



SEATTLE CITY COUNCIL

Community Economic Development Committee

Agenda

Wednesday, May 20, 2020

2:00 PM

Special Meeting

Remote Meeting. Call listen line at 206-684-8566 or access Seattle
Channel online.

Tammy J. Morales, Chair
Andrew J. Lewis, Vice-Chair
Debora Juarez, Member
Alex Pedersen, Member
Kshama Sawant, Member
Lisa Herbold, Alternate

Chair Info: 206-684-8802; Tammy.Morales@seattle.gov

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<http://seattle.gov/cityclerk/accommodations>.



SEATTLE CITY COUNCIL
Community Economic Development Committee
Agenda
May 20, 2020 - 2:00 PM
Special Meeting

Meeting Location:

Remote Meeting. Call listen line at 206-684-8566 or access Seattle Channel online.

Committee Website:

<http://www.seattle.gov/council/committees/community-economic-development>

In-person attendance is currently prohibited per the Washington Governor's Proclamation No. 20-28.2 until May 31, 2020. Meeting participation is limited to access by telephone conference line and Seattle Channel online.

Register online to speak during the Public Comment period at the 2:00 p.m. Community Economic Development Committee meeting at <http://www.seattle.gov/council/committees/public-comment>.

Online registration to speak at the Community Economic Development Committee meeting will begin two hours before the 2:00 p.m. meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Morales at

Tammy.Morales@seattle.gov

Sign-up to provide Public Comment at

<http://www.seattle.gov/council/committees/public-comment>

Watch live streaming video of the meeting at

<http://www.seattle.gov/council/watch-council-live>

Listen to the meeting by calling the Council Chamber Listen Line at 206-684-8566

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

Members of the public may sign up to address the Council for up to 2 minutes on matters on this agenda; total time allotted to public comment at this meeting is up to 20 minutes.

Register online to speak during the Public Comment period at the 2:00 p.m. Community Economic Development Committee meeting at <http://www.seattle.gov/council/committees/public-comment>.

Online registration to speak at the Community Economic Development Committee meeting will begin two hours before the 2:00 p.m. meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

D. Chair's Report

(8 minutes)

E. Items of Business

1. [CB 119779](#) **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.**

Attachments: [Ex A - University District Business Improvement Area](#)

Supporting

Documents: [Summary and Fiscal Note](#)
 [Summary Att A - U District BIA Benefit Analysis](#)
 [Central Staff Memo](#)

University District Business Improvement Area Legislative Process

Briefing and Discussion (20 minutes)

Presenter: Yolanda Ho, Central Staff

2. **University District Business Improvement Area Reauthorization Overview**

Supporting

Documents: [Presentation](#)

Briefing and Discussion (20 minutes)

Presenter: Phillip Sit, Office of Economic Development

3. University District Business Improvement Area Reauthorization Proposal

Supporting Documents: [Presentation](#)

Briefing and Discussion (15 minutes)

Presenters: Maureen Ewing, Business Improvement Area Rate Payer Advisory Board; Lois Ko, U District Partnership Board; Mark Crawford, U District Partnership

4. University District Business Improvement Area Issue Identification

Briefing and Discussion (20 minutes)

Presenter: Yolanda Ho, Central Staff

F. Adjournment



Legislation Text

File #: CB 119779, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

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.

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

WHEREAS, the City Council adopted Resolution 31943, initiating a new U. District BIA via the resolution

method instead of the petition method as provided for in RCW 35.87A.030; and

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

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

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

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

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares that:

A. 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.

B. 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.

C. 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 3. 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
West along the centerline of NE 50th St toward the northwest corner of Parcel #0889000005 (University Playground); then proceed
South along the western property line of the same parcel (#0889000005); then proceed
East along the southern property line of the same parcel (#0889000005) toward the intersection of NE 48th St and 9th Ave NE; then proceed
South along the centerline of 9th Ave NE toward the intersection of NE 47th St; then proceed
West along the centerline of NE 47th toward the intersection of 7th Ave NE; then proceed
South along the centerline of 7th Ave NE toward NE 45th St; then proceed
Southwest along the east edge of Interstate-5 toward NE 40th St; then proceed
East along the centerline of NE 40th St toward the intersection of Eastlake Ave NE; then proceed
Northeast along the centerline of Eastlake Ave NE toward the intersection of NE Campus Pkwy and Roosevelt Way NE; then proceed
North along the centerline of Roosevelt Way NE to the intersection of NE 41st St; then proceed
East along the centerline of NE 41st St toward the southeast corner of Parcel #1142001825; then proceed
North along the centerline of the alleyway between 11th Ave NE and Roosevelt Way NE toward the southwest corner of Parcel #1142001810; then proceed
East along the southern property line of the same parcel (#1142001810) toward 11th Ave NE; then proceed
East toward the southwest corner of Parcel #1142001725; then proceed
East along the southern property line of the same parcel (#1142001725) toward the alleyway between 11th Ave NE and 12th Ave NE; then proceed
South toward the southwest corner of Parcel #1142001675; then proceed
East along the southern property line of the same parcel (#1142001675) toward the centerline of 12th Ave NE; then proceed
South along the centerline of 12th Ave NE toward the intersection of NE 41st St; then proceed
East along the centerline of NE 41st St toward the centerline of the alleyway between University Way NE and 15th Ave NE; then proceed
North along the centerline of the alleyway between University Way NE and 15th Ave NE toward the intersection of NE 42nd

St; then proceed
East along the centerline of NE 42nd St toward the intersection of 15th Ave NE; then proceed
North toward the intersection of NE 45th St; then proceed
East along the centerline of NE 45th St toward the alleyway between 17th Ave NE and 18th Ave NE; then proceed
North along the centerline in the alleyway between 17th Ave NE and 18th Ave NE toward the intersection of NE 50th St;
then proceed
West along the centerline of NE 50th St toward the alleyway between 15th Ave NE and 16th Ave NE; then proceed
North along the centerline of the alleyway between 15th Ave NE and 16th Ave NE toward the intersection of NE 56th St;
then proceed
West along the centerline of NE 56th St toward the alleyway between 15th Ave NE and University Way NE; then proceed
North along the centerline of the alleyway between 15th Ave NE and University Way NE toward the intersection of NE
Ravenna Blvd; then proceed
West along the centerline of NE Ravenna Blvd to the point of origin at the southwest corner of Brooklyn Ave NE.

