

May 22, 2020

MEMORANDUM

To: Community Economic Development Committee
From: Yolanda Ho, Analyst
Subject: CB 119779 – University District Business Improvement Area

On May 27, 2020, the Community Economic Development Committee (Committee) will hold a public hearing and discuss potential amendments to [Council Bill \(CB\) 119779](#), which would establish a new University District Business Improvement Area (U. District BIA).¹

This memorandum describes: (1) CB 119779 and (2) potential amendments.

CB 119776

CB 119779 would establish a new U. District BIA. Among other things, the bill:

- Establishes the geographic boundaries of the U. District 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 the Office of Economic Development to contract for program management.

Amendments

There is a proposed substitute bill as well as three amendments. The proposed substitute (Attachment 1), sponsored by Councilmember Pedersen, would make technical corrections and clarifications described in Table 1.

Table 1. Description of technical corrections and clarifications to CB 119779

Location	Amendment
Page: 4 Line: 14	Add “remote”
Page: 5 Lines: 3 - 17	Add additional Council findings regarding the COVID-19 civil emergency
Page: 6 Lines: 2 - 4	Remove Section 2; renumber subsequent sections and cross-references

¹ See Central Staff memorandum from the [May 20, 2020](#) meeting of the Community Economic Development Committee for more background information.

Location	Amendment
Page: 6 Lines: 5 - 9	Remove “The U. District BIA shall be within the following boundaries as shown on the map attached to this ordinance as Exhibit A”; add “Area established. As authorized by Chapter 35.87A RCW , there is established a University District Parking and Business Improvement Area (“U. District BIA”) within the following boundaries as shown on the map attached to this ordinance as Exhibit A”
Page: 9 Lines: 22 - 23	Clarify description of the base assessment calculation
Page: 10 Lines: 1 - 3	Define “Established Base Year” and add definition for “Total Taxable Value”
Page: 10 Line: 5	Change U. District Fund Area Base Formula to align with description
Page: 10 Line: 6	Change “Established Base Year” to “Updated Base Year”
Page: 10 Lines: 7 - 8	Remove “of property” and “Total Taxable Value = Land + Improvements. This calculation is called the New Benefit Formula.”
Page: 10 Line: 16	Add “and other exempt properties”
Page: 12 Line: 8	Change “entities” to “agencies”
Page: 12 Line: 17	Clarify that assessments will be calculated based on the cleaning area (Greater District, North, or South) within which each property is located
Page: 13 Lines: 8 - 9	Define “Updated Base Year”
Page: 14 Lines: 5 - 6	Remove responsibility to contract with BIA Program Manager from FAS’s duties
Page: 14 Lines: 11 - 18	Change Program Manager contracting responsibility from FAS to OED
Page: 16 Lines: 9 - 10	Remove “of the Office of Economic Development (“OED Director”)”; add “OED”
Page: 17 Lines: 1 - 3	Consolidate business tenant membership on the BIA Advisory Board to at least three members, including at least two tenants subject to a triple net lease
Page: 18 Line: 13	Change Program Manager contracting responsibility from FAS to OED

Table 2 describes the proposed amendments to CB 119779. All amendments assume adoption of the substitute bill and incorporate the technical corrections and clarifications therein.

Table 2. Proposed amendments to CB 119779

No.	Sponsor	Description
1	Pedersen	BIA Term (Attachment 2) would reduce the term of the BIA from 12 years to 10 years.
2	Pedersen	<p>a. Program Manager Option 1 (Attachment 3) would allow the initial Program Manager (the U District Partnership) to act in that capacity for one year before the Office of Economic Development is required to conduct the competitive process to select a Program Manager, and makes adjustments to subsequent contract terms for the 10-year duration of the BIA. This amendment should only be considered if Amendment 2, reducing the BIA term from 12 to 10 years, is adopted.</p> <p>b. Program Manager Option 2 (Attachment 4) would allow the initial Program Manager (the U District Partnership) to act in that capacity for one year before the Office of Economic Development is required to conduct the competitive process to select a Program Manager, and makes adjustments to subsequent contract terms for the 12-year duration of the BIA.</p>
3	Pedersen	Board Composition (Attachment 5) would limit the number of BIA Advisory Board (Board) seats held by the University of Washington to 35 percent of the Board or 5 seats, whichever number is lower.

Next Steps

The Committee will meet again on June 3 to possibly vote on amendments and CB 119779, as amended. If Councilmembers want additional amendments available at the meeting on June 3, please contact me by noon on Friday, May 29.

Attachments:

1. CB 119779 Substitute 1
2. Amendment 1 to CB 119779
3. Amendment 2a to CB 119779
4. Amendment 2b to CB 119779
5. Amendment 3 to CB 119779

cc: Kirstan Arestad, Executive Director
Aly Pennucci, Supervising Analyst

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE establishing a new University District Parking and Business Improvement Area (BIA); levying special assessments upon owners of commercial, multifamily residential property, and mixed-use property within the BIA; providing for the deposit of revenues in a special account and expenditures therefrom; providing for collection of and penalties for delinquencies; providing for the establishment of a BIA Advisory Board; providing for an implementation agreement with a Program Manager; providing for the continuity of services and the transfer of any remaining funds from the current U. District BIA account that was established in 2015 by Ordinance 124761; and ratifying and confirming certain acts related thereto.

