

MEMORANDUM

To: Affordable Housing, Neighborhoods and Finance Committee
From: Aly Pennucci, Legislative Analyst
Date: September 1, 2016
Subject: CB 118748 – West Seattle Junction Parking and Business Improvement Area

On September 7 the Affordable Housing, Neighborhoods, and Finance (AHNF) Committee will have an initial discussion and conduct a public hearing on Council Bill (CB) 118748, which would modify assessment rates for the existing West Seattle Junction Parking and Business Improvement Area (PBIA). PBIAs are economic development funding mechanisms that allow property and business owners to assess themselves to fund enhanced services, programming, and management for a business district. The terms PBIA and BIA are synonymous.

This memo (1) describes city policy and state statutes governing procedures for modifications of a PBIA assessment rates, (2) provides some background information on the West Seattle Junction PBIA, and (3) sets out one proposed technical amendment and one issue for discussion.

Procedure Steps to Change the Assessment Rate

City BIA policies are established by resolution and were most recently amended by [Resolution 31567](#). Additionally, procedures for establishing and operating a BIA are governed by [RCW Chapter 35.87A](#).

There are two pieces of legislation and multiple procedural steps required by state law to modify an existing PBIA's assessment rate. Two items were introduced to initiate the process in July, 2016:

1. Resolution 31687, which establishes the intent to modify assessment rates and sets the September 7 public hearing date, and
2. CB 118748, which would implement the assessment rate modifications.

Resolution 31687 was adopted by the Council on August 1, 2016. The focus of the public hearing will be CB 118748, which would implement the changes to the assessment rates of the West Seattle Junction PBIA. After the public hearing, there will be time at AHNF Committee meeting for Councilmember questions and discussion. The chair anticipates a Committee vote at the September 21 AHNF Committee meeting.

Background on West Seattle Junction PBIA

The West Seattle Junction PBIA was established by Ordinance 113326 in 1987. The existing PBIA has three areas, as shown on the map on page four:

- Assessment Zone A (smaller area, in green, on map)
- Assessment Zone B (larger area, in yellow, on map)
- Parking Zone Overlay – Zone C (with diagonal cross-hatching on map)

The City contracts with the West Seattle Junction Association to administer PBIA services. The PBIA assesses a business in Zone A or B primarily based on gross proceeds of sales or gross income of the business as reported for Business and Occupation (B&O) tax or utility tax purposes. It assesses a business in the Zone C parking overlay to the extent that the business does not itself provide a certain minimum amount of parking. The Council amended the assessment rate in 1999, 2001, 2005 and modified the PBIA boundaries and assessment methodology in 2014. There has been no increase in the assessment rates since 2005.

Proposed change to assessment rates

The proposal before the Committee is to increase the assessment rate for all ratepayers by 10 percent. This increase is proposed to cover increased property taxes and increases in parking expenses. While the program manager, who administers the PBIA, and PBIA Board had anticipated an increase in parking expenses, the new costs are not sustainable within its current budget. Currently, expenses for providing and maintaining parking total twice the revenue received from special assessments on parking.

On May 25, 2016, the PBIA Board held a public ratepayer meeting to discuss the PBIA's increased expenses as well as this proposal to increase the assessment rates and solicit any feedback or concerns about moving forward given the current budget conditions.

On June 10, 2016, the ratepayer advisory board for the West Seattle Junction Association, which oversees the PBIA, voted to increase all assessment rates by 10 percent. The West Seattle Junction Association is requesting the proposed rate increases to maintain current service levels.

Discussion items and amendments for consideration:

1. Technical Amendment

CB 118748 as introduced includes a recital that references the date of the public hearing. The proposed amendment would correct the date as follows:

WHEREAS, on ~~August 13, 2016~~September 7, 2016, in accordance with RCW 35.87A.140, the City Council will hold a public hearing regarding its intention to raise the West Seattle PBIA's assessment rates; NOW, THEREFORE,

2. Assessment rate - increases

The proposed ordinance would increase the assessment rate for the fourth time in 29 years. Although that is not an excessive number of increases, each rate increase requires the program manager and Board to prepare a proposal and conduct outreach, and requires City staff resources to meet all procedural steps required by state law. Some of this process could have been avoided if a regular inflationary increase in the assessment rate was included in the ordinance. For example, the PBIA established in the U District in 2015 includes an annual adjustment of the lesser of three percent per year or the percentage change in the Consumer Price Index for All Urban Consumers in Seattle-Tacoma-Bremerton of the previous year.

Policy 6 of the City BIA Policies states that, “[t]he City recommends that a proposal for a new or modified BIA include in its assessment proposal a factor that accounts for increasing costs over time. This could be the application of inflation or other factor.” ***The Committee could consider an amendment to the bill to include an automatic adjustment in future years. Because the PIA Ratepayers Board has not taken this under consideration, Councilmembers could instead request that the Board and program manager consider this option when any future modifications are proposed.***

Attachments

1. West Seattle Junction BIA Boundary

cc: Kirstan Arestad, Central Staff Executive Director
Ketil Freeman, Supervising Analyst

Attachment 1: West Seattle Junction BIA Boundary



This map is for illustrative purposes only; for the official description of the PBIA boundaries see ORD 113326¹

¹ See http://clerk.ci.seattle.wa.us/~legislativeitems/Ordinances/Ord_113326.pdf