

BALLARD BUSINESS IMPROVEMENT AREA RENEWAL BENEFIT ANALYSIS

OFFICE OF ECONOMIC DEVELOPMENT

PHILLIP SIT, BIA ADVOCATE

HIGHLIGHTS:

Created under Ordinance 125151 as a six-year Business Improvement Area (BIA) in 2016 and implemented in 2017, the current Ballard BIA is scheduled to sunset on Dec 31, 2023. In response to community feedback and having successfully obtained signatures representing over 64% from potential ratepayers, the Ballard BIA is proposing a twelve-year renewal and expansion to the City of Seattle.

BUDGET - The total estimated budget for the new Ballard BIA beginning at the time of the authorization (January 1, 2024) is estimated at **\$990,199.00**.

RATEPAYERS - The assessment is on all eligible (234) properties and the ratepayers are primarily property owners, including commercial, nonprofits, multifamily residential properties (4 units or more), and tax-exempted properties being utilized for commercial purposes.

SUPPORT - As of July 1st, 2023, the Ballard Alliance has petition signature from **126 petitions** in support of the renewal, representing **64.3 percent** of assessment in support.

BOUNDARIES - The renewed Ballard BIA includes all parcels within the existing district and also incorporates additional parcels that create a more wholistic district. The renewed district boundary includes all of the major active streets of downtown Ballard (Market Street, Leary Way & Ballard Avenue), as well as the medical services cluster around Providence Swedish Ballard and the blocks surrounding Ballard Commons Park. Together these main streets and primary activity areas comprise Ballard's primary mixed-use core. The district stops at 15th Avenue on the east, where the district changes character substantially, and at 28th Avenue to the west, where the district transitions to lower density and becomes more residential in character. To the south, the district stops at the end of the Ballard Avenue Landmark District and where zoning and land uses become primarily marine industrial. The district also includes a secondary service area comprised of the five Ballard Blocks parcels located southeast of the primary service area. The renewed district focuses on the streets and activity centers that have traditionally comprised of Ballard's core, have experienced the most significant redevelopment over the existing BIA lifespan and are also prime for future growth and economic development in the years ahead.

BIA PROGRAMS AND SERVICES - are standard and similar to comparable BIAs.

ASSESSMENTS - Records for the initial assessment calculations are based on data and information from the King County Assessor's Office. The base assessment rate on each assessable

property within the proposed boundaries will be **\$.60 per \$1,000** of the total taxable value and/or total appraised value and **\$.14 per lot sq. footage**. Non-profits, churches, and other eligible properties will continue to receive a nonprofit rate due to the nature of their ownership. Different types of assessment ceilings are potentially applicable to ratepayers during the lifetime of the ordinance.

BENEFIT ANALYSIS - Based on this analysis, the assessment methodology based on Total Taxable Value (TTV), Total Appraised Value (TAV), Lot Square Footage (LSF) and other parcel related factors will charge ratepayer assessments relatively to the benefits provided by the Ballard BIA programs and services.

OUTREACH - The Ballard Alliance launched a Renewal Committee comprised of property and business owners throughout this proposed area, additional details are provided in **Section H: Outreach and Support**.

PROGRAM MANAGER - The Ballard Alliance 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.

