

September 2, 2021

MEMORANDUM

To: Community Economic Development Committee
From: Yolanda Ho, Analyst
Subject: 15th Avenue East Business Improvement Area – Council Bill 120162

On September 8, 2021, the Community Economic Development Committee (Committee) will hold a public hearing and have an initial briefing and discussion on [Council Bill \(CB\) 120162](#) that would establish a new 15th Avenue East Business Improvement Area (15th Ave BIA) in the Capitol Hill neighborhood. Staff from the Office of Economic Development (OED) and proponents of the proposed 15th Ave 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 120162; and (4) identifies next steps. Attachment 1 shows the boundaries of the proposed 15th Ave 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 ten [established BIAs](#) in Seattle.

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.

Relevant to the proposed 15th Ave BIA, the City policies state that:

“If any 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. When this occurs, the City recommends that the BIA proponents notify all potential ratepayers in writing that they are seeking additional support because a single entity represents more than 25 percent of the total assessment.”¹

Kaiser Permanente would represent nearly 38 percent of the total 15th Ave BIA assessment.

In May 2021, the proponents submitted to the City petitions ([Clerk File 322031](#)) in support of the new 15th Ave BIA from potential ratepayers representing 72.8 percent of the total assessment, above the recommended minimum threshold of 65 percent. The proponents have received no petitions in opposition to the new 15th Ave BIA.

On August 9, 2021, the Council began the process to consider the 15th Ave BIA by introducing and adopting two resolutions:

1. [Resolution 32013](#) that initiated consideration of the 15th Ave BIA; and
2. [Resolution 32014](#) that stated the City’s intent to establish the 15th Ave BIA and set a date and location for a public hearing on the proposal.

Resolution 32104 set the date of the public hearing for September 8, 2021. The hearing will be held remotely due to the COVID-19 civil emergency. As required by State law, the resolution of intention to establish (which provides information on the public hearing) was published in the Seattle Times and Daily Journal of Commerce and mailed to all potential ratepayers at least 10 days prior to the hearing.

On August 16, 2021, the Council introduced a third piece of legislation (CB 120162) that would establish the 15th Ave BIA and levy the special assessment to fund BIA activities.

CB 120162

CB 120162 would establish a new 15th Ave BIA beginning on January 1, 2022. Among other things, the bill:

- Establishes the geographic boundaries of the 15th Ave 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; and
- Authorizes OED to contract for program management.

¹ [Citywide Business Improvement Area Policies](#), p.2.

Boundaries

The boundaries of the proposed 15th Ave BIA generally include properties facing 15th Ave E from E Mercer St to the north and E Denny Way to the south (see Attachment 1).

Term

The new 15th Ave BIA would be established for a period of seven years, beginning on January 1, 2022. Prior to expiration of this term, proponents may recommend that it be extended.

Assessments

The rate is proposed to be 10 cents per \$1,000 of total appraised value, plus 15 cents for every lot square foot. The rate for the first year of assessments (beginning on January 1, 2022) will be based on the King County Assessor's 2021 property data. Rates will be adjusted annually by an inflation factor that is the lesser of either the Consumer Price Index or three percent. Properties that are redeveloped or substantially expanded during the seven-year term of the 15th Ave BIA will be assessed using their new appraised value, and be subject to the same annual inflation factor.

Programs

The new 15th Ave BIA would fund the following programs and services:

- Neighborhood beautification, such as murals and other public art;
- Annual 15th Ave Street festival;
- Program management and advocacy; and
- Graffiti removal and enhanced cleaning services.

OED's [15th Ave Business Improvement Area Benefit Analysis](#) 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 organization to act as the initial Program Manager. Proponents for the 15th Ave BIA have identified the 15th Avenue East Merchants Association as a potential Program Manager.

BIA Advisory Board

Within 30 days of the effective date of the legislation, OED would appoint an interim 15th Ave 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 15th Ave BIA." The Board would be required to have 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.

Next Steps

At the next meeting on September 21, the Committee will consider any proposed amendments and possibly vote on CB 120162. If the Committee votes to recommend passage of CB 120162 on September 21, the City Council will likely consider the legislation at its September 27 meeting.

Attachment:

1. Proposed 15th Avenue Business Improvement Area Map

cc: Dan Eder, Interim Director
Aly Pennucci, Policy and Budget Manager

Attachment 1: Proposed 15th Avenue East Business Improvement Area Map