..body

WHEREAS, Chapter 35.87A RCW authorizes The City of Seattle (“City”) to establish business improvement areas to provide special benefits to business and property owners within a defined geographic area through the imposition of special assessments; and

WHEREAS, the current University District Parking and Business Improvement Area (“2015 U. District BIA”), which was established in 2015 by Ordinance 124761 to provide services and amenities for ratepayers paid through a levy of special assessments, is set to expire on May 31, 2020; and

WHEREAS, to gauge the percentage of special assessments that were reflected in signed petitions, City staff followed RCW 35.87A.010, and calculated the dollar amount of the special assessment that each commercial, multifamily residential, or mixed-use property would pay, and compared the dollar amount represented by signed petitions and letters of support to the estimated total for the entire proposed University District Parking and Business Improvement Area (“U. District BIA”), and the result was nearly 65.4 percent, which exceeds the threshold of 60 percent stated in RCW 35.87A.010; and

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1 WHEREAS, the City Council adopted Resolution 31943, initiating a new U. District BIA via the
2 resolution method instead of the petition method as provided for in RCW 35.87A.030;
3 and

4 WHEREAS, pursuant to RCW 35.87A.040, the City Council on April 27, 2020, adopted
5 Resolution 31944 entitled “A RESOLUTION of intention to establish a University
6 District Parking and Business Improvement Area and fix a date and place for a hearing
7 thereon,” which stated its intention to establish the new U. District BIA, the proposed
8 boundaries, and the proposed programs, and which set the date and time for a public
9 hearing; and

10 WHEREAS, the purpose of the new U. District BIA is to enhance conditions for the commercial,
11 multifamily residential, and mixed-use properties by performing activities that go beyond
12 the basic services provided by the City; and

13 WHEREAS, as provided by Resolution 31944, the City Council, through its Community
14 Economic Development Committee, held a remote public hearing at 9:30 a.m. on May
15 27, 2020; and

16 WHEREAS, the testimony received at that hearing resulted in the City Council determining that
17 establishing a new U. District BIA is in the best interest of the owners of commercial,
18 multifamily residential, and mixed-use properties within the U. District BIA’s
19 boundaries; NOW, THEREFORE,

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BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares that:

A. On February 29, 2020, Governor Inslee proclaimed a State of Emergency for all counties throughout the State of Washington as a result of the confirmed person-to-person spread of COVID-19 in Washington State.

B. The COVID-19 disease, caused by a virus that spreads easily from person to person and which may cause serious injury and death, has spread throughout King County and Seattle.

C. On March 3, 2020, Mayor Durkan issued a Proclamation of Civil Emergency, declaring a civil emergency within Seattle based on the confirmed spread of COVID-19 in King County and resulting deaths.

D. In recognition of the danger that hospitals may become overwhelmed with COVID-19 patients unless the spread of the disease is slowed, on March 23, 2020, Governor Inslee imposed a stay-home order throughout Washington State, prohibiting all people in the State from leaving their homes or participating in gatherings with only limited exceptions for participating in essential activities or essential business services. The order is currently in effect through May 31, 2020.

E. Governor’s Proclamation 20-28 prohibits agencies from taking action (as defined in RCW 42.30.020), unless the matter is (1) necessary and routine; or (2) necessary to respond to the COVID-19 public health emergency.

~~F.~~ This legislation is necessary because allowing Parking and Business Improvement Areas (BIAs) to expire would result in the loss of much needed funding for business district management and improvement, and may also result in staff layoffs.

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~~GE.~~ The City Council routinely reviews and approves BIAs.

~~Section 2. The City Council of The City of Seattle (“City”) declares its intention to establish a University District Parking and Business Improvement Area (“U. District BIA”) in accordance with Chapter 35.87A RCW.~~

Section 23. Area established. As authorized by Chapter 35.87A RCW, there is established a University District Parking and Business Improvement Area (“U. District BIA”) within the following boundaries as shown on the map attached to this ordinance as Exhibit A.
~~The U. District BIA shall be within the following boundaries as shown on the map attached to this ordinance as Exhibit A,~~ including three additional benefit zones within the U. District BIA boundaries (when a street or alley is named, the area boundary is the centerline of the right-of-way including vacated portions unless otherwise specified in the description):

The U. District Business Improvement Area

From the southwest intersection of Brooklyn Ave NE and NE Ravenna Blvd, proceed West along the northern property line of Parcel #5226300235; then proceed South along the western property line of the same parcel (#5226300235); then proceed East along the southern property line of the same parcel (#5226300235); then proceed East across the centerline of Brooklyn Ave NE toward the southern property line of Parcel #5226300165; then proceed East toward the centerline of the alleyway between Brooklyn Ave NE and University Way NE; then proceed South along the centerline of the alleyway between Brooklyn Ave NE and University Way NE toward NE 55th St at the southeast corner of Parcel # 8714600155; then proceed West along the centerline of NE 55th St to the northwestern corner of Parcel #2862100600; then proceed South along the western property lines of Parcels #2862100600, #2862100590, #2862100585, 2862100580, #2862100575, #2862100570, #2862100560, #2862100550, toward NE 53rd St; then proceed West along the centerline of NE 53rd St toward the southeast corner of NE 53rd St and 8th Ave NE; then proceed South along the centerline of 8th Ave NE to the southwest corner of Parcel #2862100795; then proceed East along the southern property line of the same parcel (#2862100795) and Parcel #2862100750 toward 9th Ave NE; then proceed South along the centerline of 9th Ave NE toward the intersection of NE 50th and 9th Ave NE; then proceed