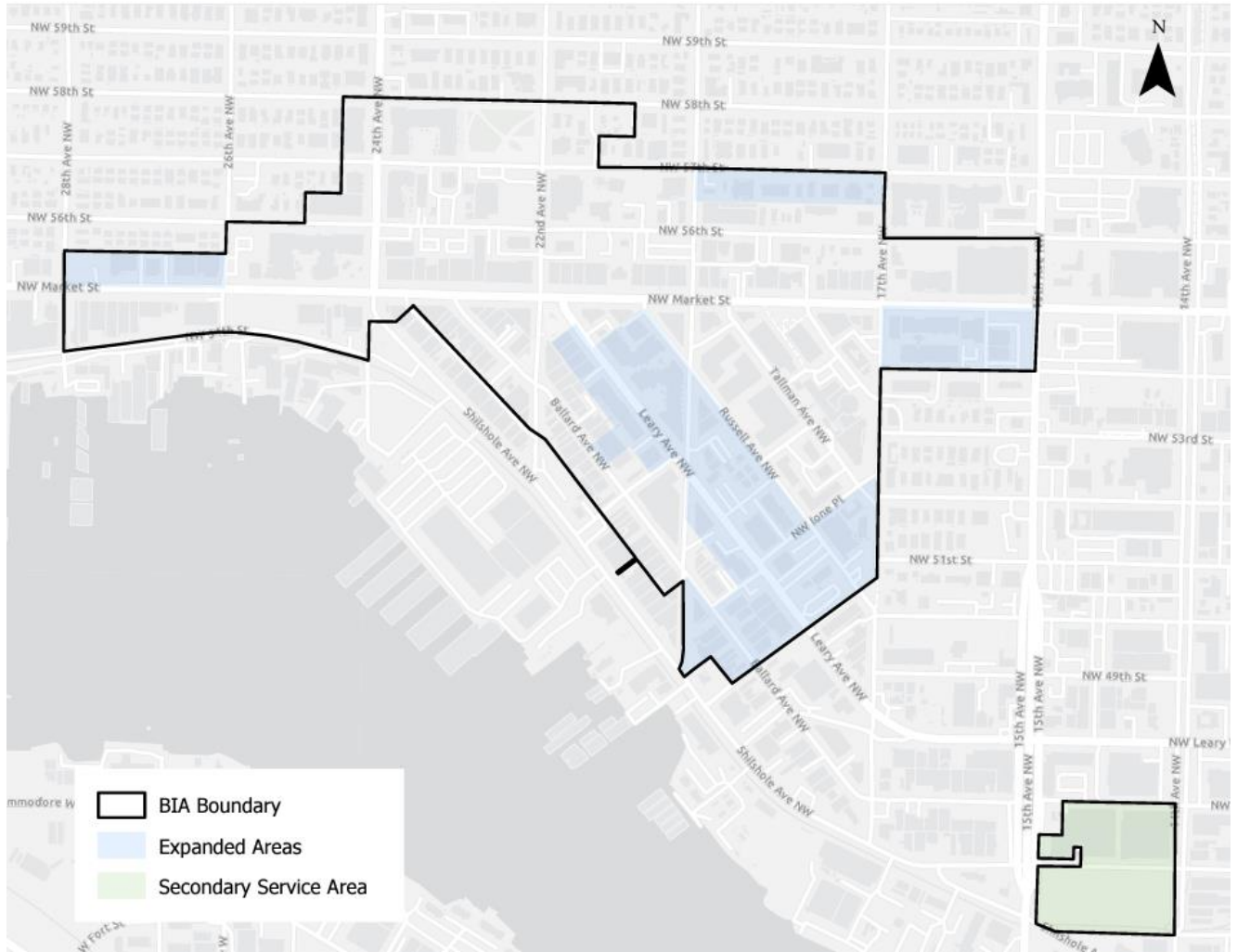
BUSINESS IMPROVEMENT AREA (BIA) OVERVIEW:

Currently, there are **11 BIAs** in Seattle generating a total of **\$35 million dollars** in enhanced programs and services to business districts. BIA assessments typically is utilized to support professional management, clean and safe, economic development, transportation, and business district advocacy.

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

This Business Improvement Area (BIA) benefit analysis has been prepared to support the proposed reauthorization and expansion of the Ballard BIA within the City of Seattle and a requirement of Resolution 31657 - the Citywide BIA Policies.

