

15TH AVE BUSINESS IMPROVEMENT AREA BENEFIT ANALYSIS

OFFICE OF ECONOMIC DEVELOPMENT
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HIGHLIGHTS:

BUDGET – The total estimated budget for the proposed 15th Ave BIA beginning in the year of authorization (2022) is estimated at **\$116,839.00**

RATEPAYERS – The assessment is on all eligible properties and the ratepayers are therefore property owners, including commercial, nonprofits, and multi-family residential properties

The 15th Ave BIA is comprised of **29 individual ratepayers** that represents **37 assessable parcels** within the designated boundaries

SUPPORT – The proposed 15th Ave BIA has petition signature from **15 petitions** in support of the 15th Ave BIA, representing **72.84%** in assessments

Per Citywide BIA policies, if a single entity in support of the BIA represents more than 25 percent of the total assessment, the City encourages BIA proponents to seek additional support from potential ratepayers, demonstrated by presenting a petition representing 65 percent or more of the total assessment in the proposed BIA

OPPOSITION – As of June 15th, 2021, the City has not received any petitions back with signatures against the formation of the 15th Ave BIA

BOUNDARIES – The 15th Ave BIA boundaries reflects the historical commercial corridor and boundaries accounts for the single residential properties between 15th Ave and Broadway

BIA PROGRAMS AND SERVICES – are standard and similar to other recent BIAs, to support economic development, a safe and clean environment, and advocacy for the district within the BIA boundaries

ASSESSMENTS – Records for the initial assessment calculations are based on data and information from the King County Assessor's Office and Financial Administration Services. The base assessment rate on each assessable property within the proposed boundaries will be **\$0.10 per \$1000** of the total appraised value and **\$0.15 for every lot square foot**

Properties designated by King County as Single Family, Duplex, Rooming House, Triplex or Townhouse are non-assessable per State law

BENEFIT ANALYSIS – The 15th Ave assessment methodology is weighted towards lot square footage and complimented by the Total Appraised Value (TAV will charge ratepayer assessments that are commensurate with the primary cleaning and beautification programs and benefits provided by the 15th Ave BIA.

OUTREACH – Over the past six years, the 15th Ave Merchant's Association has been involved in previous litigation of BIA formation proposal that would encompass Capitol Hill. The 15th Ave

proponents reached out to OED in 2019 to consider the viability of a 15th Ave centric BIA. With a proposal developed, the proponents started initial outreach in late 2019 and into 2020/2021.

PROGRAM MANAGER – The 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. BIA generated funds. The 15th Avenue Merchant’s Association have expressed interest in serving as the program manager.

15TH AVE BIA PROPONENTS AND 15TH AVE MERCHANTS ASSOCIATION:

Name	Business/Property
Ross King	Rainbow Natural Remedies
Danielle Hulton	Ada’s Technical Books
Jill Cronauer	Hunters Capital
Ray Angel	Angel’s Shoe Repair
Ian Eisenberg	Ike’s
Jeffrey Pelletier	Board and Vellum

BUSINESS IMPROVEMENT AREA (BIA) OVERVIEW:

Currently, there are **10 BIAs** in Seattle generating a total of **\$26 million dollars** in enhanced programs and services to business districts. The proposed 15th Ave BIA would provide **\$116,839.00** in annual assessments to support services and programs within the service area.

- BIA services are primarily funding by a special assessment on district properties or business
- 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

The 15th Ave business corridor is a blend of restaurants/small businesses, offices, and mixed use residential/commercial buildings. Like many business districts, 15th Ave and Capitol Hill at-large is grappling with issues related to trash, public safety, parking, and transportation. By providing a dedicated source of funding, the 15th Ave will be able to increase their capacity to serve as one of the primary local entity to advocate for the benefit of stakeholders in the district.

In response to community support and having successfully obtained signatures representing over 65% from potential ratepayers, the 15th Ave BIA proponents are proposing a seven-year duration BIA.

This Business Improvement Area (BIA) benefit analysis has been prepared to review the 15th Ave BIA proposal as required from Resolution 31657 – the Citywide BIA Policies.