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1 West along the centerline of NE 50th St toward the northwest corner of Parcel
2 #0889000005 (University Playground); then proceed
3 South along the western property line of the same parcel (#0889000005); then proceed
4 East along the southern property line of the same parcel (#0889000005) toward the
5 intersection of NE 48th St and 9th Ave NE; then proceed
6 South along the centerline of 9th Ave NE toward the intersection of NE 47th St; then
7 proceed
8 West along the centerline of NE 47th toward the intersection of 7th Ave NE; then
9 proceed
10 South along the centerline of 7th Ave NE toward NE 45th St; then proceed
11 Southwest along the east edge of Interstate-5 toward NE 40th St; then proceed
12 East along the centerline of NE 40th St toward the intersection of Eastlake Ave NE; then
13 proceed
14 Northeast along the centerline of Eastlake Ave NE toward the intersection of NE Campus
15 Pkwy and Roosevelt Way NE; then proceed
16 North along the centerline of Roosevelt Way NE to the intersection of NE 41st St; then
17 proceed
18 East along the centerline of NE 41st St toward the southeast corner of Parcel
19 #1142001825; then proceed
20 North along the centerline of the alleyway between 11th Ave NE and Roosevelt Way NE
21 toward the southwest corner of Parcel #1142001810; then proceed
22 East along the southern property line of the same parcel (#1142001810) toward 11th Ave
23 NE; then proceed
24 East toward the southwest corner of Parcel #1142001725; then proceed
25 East along the southern property line of the same parcel (#1142001725) toward the
26 alleyway between 11th Ave NE and 12th Ave NE; then proceed
27 South toward the southwest corner of Parcel #1142001675; then proceed
28 East along the southern property line of the same parcel (#1142001675) toward the
29 centerline of 12th Ave NE; then proceed
30 South along the centerline of 12th Ave NE toward the intersection of NE 41st St; then
31 proceed
32 East along the centerline of NE 41st St toward the centerline of the alleyway between
33 University Way NE and 15th Ave NE; then proceed
34 North along the centerline of the alleyway between University Way NE and 15th Ave NE
35 toward the intersection of NE 42nd St; then proceed
36 East along the centerline of NE 42nd St toward the intersection of 15th Ave NE; then
37 proceed
38 North toward the intersection of NE 45th St; then proceed
39 East along the centerline of NE 45th St toward the alleyway between 17th Ave NE and
40 18th Ave NE; then proceed
41 North along the centerline in the alleyway between 17th Ave NE and 18th Ave NE
42 toward the intersection of NE 50th St; then proceed
43 West along the centerline of NE 50th St toward the alleyway between 15th Ave NE and
44 16th Ave NE; then proceed
45 North along the centerline of the alleyway between 15th Ave NE and 16th Ave NE
46 toward the intersection of NE 56th St; then proceed

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1 West along the centerline of NE 56th St toward the alleyway between 15th Ave NE and
2 University Way NE; then proceed
3 North along the centerline of the alleyway between 15th Ave NE and University Way NE
4 toward the intersection of NE Ravenna Blvd; then proceed
5 West along the centerline of NE Ravenna Blvd to the point of origin at the southwest
6 corner of Brooklyn Ave NE.

7 **The South Ave Cleaning Area**

8 From the intersection of Brooklyn Avenue NE and NE 52nd Street, proceed east along
9 the centerline of NE 52nd Street to the centerline of the alleyway between University
10 Way NE and 15th Avenue NE; then proceed
11 South along the centerline of the alleyway between University Way NE and 15th Ave NE
12 to the centerline of NE 41st Street; then proceed
13 West along the centerline of NE 41st Street to the centerline of the alleyway between
14 Brooklyn Avenue NE and University Way NE; then proceed
15 North along the centerline of the alleyway until the southern property line of the parcel
16 on the southeast corner of NE 43rd Street and Brooklyn Avenue NE (Parcel
17 #1142001140); then proceed
18 West along the southern property line of Parcel #1142001140; then proceed
19 Across Brooklyn Avenue NE and along the southern property line of the property on the
20 southwest corner of the intersection of NE 43th Street and Brooklyn Avenue NE (Parcel
21 # 1142000905); then proceed
22 Along the southern property line of the property on the southeast corner of 12th Avenue
23 NE and NE 43rd Street (Parcel #1142001020) to the centerline of 12th Avenue NE; then
24 proceed
25 North along the centerline of 12th Avenue NE until the centerline of NE 45th Street; then
26 proceed
27 East along the centerline of NE 45th Street to the centerline of the alleyway between 12th
28 Avenue NE and Brooklyn Avenue NE; then proceed
29 North along the centerline of the alleyway between 12th Avenue NE and Brooklyn
30 Avenue NE to the centerline of NE 50th Street; then proceed
31 East along NE 50th Street to the centerline of Brooklyn Avenue NE; then proceed
32 North along the centerline of Brooklyn Avenue NE to the point of origin at the centerline
33 of NE 52nd Street.