The South Ave Cleaning Area

From the intersection of Brooklyn Avenue NE and NE 52nd Street, proceed east along the centerline of NE 52nd Street to the
centerline of the alleyway between University Way NE and 15th Avenue NE; then proceed
South along the centerline of the alleyway between University Way NE and 15th Ave NE to the centerline of NE 41st Street;
then proceed
West along the centerline of NE 41st Street to the centerline of the alleyway between Brooklyn Avenue NE and University
Way NE; then proceed
North along the centerline of the alleyway until the southern property line of the parcel on the southeast corner of NE 43rd
Street and Brooklyn Avenue NE (Parcel #1142001140); then proceed
West along the southern property line of Parcel #1142001140; then proceed
Across Brooklyn Avenue NE and along the southern property line of the property on the southwest corner of the intersection
of NE 43th Street and Brooklyn Avenue NE (Parcel # 1142000905); then proceed
Along the southern property line of the property on the southeast corner of 12th Avenue NE and NE 43rd Street (Parcel
#1142001020) to the centerline of 12th Avenue NE; then proceed
North along the centerline of 12th Avenue NE until the centerline of NE 45th Street; then proceed
East along the centerline of NE 45th Street to the centerline of the alleyway between 12th Avenue NE and Brooklyn Avenue
NE; then proceed
North along the centerline of the alleyway between 12th Avenue NE and Brooklyn Avenue NE to the centerline of NE 50th
Street; then proceed
East along NE 50th Street to the centerline of Brooklyn Avenue NE; then proceed
North along the centerline of Brooklyn Avenue NE to the point of origin at the centerline of NE 52nd Street.

The North Ave Cleaning Area

From the intersection of NE Ravenna Boulevard and the alleyway between Brooklyn Avenue NE and University Way NE,
proceed east along the centerline of NE Ravenna Boulevard to the centerline of the alleyway between University Way NE
and 15th Avenue NE; then proceed
South along the centerline of the alleyway between University Way NE and 15th Avenue NE to the centerline of NE 52nd
Street; then proceed
West along the centerline of NE 52nd Street to the centerline of the alleyway between Brooklyn Avenue NE and University
Way NE; then proceed
North along the centerline of the alleyway to the point of origin at the centerline of NE Ravenna Boulevard.

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

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

- A. Cleaning and Public Safety;
- B. Events and Marketing;
- C. Policy and Advocacy, but not related to land use or zoning changes;

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

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

F. Planning; and

G. Program Management.

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

Section 5. To finance the programs authorized in Section 4 of this ordinance, there is proposed a 12-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 3 of this ordinance. The U. District BIA will annually update records based on data and information from King County and the City. The base assessments in 2020-2021 will be based upon 2019-2020 U. District BIA Assessments from the Department of Finance and Administrative Services (FAS), plus an inflation factor of 2.375 percent and a one-time 10 percent increase for program expansion.

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

B. U. District Fund Area New Benefit Formula = $(\$0.275 \times (\text{Established Base Year Total Taxable Value of Property}/\$1,000))$.
Total Taxable Value = Land + Improvements. This calculation is called the “New Benefit Formula.”

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

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

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

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

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

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

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

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 ($(\text{Total Appraised Value} - \text{Total Taxable Value}) / \$1,000 \times 25 \text{ percent}$). 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.

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

1. Properties owned by governmental entities will not be assessed, except as provided in this subsection 5.H.

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

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

1. In 2020, properties will be assessed using the First Year Base Assessments for the U. District BIA, Greater District Cleaning Area, South Cleaning Area, and North Cleaning Area as set forth in this Section 5.

2. For each year following the first year of authorization, assessments will be calculated using a “CPI Factor” that is based on the Consumer Price Index for All Urban Consumers in Seattle-Tacoma-Bellevue (“CPI-U-Seattle”) as published monthly by the U.S. Department of Labor, Bureau of Labor Statistics (available at: http://www.bls.gov/eag/eag.wa_seattle_msa.htm). For the U. District Fund Area Base Assessment, the CPI Factor will be the lesser of three percent per year or the percentage change in CPI-U-Seattle between September 2020 and September of the year prior to the assessment year. For the North, South, and Greater District Cleaning Areas, the actual CPI shall be used and not limited to three percent.

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

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

Section 6. Administration. The Director of Finance and Administrative Services (“FAS Director”) shall administer the program for the City with authority to:

A. Collect the special assessments; refund special assessments when overpaid or otherwise improperly collected; extend the deadline for payment; and waive delinquency charges, processing fees, and interest whenever the delinquency results from extenuating circumstances beyond the ratepayer’s control, such as a casualty loss causing premature closure of the business or bankruptcy, or the total payment due to the City (exclusive of delinquency charges and interest) is \$10 or less;

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

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

D. Accept and deposit advance payment of assessments by ratepayers; accept donations from governmental agencies, the public, and owners and operators of businesses on property that is developed or redeveloped during the existence of the U. District

BIA for U. District BIA programs.

Section 7. The FAS 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 FAS Director shall contract with the U District Partnership or other local non-profit entity to serve as the initial Program Manager.

The FAS Director shall establish and follow a competitive process to select a Program Manager every five years. 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.

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.

Section 8. Special assessments shall be billed on a semi-annual basis. The FAS Director may change the billing frequency by directive to an interval no more frequent than quarterly. The FAS Director shall mail a copy of a directive issued under this section to all ratepayers not less than 90 days before the new billing due date is to take effect.

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

Section 10. Notices of assessment, installment payments, or delinquency, and all other notices contemplated by this ordinance may be sent by ordinary mail or delivered by the City to the address shown on the records of the FAS Director, and, if no address is shown there, to the address shown on the records of the King County Assessor's Office. Failure of the ratepayer to receive any mailed notice shall not release the ratepayer from the duty to pay the assessment on the due date and any interest, delinquency charges, and processing fees.

Section 11. Any ratepayer aggrieved by the amount of an assessment or delinquency charge may on request obtain a meeting with FAS. If not satisfied, the ratepayer may appeal the matter to the City's Hearing Examiner in the manner provided for a contested case under Seattle Municipal Code Chapter 3.02. The ratepayer has the burden of proof to show that the assessment or delinquency

charge is incorrect.

Section 12. The City may conduct random audits of ratepayers to ensure that assessments are being properly calculated and reported.

Section 13. Expenditures from the Account shall be made upon demand and presentation of documentation of allowable expenses to the FAS Director by the program manager and shall be used exclusively for the programs as defined in Section 4 of this ordinance.

Section 14. The Director of the Office of Economic Development (“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 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 one other member shall be a commercial tenant;
5. At least two members shall be commercial tenants subject to a triple net lease; and
6. At least 80 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.

