications of Ratepayers (using King County Assessor’s Present Use Code) and where more than 75 percent of a property’s total net building square footage is designated a hotel, parking or residential section use code, a Special Assessment Ceiling Rate as set forth below shall be applied to the Base Year Assessment to determine the rate most reflective of benefit for that particular class of Ratepayer:

1. Hotel Room Ceiling. The hotel room ceiling shall be \$112 in the first assessment year; \$125 in the second assessment year and adjusted by an inflationary factor as set forth in Section 6(G)(3) of this ordinance in the second through tenth assessment years.

2. Residential Unit Ceiling. The residential unit ceiling shall be \$175 in the first assessment

year; \$195 in the second assessment year and also adjusted by an inflationary factor as set forth in Section 6(G) (3) of this ordinance in the second through tenth assessment years.

3. Surface Parking Ceiling: ($\$0.81 \times (\text{Total Appraised Value}/\$1,000)$).

D. 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.), and the property is in nonprofit use, then use Taxable Value and calculate the MID Assessment as 25 percent of the Base Formula. Twenty-five percent 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, and in governmental use, then it is exempt from mandatory MID assessment.

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

c. If the property is operated by a for-profit organization, the MID Assessment is calculated using Appraised Value.

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

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

F. Properties owned by governmental entities and public utilities will not be assessed except as provided in Section 6(D) of this ordinance.

G. To maintain the current level of services and increase benefits provided by MID, annual assessment

rate increases shall be applied consistent with this subsection.

1. Assessments in the second through fifth years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the first assessment year. In the sixth assessment year (2028-2029), 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.

2. Assessments in the sixth, seventh, eighth, ninth, and tenth assessment years, as adjusted pursuant to this subsection, shall be based upon the same property values as in the sixth assessment year.

3. After the first assessment year, the Land Square Footage rate, and the ceilings for 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-Bellevue ("CPI") but no less than 2.5 percent and no greater than 5 percent.

4. After the first assessment year, the value portion of the prior year's base assessment calculation 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-Bellevue ("CPI") but no less than 2.5 percent and no greater than 5 percent.

5. Notwithstanding the provisions of this subsection, 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 \$0.45 x the cumulative Inflationary Factor.

c. The Building Square Footage Ceiling will not exceed \$0.21 x the cumulative Inflationary Factor.

d. The Hotel Room Ceiling will not exceed \$125.00 x the cumulative Inflationary Factor.

e. The Residential Unit Ceiling will not exceed \$195.00 x the cumulative Inflationary

Factor.

f. The Surface Parking Ceiling will not exceed $\$0.81 \times$ the cumulative Inflationary

Factor.

H. 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 following its inclusion in 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. A new benefit area will continue to have its value updated to the most current year value until it is designated as 100 percent complete and no new dollars are added by the King County Assessor’s Office. The formula for a new benefit area will be calculated using the new King County Assessor’s values in the Base Formula multiplied by the annual CPI Factor in effect. New Business Improvement Area (BIA) assessments will be billed at the next regularly scheduled billing period established by the Director of Treasury Services.

I. Multifamily Tax Exemption (MFTE). If a property is owned by a for-profit entity and qualifies for the MFTE from the City, the Base Year Assessment will be calculated using the Total Appraised Value upon 100 percent completion of the building and/or authorization of MFTE.

J. Rate changes. Changes in assessment rates other than as described in this section shall only be authorized by ordinance consistent with RCW 35.87A.140 and with the approval of the BIA Advisory Board and shall not occur more than one time per year.

Section 7. Assessments shall commence as of July 1, 2023, or on the effective date of this ordinance, whichever is later.

Section 8. Billing schedule. Special assessments shall be billed on a semi-annual basis. The Treasury Director may change the billing frequency by directive to an interval no more frequent than quarterly. The Treasury Director shall mail a copy of a directive issued under this section to all ratepayers not less than 90

days before the new billing due date is to take effect.

Section 9. Deposit of revenues. There is in the City Treasury’s Business Improvement Area Fund a separate subaccount designated the Metropolitan Improvement District Account (called “the Account”). The following monies shall be deposited in the Account:

- A. All revenues from special assessments levied under this ordinance;
- B. All income to the City from public events financed with special assessments;
- C. Gifts and donations;
- D. Interest and all other income from the investment of Account deposits;
- E. Reimbursements due to the Account; and
- F. All revenues from special assessments levied under Ordinance 124175 pursuant to Section 3 of this ordinance.

Section 10. Administration. The Treasury Director shall administer the program for the City with authority to:

- A. Collect the special assessments; refund special assessments when overpaid or otherwise improperly collected; extend the deadline for payment; and waive delinquency charges, processing fees, and interest whenever the delinquency results from extenuating circumstances beyond the ratepayer’s control, such as a casualty loss causing premature closure of the business or bankruptcy, or the total payment due to the City (exclusive of delinquency charges and interest) is \$10 or less;
- B. Calculate and collect the interest, delinquency charges, and processing fees for late payments; and
- C. Accept and deposit advance payment of assessments by ratepayers; accept donations from governmental agencies, the public, and owners and operators of businesses on property that is developed or redeveloped during the existence of the Metropolitan Improvement District.

Section 11. Delinquent payments. If an assessment has not been paid within 30 days after its due date,

the Treasury Director shall send a reminder notice and add a \$5 processing fee. If the assessment is not paid within 60 days after its due date, a delinquency charge shall be added in the amount of ten percent of the assessment. All assessments that are not paid within 60 days of the due date shall also bear interest from the due date at 12 percent per annum. The Treasury Director is authorized to refer any unpaid assessments to a collection agency or to bring an action to collect any unpaid assessments in any court of competent jurisdiction in King County.

Section 12. Notices. Notices of assessment, installment payments, or delinquency, and all other notices contemplated by this ordinance may be sent by ordinary mail or delivered by the City to the address shown on the records of the Treasury Director, and, if no address is shown there, to the address shown on the records of the King County Assessor's Office. Failure of the ratepayer to receive any mailed notice shall not release the ratepayer from the duty to pay the assessment on the due date and any interest, delinquency charges, and processing fees.

Section 13. Disputes. Any ratepayer aggrieved by the amount of an assessment or delinquency charge may upon request obtain a meeting with the Treasury Director or the Treasury Director's designee. If not satisfied, the ratepayer may appeal the matter to the City's Hearing Examiner in the manner provided for a contested case under Seattle Municipal Code Chapter 3.02. The ratepayer has the burden of proof to show that the assessment or delinquency charge is incorrect.

Section 14. Audit. The City may conduct random audits of ratepayers to ensure that assessments are being properly calculated and reported.

Section 15. Expenditures. Expenditures from the Account shall be made upon demand and presentation of documentation of allowable expenses to the Treasury Director by the BIA Program Manager and shall be used exclusively for the purposes as defined in Section 5 of this ordinance.

Section 16. Program Manager. The Director of the Office of Economic Development or designee ("OED Director") is authorized to contract with a local non-profit entity operating primarily within the City

with experience in BIA management to act as the Program Manager. The Program Manager's duties, subject to the approval of the ratepayers at each annual meeting, will be to manage the day-to-day operations of the Metropolitan Improvement District and to administer the projects and activities. The Program Manager shall exercise fiduciary responsibility to spend the special assessment revenues exclusively for the benefit of the Metropolitan Improvement District and only for the purposes identified in Section 5 of this ordinance. The Program Manager shall abide by City ordinances and state law related to business improvement areas.

Meetings of the Program Managers' board or committee at which Metropolitan Improvement District activities are anticipated to be discussed shall be open to the public, with at least five days' advance notice posted by the Program Manager(s) on its website and also disseminated by any other means that the Program Manager(s) generally uses to communicate.

Section 17. BIA Advisory Board. The OED Director shall, within 30 days of the effective date of this ordinance, appoint an interim BIA Advisory Board comprised of ratepayers representative of the entire geography and variety of sizes within the Metropolitan Improvement District. The OED Director shall solicit recommendations from the ratepayers and shall appoint the interim board from that list. The interim BIA Advisory Board will, within 90 days of the effective date of this ordinance, recommend an inaugural BIA Advisory Board ("Board").

The composition of the Board shall be representative of the varying sizes and types of property owners, residents, and business tenants, within the geographic area of the Metropolitan Improvement District and may include public agencies.

The OED Director shall appoint the inaugural Board members from the list recommended by the interim BIA Advisory Board. The OED Director may appoint additional members to the Board beyond those recommended by the interim BIA Advisory Board to ensure a broad representation of ratepayers.

As a prerequisite to serving on the Board, each member shall sign an acknowledgment, prepared by the OED Director, that they will abide by City ordinances and state law related to business improvement areas.

The Board shall be responsible for: adopting bylaws consistent with the City’s BIA policies; adopting policy guidelines; recommending approval of budgets, expenditures, and programs; and providing advice and consultation to the OED and Treasury Directors and to the Program Manager.

The Board shall meet at least once quarterly; recommend an annual work program and budget; address and discuss ratepayer concerns and questions regarding the Metropolitan Improvement District programs; and sponsor an annual ratepayers’ meeting. Meetings of the Board shall be open to the public and subject to the Open Public Meetings Act, with at least five days’ advance notice posted by the Program Manager on its website and disseminated by any other means that the Program Manager generally uses to communicate.

At the annual ratepayers’ meeting, the Board shall present its proposed work plan and budget for the next year, and its recommendation regarding whether to continue with the current Program Manager. The work plan, budget, and recommendation regarding whether to continue with the current Program Manager must be approved by a vote of the ratepayers and submitted to the OED Director for review and approval.

Section 18. Request to disestablish. The Metropolitan Improvement District shall have a term of ten years and will expire ten years after the date that the area is established. Upon a petition signed by ratepayers that would pay 60 percent of the proposed special assessments, the BIA Advisory Board shall request that the City Council disestablish the Metropolitan Improvement District in accordance with chapter 35.87A RCW.

Section 19. Ratification and confirmation. The making of contracts and expenditures and the sending of assessment notices consistent with the authority of this ordinance taken after its passage and prior to its effective date are ratified and confirmed.

Section 20. 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 _____, 2023, and signed by

me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

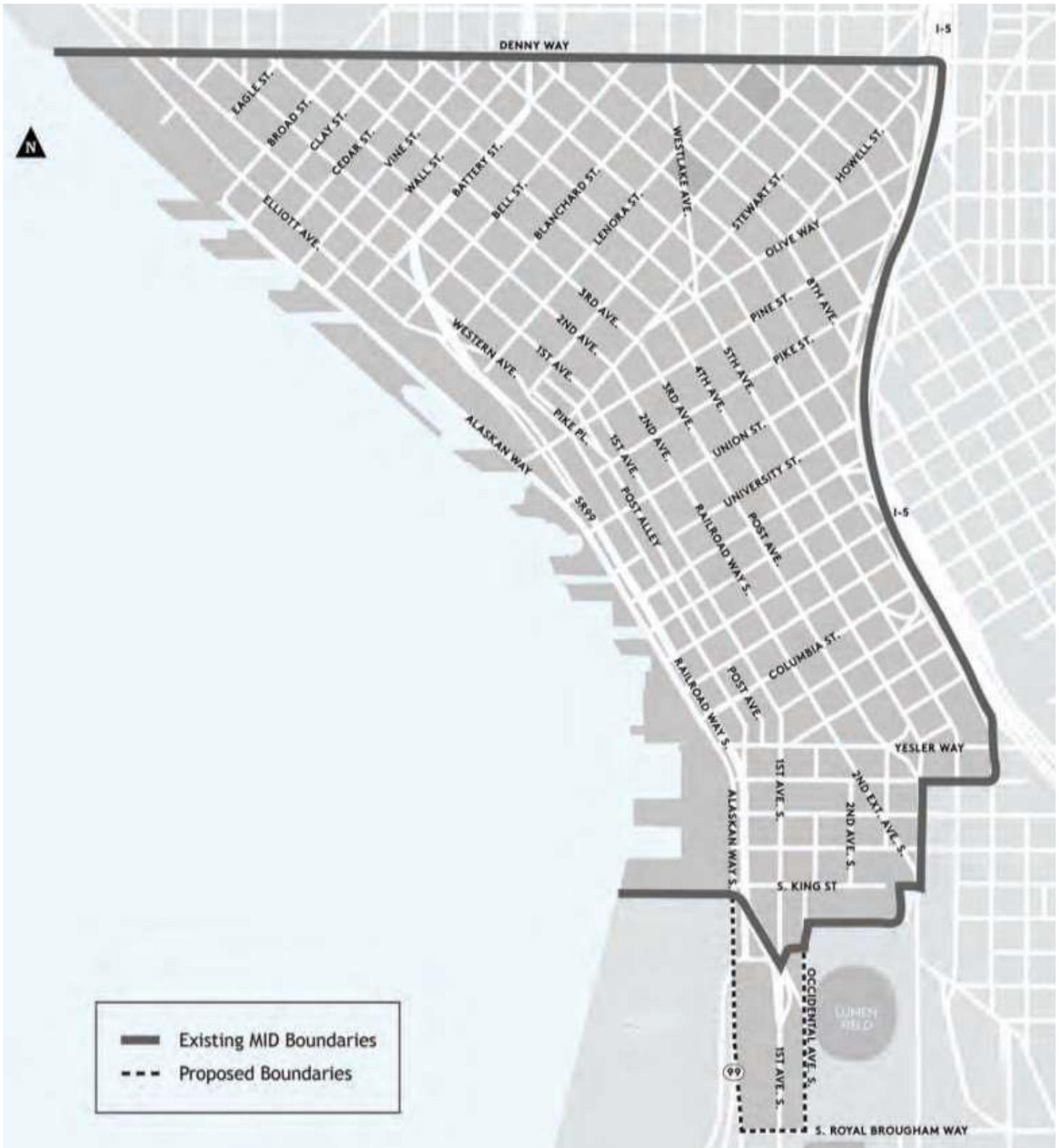
Filed by me this _____ day of _____, 2023.

Elizabeth M. Adkisson, Interim City Clerk

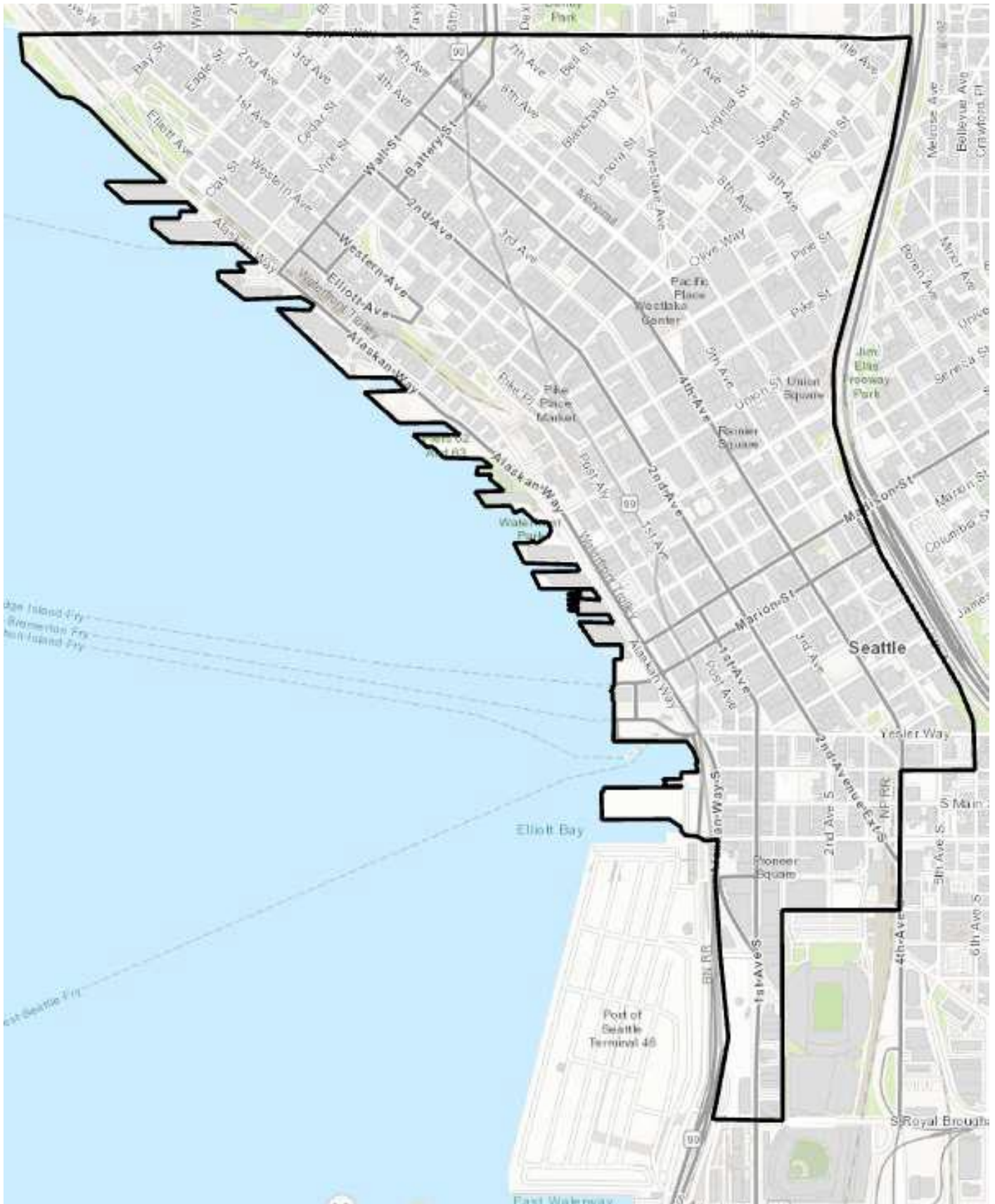
(Seal)

Attachments:
Attachment A - Proposed MID Boundaries

Attachment A – Proposed MID Boundaries
V1



Attachment A – Proposed MID Boundaries
V1



Southern Boundary Detail:



SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
Office of Economic Development	Phillip Sit	Nick Tucker

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to downtown business improvement areas; establishing a new ten-year Business Improvement Area to be known as the Metropolitan Improvement District; levying special assessments upon owners of commercial property, multifamily residential property, and mixed-use property 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; providing for an implementation agreement with a Program Manager; disestablishing the existing Metropolitan Improvement District that was established by Ordinance 124175 (“2013 MID”); suspending the issuance of assessments and providing for the continuity of services under the 2013 MID; providing for the transfer of any remaining funds from the 2013 MID Account; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This Ordinance disestablishes the current Metropolitan Improvement District (2013 MID) establishes a new Metropolitan Improvement District under RCW 35.87A. The Metropolitan Improvement District is expected to be funded by a special assessment levied on the owners of commercial, multi-family residential, and mixed-use properties within its boundaries. The City would contract with a program manager to administer the activities set out in the Metropolitan Improvement District business plan. The new MID’s program manager will be overseen by a Ratepayers Advisory Board, which would be broadly representative of the ratepayers within the Metropolitan Improvement District.