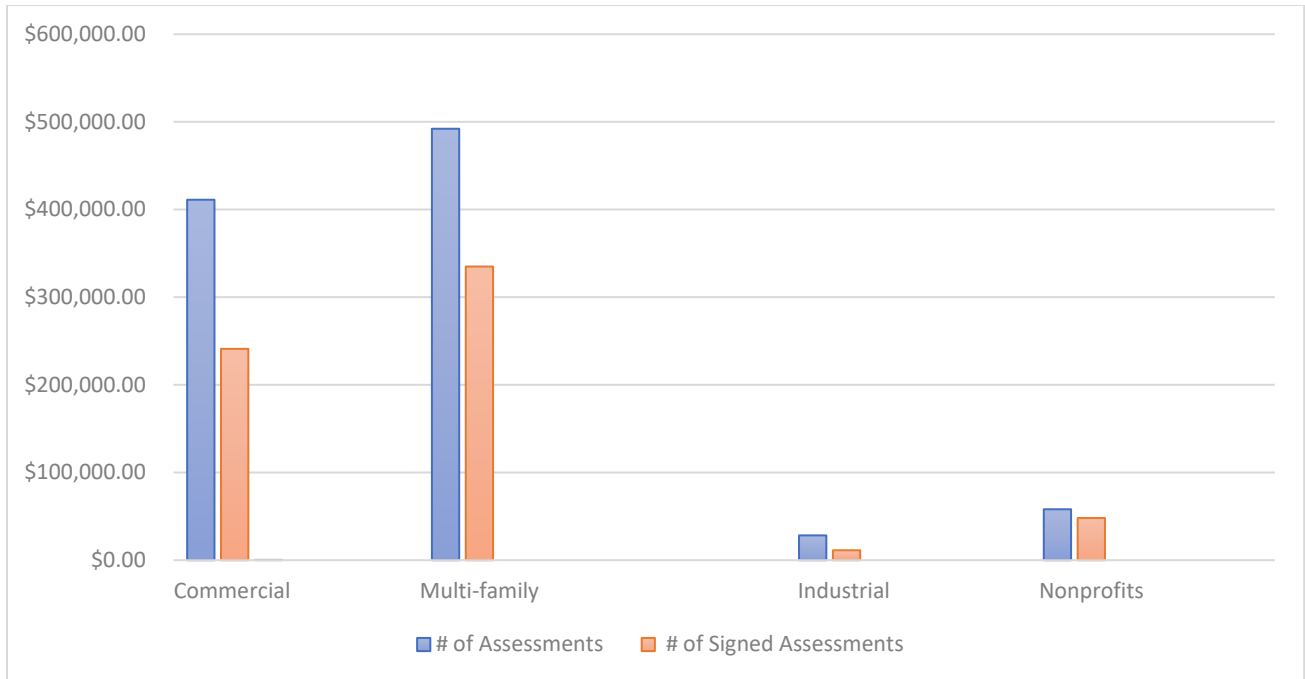
SECTION A: BALLARD BIA PROPOSED BOUNDARIES



SECTION B: BALLARD BIA PETITION SUPPORT

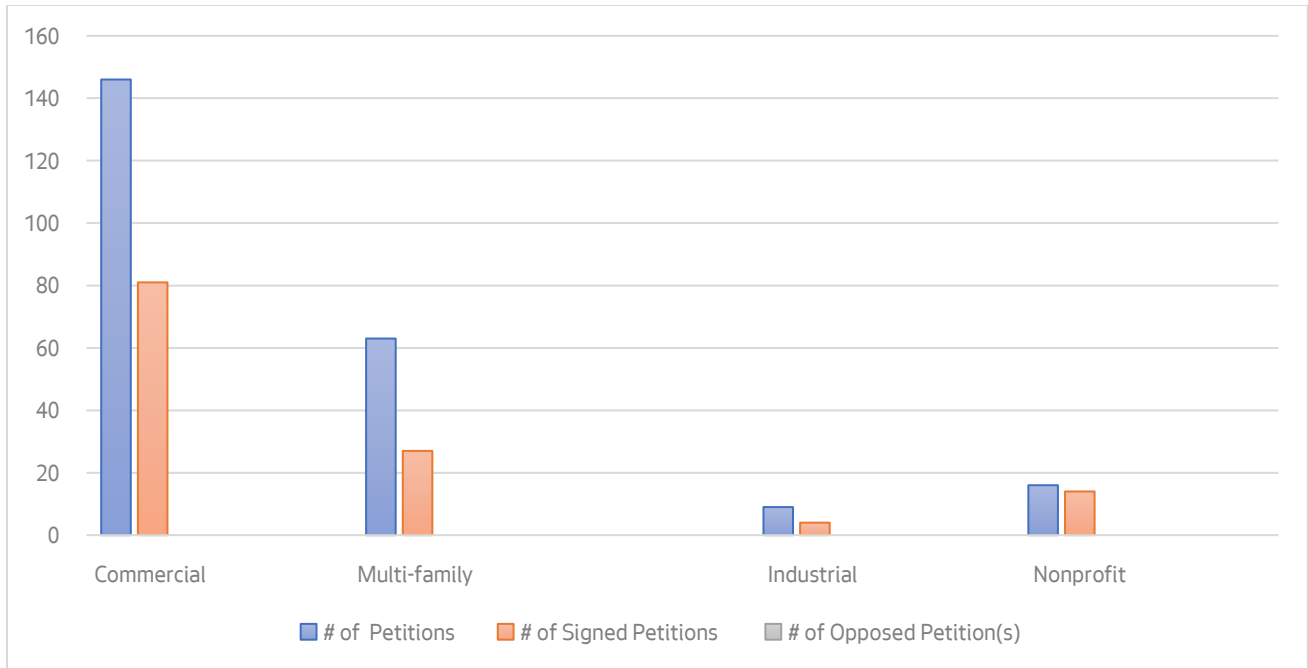
Ballard Alliance has petition signature from **126 petitions** in support of the reauthorization and expansion, representing **64.3%** in assessments from four main categories of property owners within the Ballard BIA boundaries. Per [State RCW 35.87A.010](#), petition support is based upon the assessment that would be generated by the BIA proposal.