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

As a prerequisite to serving on the Board, each member shall sign an acknowledgment, prepared by the OED Director, that they will abide by City ordinances related to business improvement areas and exercise fiduciary responsibility to collect and spend the special assessment revenues exclusively for the programs identified in Section 4 of this ordinance.

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

The Board shall meet at least once quarterly; recommend an annual work program and budget; address and discuss ratepayer concerns and questions regarding the U. District BIA programs; and sponsor an annual ratepayers' meeting. Meetings of the Board shall be open to the public, with at least five days' advance notice posted by the program manager on its website and also disseminated by any other means that the program manager generally uses to communicate.

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

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

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

Section 16. The U. District BIA shall have a term of 12 years and will expire 12 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.

Section 17. The making of contracts and expenditures and the sending of assessment notices consistent with the authority of this ordinance taken after its passage and prior to its effective date are ratified and confirmed.

Section 18. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and

returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2020.

Jenny A. Durkan, Mayor

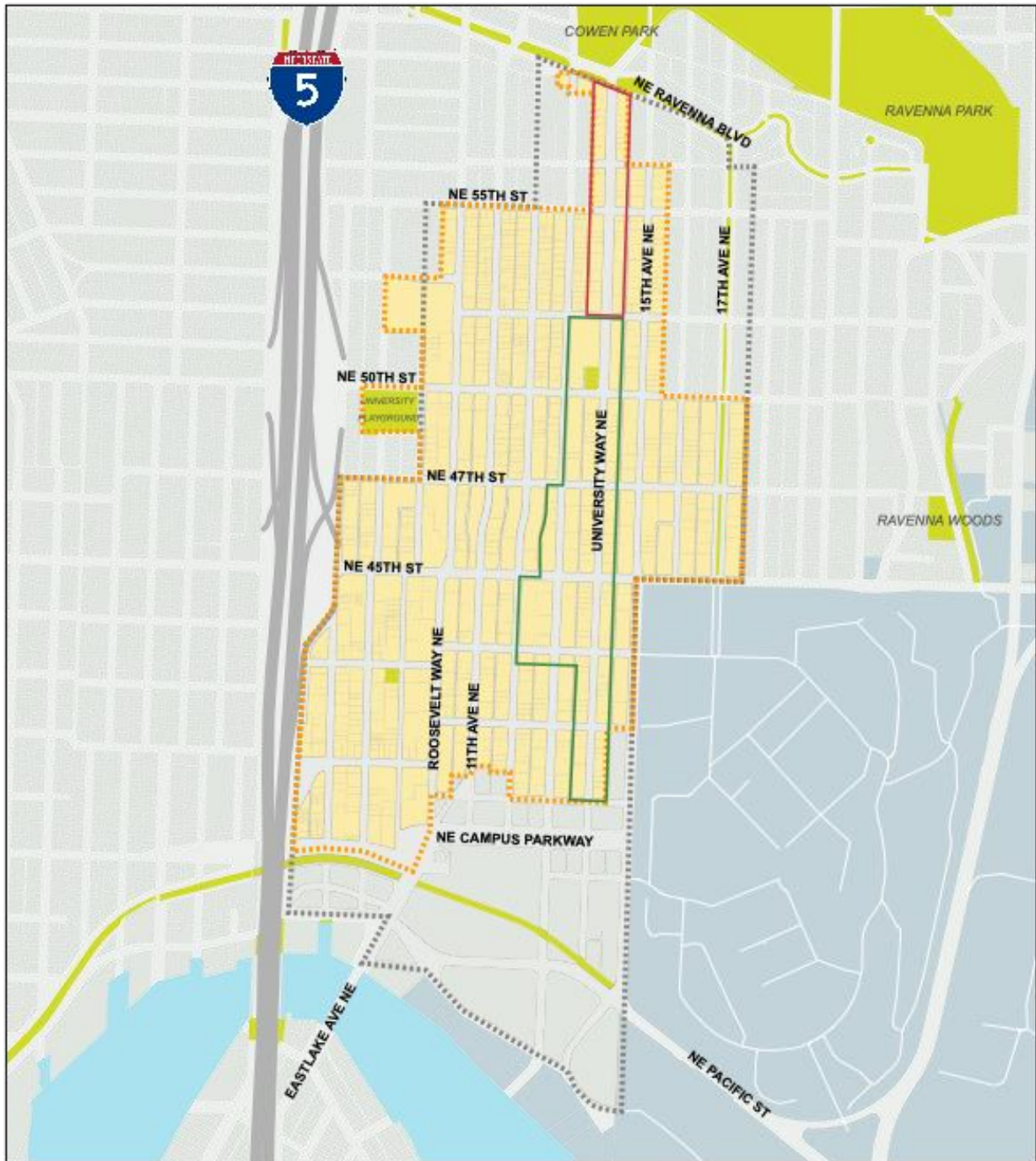
Filed by me this _____ day of _____, 2020.

Monica Martinez Simmons, City Clerk

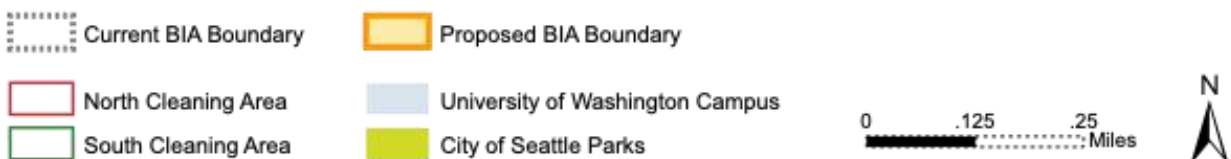
(Seal)

Attachments:
Exhibit A - University District Business Improvement Area

EXHIBIT A: UDBIA PROPOSED BOUNDARIES



Proposed New U District BIA Boundary



SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Economic Development	Phillip Sit / 256-5137	Julie Dingley / 684-5523

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE establishing a new University District Parking and Business Improvement Area (BIA); levying special assessments upon owners of commercial, multifamily residential, and mixed-use properties 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 Ratepayers' Advisory Board; and 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.

Summary and background of the Legislation:

This Ordinance establishes a new U. District Parking and Business Improvement Area (U. District Business Improvement Area) under RCW 35.87A. The U. District Business Improvement Area is expected to be funded by a special assessment levied on the owners of commercial properties, multi-family residential, and mixed-use properties within its boundaries. The City would contract with a program manager to administer the activities set out in the U. District Business Improvement Area work plan. The U. District Business Improvement Area (BIA) program manager will be overseen by a Ratepayers' Advisory Board, which would be broadly representative of the ratepayers in the U. District Business Improvement Area.