34 **The North Ave Cleaning Area**

35 From the intersection of NE Ravenna Boulevard and the alleyway between Brooklyn
36 Avenue NE and University Way NE, proceed east along the centerline of NE Ravenna
37 Boulevard to the centerline of the alleyway between University Way NE and 15th
38 Avenue NE; then proceed
39 South along the centerline of the alleyway between University Way NE and 15th Avenue
40 NE to the centerline of NE 52nd Street; then proceed
41 West along the centerline of NE 52nd Street to the centerline of the alleyway between
42 Brooklyn Avenue NE and University Way NE; then proceed
43 North along the centerline of the alleyway to the point of origin at the centerline of NE
44 Ravenna Boulevard.

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1 In case of a conflict between the descriptions of the areas and the map, the descriptions
2 shall control.

3 **Section 34.** Programs. Special assessment revenues shall be used for the following
4 component programs:

5 A. Cleaning and Public Safety;

6 B. Events and Marketing;

7 C. Policy and Advocacy, but not related to land use or zoning changes;

8 D. Economic Development, including efforts to prevent small businesses within the
9 district area from being displaced;

10 E. Urban Vitality, Public Realm, and the Built Environment;

11 F. Planning; and

12 G. Program Management.

13 All such activities are supplemental to street maintenance and law enforcement provided
14 by the City and are not intended to displace any services regularly provided by municipal
15 government.

16 **Section 45.** To finance the programs authorized in Section 34 of this ordinance, there is
17 proposed a 12-year special assessment to be levied and collected from the owners of business
18 property, multifamily residential property (buildings containing four or more residential units),
19 and mixed-use property (multifamily residential and commercial) located within the boundaries
20 of the U. District BIA described in Section 23 of this ordinance. The U. District BIA will
21 annually update records based on data and information from King County and the City. The ~~base~~
22 ~~assessments~~ “First Year Base Assessments” in 2020-2021 will be based upon the base year used
23 to calculate the 2019-2020 U. District BIA Assessments from the Department of Finance and

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1 Administrative Services (FAS) (~~“Established Base Year”~~), plus an inflation factor of 2.375
2 percent and a one-time 10 percent increase for program expansion. The “Total Taxable Value” is
3 the value of the land plus the value of improvements.

4 A. U. District Fund Area Base Formula = $(\$0.25 \times (\text{Established Base Year Total Taxable}$
5 $\text{Value}/\$1000 + \text{2016-2020 CPI Factors}) \times 2.375 \text{ percent inflation factor} \times 10 \text{ percent increase}$).

6 B. U. District Fund Area New Benefit Formula = $(\$0.275 \times (\text{Established Updated Base}$
7 $\text{Year Total Taxable Value of Property}/\$1,000))$. ~~Total Taxable Value = Land + Improvements.~~

8 ~~This calculation is called the “New Benefit Formula.”~~

9 C. South Cleaning Area First Year Assessment = $(\$0.16 \times (\text{Total Lot Square Feet}))$.

10 D. North Cleaning Area First Year Assessment = $(\$0.09 \times (\text{Total Lot Square Feet}))$.

11 E. Greater District Cleaning Area (all other properties outside the South and North
12 Cleaning Areas) First Year Assessment = $(\$0.03 \times (\text{Total Lot Square Feet}))$.

13 F. Modifications or limitations to these assessments are described below.

14 1. If the Total Appraised Value (Land + Improvements) and Total Taxable Value
15 (Land + Improvements) in the King County Assessor’s records are not equal, tax-exempt rates
16 for nonprofits, ~~and~~ churches, and other exempt properties may apply under the following rules:

17 a. If the Total Taxable Value is zero, then calculate the U. District BIA
18 First Year Assessment using the Total Appraised Value of the property at 25 percent of the Base
19 Formula $(\$0.275 \times (\text{Total Appraised Value}/\$1,000)) \times 25 \text{ percent}$. If the property is located
20 within either Cleaning Area, apply the corresponding Cleaning Area Formula at 25 percent.

21 b. If the Total Taxable Value and the Total Appraised Value are not equal,
22 then:

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1) Apply the full rate of the Base Formula to the Total Taxable Value ($\$0.275 \times (\text{Total Taxable Value}/\$1,000)$) and apply 25 percent of the Base Formula to the difference between the Total Appraised and Taxable Values ($(\text{Total Appraised Value} - \text{Total Taxable Value})/\$1,000 \times 25$ percent). These two calculated amounts are then added together for the First Year Assessment. As an example, Building A has a property tax exemption for a portion of its building. Its Total Taxable Value is \$700,000 and its Total Appraised Value is \$1,000,000. The full rate of the Base Formula will be applied to \$700,000 and then 25 percent of the Base Formula will be applied to the difference between the two values, or \$300,000. The assessment would be: $(\$0.275 \times (\$700,000/\$1,000)) + ((25 \text{ percent} \times (\$0.275 \times (\$300,000/\$1,000))) = \$192.5 + \$20.63 = \$213.13$.

