

August 4, 2023

MEMORANDUM

To: Economic Development, Technology, and City Light Committee
From: Jasmine Marwaha, Analyst
Subject: Ballard Business Improvement Area – Council Bill 120634

On August 9, 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 \(CB\) 120634](#) that would establish a new Ballard Business Improvement Area (Ballard BIA), replacing the Ballard BIA established in 2017 that will sunset on December 31, 2023. Staff from the Office of Economic Development (OED) and proponents of the proposed Ballard 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 120634; and (4) identifies next steps. Attachment 1 shows the boundaries of the proposed new Ballard 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 2017 Ballard 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 31657](#) 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 July 2023, the proponents submitted to the City petitions ([Clerk File 322710](#)) in support of the new Ballard BIA from potential ratepayers representing over 64 percent of the total assessment, above the recommended minimum threshold of 60 percent.

On August 8, 2023, the Council began the process to consider the new Ballard BIA by introducing three resolutions, scheduled to be voted on at Full Council on August 15, 2023.

1. [Resolution 32101](#) that initiates consideration of the new Ballard BIA;
2. [Resolution 32102](#) stating the City's intent to establish the new Ballard BIA and set a date and location for a public hearing on the proposal; and
3. [Resolution 32103](#) that expressed intent to formally disestablish the 2017 Ballard BIA, and set a date and location for a public hearing on the disestablishment.

Resolutions 32102 and 32103 set the date of the public hearing for September 13, 2023. Comments will be accepted in one public hearing for both the establishment of the proposed new Ballard BIA, and the disestablishment of the 2017 Ballard BIA. The hearing will be held in person and remotely in Committee. As required by State law, Resolutions 32102 and 32103 will be published in the Daily Journal of Commerce and mailed to all potential ratepayers at least 10 days prior to the hearing.

On August 8, 2023, the Council introduced a fourth piece of legislation ([CB 120634](#)) that would establish the new Ballard BIA and levy the special assessment to fund Ballard BIA activities.

Council Bill 120634

CB 120634 would establish a new Ballard BIA beginning on January 1, 2024. Among other things, the bill:

- Establishes the geographic boundaries of the new Ballard 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 2017 Ballard BIA Account to be transferred to the new Ballard BIA Account.

Boundaries

The new Ballard BIA boundaries would differ from the 2017 Ballard BIA by incorporating additional parcels that comprise Ballard's primary mixed-use core. The new Ballard BIA also includes a secondary service area comprised of the five "Ballard Blocks" parcels located southeast of the primary BIA service area. This secondary service area will not receive street cleaning or private security services from the BIA, and will be assessed at a reduced rate. Please see Attachment 1 for more details on the new Ballard BIA boundaries.

Term

The new Ballard BIA would be established for a period of 12 years, beginning on January 1, 2024. Prior to expiration of this term, proponents may recommend that the BIA be renewed.

Assessments

The rate is proposed to be 60 cents per \$1,000 of total appraised value (TAV), plus 14 cents for every lot square foot, subject to limitations 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)	\$0.25 x Building Square Feet	
Residential Units	\$130 x number of units	
Nonprofit Reduced Rate	25% of base formula	If taxable value of the land is greater than zero, then a different discounted formula is applied based on total taxable value.
Secondary Service Area (Ballard Blocks)	50% of base formula	The secondary service area will not receive street cleaning or private security services from the BIA.

The rate of assessments for the BIA will be based on property information from the King County Assessor's Office for Value Year 2021/Tax Year 2022. Rates and ceilings will be adjusted annually based on the Consumer Price Index, but shall be no less than two percent, and not more than six percent. Properties that are redeveloped or substantially expanded during the 12-year term of the Ballard BIA will be assessed using their new appraised value, and be subject to the same annual inflation factor.

Programs

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

- Public Safety and Public Health Enhancement;
- Clean Environment and Public Realm;
- Advocacy, Urban Design and Transportation;
- Marketing and Promotions;
- Business Development and Retention; and
- Organizational Management.

Compared to the 2017 Ballard BIA, the new Ballard BIA is proposed to be similar in scope. The [Office of Economic Development's Ballard BIA 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 entity operating primarily within the City, with experience in BIA management, to act as the Program Manager. The Program Manager of the current Ballard BIA, the Ballard Alliance, would fulfill this criteria and is anticipated to continue in this role with the new Ballard BIA.

BIA Advisory Board

Within 30 days of the effective date of the legislation, OED would appoint an interim Ballard 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 Ballard BIA. 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 August 9, 2023, the Committee will have an initial briefing and discussion on [Council Bill \(CB\) 120634](#). At the following Committee meeting on September 13, 2023, the Committee will hold a public hearing on CB 120634, consider any proposed amendments and possibly vote on the Council Bill. If the Committee votes to recommend passage of CB 120634 on September 13, the City Council will likely consider the legislation at its meeting on September 19, 2023.

Attachments:

1. Proposed new Ballard Business Improvement Area Boundary Maps

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

Attachment 1: Proposed new Ballard Business Improvement Area Boundary Maps