B1: PETITION SUPPORT BY ASSESSMENTS ACROSS RATEPAYER TYPES



Property Type	Assessments	Signed Assessments	% of Assessment Signed
Commercial	\$411.2 K	\$241.1K	58.6%
Multi-Family	\$492.2K	\$335.6K	68.2%
Industrial	\$28.3K	\$11.3K	40%
Non-Profit	\$58.1K	\$48.1K	83%
Total	\$989.8K	\$636.1K	Overall Support: 64.3%

FIG B2: INDIVIDUAL PETITION SUPPORT BY RATEPAYER TYPES



Property Type	# of Petitions	# of Signed Petitions	# of Opposed Petition(s)	% of Petitions Signed
Commercial	146	81	0	55.5%
Multi-Family	63	27	0	42.9%
Industrial	9	4	0	44.4%
Non-Profit	16	14	0	87.5%
Total	234	126	0	

SECTION C: BALLARD BUDGET

The Ballard BIA will generate an estimated total of **\$990,199.00** in assessments for the base year of authorization (2024). Stakeholders benefit from a variety of programs including public safety; clean environment and public realm; advocacy, urban design, and transportation; marketing and promotions; business development and retention; and organizational management. **Section D has a description and additional details on Ballard BIA programs and services.**

As with the majority of BIAs in Seattle, the Ballard BIA ordinance proposes an **Annual Customer Price Index (CPI) inflation factor** to maintain programs and services over time. The ordinance will also annually update the assessment for properties that are developed/redeveloped using data from the King County Assessor’s Office and the Office of Economic Development. **New Benefit** includes identifying and updating assessable parcels and total taxable and appraised value, and recalculating the base assessment and potential assessment ceilings, which is the current assessment process for the existing Ballard BIA. **Section E provides an overview of the Ballard BIA assessment methodology.**

FIG C1: BALLARD BIA BUDGET

Ballard BIA Programs and Services	2024 Budget	Percentage
Public Safety and Enhancement	\$257,451.74	26%
Clean Environment	\$247,549.75	25%
Business Development and Retention	\$118,823.88	12%
Advocacy, Urban Design, and Transportation	\$148,529.85	15%
Marketing and Promotions	\$138,627.86	14%
Management	\$79,215.92	8%
Total Budget	\$990,199.00	100%
Personnel and overhead cost are included in each program element		

SECTION D: BIA PROGRAMS AND SERVICES

Washington State law outlines several purposes for the use of BIA generated funds (see RCW 35.87A.010(1)). The services and activities funded by the Ballard BIA annual assessment revenue are in addition to those services already provided by the City. A summarized description of current BIA services is shown below with highlights of recent success and outcomes. The proposed Ballard BIA will continue these BIA services. Additional details regarding Ballard BIA services and be found in the Ballard Alliance Renewal and Work Plan.

A. PUBLIC SAFETY AND PUBLIC HEALTH ENHANCEMENT:

- Increased security services and neighborhood ambassadors
- Advocate for improved public safety services to support our business and residential communities

- Advocate for a strengthened and expanded network of services to support unhoused individuals within the boundary in finding shelter and services

B. CLEAN ENVIRONMENT AND PUBLIC REALM:

- Sustain and expand street cleaning services including on-demand pickup for trash and illegal dumping
- Ensure that parks and public spaces are restored and maintained, providing unencumbered use for all
- Plan and implement new beautification programs (e.g., hanging planter baskets, stationary planter boxes, etc.)
- Work to make Ballard Improvement District a public art destination with an active program of installations
- Create a robust activation program that will increase the vitality of our parks and public spaces