SECTION A: 15TH AVE PROPOSED BOUNDARIES:

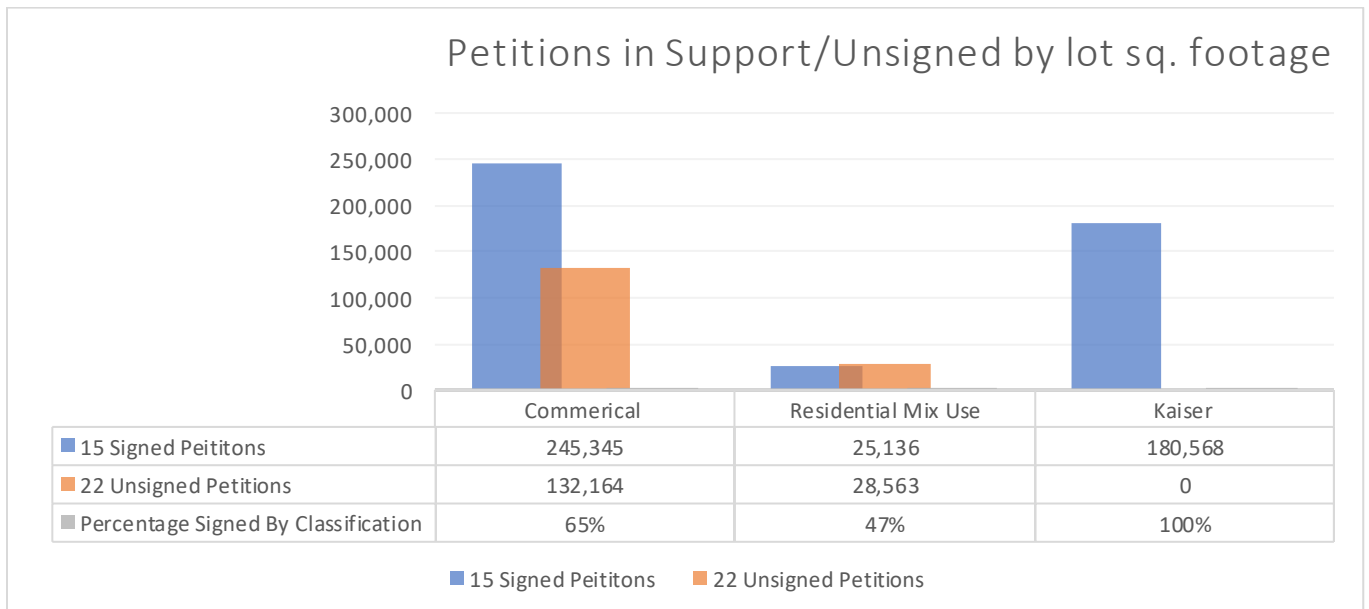
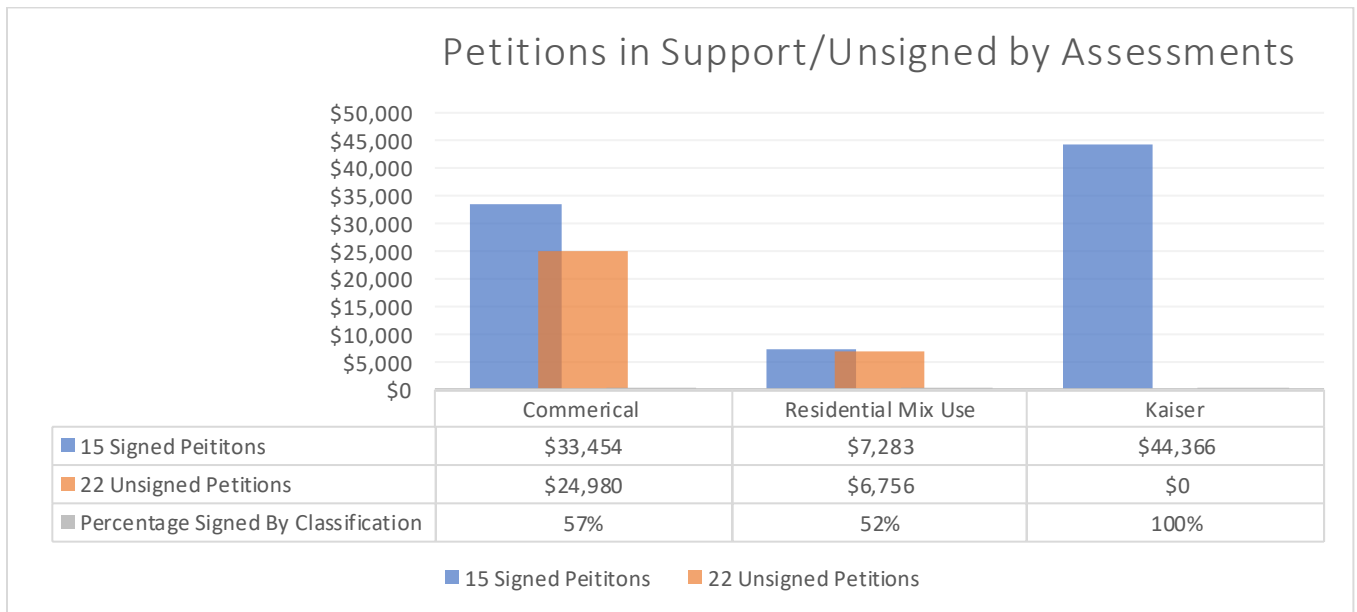
FIG A1