This ordinance is the final piece of legislation required to create a new U. District Business Improvement Area, as required by Chapter 35.87A RCW. The City Council passed a resolution to initiate the formation of the U. District Business Improvement Area, as well as a resolution of intent that included the date and place of a public hearing. After the public hearing, the City Council agreed to go forward with this ordinance.

The U. District Business Improvement Area was originally established in 2015 for a five-year period, ending on May 1st, 2020. Based on its ability to provide services valued by its ratepayers, the U. District Business Improvement Area developed a proposal recommending the creation of a new BIA that will essentially extend it for a period of twelve years. The U. District Business Improvement Area believes its proposal is efficient, accountable, and responsive to the area's needs. The group collected signatures for a petition to form a U. District Business Improvement Area that will continue to fund its programs:

- A. Cleaning and Public Safety;
- B. Events and Marketing;

- C. Policy and Advocacy, but not related to land use or zoning changes;
- D. Economic Development including efforts to prevent small businesses within the district area from being displaced;
- E. Urban Vitality, Public Realm, and the Built Environment;
- F. Planning;
- G. Program Management

The petitioning effort resulted in a show of financial support by ratepayers who would pay at least 60% of the total special assessment revenues. Assessments will commence as of June 1, 2020, or the effective date of this ordinance, whichever is later. The new U. District Business Improvement Area will be overseen by a Ratepayers Advisory Board, which would be broadly representative of the proposed ratepayers.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? ☒ Yes ☐ No

Appropriation change (\$):	General Fund \$		Other \$	
	2020	2021	2020	2021
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2020	2021	2020	2021
			\$1,212,623.44.	\$1,212,623.44.
Positions affected:	No. of Positions		Total FTE Change	
	2020	2021	2020	2021

- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
None.
- c. Is there financial cost or other impacts of *not* implementing the legislation?
None to the City. The U District Business Improvement Area is established as a revenue-neutral program.

3.d. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

3.e. Revenues/Reimbursements

☒ This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2020 Revenue	2021 Estimated Revenue
19890 U. District Business Improvement Area	FAS	Ratepayer Assessments	\$1,212,623.44.	\$1,212,623.44.
TOTAL				

Is this change one-time or ongoing?

Ongoing for twelve years, the property and ownership data is revisited annually, and the assessments is recalculated based on the allowable changes in the ordinance, which could result in an increase or decrease to the total revenue collected.

Revenue/Reimbursement Notes:

The 2020 revenue amount represents ratepayer assessment collections for a full year, with assessments commencing on June 1, 2020. Estimated annual revenue for 2020-2021 is \$1,212,623.44 FAS would collect the assessments from the ratepayers, but the funds would then be kept by FAS only for reimbursement to the U. District Business Improvement Area.

3.f. Positions

☐ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

Yes – the Department of Finance and Administrative Services (FAS) administers the assessments for the BIAs. OED has worked in close coordination with FAS on this legislation package. FAS will collect the BIA assessments from its ratepayers. FAS holds the funds solely for the purpose of reimbursing the U. District Business Improvement Area for administering staffing, projects, and other costs associated with the BIA.

b. Is a public hearing required for this legislation?

Yes. A public hearing was held on [REDACTED] as required by RCW 35.87A.140.

- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

Yes. The companion resolution was published to give notice of the public hearing for the proposed Council Bill. Prior ordinances to establish BIAs have also been published after Council adoption.

- e. **Does this legislation affect a piece of property?**

No.

- f. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

Based on the Racial Equity Toolkit (see Attachment B), the U. District BIA proposal is not expected to have adverse disproportionate impacts on vulnerable and historically disadvantaged communities in the district. As development has increased in the district due in part to the City upzone, it is important that the U. District BIA continues to invest and support services like REACH and the Ambassador Program to assist vulnerable members of the community living without permanent housing and/or needing support from professional service providers. Commercial displacement impacts due to affordability and development will continue to be an issue in the district, OED will continue to collaborate with the U. District BIA to identify best practices and strategies to support small and minority-owned businesses.

- g. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

The U. District BIA work plan will remain largely the same as in prior years, with an expansion of its current services into the new boundaries. The summary of services and outcomes include the following:

- A) Clean and Safe – the majority of BIA assessment funds are directed to these programs. These include: cleaning in designated cleaning areas by professional contractors; cleaning district wide by UDP Beautification staff; monthly and annual volunteer cleanup projects; convening our community for monthly public meetings on clean and safe issues in the district; coordinating our efforts with Seattle Police and University Police departments; Ambassador patrol programs; projects to enliven streetscape like annual holiday lighting and bi-annual flower basket installations and maintenance; a district wide business crime prevention watch system; REACH mental health outreach; CPTED review and consultations; and support/utilization of homeless youth employment training.

- B) Economic Development – the BIA supports the sustainability and growth of all existing businesses in the district and serves as a resource/reference for attracting and supporting new business entry into the district. Programs include: supporting and growing a U District Business Network open to all for-profit and not-for-profit businesses; collecting and analyzing key data and performance indicators useful to businesses; conducting surveys, providing or funding research and analysis papers (Retail Saturation Study 2018-19, Steinbruck study 2017); sponsoring and producing events to drive retail foot traffic (Up Your Ave-Dawg Daze, Halloween on Roosevelt, Cherry Blossom Festival-2020, Special Olympics-2019); advocating for individual and collective businesses on issues critical to their interests (43rd redevelopment, 5G installation, Ambassador team response to business requests for assistance).
- C) Marketing and Events – the BIA: supports all events listed above with professional staffing for planning and implementation; invests resources in district wide advertising; provides weekly and monthly newsletters; and maintains the BIA website. A proposed priority for the new BIA will be to undertake a long-term commitment to rebrand the district to highlight its exceptional opportunity for businesses to establish themselves, for residents to live and as a retail/entertainment district attractive to a great King County market. Once complete, resources will be committed to a long-term propagation of that branding and messaging.
- D) Public Realm – the BIA supports unbiased community engagement and dialogue on public realm issues important to the district. Specifically excluded by ordinance from engaging in “land use” advocacy, the BIA focuses its public realm resources on working with public and private development projects to ensure district concerns and values are maintained; in public space activations (Christie Park renovation, Parking Days, Night Out); representing district concerns on major transportation projects; and convening or funding the convening of community gatherings on any public realm issues that need broader civic engagement (Let’s Go U District, Mobility Study).