C. ADVOCACY, URBAN DESIGN AND TRANSPORTATION:

- Increase the Alliance's position as a go-to source for important issues
- Provide and amplify a unified voice for Ballard and leverage Ballard Alliance's influence
- Advocate for tunneled light rail service with a station at or West of 15th Avenue NW
- Advocate for critical transportation and infrastructure to support the growing needs of Ballard businesses and residents
- Strengthen relationships with businesses, residents, and community organizations within the improvement district

D. MARKETING AND PROMOTIONS:

- Sustain existing and implement enhanced marketing and promotions to support our businesses and keep our community thriving
- Raise Ballard's public profile as an outstanding place to live, work, shop, play and visit
- Sustain and grow events, programs, and public space activation
- Actively engage with Ballard residents to support their desire to live in a thriving community

E. BUSINESS DEVELOPMENT AND RETENTION:

- Actively recruit new businesses to the Ballard Improvement District that both reflect and enhance its character
- Support small businesses and promote connections to opportunities and resources

- Advocate on key policy issues important to Ballard's businesses and overall economic vitality

F. ORGANIZATIONAL MANAGEMENT:

- Provide program and contract management services

SECTION E: ASSESSMENT METHODOLOGY

- **Base year assessment:** The new Ballard BIA assessment formula adjusts the lot sq. footage from **\$0.12 to \$0.14** and **\$0.52 to \$60 per \$1,000** of the Total Appraised Value as recorded by King County Assessor's Office. By utilizing the base assessment plus annual CPI, the Ballard BIA assessment will remain predictable for ratepayers and the program manager
- **New Benefit:** Properties seeing an increase in building sq. footage as a result of new development or significant expansion will have their property attributes and assessment updated by the City of Seattle annually until the parcel is designated as 100% complete by King County
- **Multi-Family Tax Exemption:** If a property is owned by a for-profit entity under an MFTE exemption, the Base Year Assessment will be calculated using the Total Appraised Value upon 100 percent completion of the building and/or authorization of the MFTE exemption from the Office of Housing. MFTE properties owned and operated by nonprofits will receive the non-profit rate
- **Non-Profit Rate:** If a property is owned and operated by a nonprofit entity, the Base Year Assessment will receive the reduced assessment rate. Such properties are eligible for reduced nonprofit rate of **25% of the base assessment**, the justification being that properties are receiving fewer overall benefits, primarily in marketing and economic development, in addition to providing a general public benefit to the district
- **Government Exempted Properties:** Government properties within the Ballard BIA are typically not assessed but government owned properties that are leased to for-profit entities for commercial activities are assessable under the base assessment formula

SECTION F: BASE ASSESSMENT BENEFITS

Commercial Buildings:

# of Parcels	% Total Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Value	% of Total Value	Base Assessment	% Base Assessment
146	62.4%	1,315,157	47.8%	\$560.5M	23.5%	\$411.2K	41.5%

The **146 parcels** in this category are primarily comprised of commercial office buildings, retail and service-oriented storefronts. The conclusion drawn by the percentage ratios and assessment is that existing commercial buildings are paying a commensurate assessment to the benefits received from services for property owners, business tenants, employees, and customers. The composition of historical and older commercial buildings is reflected in the percentage of total value compared to the percentage of total parcel and lot square footage.

Multi-Family:

# of Parcels	% Total Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Value	% of Total Value	Base Assessment	% Base Assessment
63	27%	969,693	35.2%	\$1.58B	66.3%	\$492.2K	49.7%

The **63 parcels** are primarily comprised of 53 traditional apartments, 9 condo buildings, and 1 retirement home, with all parcels being assessed at the residential ceiling of \$130 per unit for the base year. The conclusion drawn by the percentage ratios and assessment is that existing commercial buildings are paying a commensurate assessment as residents benefits directly and indirectly from services and programming, related to clean and safe, community advocacy, and public space management. Commercial condos within mix-use developments are assessed separately if the parcel is independently owned by a ratepayer.