2) If the property is located within either of the Cleaning Areas, then apply the full Cleaning Area Formula to the percentage of the Lot Square Footage that is equivalent to $(\text{Total Taxable Value} / \text{Total Appraised Value})$ and apply 25 percent of the corresponding Cleaning Area Formula to the percentage of the Lot Square Footage that is equivalent to $(\text{Total Appraised Value} - \text{Total Taxable Value}) / \text{Total Appraised Value}$. For example, Building A is located in the North Cleaning Area, has a Lot Square Footage of 10,000, Taxable Value of \$700,000 and Appraised Value of \$1,000,000. The North Cleaning Area First Year Assessment would be $(\$0.09 \times 10,000 \times (\$700,000/\$1,000,000)) + (25 \text{ percent} \times \$0.09 \times 10,000 \times (\$300,000/\$1,000,000)) = \$630 + \$67.50 = \697.50 .

G. Multifamily Tax Exemption (MFTE). If a property is owned by a for-profit entity and qualifies for the MFTE exemption from the City, the Base Year Assessment and Cleaning Area Formula will be calculated using the Total Appraised Value upon 100 percent completion of the building and/or authorization of the MFTE.

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1 H. For the properties where the Property Taxpayer on record is “UNIVERSITY OF
2 WASHINGTON,” unique circumstances require an assessment reflecting the unique nature of
3 the University’s presence in the District. This assessment supersedes subsections ~~45~~.A through
4 ~~45~~.E above. The aggregate First Year Assessment for all properties owned by the University of
5 Washington within the BIA area will be \$423,115. In subsequent years, the University of
6 Washington’s BIA assessment will be subject to the same CPI Factor as other properties within
7 the BIA.

8 1. Properties owned by governmental ~~entities~~ agencies will not be assessed,
9 except as provided in this subsection ~~45~~.H.

10 2. Government agencies owning property within the District may contribute to the
11 funding of District services but are not directly charged. The Program Manager may negotiate
12 funding contributions and/or services with relevant governmental agencies, to supplement
13 existing BIA services where appropriate.

14 I. Ratepayers will be assessed by the City for 24 semi-annual installments beginning with
15 the year of the authorization (2020).

16 1. In 2020, properties will be assessed using the First Year Base Assessments for
17 the U. District BIA, and, depending on which cleaning area the property is located in, an
18 assessment for the Greater District Cleaning Area, South Cleaning Area, ~~and or~~ North Cleaning
19 Area as set forth in this Section ~~45~~.

20 2. For each year following the first year of authorization, assessments will be
21 calculated using a “CPI Factor” that is based on the Consumer Price Index for All Urban
22 Consumers in Seattle-Tacoma-Bellevue (“CPI-U-Seattle”) as published monthly by the U.S.
23 Department of Labor, Bureau of Labor Statistics (available at: <http://www.bls.gov/eag/>)

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1 eag.wa_seattle_msa.htm). For the U. District Fund Area Base Assessment, the CPI Factor will be
2 the lesser of three percent per year or the percentage change in CPI-U-Seattle between
3 September 2020 and September of the year prior to the assessment year. For the North, South,
4 and Greater District Cleaning Areas, the actual CPI shall be used and not limited to three percent.

5 J. “New Benefit Area” shall be added to the assessment roll on an annual basis, and will
6 supersede the previous assessment for that parcel. A New Benefit Area is created when a parcel’s
7 Net Building Square Footage increases as a result of either a new building or significant
8 expansion of an existing building, as recorded by the King County Assessor’s Office (“Updated
9 Base Year”). The Base Formula for a New Benefit Area will be calculated using the new King
10 County Assessor’s values in the Base Formula multiplied by the annual CPI Factor in effect, and
11 the corresponding Cleaning Area Formula factor (reflecting the updated Total Lot Square
12 Footage) multiplied by the annual CPI Factor in effect. New BIA assessments will be billed at
13 the next regularly scheduled billing period established by the Department of Finance and
14 Administrative Services.

15 K. Rate Changes. Changes in assessment rates other than as described in this section shall
16 only be authorized by ordinance consistent with RCW 35.87A.140 and with the approval of the
17 BIA Advisory Board and shall not occur more than one time per year.

18 **Section 56.** Administration. The Director of Finance and Administrative Services (“FAS
19 Director”) shall administer the program for the City with authority to:

20 A. Collect the special assessments; refund special assessments when overpaid or
21 otherwise improperly collected; extend the deadline for payment; and waive delinquency
22 charges, processing fees, and interest whenever the delinquency results from extenuating
23 circumstances beyond the ratepayer’s control, such as a casualty loss causing premature closure

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1 of the business or bankruptcy, or the total payment due to the City (exclusive of delinquency
2 charges and interest) is \$10 or less;

3 B. Calculate and collect the interest, delinquency charges, and processing fees for late
4 payments; and

5 ~~C. After receiving the recommendation of the Board, execute a program management~~
6 ~~contract with a Program Manager as described in Section 7 of this ordinance; and~~

7 CD. Accept and deposit advance payment of assessments by ratepayers; accept donations
8 from governmental agencies, the public, and owners and operators of businesses on property that
9 is developed or redeveloped during the existence of the U. District BIA for U. District BIA
10 programs.

11 **Section 67.** The Director of the Office of Economic Development (“OED Director”) ~~FAS~~
12 ~~Director~~ is authorized to contract with any local non-profit entity to act as the Program Manager.
13 The Program Manager’s duties, subject to the approval of the ratepayers at each annual meeting,
14 will be to manage the day-to-day operations of the U. District BIA and to administer the projects
15 and activities.