SECTION B: 15TH AVE PETITION SUPPORT:

The proposed 15th Ave has petition signature from **15 petitions** in support of the BIA formation, representing **72.84%** in verified petition support. As of 6/15/2021, there are no petitions submitted to the city in opposition to the BIA renewal.

FIG B1: OVERALL PETITION SUPPORT FOR 15TH AVE BIA FORMATION

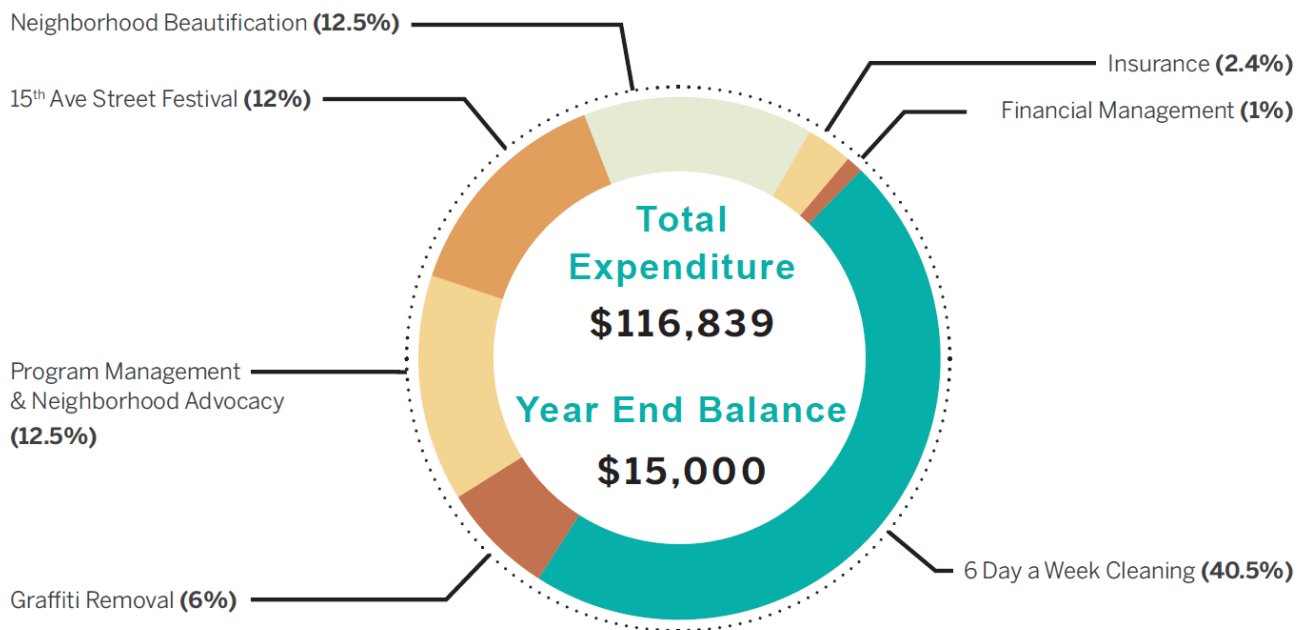


SECTION C: 15th Ave BIA BUDGET:

