



City of Seattle
Edward B. Murray, Mayor

Date: April 6, 2016

To: Affordable Housing, Neighborhoods & Finance Committee Councilmembers:
Tim Burgess, Lisa Herbold, Rob Johnson and Mike O'Brien

From: Brian Surratt, Director, OED, 684-8591

Attendees: Theresa Barreras, OED, 684-4505;
Karl Stickel, OED, 684-8085;
Teri Allen, FAS, 684-5226

Subject: **Business Improvement Area (BIA) Policies and Procedures**

Background

There are currently nine Business Improvement Areas (BIAs) in Seattle that fund services for improving neighborhood economic and business development through assessments of business and property owners. These BIAs generated \$16.8 million in 2014 and over \$17 million in 2015 (see Attachment 1, BIA Assessment Revenue). BIAs' direct investments translate into immediate benefits to the city through major tourism campaigns, maintenance of the downtown core, and the many festivals, small business support networks and beautification projects in neighborhood business districts.

Communities are increasingly using BIAs as an effective tool to support their growth and transformation. In the past couple of years, the City enacted a new BIA in SODO, and passed significant changes to the BIAs in the U District, Pioneer Square and Downtown that increased their participation and boundaries. Ballard and Capitol Hill are hoping to bring BIA petitions to City Council this year and Chinatown-ID and First Hill are planning to follow. In addition, several other neighborhoods are evaluating the potential for developing new or expanded BIAs.

The expansion of BIAs, combined with an increase in the scrutiny they are undergoing at City Council and in the community, has created a need for better policies and clarifying City staffing roles to improve the quality of proposals and the smoothness of the authorizing process. Currently, the City's policies are not detailed enough to provide proper guidance on proposal development or evaluation. The lack of these policies and staffing has caused confusion, ambiguity around formation, and potential liability.

Process for Updating the BIA Policies

City staff from OED, FAS, Law and Council Central Staff have collaborated over the past two years to develop City policies and procedures around BIA formation and operations. Important in the process was working closely with the BIA community to develop policies that are realistic and provide better clarity and direction. The City team met multiple times with the BIA community to shape these policies, and this proposal reflects their direct involvement and invaluable input. The updated BIA policies:

- clarify and codify existing practices and interpretations;
- require the submittal of additional information from BIA proponents to facilitate the review process;
- enhance the City’s role in evaluating each individual BIA proposal for its reasonableness; and
- clarify, modify and expand City Departmental roles and responsibilities.

Key Policy Issues

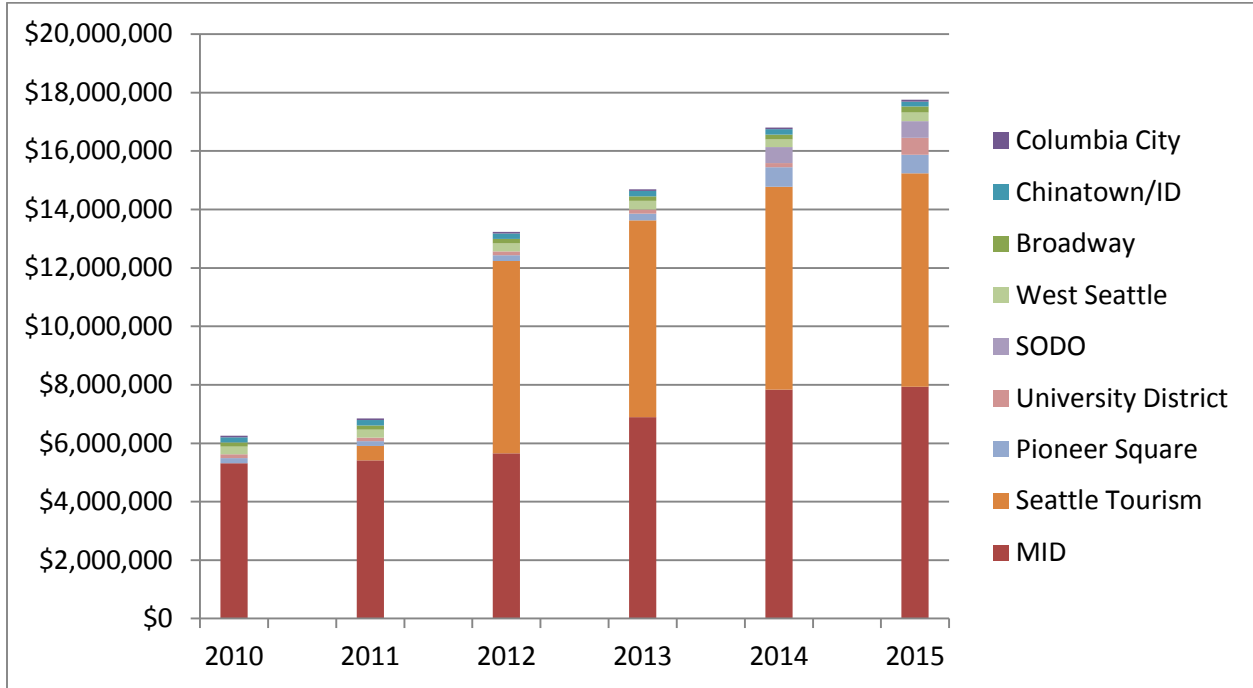
Many specific policy issues have been evaluated and discussed throughout the process. The proposed policies attempt to address all of them. As a result of this comprehensive approach, the updated policies will require an expansion of OED’s role to provide more support to BIAs from the beginning of the process through the creation of a reasonable proposal and guiding the legislative process to minimize the issues and challenges recently encountered. FAS will continue to manage the billing and collection processes associated with BIA administration as well as the mailing of the confirmation of petitions to form and the notifications required to form, and collection and disbursement of BIA revenues. This allows OED to take over all facilitation and coordination between the City, the community, and the BIA staff.

Key highlights are summarized in the following table:

| BIA Policy | Change |
|--|---|
| Open Meeting Policy | All BIA meetings will be subject to the Open Public Meeting Act (OPMA). |
| Increased Outreach | BIA proponents must demonstrate additional outreach and notification about the proposed BIA beyond obtaining signed petitions. |
| Boundaries | Provides requirements and guidance about drawing boundary lines. |
| Government Property Exemption | Codifies existing practice. Government properties are exempted from BIA assessments. However, if a government entity located within a BIA boundary is acting as a business it may be assessable. |
| Non-profit Assessment | Codifies existing practice to allow for different assessment rates for non-profit organizations, supported by the benefits received. |
| Advocacy / Community Organizing | Codifies existing practices to allow BIA program managers to represent the interests of their ratepayers and stakeholders with regard to city practices and policies that affect the community. |
| City Department Support | Formalizes the roles for OED and FAS when managing the BIA process and operations. |
| Residential Assessment | BIA proponents will be required to describe more fully the benefits that will be provided to all classification of ratepayers and will continue to follow state law in having multifamily housing be eligible for assessment. |
| Organizational Structure | Codifies the requirements for establishing the Board, developing bylaws, a budget and work plan. The policies also state that no one ratepayer may hold a majority interest (51%) in the voting rights of the Board either through one or more Board members. |

Attachment 1

**Exhibit 1
BIA Assessment Revenues**



**Exhibit 2
BIA Activity from 2001 Projected to 2018**