Industrial:

# of Parcels	% Total Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Value	% of Total Value	Base Assessment	% Base Assessment
9	3.8%	123,670	4.5%	\$26.5M	26.6%	\$28.3K	2.9%

The **9 parcels** in this category are primarily warehouses or manufacturing buildings. The conclusion drawn by the percentage ratios and assessment is that existing commercial buildings are paying a

commensurate assessment. While some of the parcels might not benefit fully from marketing and promotional services, industrial properties do benefit from community advocacy, public realm management, and economic development/retention.

Nonprofit:

# of Parcels	% Total Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Value	% of Total Value	Base Assessment	% Base Assessment
16	6.8%	342,707	12.45%	\$214.9M	9.02%	\$58.1K	5.9%

The **16 parcels** in this category are nonprofits located in the district, comprised of churches, the Nordic Museum, and parcels related to the Swedish Ballard campus. Nonprofit classifications are based on exemptions as designated by the King County Assessor’s Office. Such properties are eligible for reduced nonprofit rate of 25% for the base assessment or whichever ceiling is the lowest, the reasoning being that properties are receiving less marketing and economic development benefit, in addition to providing a public benefit to the district.

If the nonprofit property was to be converted/leased to business tenants generating a profit, the property would no longer be considered as exempted from BIA assessments and would be reassessed by the base formula.

SECTION H: OUTREACH AND SUPPORT

A BIA renewal petition packet was sent to all ratepayers by mail in December 2022. In March 2023, a second round of petitions was sent to a set of ratepayers that had not signed a petition at the time and had not already been contacted one-on-one. The petition packet includes Cover letter petition signature page, description of the BIA renewal and business plan. Support for renewal document Feedback was collected via e-mail, by mail, one-on-one contact, and meetings, HOA meetings, and BIA open house office hours.

Background of Strategic Planning Efforts & Outreach

Prior to renewal, the Ballard Alliance conducted an strategic planning initiative that included engagement from more than 50 community leaders. Participation in the process was not solely provided for ratepayers, as participants represented all of our various ratepayer classifications. The strategic planning initiative took place in 2022 and addressed key concerns and identify opportunities for urban design and transportation; business retention and economic development;

marketing and promotions; and cleanliness, health, and safety. The planning process identified desired projects, services, and programs and underscored the need for a BIA to carry them out.

BIA Outreach

Once the strategic plan was complete, a smaller group of stakeholders worked to develop the BIA renewal plan, considered its boundaries, rate structures and services. All decisions were informed by the first six years of operation as well as the results of the strategic plan. The BIA renewal plan was finalized in December of 2022. Specific BIA outreach activities have included:

- Regular Ratepayer Advisory Board meetings attended by ratepayers and district stakeholders.
- Regular Ballard Alliance Operations Board Meetings.
- Two petition packet mailings to ratepayers for the renewal BIA proposal, with the first mailing occurring in December 2022 and the second in March 2023. The second round of mailings was sent to all those who had not yet signed petitions to ensure that they were aware of the proposal.
- The Ballard Merchants Group - a collective of Ballard area retailers and restaurant owners - were kept informed of the BIA's progress through regular, in-person updates during their monthly meeting beginning in late 2022 to present.
- Open House Office Hours hosted by Mike Stewart, Executive Director of the Ballard Alliance as well as 5-6 Ratepayer Advisory and Operations Board Members. Open House Office hours provided opportunities for walk-in appointments for individuals to ask questions or express their opinion about the BIA renewal. Office hours were held in the Ballard Neighborhood Service Center Conference Room (5604 22nd Ave NW) on June 6th from 2pm-4pm, and in the Ballard Alliance office on June 8th from 2pm-4pm. Open House Office Hours were advertised through:
 - A direct mail invitation to all ratepayers who had not signed their petitions as of May 15, 2023
 - Ballard Alliance Newsletter
 - Ballard Alliance social media posts
- Homeowner Association/leadership meetings were held with the following condominium buildings:
 - Hjarta Condominiums
 - The Vik Condominiums
 - Canal Station North Condominiums
 - NOMA Condominiums
 - Metropole Condominiums

- The Ballard Alliance website has been utilized as an ongoing source of information that included all pertinent BIA renewal-related documents, including the petition, work plan, budget and the Strategic Plan that preceded the BIA renewal effort.
- Outbound & inbound one-on-one e-mail and phone call communications to ratepayers, outbound calls made by the Ballard Alliance staff as well as ratepayer board members and general ratepayers.
- One-on-one ratepayer meetings with dozens of property and business owners.

SECTION I: 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.