16 The ~~FAS~~OED Director shall contract with the U District Partnership or other local non-
17 profit entity to serve as the initial Program Manager.

18 The ~~FAS~~OED Director shall establish and follow a competitive process to select a
19 Program Manager every five years. The selection process shall include outreach to viable
20 candidates, publication of requests for proposals; and a selection process that takes into
21 consideration criteria designed to find a qualified and effective Program Manager.

22 Meetings of the Program Manager’s board or committee at which U. District BIA-funded
23 activities are anticipated to be discussed shall be open to the public, with at least five days’

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1 advance notice posted by the Program Manager(s) on its website and also disseminated by any
2 other means that the Program Manager(s) generally uses to communicate.

3 **Section ~~78~~**. Special assessments shall be billed on a semi-annual basis. The FAS Director
4 may change the billing frequency by directive to an interval no more frequent than quarterly. The
5 FAS Director shall mail a copy of a directive issued under this section to all ratepayers not less
6 than 90 days before the new billing due date is to take effect.

7 **Section ~~89~~**. If an assessment has not been paid within 30 days after its due date, the FAS
8 Director shall send a reminder notice and add a \$5 processing fee. If the assessment is not paid
9 within 60 days after its due date, a delinquency charge shall be added in the amount of ten
10 percent of the assessment. All assessments that are not paid within 60 days of the due date shall
11 also bear interest from the due date at 12 percent per annum. The FAS Director is authorized to
12 refer any unpaid assessments to a collection agency or to bring an action to collect any unpaid
13 assessments in any court of competent jurisdiction in King County.

14 **Section ~~949~~**. Notices of assessment, installment payments, or delinquency, and all other
15 notices contemplated by this ordinance may be sent by ordinary mail or delivered by the City to
16 the address shown on the records of the FAS Director, and, if no address is shown there, to the
17 address shown on the records of the King County Assessor's Office. Failure of the ratepayer to
18 receive any mailed notice shall not release the ratepayer from the duty to pay the assessment on
19 the due date and any interest, delinquency charges, and processing fees.

20 **Section ~~104~~**. Any ratepayer aggrieved by the amount of an assessment or delinquency
21 charge may on request obtain a meeting with FAS. If not satisfied, the ratepayer may appeal the
22 matter to the City's Hearing Examiner in the manner provided for a contested case under Seattle

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1 Municipal Code Chapter 3.02. The ratepayer has the burden of proof to show that the assessment
2 or delinquency charge is incorrect.

3 **Section 112.** The City may conduct random audits of ratepayers to ensure that
4 assessments are being properly calculated and reported.

5 **Section 123.** Expenditures from the Account shall be made upon demand and
6 presentation of documentation of allowable expenses to the FAS Director by the program
7 manager and shall be used exclusively for the programs as defined in Section 34 of this
8 ordinance.

9 **Section 134.** The OED Director ~~of the Office of Economic Development (“OED~~
10 ~~Director”)~~ shall, within 30 days of the effective date of this ordinance, appoint an interim BIA
11 Advisory Board comprised of ratepayers representative of the entire geography and variety of
12 sizes in the U. District BIA, and residents and business tenants from within the U. District BIA.
13 The OED Director shall solicit recommendations from the ratepayers and shall appoint the
14 interim board from that list. The interim BIA Advisory Board will, within 90 days of the
15 effective date of this ordinance, recommend an inaugural BIA Advisory Board (“Board”). The
16 composition of the Board shall be representative of the varying sizes and types of property
17 owners, residents, and businesses tenants within the geographic area of the U. District BIA, and
18 may include public agencies.

19 For both the interim, inaugural, and permanent Boards:

- 20 1. No more than 35 percent of the members shall represent the University of Washington;
- 21 2. At least one member shall be a resident (owner);
- 22 3. At least one member shall be a resident (tenant);

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1 4. At least ~~one other~~three members shall be ~~a~~ commercial tenants, including at least two
2 tenants subject to a triple net lease; and

3 ~~5. At least two members shall be commercial tenants subject to a triple net lease; and~~

4 56. At least 80 percent of all the members shall be ratepayers. At least one member shall
5 be a ratepayer contributing less than 0.5 percent of the total assessment.

6 The OED Director shall appoint the inaugural Board members from the list recommended
7 by the interim BIA Advisory Board. The OED Director may appoint additional members to the
8 Board beyond those recommended by the interim BIA Advisory Board to ensure a broad
9 representation of ratepayers, provided that the additional members so appointed do not exceed
10 one-third of the entire membership of the Board.

11 As a prerequisite to serving on the Board, each member shall sign an acknowledgment,
12 prepared by the OED Director, that they will abide by City ordinances related to business
13 improvement areas and exercise fiduciary responsibility to collect and spend the special
14 assessment revenues exclusively for the programs identified in Section 34 of this ordinance.

15 The Board shall be responsible for adopting bylaws and policy guidelines; recommending
16 approval of budgets, expenditures, and programs; and providing advice and consultation to the
17 OED and FAS Directors and to the Program Manager. The bylaws shall establish staggered
18 terms for Board members, with no Board member serving more than two consecutive three-year
19 terms. Any sitting Board member at the time of the 2020 reauthorization of the BIA shall be able
20 to complete their term, then be allowed to be recommended and appointed to serve one
21 additional term.