List attachments/exhibits below:

Summary Attachment A – U District Improvement Area (BIA) Benefit Analysis

U DISTRICT IMPROVEMENT AREA (BIA) BENEFIT ANALYSIS

OFFICE OF ECONOMIC DEVELOPMENT

PHILLIP SIT, BIA ADVOCATE

HIGHLIGHTS:

BUDGET – The total estimated budget for the proposed U District BIA beginning in the year of authorization (2020) is estimated at **\$1,212,623.44**.

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

The New U District BIA is comprised of **311 individual ratepayers** that represents **526 assessable parcels** within the designated boundaries, totaling **527 accounts** (including the University of Washington).

SUPPORT – The proposed U District BIA has petition signature from **219 petitions** in support of the U District BIA reauthorization, representing **64.68%** in assessments.

OPPOSITION – There are two sources of opposition to the proposed BIA. The first is comprised of three local groups (Save the Ave, U District Community Council, and U District Small Businesses). The second is opposition of inclusion in the BIA by some individual condominium owners – a group that advocated against their inclusion in the last BIA formation and have continued to express their opposition since then.

BOUNDARIES – The renewal makes two changes to the existing BIA boundaries and are detailed in the BIA boundary map. The proponents are proposing to reduce the BIA footprint in the northwest corner by removing a section that is almost entirely single-family residential homes and is commonly known as the University Park neighborhood. This adjustment is endorsed by the University Park Community Club. Second, the proponents are moving the southern boundary which currently extends through the UW campus to the shoreline northward to above the campus proper. The UDBIA does not provide any BIA funded services on campus itself and this revision of the boundary clarifies that reality.

BIA PROGRAMS AND SERVICES – are standard and similar to other recent BIAs.

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 **\$.275 per \$1,000** of the total taxable value and/or total appraised value. There is also a separate assessment charge for three different cleanings zones ranging from **\$0.03 to \$0.16** per lot sq. footage. Non-profits, churches, and other qualified properties will continue to receive an assessment discount due to the nature of their ownership.

BENEFIT ANALYSIS – Based on this analysis, the assessment methodology based on Total Taxable Value (TTV) and Total Appraised Value (TAV) will charge ratepayer assessments that are commensurate with the varying benefits provided by the U District BIA.

OUTREACH – U District BIA launched a widespread outreach campaign to property and business owners throughout this proposed area starting in March 2019.

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. It is the expectation of OED/FAS that the U District Partnership will continue to serve as the program manager for the BIA generated funds.

CURRENT U DISTRICT BIA BOARD MEMBERS 2019-2020:

Name	Classification
Nikole O'Bryan	Property Owner Business Owner
Chris Giles - Board Secretary	Resident
Aaron Hoard - Board Vice Chair Clean & Safe Committee	UW
Kate Barr - Board Treasurer Finance Committee	Business Owner
Lora Gastineau	Resident
Maria Barrientos - Business Partner Economic Development Committee	Property Owner
David Cohanin Urban Vitality Committee	Property Owner
Maureen Ewing - Board Chair Church Survey Task Force	Property Owner Nonprofit
Max Blume	Property Owner
Lincoln Johnson	UW
Michael Polzin	Property Owner
Randy Hodgins	UW
ASUW Rep.	Student
Scott Soules	Property Owner
Mary Kay Gugerty	UW

The current BIA board meets the requirements in the 2015 U District BIA ordinance. The proposed new U District BIA will have new guidelines on community representation on the Ratepayer Advisory Board, which will be reflected in the final ordinance.

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 current U District BIA provides **\$984,000** in annual assessments to support professional management, safe and clean, and business district advocacy.

- 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

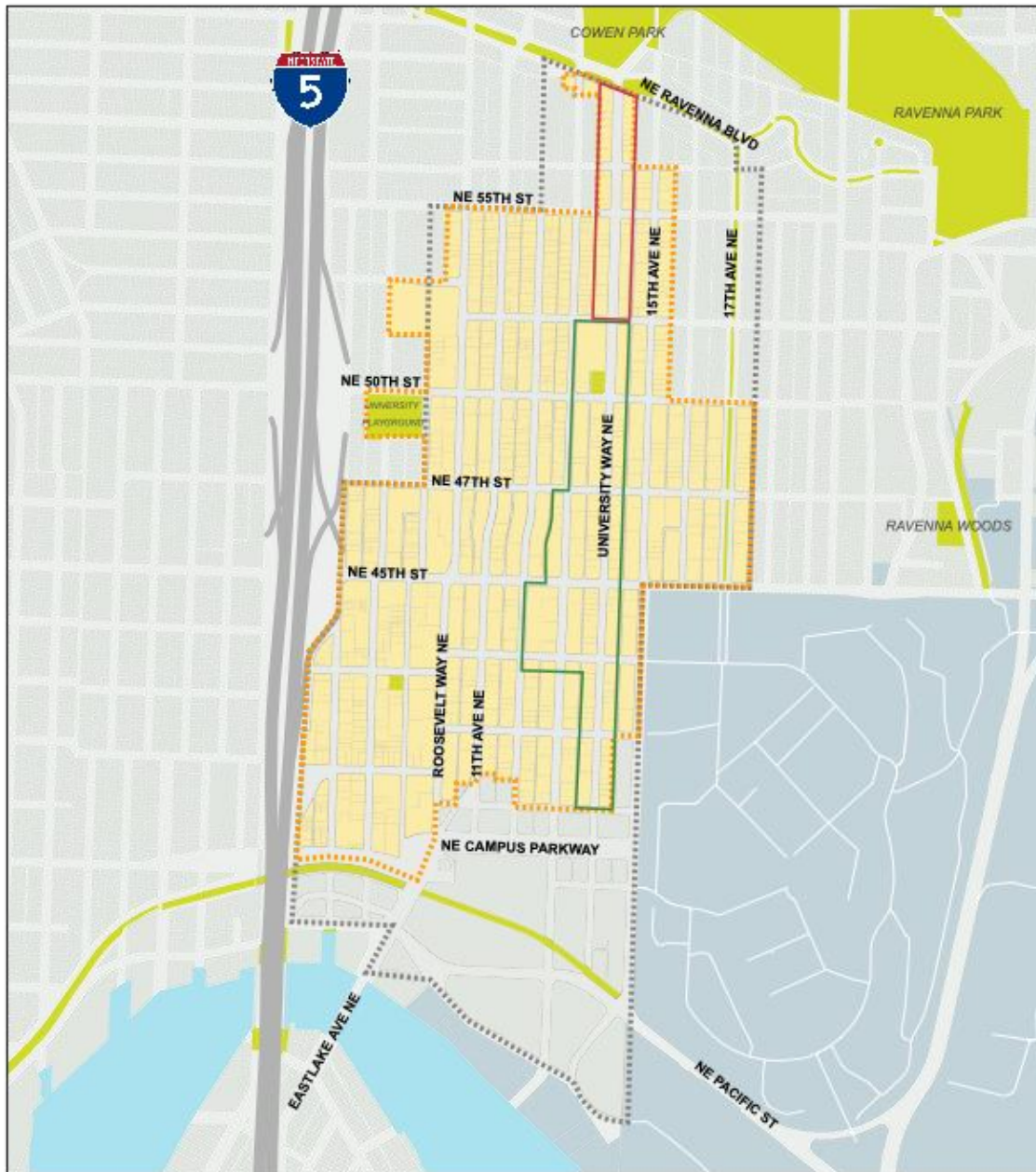
The U District is a vibrant and diverse business district with retail, offices, and commercial businesses. Like many business districts, the U District is grappling with issues related to homelessness, trash, public safety, parking, and transportation. By providing a dedicated source of funding, the U District BIA has been a vital City partner serving as a primary point to advocate for the benefit of stakeholders in the district.