The existing MID, which was established in 2013 by Ordinance 124175, expires on July 1, 2023. This ordinance is the final piece of legislation required to create a new Metropolitan Improvement District, as required by chapter 35.87A RCW. The City Council passed a resolution to initiate the formation of the Metropolitan Improvement District, as well as a resolution of intent that included the date and place of a public hearing. After the public hearing, the City Council agreed to go forward with this ordinance.

The Metropolitan Improvement District would be established for the duration of ten years, with the base year being FY2023/2024. The Metropolitan Improvement District believes its proposal is efficient, accountable, and responsive to the area’s needs. The group collected signatures for a petition to form the Metropolitan Improvement District that will fund the following programs within the Business Improvement Area:

- A. Cleaning and Maintenance Services;

- B. Community Safety, Hospitality, and Outreach Services;
- C. Public Events and Beautification of Public Spaces;
- D. Economic Development, Advocacy and other Planning Services;
- E. Promotion, Marketing and Communication Services;
- F. Transportation and Parking Support; and
- G. Program Management.

The petitioning effort resulted in a show of financial support by ratepayers who would pay at least 60% of the total special assessment revenues. Assessments will commence as of July 1st, 2023, or the effective date of this ordinance, whichever is later. The Metropolitan Improvement District will be overseen by a Ratepayers Advisory Board, which would be broadly representative of the proposed ratepayers and stakeholders from the district.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No, the Metropolitan Improvement District (MID) would be established as a revenue-neutral program.

Are there financial costs or other impacts of *not* implementing the legislation?

If the Metropolitan Improvement District (MID) legislation is not implemented, it would potentially eliminate \$18 million in annual enhanced programs and services in the downtown service area.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Treasury Services in the Office of City Finance administers the assessments for the BIAs. OED has worked in close coordination with Treasury on this legislation package. Treasury will collect the BIA assessments from its ratepayers. Treasury holds the funds solely for the purpose of reimbursing the Program Manager for administering staffing, projects, and other costs associated with the BIA.

b. Is a public hearing required for this legislation?

Yes, the public hearing date is set in the companion MID Intention to Establish resolution and was held on [REDACTED] as required by RCW 35.87A.140.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Yes. The companion MID Intention to Establish resolution was published to give notice of the public hearing for the proposed Council Bill.

d. Does this legislation affect a piece of property?

Please see Attachment A to the Ordinance: Proposed MID Boundaries

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

The Metropolitan Improvement District is not expected to have adverse disproportionate impacts on vulnerable and historically disadvantaged communities in the district. OED will complete a RET on the outreach process on the MID renewal.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

Summary Attachment A, the MID Business Plan, expands on the goals of the MID.

Summary Attachments:

Summary Attachment A - MID 2023-2033 Business Plan

MID 2023-2033 BUSINESS PLAN



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Overview

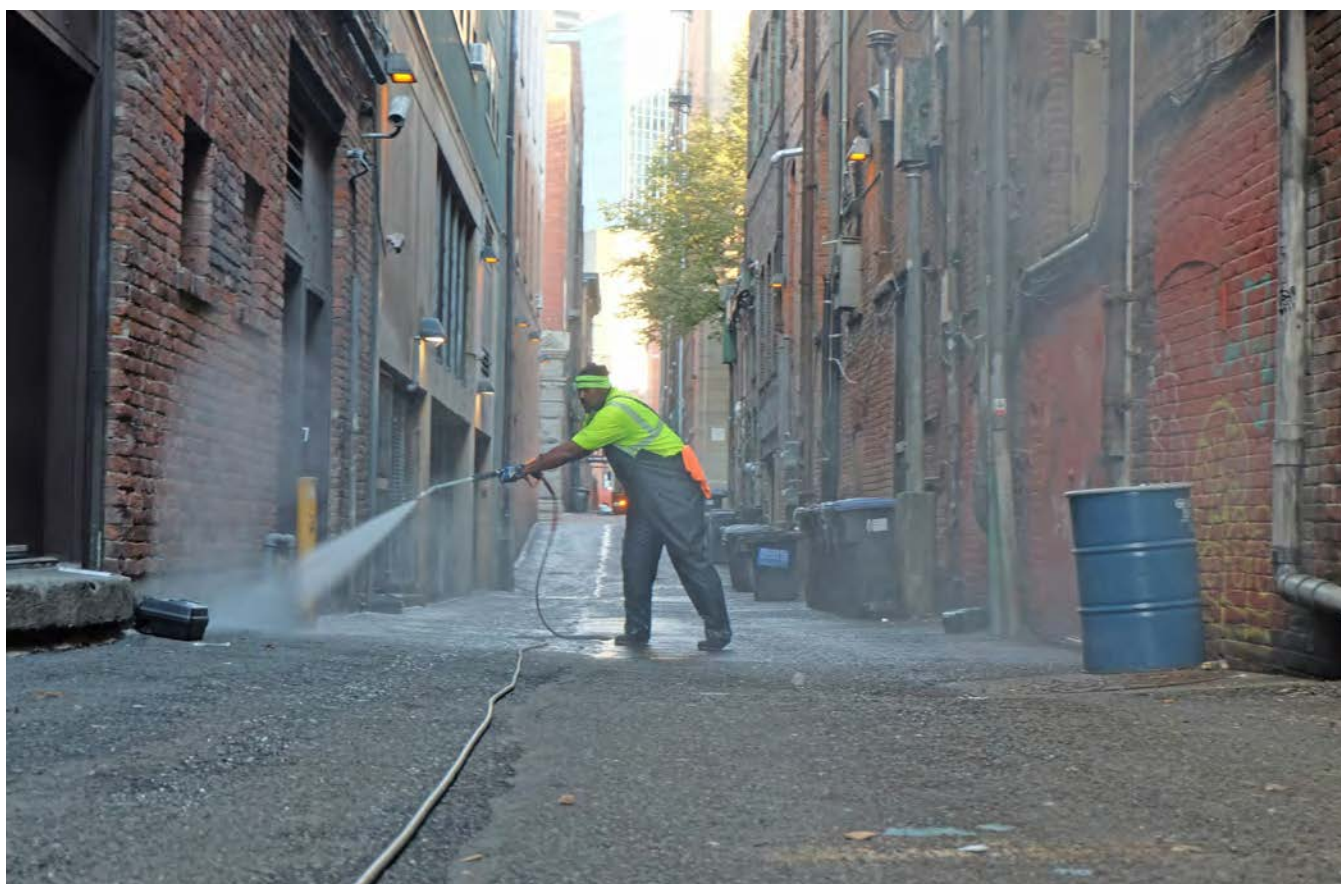
In 1999 the Downtown community came together under the leadership of the Downtown Seattle Association to form the Metropolitan Improvement District. The MID is a business-improvement area in downtown Seattle spanning 285-square blocks in six downtown neighborhoods. With support and funding from commercial and residential property owners within the MID boundaries, DSA provides an array of services to ensure a clean, safe and welcoming downtown for all. The downtown MID ratepayers and community members came together in 2013 to request the City to renew the MID and it is up for renewal again in 2023. As required by the City MID ordinance, a diverse advisory board of 35 property owners recommends an annual budget, program manager and work plan and provides ongoing input and oversight of MID programs. In addition to making sure downtown is clean, safe, a great place live, work and do business, the MID offers

stability and employment, healthcare and housing support to justice-involved individuals and those experiencing homelessness.

The following plan reviews:

- The reimagining process that determined the MID's post-pandemic services
- The MID renewal process and outreach conducted with MID ratepayers and downtown stakeholders
- The proposed services
- Budget considerations for 2023-24 and beyond
- Review of current MID assessment formula structure
- MID renewal goals
- Proposed changes to the assessment formula

Credit: @adam_noble86



MID-funded Services

MID-funded downtown ambassadors work seven days a week, 362 days a year, providing:

- Cleaning, including graffiti and biohazard removal
- Safety, outreach and hospitality services
- Maintenance of public infrastructure
- Park/public space event management and operations

In addition, MID funding supports:

- Marketing and promotion of downtown
- Public realm art installations and beautification
- Numerous family-friendly events
- Advocacy, research and economic development
- Transportation and commuting services
- Employment opportunities for individuals experiencing homelessness and/or are justice involved



Reimagining the MID for the Future

2022 MID OPERATIONAL CHANGES

Increased investment in private security staffing to address ratepayer and staff safety concerns

Expanded use of mobile cleaning equipment to increase speed of service delivery

\$3.00/hour increase in ambassador wages to respond to competitive labor environment and improve ambassador retention

Expanded duties of community safety and hospitality teams for enhanced coverage

MID operational changes implemented in 2022, based on stakeholder feedback.

In early 2022, to address both immediate post-pandemic conditions and the evolving needs of downtown Seattle into the next decade, the DSA and MID staff, along with members of the MID Ratepayer Advisory Board, began work on reimagining MID operations. Internally, an all-staff survey was conducted, and focus groups were comprised of operations leadership and ambassadors. All worked together on blue-sky planning, as well as concrete operational enhancements to be piloted immediately.



MID Accomplishments

The MID maintains an extensive record of services performed in order to demonstrate benefits to ratepayers, and to manage resources and employee productivity. Between July 2013 and June 2022, MID ambassadors accomplishments included:



8,664,909

gallons of trash removed



102,571

incidents of human/animal waste cleaned up /disposed of



97,315

syringes collected



339,229

graffiti tags removed



71,156

welfare checks for unsheltered individuals conducted



770,806

visitors and tourists assisted with directions



MID Renewal Process and Community Outreach

In March 2022, the MID Ratepayer Advisory Board established the MID Renewal Committee to inform and oversee the MID renewal process. This group of property owners and representatives was tasked with reviewing service needs, budget and rates as well as proposed assessment formula changes and potential boundary adjustments. The Renewal Committee was also instrumental in providing feedback on improving communication with ratepayers. Additionally, a MID Assessment Equity Work Group comprised of individuals representing commercial, residential and hotel properties was formed to review the MID's current assessment formula and impacts of proposed assessment changes across various property types.

To support extensive stakeholder outreach and renewal process management, DSA hired BDS Planning & Urban Design (BDS) and Kate Joncas, Director of Urban Strategy and Development with MIG.

MID STAKEHOLDER OUTREACH

MID stakeholder outreach began in January 2022 with the “reimagining” efforts and review of current MID services, continued throughout summer 2022 and is ongoing. Outreach efforts have included:

- Formation of the MID Renewal Committee and holding regular meetings and reviews
- Focus groups with the largest MID ratepayers
- Employee engagement, including facilitated team meetings, focus groups and a survey
- 1:1 interviews with select MID ratepayers across property types
- Focus group with CEOs and operations directors representing large downtown organizations across the U.S.
- Mailers to all MID ratepayers with notice of a scheduled public meeting, as well as information about where to learn more about the MID renewal process
- Online MID Renewal Fact Sheet and FAQ created and posted on the MID and DSA websites
- Virtual public meeting conducted on July 14, 2022
- Posting of information to the website KnowYourMID.org and ability to submit comments
- Online survey of MID ratepayers regarding service satisfaction and program direction
- Presentations to MID Condo Board association presidents and members
- New quarterly MID Dispatch newsletter developed and sent via email in September 2022 to more than 3,000 MID stakeholders
- Regular updates at MID Ratepayer Advisory Board meetings
- Meetings with City of Seattle leadership focused on current services and renewal
- A second public meeting held in-person on November 17, 2022
- Feedback from these events and stakeholder outreach confirms the following:
 - Strong support and appreciation for MID services (especially during the pandemic)
 - Ongoing concerns about safety and security in downtown Seattle
 - Concerns about the homelessness crisis and its impact on downtown
 - Desire for additional cleaning services
 - Desire for the city to commit to providing a higher level of core services downtown



MID 2023-2033 Business Plan Goals

The reimagined enhancements to the MID’s core services form the basis for current operations and establish the foundation of the proposed 2023-2033 MID Business Plan. The accumulated feedback from stakeholder outreach meetings, along with ongoing conversations with ratepayers throughout the summer of 2022, provided clear messages that the MID must: remain focused on the core services of cleaning and safety; continue activation of public spaces throughout the MID to bring positive activities to public spaces; and be diligent in advocacy efforts to reestablish a strong partnership with the city and other public sector partners for the provision of basic services downtown.

KEY ELEMENTS OF THE 2023-2033 BUSINESS PLAN

- Sustained investment in private security patrols and SPD emphasis patrols
- Increase in cleaning services through expanded staffing and scheduling
- Competitive wages and benefits for our ambassador teams
- Enhanced advocacy/ratepayer customer service resources to focus on the city’s basic service responsibilities and engagement with ratepayers
- Activation and programming of additional public spaces with private/city investment

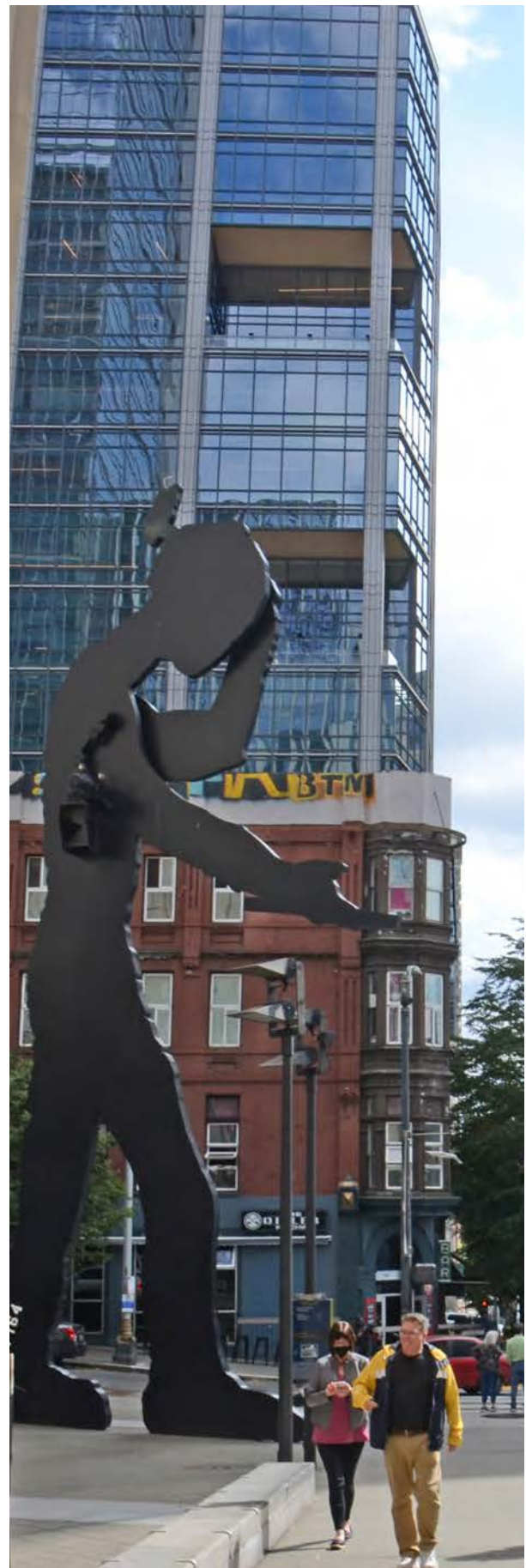
Impacts of Existing MID Assessment Mechanism: 2013-2023

Since the MID was last renewed in 2013, downtown Seattle has experienced significant growth. More than 100,000 people now live downtown – an increase of more than 50%. Over that time, employment and tourism have also grown significantly. Construction of new buildings has increased downtown square footage within the MID by 42%. Property values have also grown by more than 200%. During this period, MID assessments as a percentage of total property value in the district have decreased from .06% to .03%.

Under the current MID ordinance, each property is evaluated based on multiple criteria and then billed based on the lowest of the applicable calculated assessments. The formula was developed to include “ceilings,” which set a maximum assessment level across various property types. In 2013, nearly 65% of properties were assessed at the base levels, allowing for growth in annual assessments based on property value increases, plus an inflation factor of up to 3%. This provided appropriate funding for services that are responsive to changing conditions and growth in downtown.

However, with the record increase in property values over the past decade, more than two thirds of properties have reached “maximum ceilings” under the current formula. This limits funding additional services and programming to meet the needs of our growing downtown. In fact, the combination of ceiling limits and the current 3% inflation cap means that growth of assessment funding now falls behind the actual MID expense increases for wages, supplies and services. In a high-inflationary environment this puts significant downward pressure on MID funding, driving a reduction in services.

The ceilings have also played a significant role in altering assessment equity across property types. With current ceilings in effect, assessments of office properties have increased at a much faster rate than hotel and residential properties relative to respective increases in value.