The BIA will generate an estimated total of **\$116,839** in assessments in the base year of authorization of 2022. All stakeholders within the assessment zone will consistently benefit from economic development initiatives, public safety programs, a clean environment, and district-specific advocacy efforts. **Section E has a description of the programs and services.**

To maintain programs and services over time, there is an **annual Customer Price Index (CPI) inflation factor** associated with the proposed BIA over the seven-year duration of the BIA. The 15th Ave BIA will also annually update the assessment for properties that undergo development or expansion using data from the King County Assessor’s Office. This **New Benefit** includes updating and identifying assessable parcels for their total appraised value and lot square footage.

FIG C1: 15TH AVE BIA BUDGET



15 th Ave BIA Programs and Services	Budget	Percent of Budget
6 Days a Week Cleaning	\$47,319.80	40.5%
Program Management & Neighborhood Advocacy	\$14,604.88	12.5%
Neighborhood Beautification	\$14,604.88	12.5%
15 th Ave Street Festival	\$14,020.68	12%
Graffiti Removal	\$7,010.34	6%
Insurance and Financial Management	\$3,975.52	3.5%
Cash Balance/Reserve	\$15,000	13%

SECTION D: ASSESSMENT METHODOLOGY:

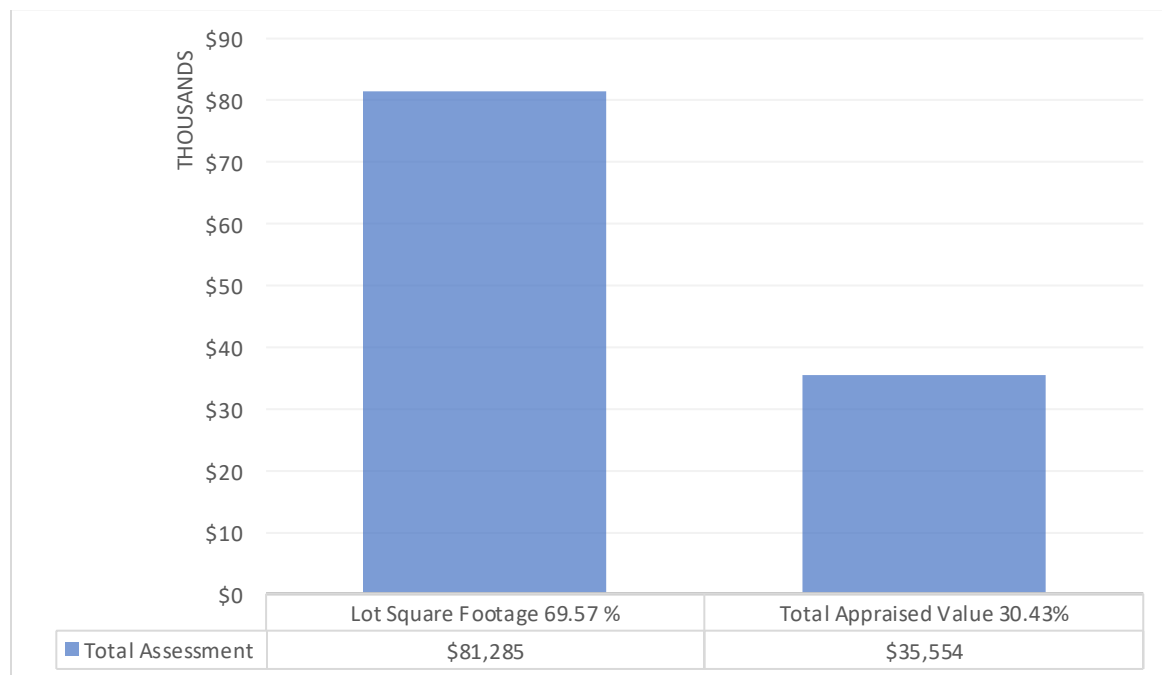
The 15th Ave BIA assessment formula is **\$0.10/\$1,000** of the Total Appraised Value and **\$0.15 per lot square foot** for the established base year as recorded from the King County Assessor’s Office and by the Financial Administration Services (FAS) from the City of Seattle.