Created under Ordinance 124761 as a five-year BIA in 2015, the current U District BIA is scheduled to sunset on May 1st of 2020 and the proposed renewal will require the approval from the City Council and the Mayor's Office. In response to community support and having successfully obtained signatures representing over 60% from potential ratepayers, the U District BIA is proposing a 12-year renewal with expanded programs and services.

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

SECTION A: UDBIA PROPOSED BOUNDARIES

FIG A1:



Proposed New U District BIA Boundary



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SECTION B: UDBIA PETITION SUPPORT

The proposed U District BIA has petition signature from **219 petitions** in support of the U District BIA reauthorization, representing **64.68%** in assessments from four main categories of property owners from the district. As of 3/1/2019, there are no petitions submitted to the City in opposition to the BIA renewal.

FIG B1: OVERALL PETITION SUPPORT FOR UDBIA RENEWAL

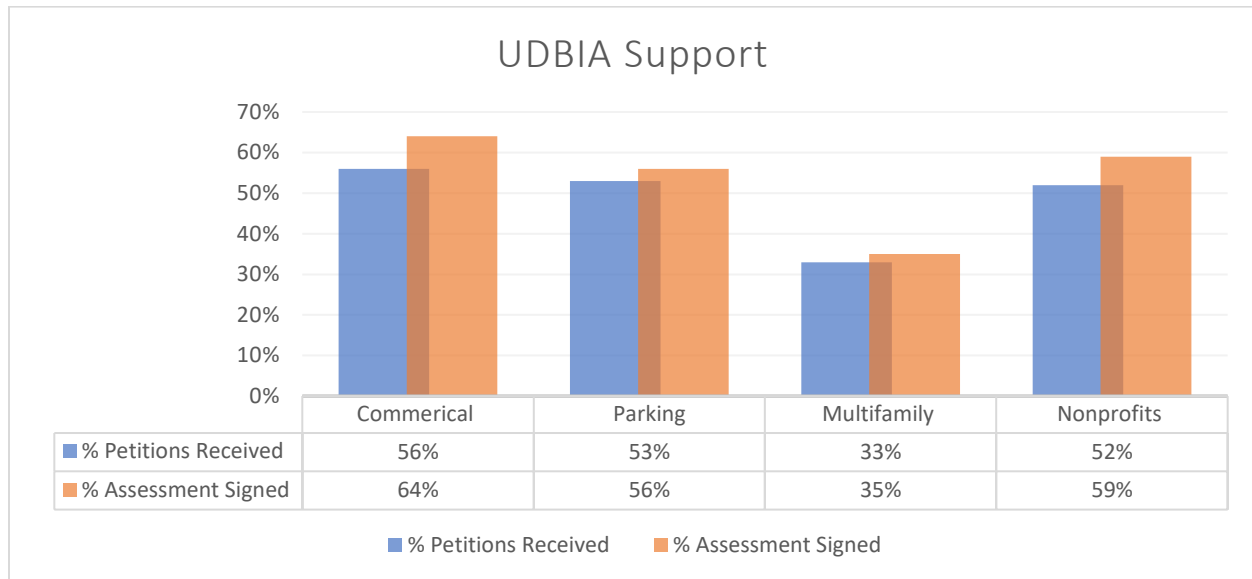


FIG B2: BREAKOUT OF PETITION SUPPORT BY PROPERTY TYPE

Property Type	# of Parcels	# of Parcels Signed	# of Parcels Opposed	Total Assessments	Total Assessments (Signed)	% of Total Assessment (Signed)
Commercial	152	85	0	\$242,580.23	\$156,012.97	64%
Parking	43	22	0	\$31,241.04	\$17,633.06	56%
Multifamily	303	97	0	\$493,524.54	\$174,462.45	35%
Nonprofits	28	14	0	\$22,162.63	\$13,100.33	59%
University of Washington	1	1	0	\$423,115.00	\$423,115.00	100%
Total	527	219	0	\$1,212,623.44	\$784,323.81	