MID Renewal Goals

The MID Renewal Committee and Assessment Equity Work Group developed the following goals for MID renewal:

- **Funding sufficient to deliver the service levels ratepayers have requested in the proposed MID Business Plan for 2023-2033.** In 2022-2033, MID ratepayers invested \$15.5M toward MID services. Sustaining current cleaning and safety/security service levels, providing extended cleaning services and increasing ambassador wages in the new MID Business Plan will require an assessment budget of approximately \$18M in year one.
- **Improved ratepayer equity across property types.** Over the past decade, assessments paid by office properties in the MID have grown more than assessments on residential and hotel properties. Going forward, adjustments to the assessment calculations by property type are needed to increase the relative assessments on residential and hotel properties to align with the assessments on office properties.
- **Closer linkage to actual CPI-U changes, as we face high inflation.** Based on the 2013 ordinance's cap of 3% annual increases even if CPI-U is higher than 3%, MID assessment increases have sometimes trailed inflation. MID assessments need to track closer to true inflation to avoid a shortfall in service delivery in future years.
- **More predictable budgeting for ratepayers** through a single mid-term TAV (total appraised value) adjustment. Having a formula that will allow ratepayers and staff to more accurately plan for future years' expenses was also key. The current MID business plan has provided for three updates to the property values used to determine assessment amounts, which in many cases has led to significant and unexpected increases for ratepayers because of the significant increases to property values in downtown over the previous decade.

Analysis of Assessment Options

To meet these objectives and fulfill the four goals set out by the Committee (generate sufficient revenue to invest in the proposed Services Plan while rebalancing equity across property types and avoiding extraordinary increases for any single property type), several assessment scenarios were analyzed. These ranged from removal of all ceilings to assessment calculations based on a single property value millage across all property types to a single square footage rate across all property types. After careful consideration, the following changes were recommended by the Assessment Equity Work Group and Renewal Committee.

Proposed Term

The renewed MID BIA will have a term of 10 years (2023-2033).



Boundaries and Proposed Adjustments

Proposed Metropolitan Improvement District – Service Area

The renewed 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. The MID Renewal Committee recommends an adjustment of the MID. The area (noted by a dashed border) is congruent with Pioneer Square Historic District.



Figure 1 map of entire current MID plus southern expansion

New MID Boundary 2023-2033

If the boundary modification is adopted, Figure 2 shows the MID's new boundary for 2023-2033.



Figure 2 map new MID boundary for 2023-2033

MID Governance

MID Ratepayer Advisory Board

The MID has a Ratepayer Advisory Board that recommends an annual budget, work plan and Program Manager to the City of Seattle. The board provides guidance and oversight of general operations and programs. The Ratepayer Advisory Board is representative of the diverse range of property owners and includes representation from each MID neighborhood and ratepayer type. Appointees may represent more than one category, but the final board composition must represent the full geography of the MID and various ratepayer types and sizes.

MID RATEPAYER ADVISORY BOARD CATEGORIES

Neighborhoods

West Edge, Retail Core, Pioneer Square, Waterfront, Denny Triangle and Belltown

Ratepayer size

Small, medium and large ratepayers

Residential

Both condominium and apartment

Voluntary

Property owners that are not assessed but voluntarily contribute to the MID

Ratepayer type

Office, retail, parking and hotel

The Ratepayer Board has five committees that meet regularly: Finance, Clean and Safe, Communications and Marketing, Board Development and Executive.

2022-2023 RATEPAYER ADVISORY BOARD MEMBERS

Andy Bench
Wright Runstad & Company

Lisa Nitze
Nitze-Stagen

Allison Shephard
Holland Partner Group

Rebecca Uusitalo
Urban Renaissance Group

Dan Temkin
Block 41

Michael Pagana
Ethan Stowell Restaurants

Cary Clark
Argosy Cruises

Steven Van Til
Vulcan

Brandon Gardiner
Brickman / Pioneer Square

Lori Richards
Avison Young

Jeff Blunk
Nordstrom

Ross Peyton
Unimark Construction

Ben Grace
Amazon

Erik Lausund
Seattle Children's Research Institute

Tim Kuniholm
Seattle Aquarium

Amy Baker
Equity Office / DT Resident

Simone Loban
Ratepayer tenant / DT Resident

Janice Blair
Resident - Waterfront Landing

Mark Astor
Martin Smith, Inc

Aaron Blankers
Washington Holdings

Dan Feeney
Hines

Ed Leigh
Equity Residential

Collin Madden
GEM Real Estate

Allison Delong
Tishman Speyer

Valerie Heide Mudra
Resident - Belltown

Marshall Johnson
CWD Group

Reza Marashi
Kilroy

Michael Walzl
Hotel 1000

Jeff Draeger
Seattle Art Museum

Lars Pedersen
Hotel Åndra

Jennie Dorsett
Hudson Pacific Properties

Sabrina Villanueva
Clise Properties

Steve Emory
Madison Marquette

Gina Grappone
Recovery Café

Laura Jean Humiston
Resident - Pioneer Square



Assessment Formula and Methodology

Assessments in First Year

- Continue basic assessment formula, with adjustments to rates and ceilings across property types
- Increase the base assessment formula's lot footage rate to \$0.45, but maintain the value rate at \$0.37
- Raise Building Square Footage Ceiling factor to \$0.24
- Increase Hotel Room Ceiling to \$125 per room; with a two-year phase in of \$112 in Year 1 and \$125 in Year 2
- Raise Residential Unit Ceiling to \$195 per unit, with a two-year phase in of \$175 in Year 1 and \$195 in Year 2
- Eliminate the TAV Ceiling
- Adjust Surface Parking Ceiling factor to \$0.81 per \$1000/TAV
- Maintain nonprofit formula at 25% of base assessment (for properties owned by a nonprofit entity and in charitable use)

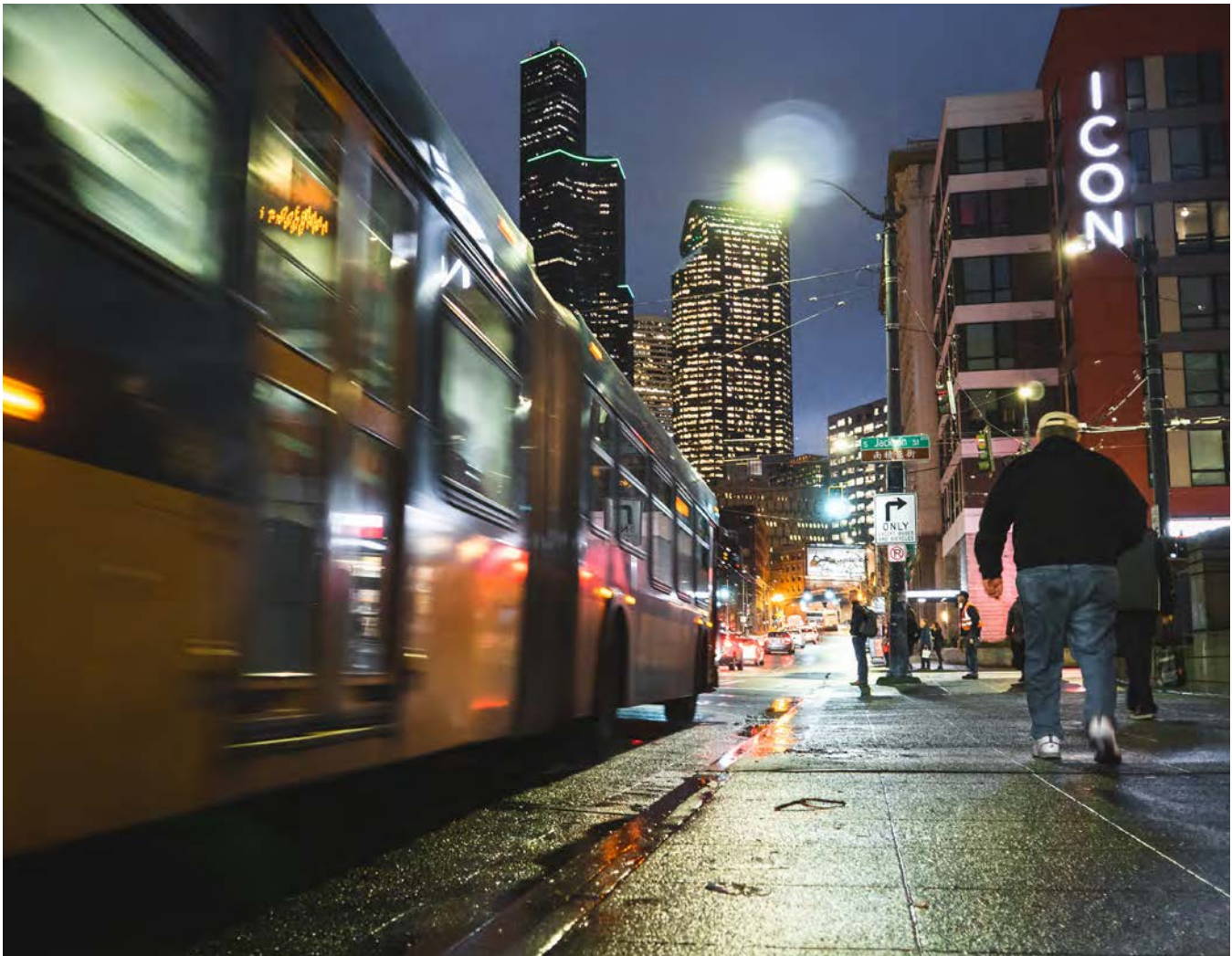
Annual Updates

- Apply CPI-U increase annually (at least 2.5%, but not more than 5%) to:
 - Value portion of the prior year's base-assessment calculation
 - Lot square footage rate, as well as ceilings for Building Square Footage, Residential Units, Hotel Rooms and Surface Parking
- Year 1-5 will be based on 2022 King County valuation data
 - Property valuations will be updated in Year 5 based on King County Assessor data, for calculation of Years 6-10 assessments
- Capture assessment on new development each year

Assessment Formula and Ceiling Factors

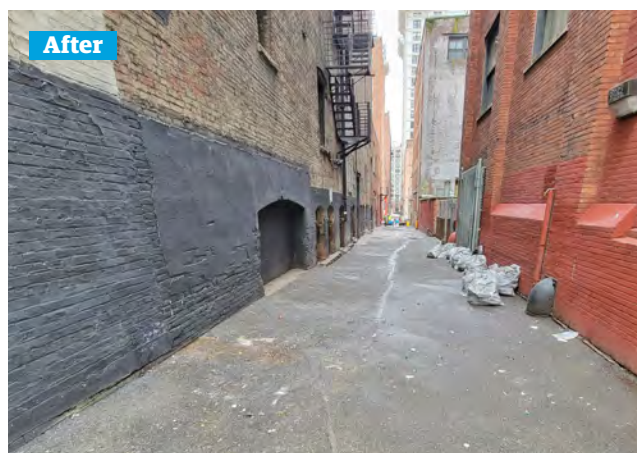
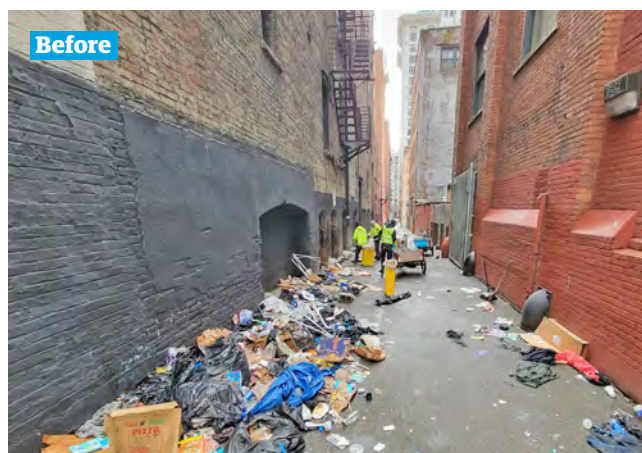
Formula	Rationale	Rate	Notes
Assessment / \$1,000 TAV	Reflects differential benefit associated with different land uses, investment value of property within land uses, and economic activity.	\$0.37	Value rate will remain the same
Assessment / Land Sq. Ft.	Reflects common level of service to all benefiting properties.	\$0.45	Increase of \$0.06 per lot square foot from 2022/23 value

Ceilings	Rationale & Calculation	Factor	Notes
Building Square Footage Ceiling	Limits assessments on small buildings due to limited rent-producing potential. (If FAR > 0.5, then Factor * Building New Square Feet) Floor Area Ratio (FAR): Net Building Square Footage / Land Square Footage	\$0.24	A \$0.03 per building square foot from 22/23 value
Hotel Room Ceiling	Limits assessments on hotels – value received relates to per room occupancy & revenue potential. (Factor * Number of Rooms).	\$125.00	Phased in over two years - Year 1 rate ceiling will be \$112 per room, and Year 2 rate ceiling will be \$125
Residential Unit Ceiling	Limits assessments on residential units – value received relates to per unit occupancy. (Factor * Number of Units)	\$195.00	Phased in over two years - Year 1 rate ceiling will be \$175 per unit, and Year 2 rate ceiling will be \$195
Surface Parking TAV Ceiling	Limits assessments on surface parking to compensate for limited benefits. (Factor * King County Total Appraised Value / \$1,000)	\$0.81	Per \$1,000 Total Appraised Value
Nonprofit Reduced Rate	Limits assessments on properties owned by nonprofits and in charitable use	25%	Of Basic Formula



Technical Changes to Current MID Ordinance

- **Multifamily Tax Exemption treatment.** Clarification of assessment of properties participating in Multifamily Tax Exemption (MFTE) program to align with City of Seattle policy.
- **Assessment of mixed-use properties.** Residential and hotel room ceilings will not apply to a mixed-use property unless the section use square footage designated with a hotel or residential section use code comprises at least 75% of the property's total net building square footage.
- **Assessing New Benefit Areas.** "New Benefit Area" shall be added to the assessment roll on an annual basis and will supersede the previous assessment for that parcel.
 - A New Benefit Area is created when a parcel's Net Building Square Footage increases as a result of either a new building or significant expansion of an existing building as recorded by the King County Assessor's Office.
 - Property values for a New Benefit Area will be updated annually until designated as 100% complete by the Assessor's Office.
- **University of Washington-owned properties.** UW-owned properties within the MID (which have previously received special assessment consideration) will be assessed using the base assessment formula. Property values for UW properties were not publicly available when the previous business plan and ordinance were developed. King County now publishes values for UW's downtown properties, which allows for properties to be assessed using the proposed MID assessment formula.



MID Budget and Services

MID income is a combination of assessment revenue, along with private and public partnership funding and fees for service. As the program manager appointed by the City, the Downtown Seattle Association develops an annual work plan based on the recommendations and priorities of the Ratepayer Advisory Board. The work plan and supporting budget are submitted each year for approval by a majority of ratepayers attending the MID annual meeting. The work plan aligns with priorities established in the Ordinance, including: Clean Services; Safety Outreach and Hospitality, including Law Enforcement; Marketing and Communications Services; Business Development and Market Research Services; Transit, Bike and Parking Services; and Management.

Income and Expenses (in thousands)

Projected Income for the 23/24 fiscal year

Assessments	\$18,060
Partner Funding	320
Sponsorship	226
Fee for Service Public	551
Fee for Service Private	149

Projected Income **\$19,306**

Projected Expenses

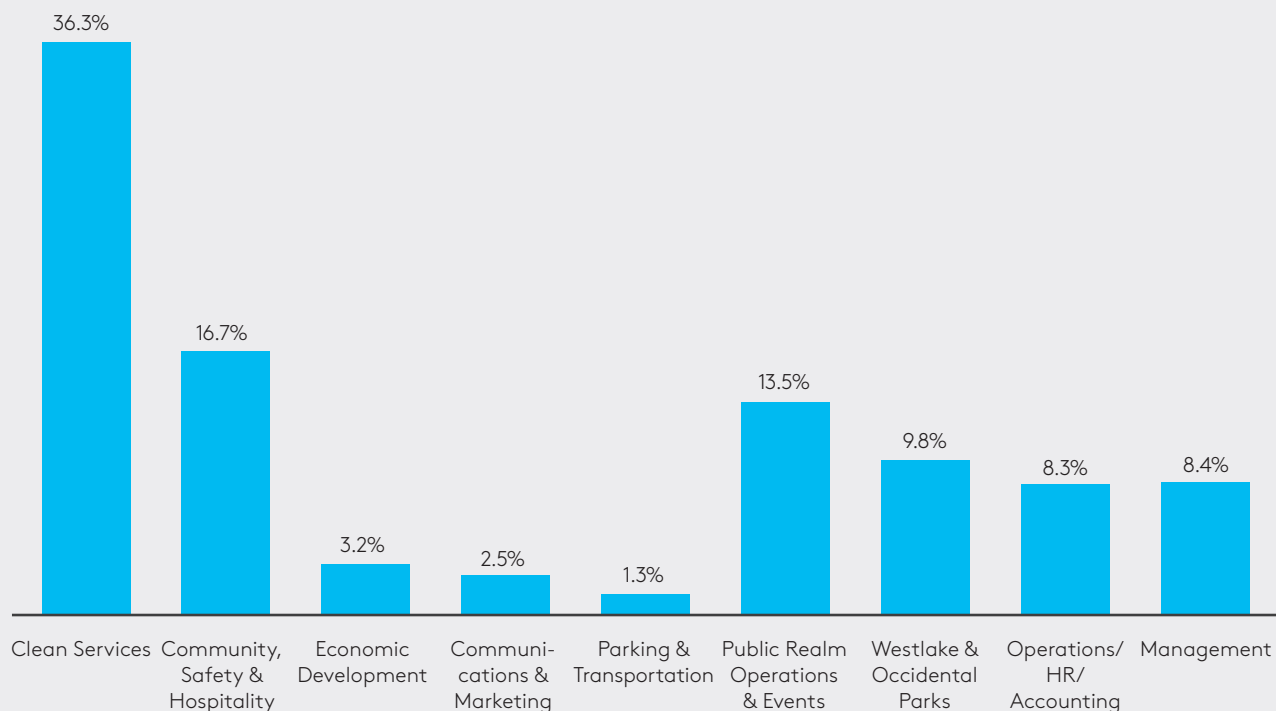
Wages & Benefits	\$11,909
Professional Service	2,200
General & Administrative	1,135
Program Expenses	6,192

Total Expenses **\$21,436**

Funded from reserve (2,130)

*see budget considerations on following pages

2023-24 EXPENSE ALLOCATION BY PROGRAM



Budget Considerations 2023-2024 and Future Years

The MID is audited by an outside firm on an annual basis and is in a healthy financial position. Assessment fund reserves of approximately \$5 million accumulated during the 20-21 and 21-22 fiscal years as a result of the global pandemic impacts, including:

- Mandatory shut-downs of operations
- Pandemic-related service restrictions and reductions
- Furloughs/enhanced unemployment benefits; and
- Federal pandemic wage and benefit credits

This accumulated reserve has enabled the MID to invest beyond available “current year assessment funding” toward services focused on downtown’s recovery. Specifically, in 2022, the MID Advisory Board approved raising ambassador starting wages to \$20/hour; increasing security and cleaning services; and implementing downtown recovery activations,

events, beautification and marketing. With depletion of those accumulated reserves, increases in future year assessments will be required to sustain service levels currently in place as well as to fund proposed service enhancements in a high-inflation environment and competitive labor market.