By utilizing the base property value on record plus annual CPI, the assessment will remain constant and will keep up with inflation unless a property triggers a **New Benefit Area** due to new development as described by the proposed ordinance, in which case, the base year and property value is reset by the City of Seattle over the course of the seven years of the BIA.

The assessment on Lot Square Footage comprises almost 70% of the total revenues generated as shown in the chart below. Given that nearly two-thirds of the overall budget is dedicated to cleaning and beautification services, a primary assessment component to account for lot square footage was recommended as it would provide a close nexus to services received and therefore benefits because cleaning costs correlate directly to the parcel size and potential utilization of BIA services.

Property valuation generally correlates to benefit because higher assessed parcels generally reflect a higher level of utilization of services due to volume of employees, residents, and/or customers. The assessment methodology for the 15th Ave BIA proposal is similar to the practices of other property-based BIAs, such as the U. District and the Columbia City BIA that provides a significant amount of assessment funds towards cleaning and beautification of the public realm.

FIG D1: 15TH AVE BIA BUDGET BY LOT SQ. FOOTAGE AND BY TOTAL APPRAISED VALUE



SECTION E: 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 15th BIA annual assessment are in addition those service already provided by the City. A summarized description of BIA services as proposed by the 15th Ave BIA proponents. Upon passage of the BIA, the 15th BIA interim Ratepayer Advisory Board (RAB) will consult and work with the Office of Economic Development on a updated and detailed budget and work plan.

NEIGHBORHOOD BEAUTIFICATION:

- Public murals and signal box beatification
- Collaborate with local artist on potential projects to beautify the public space within the BIA

15TH AVE STREET FESTIVAL:

- Add staff and professional capacity to the annual 15th Avenue Festival
- Activate potential smaller community partner events and activations with the BIA
- Communicate 15th Ave to community through social media and newsletters

BIA MANAGEMENT AND NEIGHBORHOOD:

The 15th Ave BIA will retain a part time staff/contractor to provide program administration, customer service, develop and implement service programs; and manage finances and contract services, including:

- Conduct annual meetings of ratepayers to present work plan, budget, and approval of program manager;
- Work in collaboration with FAS/OED on BIA assessment billing and customer service related inquiries
- Ensure legal, financial and personnel policy documents are up to date and in compliance with applicable laws
- Provide resources, support, and training to Ratepayer Advisory Board

6 DAYS A WEEK CLEANING AND GRAFFITI REMOVAL:

- The 15th Ave proponents have engaged with vendors to provide enhanced cleaning services and graffiti removal, quotes and a selection process for vendors will occur upon passage of the BIA formation ordinance in partnership with OED and SPU

SECTION G: BASE ASSESSMENT BENEFITS

Commercial Buildings

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
27	72.97%	307,636	59.95%	\$12,288,800	34.56%	\$58,434.28	50.01%

The **27 parcels** in this category are primary comprised of small commercial office, retail and service-oriented businesses. The conclusion drawn by the percentage ratio between the percent of TAV and Lot Sq. Footage with the proposed BIA assessment is that existing commercial buildings will be providing a commensurate assessment with the benefits received from the proposed services and programs for their business tenants, employees, and customers. New development will pay a commensurate amount as a result of the New Benefit language within the proposed ordinance. There are a handful of new developments (QFC Grocery Store) slated for the district and the percentage of TAV for this classification will most likely shift to residential mix use over the seven-year duration for the BIA.