SECTION C: U District BIA BUDGET

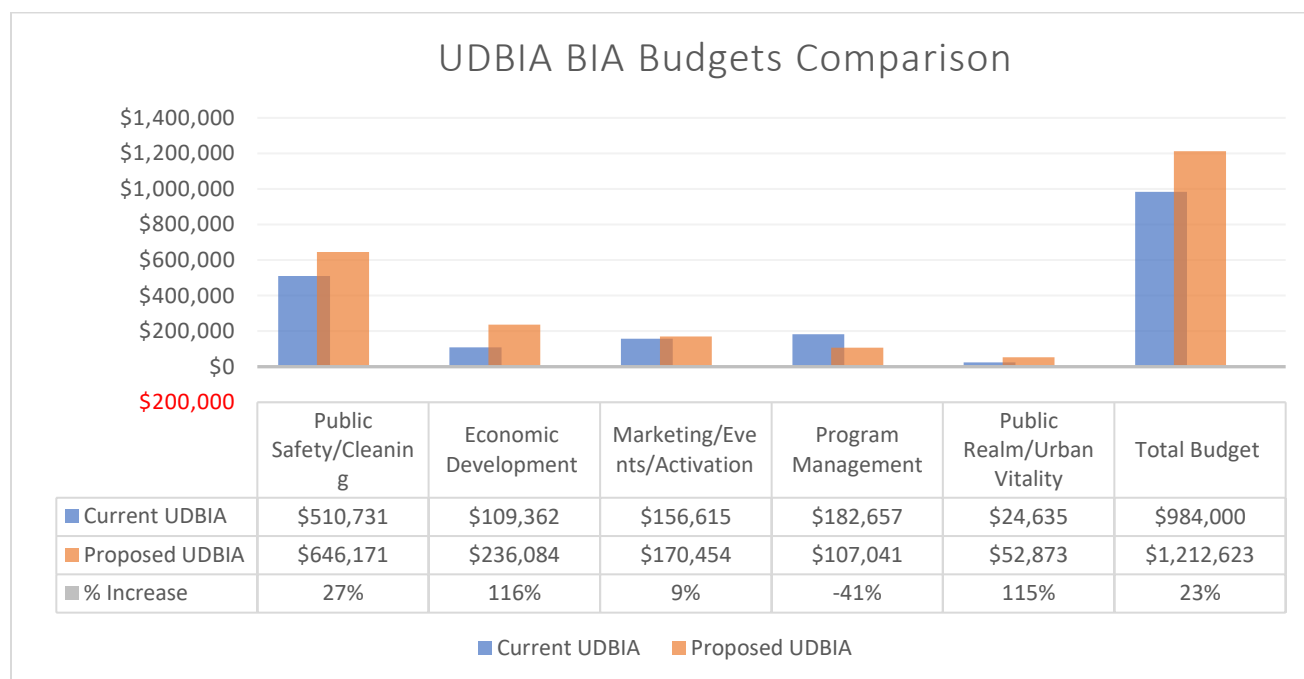
The BIA will generate an estimated total of **\$1,212,623.44** in assessments in the base year of authorization (2020-2021). The New U District BIA will continue to invest and expand programs and services that have benefited the district since 2015. All stakeholders will consistently benefit from economic development and public safety programs throughout the district, a clean environment, improved transportation, and district-specific advocacy efforts. **Section D has a description of the programs and services.**

FIG C1: U DISTRICT BIA BUDGETS

The budget growth of **23.3% or \$228,623.44** is reasonable given the creation of a new district-wide cleaning zone (**\$92,597.76**), separate from the existing North and South cleaning and MFTE adjustments across 13 properties (**\$63,9141.73**). There is also a one-time 10 percent increase to primarily support district wide branding and marketing.

To maintain programs and services over time, there is an **annual Customer Price Index (CPI) inflation factor** associated with the proposed BIA. The U District 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 and total taxable and appraised value, and recalculating the base assessment and cleaning fee, which is the current assessment process for the existing U District.

FIG C2: U.DISTRICT BIA BUDGETS



INCREASE IN ECONOMIC DEVELOPMENT: Rapid growth over the past decade in the U District has created many opportunities and challenges for businesses. With the opening of a new light rail station and 30 plus new buildings under construction or in design review, By taking on the strategic responsibility of providing a positive narrative and image of the U District as a wonderful place to live, work, and play, and attracting new potential customers into the district, we will assist small businesses – including beloved legacy businesses and women and minority-owned businesses -- who can focus on promoting their own unique brands and product offerings.

UDBIA Programs	Description	Budget	Percent of Budget
Public Safety and Cleaning	Total	\$646,171	53.29%
	Staffing	167,958	
	Cleaning Contracts	225,240	
	Beautification Contracts	74,750	
	Ambassador Contract	94,760	
	REACH	43,000	
	Homeless Youth Training	10,000	
	Infrastructure Maintenance	30,463	
Economic Development	Total	\$236,084	19.47%
	Staff	116,528	
	District Branding/Marketing	90,266	
	Business Program Support Materials	29,290	
Public Realm and Urban Vitality	Total	52,873	4.36%
	Staffing	30,000	
	Program	5,000	
	Events/Community Convening	17,873	
Marking, Events, and Activations	Total	\$170,454	14.06%
	Staffing	130,302	
	Program	15,750	
	Other	24,402	
Program Management	Total	\$107,041	8.83%
	Staffing	49,530	
	Accounting/Audit	37,500	
	Office & Admin.	20,011	
Total BIA Assessment	Total	\$1,212,623	100%

SECTION D: 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 New U District BIA annual assessment revenue are in addition those service already provided by the City. A summarized description of BIA services is shown below with highlights of recent success and outcomes.

U DISTRICT BIA HIGHLIGHTS (2019)

3,368	9,154	2,643
Hours of Cleaning	Bags of Trash Removed	Dumpster Cleanup
2,601	1,771	171
Graffiti Tags Removed	Biohazard Removed	Hours of Pressure Washing
2,400 +	2,150 +	100 +
*Ambassador Business Visits	*Hot Spot Patrols	Crime Prevention Through Environmental Design (CPTED) Review

A. CLEANING AND BEAUTIFICATION: \$646,171 (53.29%)

The U District BIA will continue to provide cleaning enhancements beyond the basic services provided by the City of Seattle through a comprehensive program that will enhance the overall vitality of the District. The goal is for property owners and merchants alike to maintain pride in the area by promoting cleanliness and reducing the blight associated with trash and graffiti.

- Maintain professional contract cleaning of North (2x/week) and South (7x/week) Cleaning Areas
- Expand professional cleaning services throughout remaining U District (1x/month).
- Maintain 2-person part-time staff team and provide homeless youth employment training for continuous district wide graffiti removal, trash pickup, biohazard removal, illegal poster removal, etc.
- Install and maintain flower baskets in the spring and fall and install holiday lighting in core commercial areas.
- Maintain current BIA capital improvements like tree pit restorations, planters, etc.
- Continue monthly district wide volunteer cleanups and annual May Clean Up

UDBIA/UDP has formed a partnership with Sanctuary Art Center, a social service provider and training program in the U District. By funding their Work or Opportunity Training (WOOT) program, the UDBIA/UDP seeks to employ homeless or vulnerable young adults. Currently, there are two part-time positions staffed on the Beautification Team as a result of this partnership. Over the past two years, UDBIA/UDP have placed 28 young adults from Sanctuary Arts Center onto our team for temporary and sometimes permanent jobs.

A1. PUBLIC SAFETY AND OUTREACH: The U District BIA will continue to provide programs to enhance an environment in which property owners, merchants, residents, and visitors to the district will feel comfortable and secure. The BIA will continue to work with SPD, SDOT, Navigation Team, and other departments to ensure that U District can maximize the public safety services available from the City to reduce police response time.

- Partner with local patrol officers to respond to criminal and civil misbehavior hotspots.
- Deploy Safety Ambassadors district-wide for safety, security and wayfinding and responding to business calls for assistance.
- Expand newly launched U District Business Block Watch.
- Convene monthly meetings of community members, police, mental health service providers to identify and respond to local respond to criminal and civil misbehavior hotspots.
- Partner with other BIAs throughout the City to request better public safety in our neighborhoods.