For the proposed 23-24 fiscal year, these costs include:

Sustained private security and SPD emphasis patrols	\$2.0m
Increased Clean team staffing/services by 10%	\$500k
Additional Advocacy efforts relative to city services	\$130k
Increase in ambassador wages	\$175k

Clean Services

The Clean Team is responsible for keeping the sidewalks, curbs and other areas of the downtown physical environment clean and free of litter, trash, graffiti and other forms of debris, clutter and obstructions. The team uses specialized cleaning equipment, including trucks, trikes and all-terrain litter vacuums to take care of the most challenging needs. Services are provided from 6:30 a.m.-9 p.m., 362 days a year.

Services

- Sweep and remove debris from sidewalks and curb lines
- Collect trash and litter
- Remove graffiti tags and stickers from public fixtures (light poles, mailboxes, parking signs and bike racks)
- Dispose of illegal dumps, large items and debris left by encampments in the right-of-way
- Schedule and execute regular pressure washing of alleys and sidewalks
- Provide pressure washings and graffiti removal from private property at ratepayer request
- Remove human/animal waste in public right-of-way
- Clean up and dispose of syringes
- Supervise 2,000+ hours of annual court-ordered community service
- Provide additional focused cleaning in high-transit and high-pedestrian traffic areas
- Support annual and seasonal cleanup of trash and debris in the water along the shoreline
- Contract with partner vendors to augment specialty services as needed (pressure washing, leaf clean-up, etc.)
- Maintain and continuously improve upon an electronic reporting system and dashboard to facilitate reporting, follow up and management
- Maintain mechanized cleaning machines/vehicles to increase efficiency and impact, including:
 - (40) Electric-Assisted Trikes
 - (5) Ford Trucks
 - (3) Green Machines
 - (2) All-Terrain Litter Vacuums (ATLV)



Community Safety and Hospitality Services

The Community Safety & Hospitality Team assists visitors, residents, workers and those in need. Team members perform a range of services intended to keep downtown Seattle safe, welcoming and livable. Duties include: providing directions and safety escorts, supporting local ordinances while working closely with security and law enforcement, working with social services agencies, providing welfare checks and supporting parks and public spaces. Services are provided from 7:30 a.m.- 9 p.m., 362 days a year.

Services

- Provide concierge service and uniformed presence in key locations to support visitors, businesses and residents, including in DSA/MID-managed parks and public spaces
- Offer customer service, wayfinding and transit information
- Provide safety escorts through the MID's SafeWalk service
- Assist in enrolling downtown businesses and properties in the West Precinct Conditions of Entry program
- Address civil ordinance violations, including Conditions of Entry (trespass) and sitting and lying in the public right of way when it impedes pedestrian access or building entryways
- Address physical items of public disorder, including overturned scooters, discarded signs and large debris, and work with the Clean Team to resolve these in a timely manner
- Provide welfare checks and relationship-building with people who are unsheltered in downtown
- Administer Narcan to individuals in need
- Engage with service agencies (KCRHA, REACH, DESC) to assist in connecting people to case management and available services
- Conduct regular visits with street level businesses, and downtown property and security personnel
- Partner with the West Precinct and the SPD Crime Prevention Coordinator to provide community education and support in the areas of crime prevention, public safety, and personal safety resources
- Conduct data collection to support public realm, public safety, and human welfare efforts
- Fund and oversee contracts with SPD and private security to provide uniformed presence in the right-of-way, support for ratepayers, observe and report criminal activity, address civility issues and support MID ambassadors when working in higher-risk areas



Parks and Public Space Management

The Public Realm Team is responsible for developing and implementing consistent, family-friendly programming in DSA/MID-managed urban parks (Occidental Square and Westlake Park) through an agreement with the City of Seattle. The team also provides ambassador staffing in parks and public spaces throughout the MID ensuring that they are clean, safe and welcoming for all. Ambassador staff provide information to visitors, support activations, events and vendors, and care for park amenities while staffing public spaces. Public Realm Ambassadors are stewards of quality of life in the public realm. Services are provided from 7:30 a.m.- 9 p.m., 362 days a year.

Services

- Provide information on the location of businesses and attractions
- Assist transit riders on bus schedules
- Track events occurring in Seattle and provide information to pedestrians
- Set-up/break-down park amenities (tables, chairs, games, etc.)
- Work with City of Seattle Park Rangers, SPD and security officers to report illegal behavior
- Observe and track condition of various public amenities throughout the public realm (newspaper boxes, light poles, public art, etc.) and share information to stakeholders for repairs/replacement
- Support consistent activation and programming in Westlake Park and Occidental Square, including:
 - Live music
 - Food trucks
 - Beautification efforts (planting, lighting, murals)
 - Art installations
 - Entertainment (concerts, performers, sports, etc.)
 - Community organization partnerships
 - Permitted events
- Plan and execute large-scale seasonal special events, including:
 - Downtown Seattle Tree Lighting Celebration
 - Holiday programming from late November into January, including multiple family-friendly events with entertainment, performers, incentives and more
 - Annual summer concert series in parks and various other locations bringing 30+ free live concerts to downtown



Communications and Marketing

Promote and market downtown to local and regional residents and visitors and position downtown as a vibrant, safe, clean and family-friendly destination. This includes ongoing promotion of yearlong MID-funded public events and activations and seasonal holiday and summer campaigns focused on creating a welcoming, vibrant urban experience and bringing locals into downtown. Efforts also involve communicating directly with MID ratepayers on the impacts of their investments, with the general public about the services MID-funding supports, branding MID ambassador equipment and supporting ambassador recruitment efforts with communication materials.

Downtown Marketing

- Promote downtown Seattle to local and regional visitors using a variety of communications channels, including social media, earned media/PR, digital and print communication and paid media as budget allows
- Maintain and promote a website designed to communicate events and activities throughout downtown post-pandemic. (Love,SeaTown)
- Maintain a robust online directory of what is open downtown post-pandemic (DSA/MID website)
- Promote yearlong and seasonal park and public space events and activations, including Downtown Summer Sounds and Holidays in Downtown/Tree Lighting
- Promote MID-funded services through DSA/MID website(s), videos, social and other digital and print collateral.
- Maintain and promote two websites designed to communicate what is open and available downtown post-pandemic.
- Promote MID-funded services through DSA/MID website(s), videos and other digital and print collateral.
- Support the ongoing marketing of downtown small businesses, retail and restaurants, attractions and arts and cultural organizations.
- Create signage, print materials and giveaways for events as needed

MID Ratepayer Engagement

- Create and send quarterly MID ratepayer email newsletter
- Produce informational insert on MID services mailed with twice-yearly assessments and posted online
- Host DSA/MID Annual Meeting with a report on MID investments and milestones
- Hold MID Annual Ratepayer Meeting
- Maintain DowntownSeattle.org/MID and KnowYourMID.org
- Post regular MID-related content on Facebook, Instagram and LinkedIn
- Send periodic emails to MID ratepayers about possible disruptions in downtown due to protests, marches, construction and other events
- Conduct business check-ins conducted by ambassadors with collateral explaining MID services

Ambassador Recruitment Support

- Create informational materials on working for the MID for use at recruiting events
- Post open jobs on DSA/MID website

Advocacy and Economic Development

Provide vision, leadership and influence on a range of issues impacting downtown, including public safety, chronic homelessness, transportation and overall health and recovery of downtown. Efforts focus on making downtown Seattle attractive and accessible to property and business owners, workers, residents and visitors. The team works closely with city and county leaders, neighborhood organizations and government agencies to ensure issues important to ratepayers get heard.

Economic Competitiveness and Research

- Advocate for transit and other transportation alternatives, providing services and housing options to those in crisis on our streets and investing in safe, inviting public spaces
- Research ballot initiatives and campaigns and provide insight into their impacts on the downtown experience and how they will address ratepayer priorities
- Collaborate with city and county government leaders on downtown economic development issues and initiatives
- Identify and facilitate opportunities for ratepayers to make their voices heard on issues of importance to downtown businesses, residents, visitors and workers
- Be a partner, thought-leader and advocate for strengthening downtown as a center for jobs, innovation and investment.
- Collect data to track downtown's recovery and economic health across a variety of metrics and provide analysis for our members, potential investors, policy-makers and the media
- Partner with the City of Seattle's Office of Economic Development on business-recruitment strategies
- Respond to requests, provide information and work with potential businesses and investors to recruit them to downtown Seattle

Policy Expertise

Increase the amount of policy analysis and research in areas that advance MID priorities and strategic initiatives (i.e. Third Avenue Vision report, future downtown light-rail expansion, downtown public safety initiatives). Continue to strengthen our reputation amongst policymakers and ratepayers as the go-to source for information on policies impacting downtown.

Convener and Advocate

- Provide access and opportunities for ratepayers and members to engage directly with city and regional leaders to amplify their voices in order to move the needle on a variety of issues affecting the downtown experience
- Find opportunities to convene downtown residents, workers, businesses and property owners to discuss issues and projects affecting downtown and ensure those perspectives are heard and considered at policy-maker tables
- Maintain relationships with city and regional governmental agencies. Help ensure ratepayer concerns and issues are directed and elevated to the appropriate point of contact within the relevant city or county agency for resolution

Commute Seattle

Increase access to transportation options to make downtown easy to reach for visitors, commuters and residents across the region.

Services

- Consult with ratepayers on world-class commute facilities and commuter benefits
 - Advise on parking policy and parking management strategies
 - Support with City of Seattle Transportation Management Plan regulations
 - Provide analysis of commuter trends for individual properties
 - Provide 1:1 Commute Consultations for tenants' employees
 - Offer guidance on transportation changes and their impacts
 - Conduct planning to meet sustainability goals
- Continue to provide discount transit pass sales and commute program consulting for property owners and tenants including:
- Transit pass product consultations to advise tenant investments in commuter benefits
 - One-stop-shop for commuter transportation; web site, newsletter, social media
 - Tenant engagement seminars to educate tenants about transportation options and issues
 - Transportation events and briefings for tenants and employees
 - Quarterly best-practices transportation workshops for tenants
 - Research: bi-annual commuter mode split trend study & reports
 - Assistance in designing bike facilities to attract tenants
 - E-Bike facilities consultations and best-practices for property owners and tenants
 - Bike encouragement events (i.e Biking 101)
 - Bike inventory updates and bike map outreach resources



Management Services

The Downtown Seattle Association (DSA) is the founder and program manager for the MID. The DSA has managed the MID Program since 1999 and is committed to excellent customer service to ratepayers. DSA provides management services for the MID under an annual contract with the City of Seattle.

Services include:

- Provide high-quality program administration and excellent customer services
- Develop and effectively implement services
- Provide sound financial and contract management
- Provide staff assistance and guidance to the MID Ratepayer Advisory Board to carry out the programs and activities financed through the MID assessments
- Provide the Board with organizational assistance, including setting meeting times, locations, and agendas; notifying all ratepayers of all Board meetings, keeping minutes; and following through on recommended activities
- Develop and carry out the Board-approved work plan, including specific products or activities, timelines and budget for each major element
- Schedule, organize and execute an annual meeting of all ratepayers
- Set program benchmarks based on Ratepayer Advisory Board priorities and keep ratepayers informed of progress

Develop and effectively implement service programs

- Actively seek and acquire national best practices and keep ratepayers informed of new and successful strategies
- Hire, train and manage high-quality staff to implement the MID programs
- Establish contacts throughout the country with other BIAs, call on their expertise in designing and benchmarking MID programs
- Identify and develop partnerships, grants and other resource-leveraging opportunities

Provide financial and contract management services

- Staff the MID Finance Committee and provide timely and accurate financial reporting
- Negotiate and execute subcontracts for work according to the approved budget. Through strict contract management ensure that these services are provided in a high-quality, cost effective and accountable manner
- Submit to the City, after approval of the Board, an annual work plan, proposed budget, and a statement of assessment rates requested for financing subsequent program years

Provide clear and consistent data tracking and reporting

- Develop regular reports on MID services provided
- Provide timely, accurate data to improve MID service delivery
- Maintain MID service program dashboards, highlighting progress against critical priorities and informing service plans and timely modifications grounded in data and analysis
- Conduct research projects

Support Public/Private Partnerships

The MID is proud to partner with many downtown public agencies and nonprofits to provide services including:

- City of Seattle: SDOT and SPU
- Uplift NW
- Belltown United
- Alliance for Pioneer Square
- Market to MOHAI
- DESC
- Union Gospel Mission
- LEAD
- King County Drug Diversion Court
- South Seattle College



To create a healthy, vibrant downtown for all

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DowntownSeattle.org/mid

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April 6, 2023

MEMORANDUM

To: Economic Development, Technology, and City Light Committee
From: Jasmine Marwaha, Analyst
Subject: Metropolitan Improvement District – Council Bill 120537

On April 12, 2023, the Economic Development, Technology, and City Light Committee (Committee) will hold a public hearing and have an initial briefing and discussion on [Council Bill \(CB\) 120537](#) that would establish a Business Improvement Area (BIA) called the Metropolitan Improvement District (MID), replacing the MID established in 2013 that will sunset on June 30, 2023. Staff from the Office of Economic Development (OED) and proponents of the proposed MID BIA will be at the Committee meeting to describe the background, outreach, intent, and scope of the proposal.

This memorandum: (1) provides general background about BIAs; (2) describes City policy and State law governing the formation of a BIA; (3) summarizes the content of CB 120537; and (4) identifies next steps. Attachment 1 shows the boundaries of the proposed 2023 MID BIA.

Background

BIAs are economic development funding mechanisms that allow businesses, multifamily residential developments, and mixed-use developments located within the geographic boundaries of the area to assess themselves to fund enhanced services, programming, and management for the area.

OED provides staff support to BIAs, and the Department of Finance and Administrative Services (FAS) collects assessment revenues from ratepayers and disburses the funds. There are currently 11 [established BIAs](#) in Seattle, including the 2013 MID BIA.

Establishing a New BIA

Procedures for establishing and operating a BIA are governed by [Chapter 35.87A RCW](#). BIAs may be initiated either by a petition from prospective ratepayers who would pay at least 60 percent of the BIA assessments or by resolution. The City has its own non-binding BIA policies, most recently amended by [Resolution 31567](#) in 2016. Per the adopted policies, the City will consider a new BIA when presented with a petition by those who represent 60 percent or more of the total assessment in the proposed BIA.

In March 2022, the proponents submitted to the City petitions (Clerk File 322591) in support of the 2023 MID BIA from potential ratepayers representing 65.5 percent of the total assessment, above the recommended minimum threshold of 60 percent. The proponents have received one petition in opposition to the new 2023 MID BIA, representing 0.03 percent of the total assessments.

On March 28, 2023, the Council began the process to consider the 2023 MID BIA by introducing and adopting three resolutions:

1. [Resolution 32089](#) that initiated consideration of the 2023 MID BIA;
2. [Resolution 32090](#) that stated the City's intent to establish the 2023 MID BIA and set a date and location for a public hearing on the proposal; and
3. [Resolution 32091](#) that expressed intent to formally disestablish the 2013 MID BIA and set a date and location for a public hearing on the disestablishment.

Resolutions 32090 and 32091 set the date of the public hearing for April 12, 2023. Comments will be accepted in one public hearing for both the establishment of the proposed 2023 MID BIA, and the disestablishment of the 2013 MID BIA. The hearing will be held in person and remotely in Committee. As required by State law, Resolutions 32090 and 32091 were published in the Daily Journal of Commerce and mailed to all potential ratepayers at least 10 days prior to the hearing.

On March 28, 2023, the Council introduced a fourth piece of legislation (CB 120537) that would establish the new 2023 MID BIA and levy the special assessment to fund MID BIA activities.

CB 120537

CB 120537 would establish a new 2023 MID BIA beginning on July 1, 2023. Among other things, the bill:

- Establishes the geographic boundaries of the 2023 MID BIA;
- Describes the assessment schedule (the annual rates assessed for various property use categories);
- Describes the programs that would be funded by the assessments;
- Establishes an Advisory Board;
- Authorizes OED to contract for program management; and
- Allows for all remaining funds in the 2013 MID BIA Account to be transferred to the 2023 MID BIA Account.

Boundaries

The new 2023 MID BIA boundaries would differ from the 2013 MID BIA by expanding south, encompassing 20 additional parcels along either side of 1st Avenue South until Royal Brougham Way, congruent with the Pioneer Square Historic District. Please see Attachment 1 for more details.

Term

The new MID BIA would be established for a period of 10 years, beginning on July 1, 2023. Prior to expiration of this term, proponents may recommend that the BIA be renewed.

Assessments

The rate is proposed to be 37 cents per \$1,000 of total appraised value (TAV), plus 45 cents for every lot square foot, subject to limitations, or “ceilings” summarized in Table 1 below.

Table 1. Maximum assessment rate by category

Category	Maximum Assessment	Notes
Small buildings (Floor Area Ratio of less than 0.5)	\$0.24 x Building Square Feet	-
Hotel Rooms	\$125 x number of hotel rooms	Phased in over two years – Year 1 rate ceiling will be \$112 per room, and Year 2 rate ceiling will be \$125.
Residential Units	\$195 x number of units	Phased in over two years – Year 1 rate ceiling will be \$175 per unit, and Year 2 rate ceiling will be \$195.
Surface Parking	\$0.81 per \$1,000 TAV	-
Nonprofit Reduced Rate	25% of basic formula	Nonprofit rate will apply only if the property is being used for a nonprofit use.