22 The Board shall meet at least once quarterly; recommend an annual work program and
23 budget; address and discuss ratepayer concerns and questions regarding the U. District BIA

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1 programs; and sponsor an annual ratepayers’ meeting. Meetings of the Board shall be open to the
2 public, with at least five days’ advance notice posted by the program manager on its website and
3 also disseminated by any other means that the program manager generally uses to communicate.

4 At the annual ratepayers’ meeting, the Board shall present its proposed work plan and
5 budget for the next year, and its recommendation regarding whether to continue with the current
6 Program Manager. The work plan, budget, and recommendation regarding whether to continue
7 with the current Program Manager must be approved by a vote of the ratepayers and submitted to
8 the Office of Economic Development.

9 The Board and Program Manager shall work with the Office of Economic Development
10 to evaluate the U. District BIA’s programs and services and shall report their findings to the City
11 Council when a request to modify or renew the U. District BIA is proposed, or in five years from
12 the time of formation, whichever is sooner.

13 **Section 145.** The ~~FAS-OED~~ Director or the ~~FAS-OED~~ Director’s designee is authorized
14 to enter into an agreement with the program manager of the 2015 U. District BIA to provide for
15 continuity of services, fulfillment of any liabilities, and distribution of remaining funds in the
16 2015 U. District BIA Account for the benefit of the 2015 U. District BIA ratepayers, and transfer
17 any remaining de minimis funds and receivables in the 2015 U. District BIA Account to an
18 account established by the City on behalf of the U. District BIA.

19 **Section 156.** The U. District BIA shall have a term of 12 years and will expire 12 years
20 after the date that the area is established. Upon a petition signed by ratepayers that would pay 60
21 percent of the proposed special assessments, the BIA Advisory Board shall request that the City
22 Council disestablish the U. District BIA in accordance with Chapter 35.87A RCW.

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- 1 **Section 1~~67~~**. The making of contracts and expenditures and the sending of assessment
- 2 notices consistent with the authority of this ordinance taken after its passage and prior to its
- 3 effective date are ratified and confirmed.

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1 **Section 178.** This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Adopted by the City Council the _____ day of _____, 2020,
5 and signed by me in open session in authentication of its adoption this _____ day of
6 _____, 2020.

7 _____
8 President _____ of the City Council

9 The Mayor concurred the _____ day of _____, 2020.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2020.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)

16 Attachments:
17 Exhibit A – University District Business Improvement Area

Amendment 1 to CB 119779 (OED U. District BIA ORD): BIA Term v1

Sponsor: Councilmember Pedersen

Meeting: Community Economic Development Committee

Date: May 27, 2020

Description

This would amend CB 119779 to reduce the term of the University District Business Improvement Area from 12 years to 10 years and reduce the number of times the City bills ratepayers for assessments from 24 semi-annual installments to 20.

Note: This amendment assumes Substitute 1 is adopted.

Notes

Double underlines indicate new language to be added.

~~Double strikethroughs~~ indicate language proposed to be removed.

Amendment

1. Amend Section 4 of Council Bill 119779, as follows:

Section 4. To finance the programs authorized in Section 3 of this ordinance, there is proposed a ~~12~~ 10-year special assessment to be levied and collected from the owners of business property, multifamily residential property (buildings containing four or more residential units), and mixed-use property (multifamily residential and commercial) located within the boundaries of the U. District BIA described in Section 2 of this ordinance. The U. District BIA will annually update records based on data and information from King County and the City. The “First Year Base Assessments” in 2020-2021 will be based upon the base year used to calculate the 2019-2020 U. District BIA Assessments from the Department of Finance and Administrative Services (FAS) (“Established Base Year”), plus an inflation factor of 2.375 percent and a one-time 10 percent increase for program expansion. The “Total Taxable Value” is the value of the land plus the value of improvements.

A. U. District Fund Area Base Formula = (\$0.25 x (Established Base Year Total Taxable Value/\$1000 + 2016-2020 CPI Factors) + 2.375 percent inflation factor + 10 percent).

* * *

I. Ratepayers will be assessed by the City for ~~24~~ 20 semi-annual installments beginning with the year of the authorization (2020).

* * *

2. Amend Section 15 of CB 119779, as follows:

Section 15. The U. District BIA shall have a term of ~~12~~ 10 years and will expire ~~12~~ 10 years after the date that the area is established. Upon a petition signed by ratepayers that would pay 60 percent of the proposed special assessments, the BIA Advisory Board shall request that the City Council disestablish the U. District BIA in accordance with Chapter 35.87A RCW.

Amendment 2a to CB 119779 (OED U. District BIA ORD): Program Manager Option 1 v1

Sponsor: Councilmember Pedersen

Meeting: Community Economic Development Committee

Date: May 27, 2020

Description

This would amend CB 119779 to allow the initial Program Manager (the U District Partnership) to act in that capacity for up to one year before the Office of Economic Development is required to conduct the competitive process to select a Program Manager, who would then have a five-year contract. This would result in a four-year term for the following Program Manager contract, until the expiration of the U. District BIA. Should the U. District BIA be reauthorized following its expiration, the Program Manager would be allowed to serve as the reauthorized BIA's interim Program Manager for one year.