COMMERICAL/RETAIL



Source: King County Assessor’s Office

[Safeway](#) is a commercial building that is currently functions as a grocery store in the district. Constructed in 2000, the parcel also feature their parking lots.

Parcel: 600350-1820
 Total Appraised Value: \$38,001,200
 Lot Square Footage: 98,702
 Base Assessment: \$14,805.30 (Lot Sq. Footage) + \$3,800.12 (TAV) = \$18,605.42

Residential Mix Use Buildings

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
7	18.9%	53,699	9.9%	\$59,839,500	16.8%	\$14,038.80	12.01%

The **7 parcels** in this category are primarily comprised of market rate apartment complexes, with Community Roots (formerly Capitol Hill Housing) representing the property owners of two parcels within the district: 1509 E Mercer is identified as a market rate apartment and 346 15th Ave E is receiving a small exemption for subsidized housing. The proponents engaged with Community Roots, and it was determined that it was not necessary to create an additional assessment formula for subsidized housing for one sole property. The benefit is commensurate with the assessment given the LSQ and TAV ratio for this classification. As noted, this classification of market rate residential mix use buildings will increase due to new development within the district.

RESIDENTIAL MIX USE



Source: King County Assessor's Office

Court John is a mix use apartment complex with commercial tenants. Constructed in 2012, the building features 36 residential and commercial tenants and stretches across two parcels, resulting in two separate assessments.

Parcel: 942140-0026
 Total Appraised Value: \$3,742,200
 Lot Square Footage: 9729
 Base Assessment: \$1,458.00 (Lot Sq. Footage) + \$374.22 (TAV) = \$1,832.22

Parcel: 942140-0025
 Total Appraised Value: \$16,358,800
 Lot Square Footage: 5040
 Base Assessment: \$756.00 (Lot Sq. Footage) + \$1,635.88 (TAV) = \$2,391.88

Kaiser Campus

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
3	8.1%	180,568	33.3%	\$172,812,100	48.6%	\$14,038.80	37.97%

The **3 parcels** in this category represents the Kaiser main campus and parking lots, formally the main hub for Group Health. As a health service caretaker and provider, the benefit-to-assessment for this property owner is reflected in the enhanced programs and services that will support the employees, clients, and visitors to their 15th Ave campus. While Kaiser provides cleaning and beautification in-house for their buildings, the organization also will benefit from a district wide BIA program manager.

KAISER MAIN CAMPUS



Source: King County Assessor's Office

Kaiser Main Campus serves as the main headquarters for Kaiser, constructed in 1956, the building is exempted from King County property taxes but are assessable by the City for BIA programs and services.

Parcel: 311700-005
 Total Appraised Value: \$8,5625,600.00
 Lot Square Footage: 122,968

Base Assessment: \$18,445.20 (Lot Sq. Footage) + \$8,562.56
(TAV) = \$27,007.06

SECTION H: OUTREACH AND SUPPORT

Over the last several years the 15th Avenue East Merchants group recognized that a formal organization and funding mechanism would benefit the district. With the failure of the Capitol Hill-wide BIA and data showing that 15th Avenue East had a majority of support for that effort, it was determined that a new BIA specific to 15th Avenue East would be the right mechanism.

Early outreach occurred with both large property owners (Kaiser and Safeway) as well as a variety of small businesses and property owners throughout early 2021.

The volunteer organization created an active database of property owners, contacts, and business names and divided them up based on previous relationships. Over the early part of 2021, the 15th Ave BIA outreached to various members to determine their level of support. It became apparent that there was widespread support and no vocal opposition. 15th Ave board members tracked interactions and sent updates to staff. Any returned petitions marked undeliverable were then subjected to additional research for updated contact information.

Within three weeks, the proponents secured over 60 percent of signatures and then held two virtual public meetings shortly after to discuss the 15th Ave BIA proposal on May 19th and May 25th with the Office of Economic Development in attendance.

Starting in the fall of 2021, the 15th Ave BIA will start the recommendation process to the City on an inaugural Ratepayer Advisory Board (RAB) and determine next steps for determining staffing for the organization and how to get bids for services in partnership with OED.

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.