The rate of assessments for years one through five (beginning on July 1, 2023) will be based on the King County Assessor’s 2022 property data. Property valuations will be updated in year five based on the King County Assessor’s 2028 property data for years six through ten. Rates and ceilings will be adjusted annually based on the Consumer Price Index, but shall be no less than 2.5 percent, and not more than 5 percent. Properties that are redeveloped or substantially expanded during the 10-year term of the MID BIA will be assessed using their new appraised value and be subject to the same annual inflation factor.

Residential and hotel room maximum assessments will not apply to a mixed-use property unless at least 75 percent of the property’s total net building square footage is designated for hotel or residential use.

Programs

The new MID BIA would fund the following programs and services:

- Cleaning and Maintenance Services;
- Community Safety, Hospitality, and Outreach Services;
- Public Events and Beautification of Public Spaces;
- Economic Development, Advocacy, and other Planning Services;
- Promotion, Marketing and Communication Services;
- Transportation and Parking Support; and
- Program Management.

Compared to the 2013 MID BIA, the new 2023 MID BIA is proposed to be similar in scope, with expanded cleaning services and higher labor costs anticipated. The [Metropolitan Improvement District 2023-2033 Business Plan](#) provides a more detailed description of the proposed budget and program activities.

Program Manager

OED would be authorized to contract with a local non-profit entity operating primarily within the City, with experience in BIA management, to act as the Program Manager. The Program Manager of the current MID BIA, the Downtown Seattle Association, would fulfill this criteria and is anticipated to continue in this role with the new MID BIA.

BIA Advisory Board

Within 30 days of the effective date of the legislation, OED would appoint an interim MID BIA Advisory Board (Board) that would, in turn, recommend membership of an inaugural Board within 90 days of the effective date of the legislation. The Board would be comprised of “representative of the varying sizes and types of property owners, residents, and business tenants, within the geographic area of the Metropolitan Improvement District.” The Board would be required to have residents and business tenants, and may include public agencies.

In addition to appointing Board members from the list recommended by the interim Board, OED may appoint additional members beyond those recommended to ensure broad representation on the Board.

The Board shall be responsible for: adopting bylaws consistent with the City’s BIA policies; adopting policy guidelines; recommending approval of budgets, expenditures, and programs; and providing advice and consultation to the OED and Treasury Directors and to the Program Manager.

Next Steps

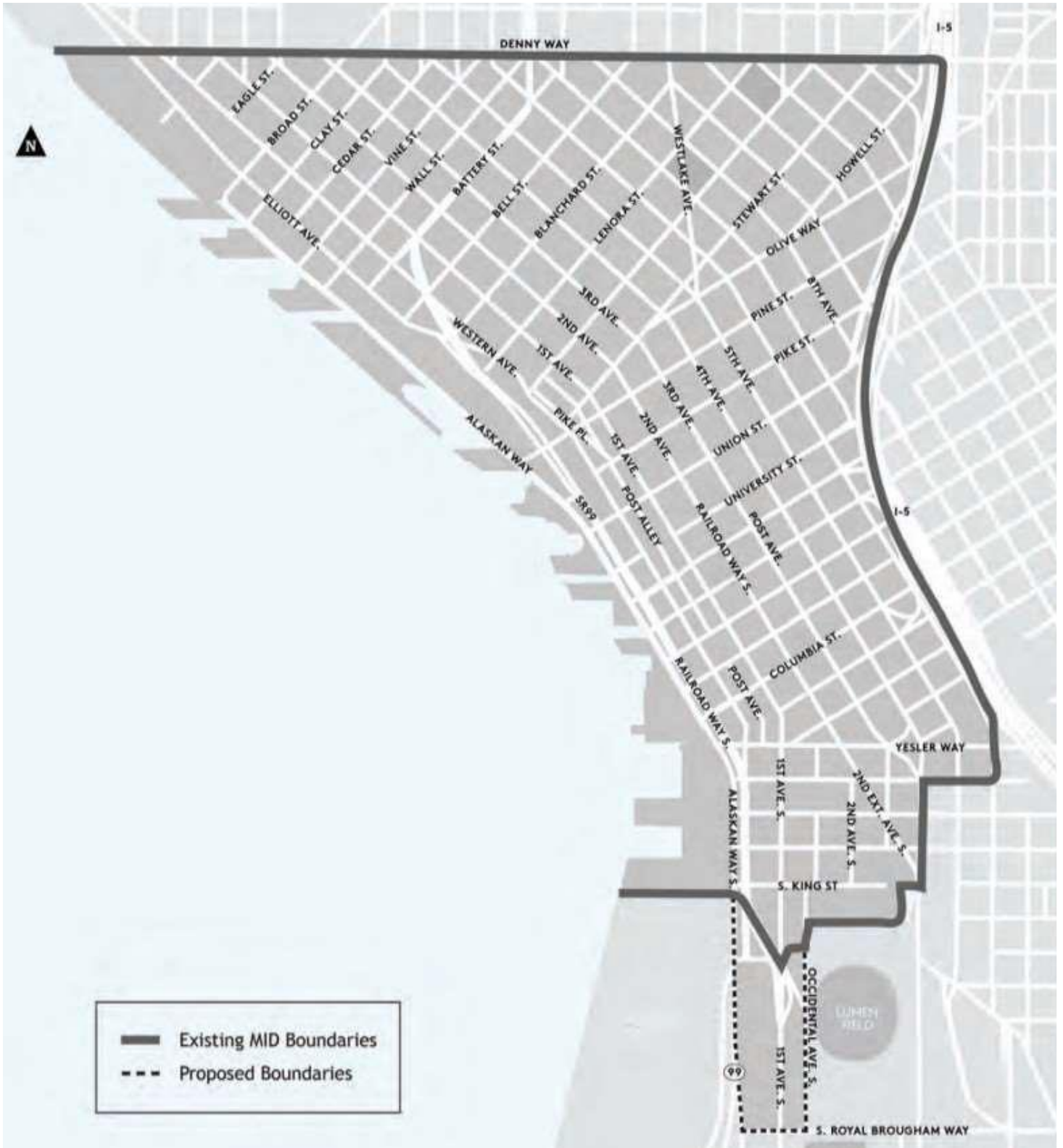
At the next meeting on April 12, 2023, the Committee will hold a public hearing and have an initial briefing and discussion on [CB 120537](#). At the following Committee meeting on April 26, 2023, the Committee will consider any proposed amendments and possibly vote on CB 120537. If the Committee votes to recommend passage of CB 120537 on April 26, the City Council will likely consider the legislation at its meeting on May 2, 2023.

Attachments:

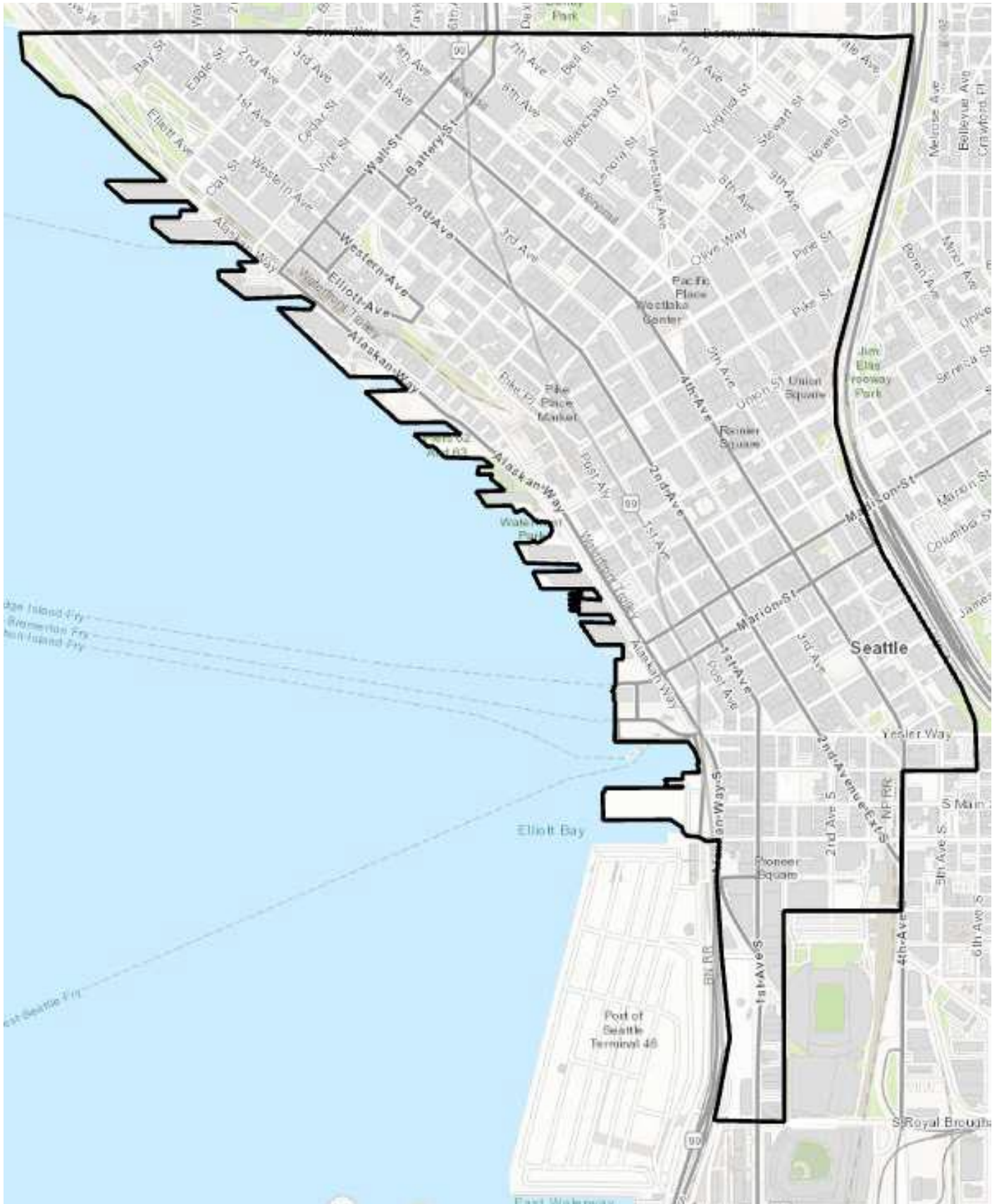
1. Proposed 2023 Metropolitan Improvement District Boundary Maps

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Supervising Analyst

Attachment 1 – Proposed 2023 Metropolitan Improvement District Boundary Maps
V1



Attachment 1 – Proposed 2023 Metropolitan Improvement District Boundary Maps
V1



Attachment 1 – Proposed 2023 Metropolitan Improvement District Boundary Maps
V1

Southern Boundary Detail:



METROPOLITAN IMPROVEMENT DISTRICT (MID) RENEWAL BENEFIT ANALYSIS

OFFICE OF ECONOMIC DEVELOPMENT
PHILLIP SIT, BIA ADVOCATE

HIGHLIGHTS:

Created under Ordinance 124175 as a ten-year BIA in 2013, the current Metropolitan Improvement District (MID) is scheduled to sunset on July 30th, 2023. The proposed renewal requires the approval from City Council and the Mayor's Office. In response to community feedback and having successfully obtained signatures representing over 65% from potential ratepayers, the MID is proposing a ten-year renewal and expansion.

BUDGET - The total estimated budget for the proposed Metropolitan Improvement District (MID) beginning at the time of the authorization (July, 2023) is estimated at **\$18,363,534.10**.

RATEPAYERS - The assessment is on all eligible (1260) properties and the ratepayers are therefore primarily property owners, including commercial, nonprofits, multifamily residential properties (4 units or more), and tax-exempted properties being utilized for commercial purposes.

SUPPORT - As of Feb 20th, 2023, the MID has petition signature from **505 petitions** in support of the MID renewal, representing **65.92 percent** of assessment in support.

OPPOSITION - As of Feb 20th, 2023, the City has received one known petition in opposition to the renewal, representing **0.03 percent** of assessment in opposition.

BOUNDARIES - The renewal makes an expansion along the southern boundaries of the MID footprint. The proposed boundary encompasses the current MID and expands the boundary to the south to include 20 additional properties in Pioneer Square at the request of property owners in the expansion area.

BIA PROGRAMS AND SERVICES - are standard and similar to other recent BIAs.

ASSESSMENTS - Records for the initial assessment calculations are based on data and information from the King County Assessor's Office. The base assessment rate on each assessable property within the proposed boundaries will be **\$.37 per \$1,000** of the total taxable value and/or total appraised value and **\$.45 per lot sq. footage**. Non-profits, churches, and other eligible properties will continue to receive a nonprofit rate due to the nature of their ownership. Different types of assessment ceilings are potentially applicable to ratepayers during the lifetime of the ordinance.

BENEFIT ANALYSIS - Based on this analysis, the assessment methodology based on Total Taxable Value (TTV), Total Appraised Value (TAV), and other parcel related factors will charge ratepayer assessments relatively to the benefits provided by the MID programs and services.

OUTREACH - The MID launched a Renewal Committee comprised of property and business owners throughout this proposed area starting in March of 2022, additional details are provided in **Section H: Outreach and Support**.

PROGRAM MANAGER - The MID Program Manager is recommended by the Ratepayers Advisory Board to the City. The Ratepayers Advisory Board approves an annual budget, work plan, and program manager for use of BIA generated funds in alignment with the BIA ordinance.

BUSINESS IMPROVEMENT AREA (BIA) OVERVIEW:

Currently, there are **11 BIAs** in Seattle generating a total of **\$30 million dollars** in enhanced programs and services to business districts. The current MID provides **\$15 million** in annual assessments to support professional management, clean and safe, economic development, transportation, and business district advocacy.

- BIA services are primarily funding by a special assessment on district properties or businesses
- BIAs are governed by a locally controlled board of directors
- BIAs provide services to supplement, not replace services already provided by the City
- BIAs serve as a critical liaison between City government and neighborhood stakeholders

This Business Improvement Area (BIA) benefit analysis has been prepared to support the proposed reauthorization and expansion of the MID within the City of Seattle and a requirement of Resolution 31657 - the Citywide BIA Policies.

SECTION A: MID PROPOSED BOUNDARIES

The proposed MID encompasses nearly 300 square blocks and covers service areas between Elliott Bay and I-5, and between Denny Way and to South Royal Brougham Way. The MID renewal committee recommended a modest expansion to include 20 additional parcels south of King Street in alignment with the Pioneer Square Historic District boundaries.

FIG A1: PROPOSED MID BOUNDARIES



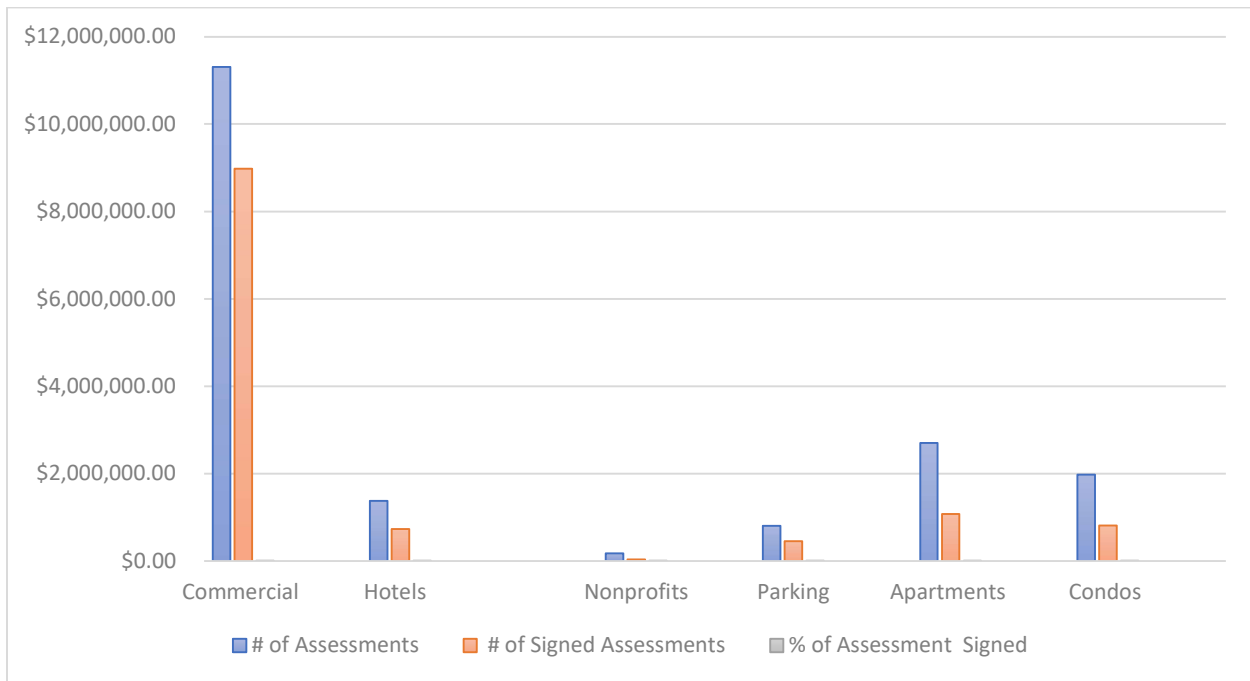
FIG A1: SOUTHERN BOUNDARY DETAIL



SECTION B: MID PETITION SUPPORT

The proposed MID has petition signature from **505 petitions** in support of the reauthorization and expansion, representing **65.92%** in assessments from six categories of property owners within the MID boundaries. Per [State RCW 35.87A.010](#), BIA petitions are based upon the assessment that would be generated by the proposal.