Note: This amendment assumes Substitute 1 and Amendment 1, reducing the BIA term from 12 years to 10, are adopted.

Notes

Double underlines indicate new language to be added.

~~Double strikethroughs~~ indicate language proposed to be removed.

Amendment

1. Amend Section 6 of Council Bill 119779, as follows:

Section 6. The Director of the Office of Economic Development (“OED Director”) is authorized to contract with any local non-profit entity to act as the Program Manager. The Program Manager’s duties, subject to the approval of the ratepayers at each annual meeting, will be to manage the day-to-day operations of the U. District BIA and to administer the projects and activities.

The OED Director shall contract with the U District Partnership or other local non-profit entity to serve as the initial Program Manager for one year.

The OED Director shall establish and follow a competitive process to select a Program Manager ~~every five years~~ first to serve a five-year term commencing after the one-year term of the initial Program Manager, and then for a four-year term to the expiration of the U. District

BIA. The selection process shall include outreach to viable candidates, publication of requests for proposals; and a selection process that takes into consideration criteria designed to find a qualified and effective Program Manager. If the U. District BIA is reauthorized, the OED Director may contract with the then-current Program Manager to serve as the interim Program Manager for the reauthorized U. District BIA for one year.

Meetings of the Program Manager's board or committee at which U. District BIA-funded activities are anticipated to be discussed shall be open to the public, with at least five days' advance notice posted by the Program Manager(s) on its website and also disseminated by any other means that the Program Manager(s) generally uses to communicate.

Amendment 2b to CB 119779 (OED U. District BIA ORD): Program Manager Option 2 v1

Sponsor: Councilmember Pedersen
Meeting: Community Economic Development Committee
Date: May 27, 2020

Description

This would amend CB 119779 to allow the initial Program Manager (the U District Partnership) to act in that capacity for one year before the Office of Economic Development is required to conduct the competitive process to select a Program Manager, who would then have a six-year contract. This would result in a five-year term for the following Program Manager contract, until the expiration of the U. District BIA. Should the U. District BIA be reauthorized following its expiration, the Program Manager would be allowed to serve as the reauthorized BIA’s interim Program Manager for one year.

Note: This amendment assumes Substitute 1 is adopted.

Notes

Double underlines indicate new language to be added.

~~Double strikethroughs~~ indicate language proposed to be removed.

Amendment

1. Amend Section 6 of Council Bill 119779, as follows:

Section 6. The Director of the Office of Economic Development (“OED Director”) is authorized to contract with any local non-profit entity to act as the Program Manager. The Program Manager’s duties, subject to the approval of the ratepayers at each annual meeting, will be to manage the day-to-day operations of the U. District BIA and to administer the projects and activities.

The OED Director shall contract with the U District Partnership or other local non-profit entity to serve as the initial Program Manager for one year.

The OED Director shall establish and follow a competitive process to select a Program Manager ~~every five years~~ first to serve a six-year term commencing after the one-year term of the initial Program Manager, and then for a five-year term to the expiration of the U. District BIA. The selection process shall include outreach to viable candidates, publication of requests

for proposals; and a selection process that takes into consideration criteria designed to find a qualified and effective Program Manager. If the U. District BIA is reauthorized, the OED Director may contract with the then-current Program Manager to serve as the interim Program Manager for the reauthorized U. District BIA for one year.

Meetings of the Program Manager's board or committee at which U. District BIA-funded activities are anticipated to be discussed shall be open to the public, with at least five days' advance notice posted by the Program Manager(s) on its website and also disseminated by any other means that the Program Manager(s) generally uses to communicate.

Amendment 3 to CB 119779: BIA Advisory Board Composition v1

Sponsor: Councilmember Pedersen

Meeting: Community Economic Development Committee

Date: May 27, 2020

Description

This would amend CB 119779 to limit the number of BIA Advisory Board (Board) seats held by the University of Washington to 35 percent of the Board or five members, whichever number is lower.

Note: This amendment assumes Substitute 1 is adopted.

Notes

Double underlines indicate new language to be added.

~~Double strikethroughs~~ indicate language proposed to be removed.

Amendment

1. Amend Section 6 of Council Bill 119779, as follows:

Section 13. The OED Director shall, within 30 days of the effective date of this ordinance, appoint an interim BIA Advisory Board comprised of ratepayers representative of the entire geography and variety of sizes in the U. District BIA, and residents and business tenants from within the U. District BIA. The OED Director shall solicit recommendations from the ratepayers and shall appoint the interim board from that list. The interim BIA Advisory Board will, within 90 days of the effective date of this ordinance, recommend an inaugural BIA Advisory Board (“Board”). The composition of the Board shall be representative of the varying sizes and types of property owners, residents, and businesses tenants within the geographic area of the U. District BIA, and may include public agencies.

For both the interim, inaugural, and permanent Boards:

1. No more than 35 percent of the members or five members, whichever number is lower. shall represent the University of Washington;
2. At least one member shall be a resident (owner);

3. At least one member shall be a resident (tenant);
4. At least three members shall be commercial tenants, including at least two tenants subject to a triple net lease; and
5. At least ~~80~~ 75 percent of all the members shall be ratepayers. At least one member shall be a ratepayer contributing less than 0.5 percent of the total assessment.

* * *