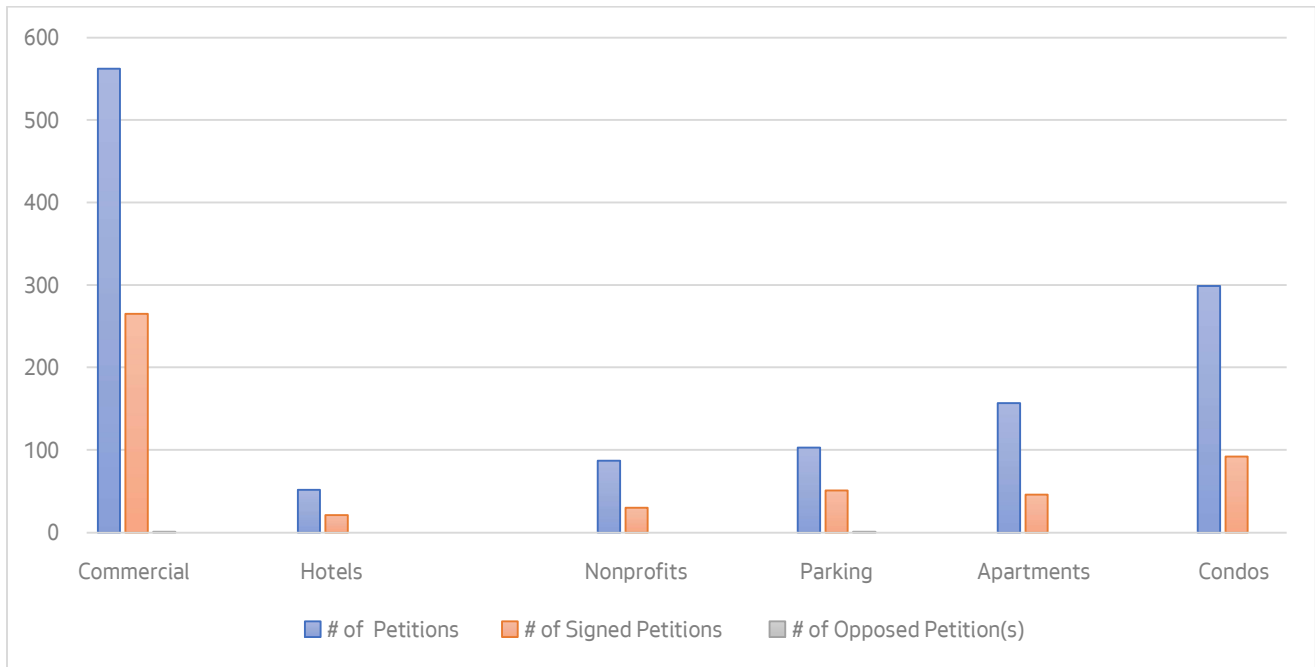
B1: PETITION SUPPORT BY ASSESSMENTS ACROSS RATEPAYER TYPES



Property Type	# of Assessments	# of Signed Assessments	% of Assessment Signed
Commercial	\$11,311,991.39	\$8,980,994.70	79.39
Hotels	\$1,382,673.60	\$734,100.34	53.09
Nonprofits	\$181,143.18	\$39,970.37	22.07
Parking	\$806,721.08	\$455,334.28	56.44
Apartments	\$2,703,433.72	\$1,076,169.51	39.81

Condos	\$1,977,571.13	\$819,309.52	41.43
Total	\$18,363,534.10	\$12,105,068.72	65.92

FIG B2: INDIVIDUAL PETITION SUPPORT BY RATEPAYER TYPES



Property Type	# of Petitions	# of Signed Petitions	# of Opposed Petition(s)	% of Petitions Signed
Commercial	562	265	0	41.15
Hotels	52	21	0	40.38
Nonprofits	87	30	0	34.48
Parking	103	51	1	49.51
Apartments	157	46	0	29.29
Condos	299	92	0	30.77
Total	1260	505	1	40.08

SECTION C: MID BUDGET

The MID will generate an estimated total of **\$18,363,534.10** in assessments for the base year of authorization (2023-2024). The MID will continue to invest and expand programs and services that provides benefit to the district since 2013. Stakeholders benefits from clean team and ambassador services, parks and public space management, marketing and promotion of downtown, economic development and transportation, and district-specific advocacy efforts. **Section D has a description and additional details on MID programs and services.**

As with the majority of BIAs in Seattle, the MID ordinance proposes an **Annual Customer Price Index (CPI) inflation factor** to maintain programs and services over time. The ordinance will also annually update the assessment for properties that are developed/redeveloped using data from the King County Assessor’s Office and the Office of Economic Development. **New Benefit** includes identifying and updating assessable parcels and total taxable and appraised value, and recalculating the base assessment and potential assessment ceilings, which is the current assessment process for the existing MID. **Section E provides an overview on the MID assessment mythology.**

FIG C1: MID BUDGET

MID Programs and Services	23/24 Budget	Percentage
Cleaning Team	\$6.5M	35.6%
Ambassador Program and Outreach	\$3.4M	18.6%
Parks and Public Space Management	\$3.5M	19.1%
Marketing and Promotion of Downtown	\$0.7M	3.8%
Economic Development & Transportation	\$0.6M	3.3%
Admin and HR	\$1.8M	9.8%
MID Program Management Expense	\$1.8M	9.8%
Total Budget	\$18.3M	100%
Personnel and overhead cost are included in each program element		

FIG C2: ADDITIONAL MID BUDGET CONSIDERATIONS

The MID will also make additional investments from accumulated reserves, totaling \$2.8M from savings, due to the impacts of the pandemic during the 20-21 and 21-22 fiscal years.

Additional Investments	23/24 Budget
Sustained Private Security and SPD emphasis patrols	\$2M
Increased Clean Team Staffing by 10%	\$0.5M
Additional Advocacy Efforts	\$0.13M
Increase in Ambassador Wages	\$0.17M
Total Budget	\$2.8M

SECTION D: BIA PROGRAMS AND SERVICES

Washington State law outlines a number of purposes for the use of BIA generated funds (see RCW 35.87A.010(1)). The services and activities funded by the MID annual assessment revenue are in addition those service already provided by the City. A summarized description of current BIA services is shown below with highlights of recent success and outcomes. The proposed MID will continue these BIA services. Additional details regarding MID services and be found in the 2022-2023 MID Business Plan.

A. CLEANING SERVICES:

The MID provides cleaning services that includes public sidewalk, curbs, and other areas of the downtown public realm, keeping downtown clean and removal of trash, graffiti, and other forms of debris. The Clean Team uses specialize cleaning equipment, including a fleet of trucks, trikes, and litter vacuums. Services are provided from 6:30AM to 9:00PM, 362 days a year.

B. COMMUNITY SAFETY AND HOSPITALITY SERVICES:

The MID provides teams to assist visitors, residents, workers, and those in need. Team members perform a range of services intended to keep the district safe, welcoming, and livable. Duties include providing direction and safety escorts, supporting local ordinances while working closely with security and law enforcement, working with social services agencies, providing welfare checks and supporting public parks and spaces. Services are provided from 7:30AM to 9:00PM, 362 days a year.

C. PARKS AND PUBLIC SPACE MANAGEMENT:

The MID Public Realm Team is responsible for developing and implementing consistent family-friendly programming in Occidental Square and Westlake Park via an agreement with the City of Seattle. The team also provides ambassador staffing within the MID boundaries to ensure that public parks and spaces are clean, safe, and welcoming for all. Ambassador staff provide information to visitors, support activation, events, and vendors, and care for park amenities. Services are provided from 7:30AM to 9PM, 362 days a year.

D. COMMUNICATIONS AND MARKETING:

The MID works to promote and market downtown to local and regional residents and visitors and position downtown as a vibrant, safe, clean, and family-friendly destination. Marketing includes ongoing promotion of yearlong MID-funded public events and activation and seasonal holiday and summer campaigns focused on creating a welcoming, vibrant urban experiencing and bringing locals into downtown. Efforts also involve communicating directly with MID ratepayers on the impact of their investments, with the general public about the services MID funding supports, branding MID/ambassador requirements and supporting ambassador recruitment efforts with communication materials.

E. ECONOMIC DEVELOPMENT, TRANSPORTATION, AND ADVOCACY:

The MID works to provide advocacy on a range of issues impacting downtown. From creating welcoming public spaces, to advocating for more affordable housing and better transportation options, the MID works on making downtown attractive and accessible to business tenants, workers, residents, and visitors.

F. MANAGEMENT SERVICES:

The DSA provides the program management of the current MID via an annual contract with the City of Seattle, and is expected to continue to provide program management for the proposed MID.

SECTION E: ASSESSMENT METHODOLOGY

As a downtown business district, the MID has seen an increase of 42 percent in building sq. footage and total property values has increased by more than 200 percent over the past decade. The current MID has a number of assessment "ceilings" across different property types, which a majority of parcels are currently at under the existing ordinance. A number of these factors into consideration, along with assessment updates recommended by OED.

To determine the final assessment, each of the different ceilings is applied to any property that qualifies for it and the lowest of all resulting assessments is used.

To determine if properties are receiving benefits commensurate with their assessments, total assessment amounts are compared by property type

ASSESSMENTS DETAILS:

- **Base year assessment:** The MID assessment formula increases the lot sq. footage from **\$0.39 to \$0.45**, while the **\$0.37 per \$1,000** of the Total Taxable Value (TTV) and/or Total Appraised Value as recorded from the King County Assessor's Office remains the same. By utilizing the base assessment plus annual CPI, the MID assessment will remain predictable for ratepayers and the program manager. Residential units are assessed at \$175 first year and limited to \$195 per unit and hotel rooms are limited to \$112 first year and limited to \$125 per unit for the duration of the ordinance
- **New Benefit:** Properties seeing an increase in building sq. footage as a result of new development or significant expansion will have their property attributes and assessment updated by the City of Seattle annually until the parcel is designated as 100% complete by King County
- **Multi-Family Tax Exemption:** If a property is owned by a for-profit entity under an MFTE exemption, the Base Year Assessment will be calculated using the Total Appraised Value upon 100 percent completion of the building and/or authorization of the MFTE exemption from the Office of Housing. MFTE properties owned and operated by nonprofits will receive the non-profit rate
- **Non-Profit Rate:** If a property is owned and operated by a nonprofit entity, the Base Year Assessment will receive the reduced assessment rate. Such properties are eligible for reduced nonprofit rate of **25% for the base assessment**, the justification being that properties are receiving fewer overall benefits, primarily in marketing and economic development, in addition to providing a general public benefit to the district
- **Government Exempted Properties:** Government properties within the MID are typically not assessed but government owned properties that are leased to for-profit entities for commercial activities are assessable under the base assessment formula
- **Assessments on Mixed-Use Properties:** Residential and hotel room ceilings will not apply to a mixed-use property unless the sq. footage designated within one of the two categories comprises at least 75% of the property's total building sq. footage

SECTION F: BASE ASSESSMENT BENEFITS

Commercial Buildings:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
562	44.6%	7,514,932	54.7%	48,031,679	55.7%	\$25.9B	56.8%	\$11.3M	61.6%

The **562 parcels** in this category are primarily comprised of commercial office buildings, retail and service-oriented storefronts. The conclusion drawn by the percentage ratio between the percent of TAV and MID assessment is that existing commercial buildings are providing a commensurate assessment with the benefits received from MID services for property owners, business tenants, employees, and customers. Additional commercial development and redevelopment will pay a commensurate amount as a result of the New Benefit language within the proposed ordinance.

Hotels:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
52	4.12%	987,309	7.2%	8,384,808	9.7%	\$3.16B	6.9%	\$1.38M	7.5%

The **52 parcels** in this category are comprised of traditional hotels and motels within the MID boundaries. Hotels are assessed by the base assessment formula but there is a ceiling that is capped at \$112 per unit for the first year, this is an acknowledgment that these properties are tied to guest occupancy and hotels are not always fully occupied during non-peak seasons. In addition, hotels within the MID boundaries are also assessed under a separate Business Improvement Area, known as the Seattle Tourism Improvement Area (STIA). Hotel/Apartment hybrids will not be assessed solely by the hotel unit ceiling unless one of the two categories comprises at least 75% of the property's total building sq. footage. The conclusion drawn between the value and assessment ratio is that hotels are providing a commensurate assessment with the benefits received from MID services.

Non-Profits:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
87	4.1%	571,447	4.1%	2,345,999	2.7%	\$795.3M	1.7%	\$0.18M	0.9%

The **87 parcels** in this category are nonprofits located in the district, comprised of subsidized apartments, group homes, and churches. Nonprofit classifications are based on the tax value reason as designated by the King County Assessor’s Office. Such properties are eligible for reduced nonprofit rate of 25% for the base assessment or whichever ceiling is the lowest, the reasoning being that properties are receiving less marketing and economic development benefit, in addition to providing a public benefit to the district. **72 parcels or nearly 83%** of these properties are housing for low-income individuals.

The conclusion drawn between the value and assessment ratio is that nonprofits are providing a commensurate assessment with the benefits received from MID services. If the nonprofit property was to be converted/leased to business tenants generating a profit, the property would no longer be considered as exempted from BIA assessments and would be reassessed by TTV and/or TAV.

Parking Lots/Garages:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
103	8.2%	1,131,287	8.2%	2,411,182	2.8%	\$1.13B	2.5%	\$0.8M	4.4%

The **103 parcels** this category are parking lots and garages located within the MID boundaries. Nearly 50 percent of these parcels are currently at a ceiling but it is a reasonable assumption that a number of these parcels could be redeveloped during the duration of the proposed MID, with new development being reclassified under a new assessment/ceilings. The conclusion drawn between the value and assessment ratio is that parking lots and garages are providing a commensurate assessment with the benefits received from MID services.

Apartments:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
157	12.5%	1,803,832	13.1%	13,868,484	16%	\$7.4B	16.1%	\$2.7M	14.7%

Condos:

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Value (TAV)	% of Total Value	Base Assessment	% Base Assessment
299	23.7%	1,730,154	12.6%	11,185,825	13%	\$7.2B	15.9%	\$1.97M	10.8%

The **456 parcels** combined in these two categories are primarily comprised of traditional apartments and condo buildings, with 281 parcels currently at an assessment ceiling for the base year. The conclusion drawn by the percentage of TAV and MID assessment is that multifamily properties are providing a commensurate assessment with the benefits received as residents benefits directly and indirectly from MID services and programming, as it relates to clean and safe, community advocacy, and public space management. Many downtown residents are drawn to the appeal of the public realm and the amenities that are partly supported by MID investments.

SECTION H: OUTREACH AND SUPPORT

MID petition packets containing an informational letter, signature page for each assessable property, and the 2023-2033 business plan were mailed or courier to each ratepayer in November 2022. Any returned petitions marked undeliverable were then subjected to additional research for updated contact information.

The MID provided a dedicated email address to field questions, requests for stakeholder meetings, and to receive feedback. Two public meetings were held, one in July, 2022 and a second one in November, 2022. All ratepayers were informed via postcard and communication was distributed via email and posted on the MID website.

- A committee comprised of MID ratepayers was formed in early 2022.
- Focus groups were held with largest ratepayers to listen to concerns
- Internal team meetings; focus groups and surveys
- 1:1 interviews with select MID ratepayers across different property types
- Focus groups of large downtown organization CEOs and operations directors

- Mailers to all MID ratepayer with notice of scheduled public meeting, as well as information about where to learn more about MID renewal process
- Dedicated web page to MID renewal; fact sheets and FAQs posted and updated regularly
- Virtual public meeting held via Zoom July 14, 2022
- Information routinely posted on KnowYourMID.org with ability to submit comment
- Online survey of MID ratepayers on service satisfaction and program direction
- Presentations to MID Condo Board associations presidents and members
- New MID Dispatch newsletter developed and emailed to more than 3,000 MID stakeholders
- Regular updates and review with the MID Ratepayer Advisory Board
- Meetings with City of Seattle leadership focused on current services and renewal
- Second public meeting held in-person November 17, 2022 (with time for public comment)

SECTION I: 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.

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 Advisory Board: The City's policy is to create a BIA 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.

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 BIA Advisory Board to the City. The BIA 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.

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.

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.

MID Renewal FAQ

What is the Metropolitan Improvement District?

The Metropolitan Improvement District is a business-improvement association (BIA) in downtown Seattle, managed by the Downtown Seattle Association through a Seattle city ordinance. It includes six downtown neighborhoods across 285 square blocks.

Property owners within the MID boundaries have agreed to pay an annual assessment for supplemental municipal services, including additional cleaning, safety, hospitality and parks and public space management. The MID was created in 1999 and renewed in 2013 with the support of a majority of MID ratepayers. The ordinance must be approved again in 2023.

What is a BIA?

More than 1,200 business-improvement areas/districts similar to the MID have been established in the US since the 1970s. This privately controlled management approach has become important to ensuring that downtowns and business districts thrive and grow.

What is the Downtown Seattle Association?

The DSA is a nonprofit membership organization established in 1958, whose mission is to create a healthy, vibrant downtown for all. DSA focuses on:

- The urban experience, including public safety and chronic homelessness
- Economic development, including affordable housing and a strong business environment
- Transportation and access to and through downtown

DSA is the program manager of the Metropolitan Improvement District.

What is the MID budget and how is the money spent?

The MID collects approximately \$15.5 million a year in assessments, which fund:

- Daily cleaning of downtown streets and sidewalks, including trash and biohazard removal, illegal dumping, alley flushing and graffiti removal
- Daily private security patrols within the MID boundaries
- Hospitality and concierge services
- Interactions with downtown's unsheltered and vulnerable populations on how to access services and notification of encampments to the city
- Programming in parks and public spaces
- Downtown marketing, economic development and research
- Events and activations

Aren't these services provided by the city of Seattle?

The city of Seattle does provide municipal services, including garbage pickup, policing and economic development. However, the level of services provided by the city has not kept pace with the needs of a growing downtown or the additional challenges brought on by the pandemic. Similar to the MID, there are business-improvement districts in other areas of Seattle.

What is the process for renewing the MID?

To renew the voluntary MID ordinance, property owners representing 60% of the total assessment are required to prove their support by signing petitions, which are then presented to the City Council for approval and the ordinance is ultimately enacted into law by the mayor.

What is the timeline for renewal?

- Now-September: outreach and listening; forming a business plan
- September-November: petitions out
- Early 2023: submit to Seattle City Council for review
- May 2023: in front of Council
- June 2023: signed by Mayor Harrell
- July 1, 2023: new MID starts

What happens if the MID is not renewed?

If the MID is not renewed, all MID-funded programs would cease.

How much will I have to pay?

The amount ratepayers are assessed depends on the property type. A group of ratepayers carefully evaluates the assessment formula during each renewal process to ensure equity across all ratepayers.

What parts of downtown are included?

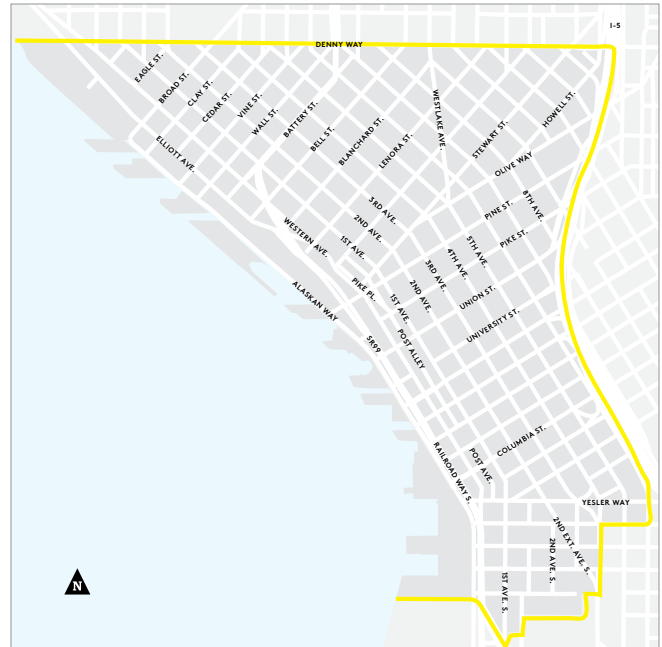
The MID serves Belltown, the Denny Regrade, Retail Core, Pioneer Square, Waterfront and West Edge neighborhoods of downtown.

Who are the ratepayers?

Ratepayers are commercial and residential property owners inside the MID boundaries. These include property management organizations, nonprofits, hotels, condominiums and apartments. Government-owned properties do not currently pay into the MID.

How can I get more information?

More information is available on the Downtown Seattle Association website downtownseattle.org/mid or Know Your BIA site knowyourmid.org.



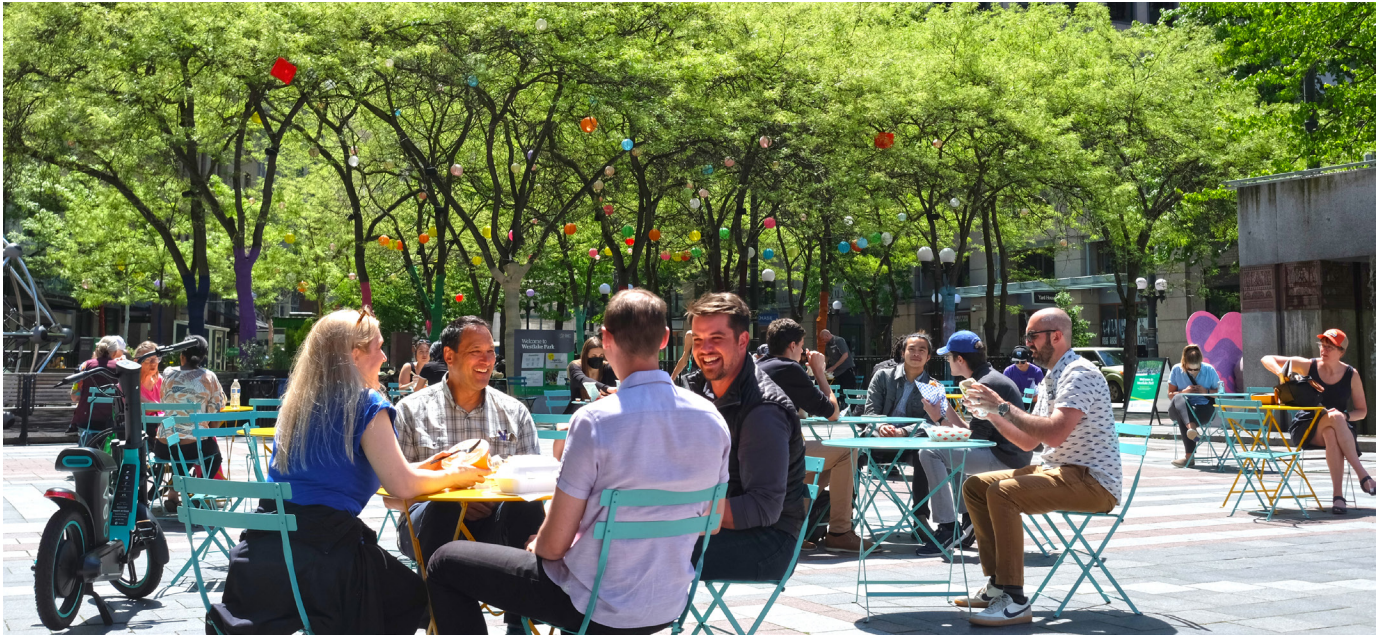
How is the MID governed?

The MID is governed by an advisory board made up of ratepayers, including commercial property owners, leaders of nonprofit organizations and downtown residents. A full list of board members can be found at downtownseattle.org/ratepayerboard. The chair of the MID Advisory Board is also a member of the Downtown Seattle Association Board of Directors.

Why should we renew the MID?

MID investments help ensure a cleaner, healthier and more welcoming downtown Seattle for all who live, work and play here. If MID funding was not in place, thousands of gallons of trash each year would accumulate on streets and sidewalks, including biohazard and human waste. Graffiti would remain on the sides of buildings, and there would be a reduced focus on helping move downtown's unsheltered and vulnerable populations into housing and services. Without private security, public events, art installations, beautification efforts and urban park programming, downtown would feel far less safe and welcoming.





MID Services Summary



CORE SERVICES

MID-funded downtown ambassadors work seven days a week, 362 days a year, providing:

- Cleaning
- Safety and hospitality
- Public realm services

MID funding also supports:

- Marketing and promotion of downtown
- Public realm art installations
- Multiple family-friendly events
- Research and economic development
- Transportation and commuting services

In early 2022, MID services were reevaluated by DSA and MID staff, along with members of the MID Board, to respond to the evolving post-pandemic needs of downtown Seattle. The MID is a second-chance employer, offering stability and employment to justice-involved individuals and those experiencing homelessness.

Founded by the Downtown Seattle Association in 1999 through a city of Seattle ordinance, the Metropolitan Improvement District is a business-improvement area in downtown Seattle spanning 285 square blocks in six downtown neighborhoods. With funding from commercial and residential property owners within the MID boundaries, DSA provides an array of services to ensure a clean, safe and welcoming downtown for all. The MID ordinance was renewed by the Seattle City Council in 2013 and is up for renewal in 2023.

The MID is managed by DSA. An advisory board of 35 property owners recommends an annual budget and work plan and provides ongoing input and oversight.

Cleaning

The Clean Team deploys across the MID daily to remove trash (including biohazard, human and animal waste) and graffiti from sidewalks, alleyways and other public infrastructure. In recent years, investments have been made in more specialized equipment, including trucks, trikes, all-terrain litter vacuums and power-washing tools to ensure greater coverage, efficiency and speed.



Before



After



Safety, Concierge, Hospitality and Street Outreach to Community Safety & Hospitality

Moving on foot and bikes, Community Safety & Hospitality ambassadors are highly visible across the MID and provide an array of services, including:

- Concierge services and directions for the public
- Daily staffing in the DSA/MID-managed parks and public spaces
- Daily visits to ratepayer businesses
- Sidewalk clearing
- Welfare checks
- Information on services and housing options to unhoused people
- Downtown encampment reports to the city

Private Security & SPD Patrols

Through a contract with Iron & Oak, the MID invests in over 800 hours per week of private security downtown in addition to funding dedicated overtime bike patrols with the Seattle Police Department. These safety services help ensure a greater security presence downtown for residents, workers and visitors during a time when the Seattle Police Department faces a critical staffing shortage.

Parks & Public Space Management

Through an agreement with the city of Seattle, DSA manages two urban parks (Occidental Square in the historic Pioneer Square district and Westlake Park in the heart of the retail core), and programs additional public spaces. The Public Realm Operations Team supports programming, events and beautification in these public spaces for all to enjoy.

Outdoor Events & Activations

Each year with MID support, DSA produces Downtown Summer Sounds, a free concert series for residents, workers and visitors, along with an annual Holiday Tree Lighting celebration that draws thousands downtown. To help welcome people back in 2021 and 2022, DSA/MID created and marketed dozens of additional events and promotions all summer long.

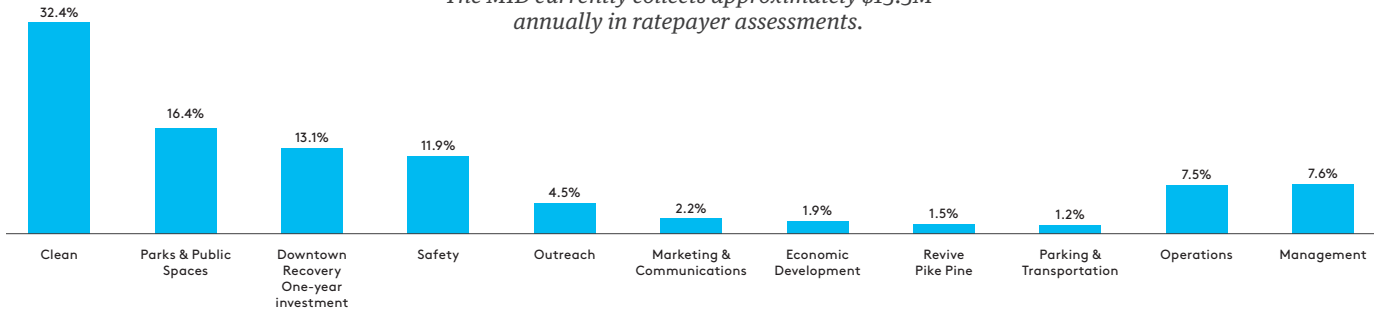
Marketing, Economic Development & Research

MID funding supports the ongoing marketing of downtown small businesses, retail and restaurants, attractions, and arts and cultural organizations. MID funds supported a dedicated regional advertising campaign in the summer and winter of 2021 to encourage the return of visitors post-pandemic. Funding also supports economic development efforts and research on key downtown performance metrics to bolster continued investment in downtown by businesses and residents.

BUDGET OVERVIEW

Total Expenses by Program, July 2021–June 2022

The MID currently collects approximately \$15.5M annually in ratepayer assessments.



YOUR MID INVESTMENT AT WORK

Numbers represent January 2013 to May 2022.



10,044,561

gallons of trash collected



115,243

incidents of human/animal waste removed*



94,598

syringes collected



362,477

graffiti tags removed



73,347

welfare checks for unsheltered individuals



859,894

directions given to tourists and visitors

* Figures are from 2018 to present. Prior to 2018, these were combined with other waste types.



FOR MORE INFORMATION,
PLEASE VISIT:

downtownseattle.org/mid
or knowyourmid.org



Downtown
Seattle
Association

Metropolitan
Improvement
District



MID Renewal 2023-2033

Introduction

- Strong petition support
- MID Services
- Renewal process and outreach
- Proposed business plan





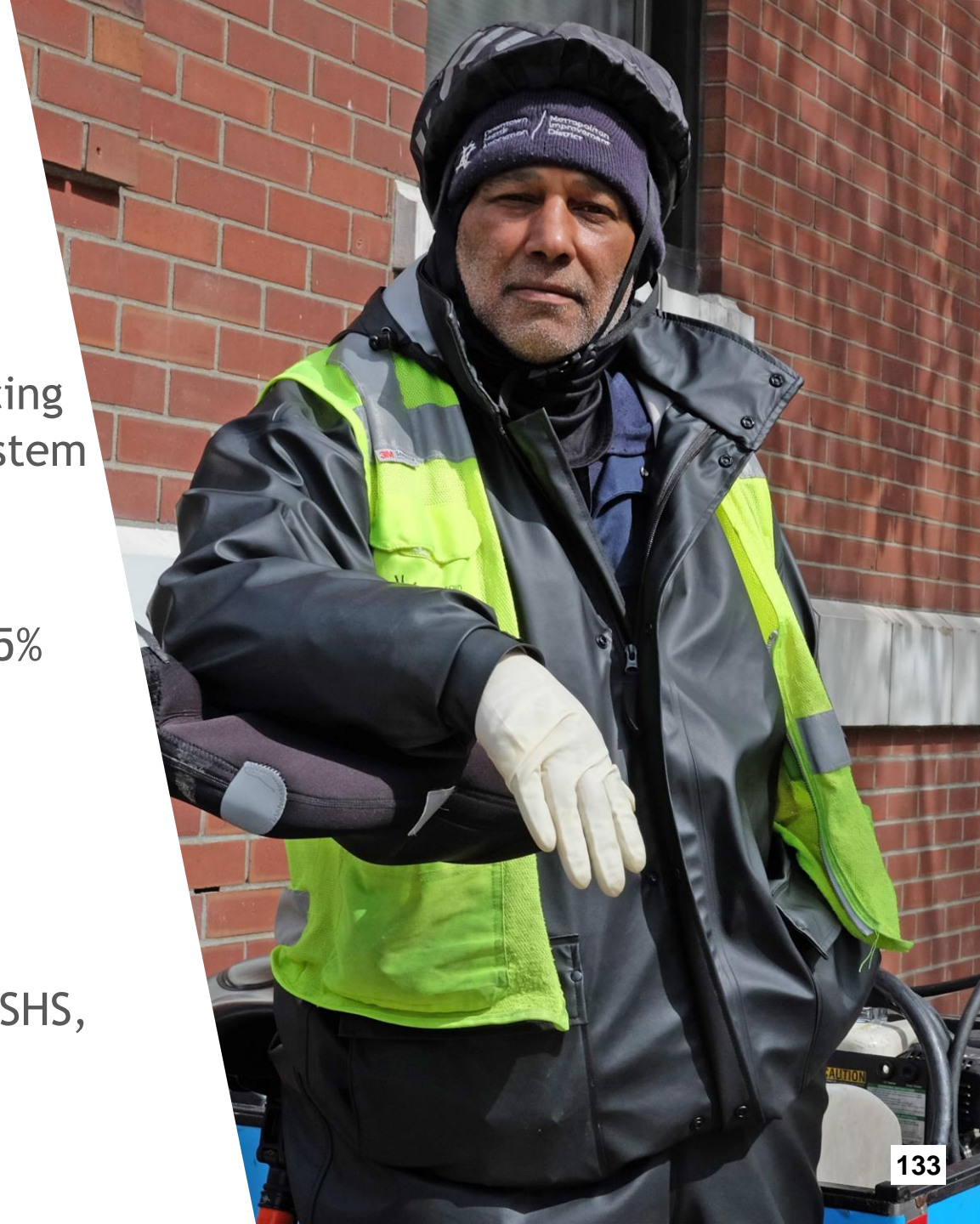
MID Basics

- Formed via City ordinance in 1999. Renewed in 2013 for 10-year term
- \$15.5m in annual private investment (FY 22/23)
- Assessments on hospitality, office, residential, parking and retail properties
- DSA has served as program manager since inception
- Public realm stewardship, marketing, economic development and advocacy, outreach, transportation
- Employment opportunity program
- 128 ambassador positions
- Services provided across 285 square blocks, 7 days/week



Employment Opportunity Program

- Employment opportunities for individuals experiencing homelessness; engagement with criminal justice system
- Starting wage \$20/hour
- Benefits include fully paid medical, dental, vision; 5% 401(k) match; EAP; ORCA card
- Housing and social service support
- Partnership with reentry programs, local nonprofits including Chief Seattle Club, Union Gospel Mission, Seattle Municipal Court, Pioneer Human Services, DSHS, Homeless Veterans Reintegration Program



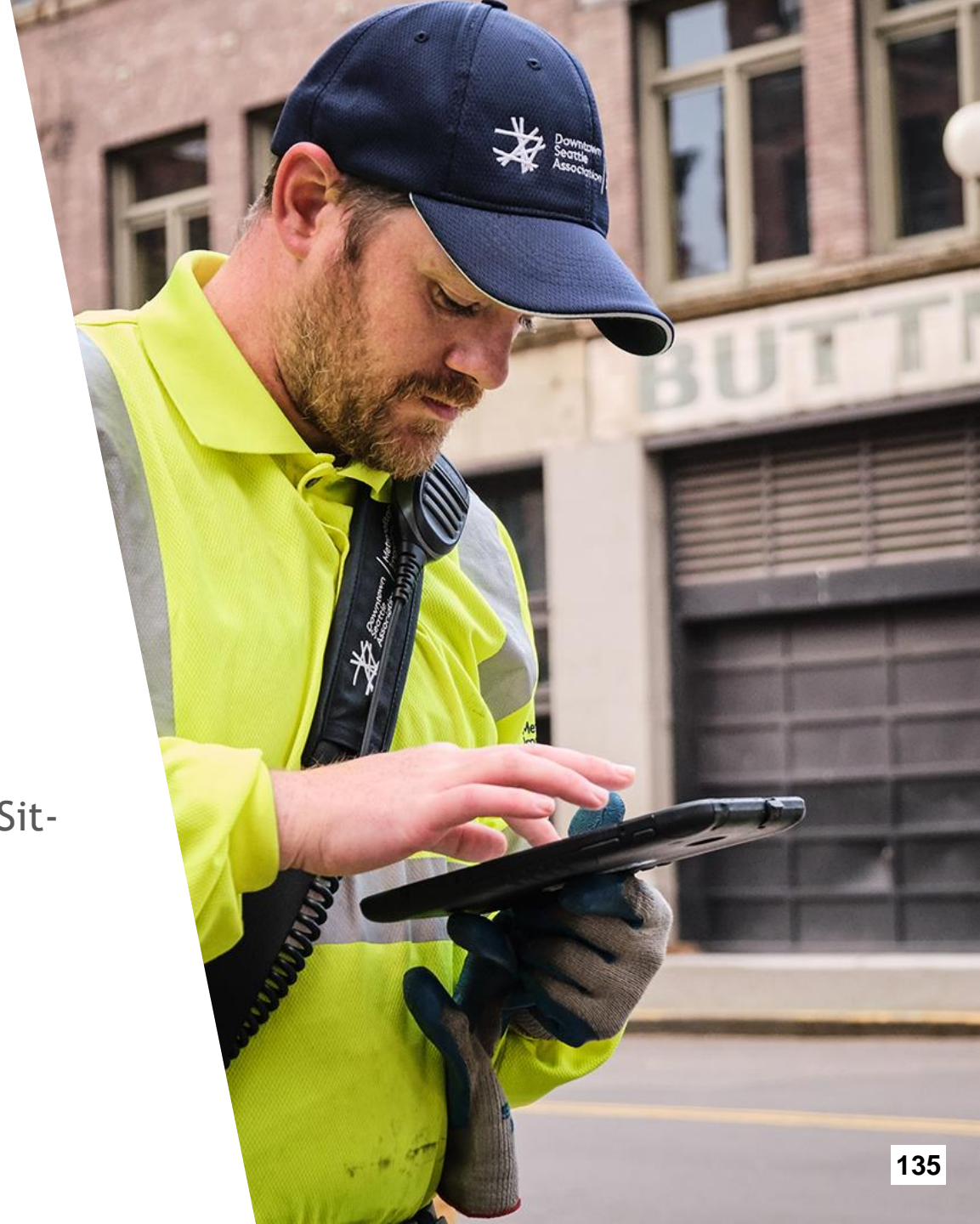
10-year Impact

- Between July 2013 and June 2022 the MID:
 - Removed 8,664,909 gallons of trash
 - Cleaned up / disposed of 102,571 incidents of human/animal waste
 - Collected 97,315 syringes
 - Removed 339,229 graffiti tags
 - Conducted 71,156 welfare checks for unsheltered individuals
 - Assisted 770,806 visitors with directions



March 2023 Impact

- Removed 105,237 gallons of trash
- Collected 336 syringes
- Removed 5,345 graffiti tags
- 2,420 lbs of illegally dumped materials collected
- Conducted 1,144 welfare checks for unsheltered individuals
- 204 outreach engagements; 392 Conditions of Entry/Sit-Lie violations
- Narcan administered 17 times
- 55 security responses to ratepayer calls
- Interrupted 3 assaults













Downtown's Evolution 2013-2022

- Residential population is up 51%
- Employment is up 31%
- 42% increase in building square footage
- Downtown accounts for 50% of Seattle's economic activity
- 50% of city's property value



2022 MID Operational Changes

- Investment in unarmed security
- Increased use of trikes, bikes and machines
- New recruitment initiative and increase in ambassador wages
- Additional visibility and engagement with customers
- Streamlined use of technology
- Ambassadors began carrying Narcan



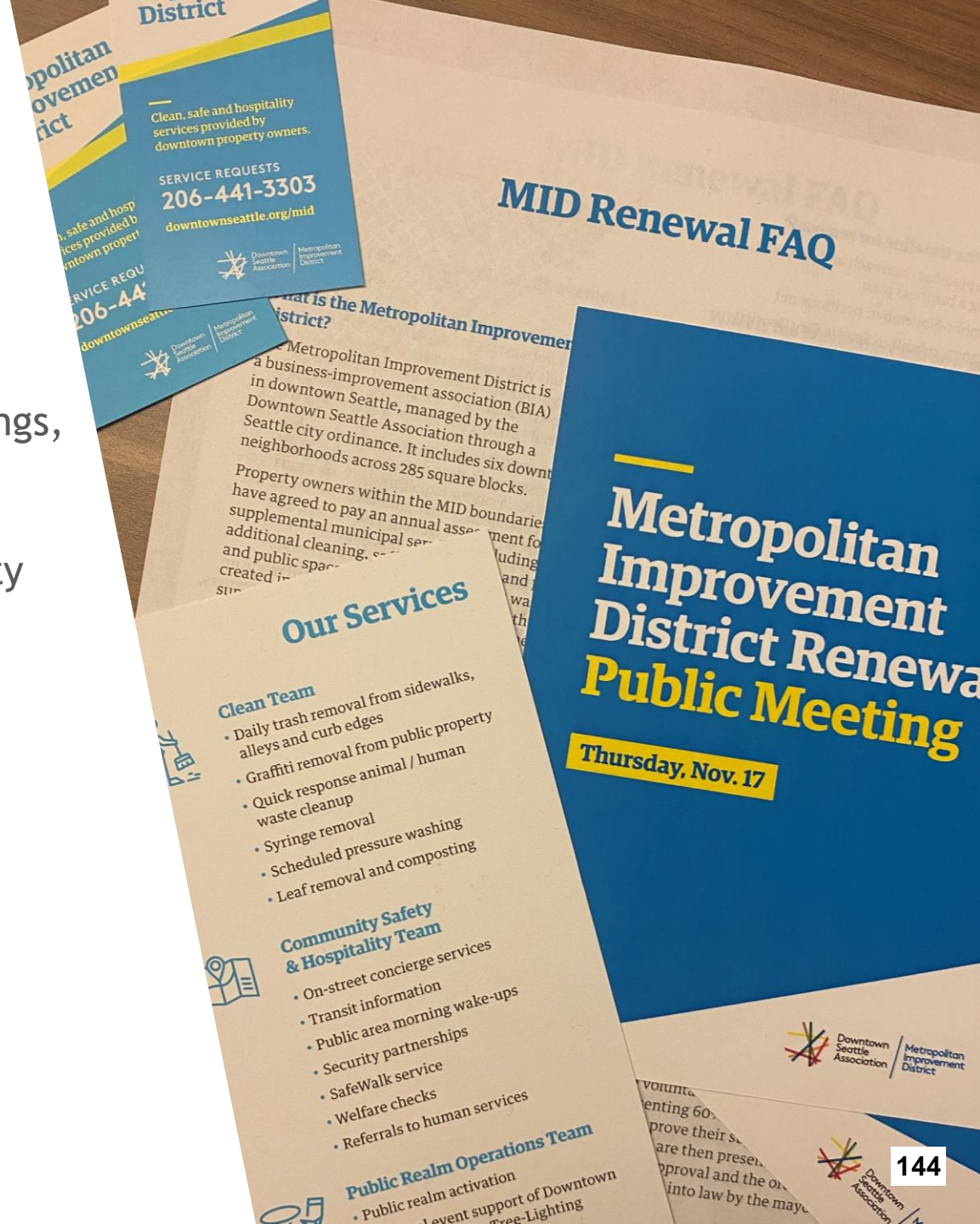
MID Reauthorization/Renewal

- Guided by Renewal Committee of property owners and MID Board
- Informed by outreach with ratepayers, staff, stakeholders, City
- Business plan approved by MID Board and DSA Board in October
- Petitions distributed in November to all property owners
- 66% of assessment support received in February



Renewal Outreach

- Formation of MID Renewal Committee with regular meetings & reviews
- Employee engagement including facilitated team meetings, focus groups and a survey
- 1:1 interviews with select MID ratepayers across property types
- Focus group with peer downtown organizations
- Mailers to all MID ratepayers
- Development of printed and online materials
- Virtual and in person public meetings
- Online surveys and newsletters
- Outreach to proposed expansion area



Outreach Findings

- Strong support and appreciation for MID services (especially during the pandemic)
- Ongoing concerns about safety and security in downtown Seattle
- Concerns about the homelessness crisis and its impact on downtown
- Desire for more cleaning services
- Desire for City to commit to providing a higher level of core services downtown



MID Business Plan

- New 10-year term beginning July 1, 2023-June 30, 2033
- Minor modifications to the southern boundary with opportunity for expansion in future years
- 10 percent increase in cleaning services/total hours
- Increase investment in ambassador wages
- Investment to sustain unarmed security services
- New customer service/advocacy position
- Sustain investment in park activation/programming
- Technical modifications to ordinance



Proposed MID Service Area

- Expanding the MID boundary to include south end of Pioneer Square
- Closer alignment with Pioneer Square BIA
- 20 additional properties in expansion area

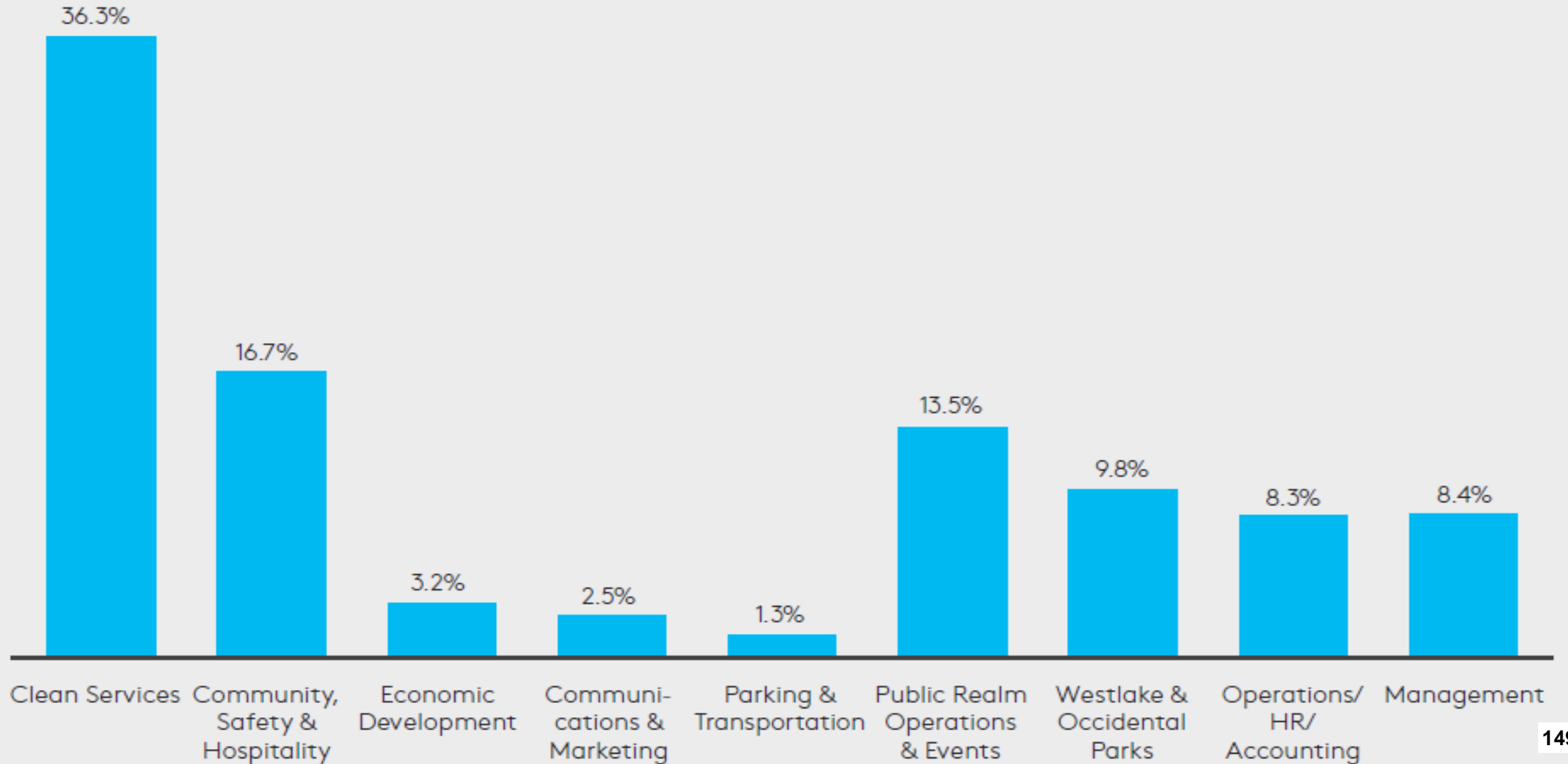


Budget Info

- Investment level \$18.3m in FY 23/24
- Sustain and increase services
- Responsive to high inflationary environment and competitive labor market
- Majority of budget dedicated to on-street clean, safe and public realm activation and beautification programs



2023-24 EXPENSE ALLOCATION BY PROGRAM



Assessment Formula & Rates

Current assessment formula:

- Value of property + size of lot/land footage
- Caps in place for all properties to limit total annual assessment

Principles for new 10-year plan:

- Support \$18.3m budget for 23/24
- Rebalance equity among different property types
- Achieve predictable cost escalation over time
- Sustain services over 10-year term



Assessment Formula & Rates

Specifics:

- Keep Total Appraised Value factor the same (\$0.37)
- Increase Land Sq Ft ceiling by 15% to \$0.45
- Increase Building Sq Ft ceiling by 15% to \$0.24
- Eliminate Total Appraised Value ceiling (near zero impact)
- Increase the Hotel and Residential ceilings:
 - Hotels from \$97 to \$125/room/year (phased in over 2 years)
 - Residential \$152 to \$195/unit/year (phased in over 2 years)
- Increase assessments by CPI-U each year (min. 2.5%; max 5.0%)
- Recalculate assessments once in Year-5, for Year-6 assessments



Q & A



Along Side Ian

Downtown Seattle Association

Metropolitan Improvement District Renewal and Expansion

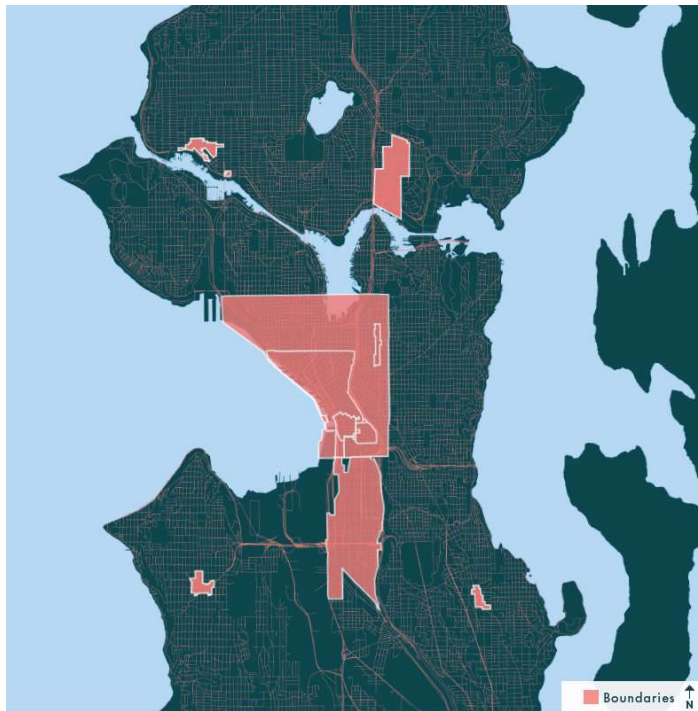
Phillip Sit, Business Improvement Area Advisor, Office of
Economic Development

Office of Economic Development



City of Seattle

BUSINESS IMPROVEMENT AREA PROGRAM



- 11 Business Improvement Areas (BIAs) in Seattle generating \$30 million dollars in enhanced business services and programs
- Local control, predictable and sustainable funding
- Revenue collected is 100% allocated to the district
- Vital partnership between City and Districts

DEVELOPMENT PROCESS

1. BIA FORMATIONS AND RENEWALS:

Demonstrates 60-plus percent support from ratepayers via petitions

- Proponents can utilize property values, building and lot square footage, business and occupation taxes, or any other reasonable factor relating to the benefits received

2. CITY DEPARTMENT REVIEW:

OED evaluates each BIA proposal for its adherence to City policies and State RCWs and that ratepayers are receiving benefits from proposed BIA programs and services

3. CITY AUTHORIZATION:

BIAs are approved by City Council, using authority provided in RCW 35.97A



MID BACKGROUND

Downtown is seeking a **10-year** renewal of the Metropolitan Improvement District (MID), as the current MID legally sunsets on **June 30th, 2023**.

- The MID has secured **66%** of support in property-based petitions, and requires legislative approval by City Council and the Mayor.



Slide 4

SA0 ..."seeking a 10-year renewal of the Metropolitan Improvement District (MID) as the current MID legally sunsets on June 30, 2023."

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MID MAP

- Expansion of southern boundaries
- MID covers area between Elliott Bay and I-5 and between Denny Way and the stadiums to the South
- Pioneer Square and the Seattle Tourism Improvement Area have separate business-based BIA that overlaps with the MID



ASSESSMENTS UPDATES

- **MID base assessment** will continue to be based upon King County Property Values and Lot Sq. Footage
- **Assessment Ceilings** are applied depending on property use type
- **CPI adjustment annually** of 2.5 to 5 percent
- **5-Year District Wide Update in 2028-2029**, all parcel property values shall be updated
- Updates on how new construction and exempted properties are assessed



MID PROGRAMS

- Clean Team, graffiti and biohazard removal
- Ambassador Program, public safety, outreach and hospitality services
- Park and public space management
- Marketing and promotion of downtown
- Economic development and transportation



PROPOSED MID BUDGET

MID Programs and Services	Current Budget 2022/2023	New Budget 2023/2024
Cleaning Team	\$5.5M	\$6.5M
Ambassador Program and Outreach	\$2.8M	\$3.4M
Parks and Public Space Management	\$2.8M	\$3.5M
Marketing and Promotion of Downtown	\$0.5M	\$0.7M
Economic Development & Transportation	\$0.8M	\$0.6M
Admin and HR	\$1.5M	\$1.8M
MID Program Management Expense	\$1.6M	\$1.8M
Total Budget	\$15.5M	\$18.3M



QUESTIONS?