Crime Prevention Through Environmental Design (CPTED) to increase safety property and business owners in the district.

- CPTED looks at how a building/space is designed and used from a crime prevention standpoint and how designs can be modified to reduce the likelihood of crime. Educating people on how to report suspicious activity and how to prevent crime to themselves and their property are an important part of our work. The U District Clean and Safe Program is certified in CPTED and is accredited with an Advanced CPTED Professional Designation (CPD).

The U District Partnership Connects Members of the Community to Mental Health Resources Through the REACH Program.

- The U District Business Improvement Area (UDBIA) partnered with Evergreen Treatment Services to bring the REACH mental health outreach program to the district. REACH provides a full-time Outreach Care Coordinator dedicated who builds relationships with members of our community who need addiction and mental health services and connects them to services in the community.
- The U District's REACH Outreach Care Coordinator is David Delgado, a mental health professional who works one on one with individuals in our community who need services such as mental health treatment, substance abuse treatment, and housing. Delgado works collaboratively with local service providers, businesses, and UDP staff.
- The REACH Program is an established service of Evergreen Treatment Services. REACH works with individuals experiencing behavioral health conditions to help them achieve stability and improve quality of life. Through outreach, engagement, and ongoing relationships, REACH focuses on reducing harm and supporting the healing of each of their clients. REACH bridges gaps and helps individuals access essential resources such as housing, health care, entitlements and treatment. The REACH program has a proven track record of success in Seattle's Ballard neighborhood

U District REACH Outcomes:

2019	Total Contacts	Unduplicated Clients
March/April	34	21
May	35	19
June	53	13
July	54	25
August	35	19
September	45	25
October	47	19
November	71	45
December	13	5

Resources	YTD
Food	93
Transportation	51
Clothing	30
Shelter	30
Naloxone Kit	29
Medical	18
Overdose Education	15
Long Distance Bus Ticket Home	7
Identification Assistance	10
Medication Assisted Treatment (Methadone/Buprenorphine)	4
Benefits: Financial or Medical	2
Legal Assistance	2
Housing Assistance	1
Mental Health	14
Other	18
Total	324

B. URBAN VITALITY: \$52,873 (4.36%)

The U District BIA will continue to leverage influence and investments to advocate on public realm projects and improvements.

- Serve the needs of the U District property and business owners on all “built environment” related matters and activate public spaces.
- Engage private developers and public agencies in project development.
- Convene our community when issues related to the public realm arise and provide their feedback to agencies.

C. ECONOMIC DEVELOPMENT: \$236,084 (19.47%)

- The U District BIA will continue to actively promote businesses so that the BIA most effectively represents the interests and executes the priorities of its ratepayers. The U District BIA plays a central role and spends considerable time organizing district focus meetings, working one-on-one as a problem solver, and speaking to the media and elected officials in representing the U District BIA and its objectives for business district betterment.
- Grow the newly launched U District Business Network.
- Expanded district wide marketing, branding, public relation to increase positive narrative and image of the U District as a wonderful place to live, work, and play, and attracting new potential customers into the district. UDBIA will assist small businesses – including beloved legacy businesses and women and minority-owned businesses -- who can focus on promoting their own unique brands and product offerings.
- Promoting food amenities (including legacy businesses and women/minority owned businesses) and creating a cohesive brand to highlight the U District as a destination and experience.
- Formalize the U District as an “Arts District” given the diversity and vibrancy of the district, as well as its proximity to the University with its broad array of arts and cultural events and programs.
- Collect and communicate essential economic development data and key performance indicators to business and property owners.
- Continue to build business resource library and available resource connection portals.
- Serve as advocate to potential business interests.

D. Marketing, Events, and Activations: \$170,454 (14.06%)

- Plan and produce major events throughout the U District supporting local businesses and residents
- Activate smaller community partner events and activations district wide
- Communicate U District events and activates to community through weekly and monthly newsletters

E. BIA MANAGEMENT: \$107,041 (8.83%)

The U District BIA will retain a staff team (4 FTEs) to provide program administration, customer service, develop and implement service programs; and manage finances and contract services, including:

- Conduct annual meeting 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;
- Enhance BIA Program Development with best practices from BIA/BIDs in North America; and determine Ratepayer knowledge and approval of BIA activities and gals as part of a BIA program Evaluation.

SECTION E: ASSESSMENT METHODOLOGY

The U District assessment formula is **\$0.275/\$1,000** of the Total Taxable Value (TTV) and/or Total Appraised Value for the established base year recorded from the King County Assessor's Office and the Financial Administration Services (FAS) from the City of Seattle.

By utilizing the base property value on record plus annual CPI, UDBIA assessment will remain constant 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 UDBIA and the City of Seattle during the twelve-year duration of the BIA.

TTV/TAV generally correlates to benefit because higher assessed TTV parcels generally reflect a higher level of service from the U District BIA due to large volume of employees and/or customers.

Cleaning Zones - All assessable properties will pay into a separate cleaning assessment, a modest new cleaning zone for the general district was established due to ongoing demand for services.

- A. South Cleaning Area First Year Assessment = **$(\$0.16 \times (\text{Total Lot Square Feet}))$** . This calculation is called the "South Cleaning Area Formula."
- B. North Cleaning Area First Year Assessment = **$(\$0.09 \times (\text{Total Lot Square Feet}))$** . This calculation is called the "North Cleaning Area Formula."
- C. Greater District Cleaning Area (all other properties outside the South and North Cleaning Areas) First Year Assessment = **$(\$0.03 \times (\text{Total Lot Square Feet}))$** .

Multi-Family Tax Exemption - If a property is owned by a for-profit entity, 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 exemption from the Office of Housing.

In the current UDBIA, the base assessment for the 13 MFTE buildings totaled \$23,181.25. The updated MFTE language for the new UDBIA will increase the base assessment to \$87,122.96, creating more alignment and equity with other market rate apartments in the district.

Non-Profit Rate – If a property is owned by a nonprofit entity, the Base Year Assessment Cleaning Area Zone will receive the discounted assessment formula. Such properties are eligible for reduced nonprofit rate of **25% for the base assessment**, the reasoning being that properties are receiving fewer overall benefits, primarily in marketing and economic development, in addition to providing a public benefit to the district.

MFTE TAX EXEMPTED PARCEL EXAMPLE



Source: Lightbox, 4545 8th Ave

[LightBox](#) is a market rate apartment utilizing the MFTE exemption, featuring 162 units. Base assessment for these exempted buildings will be calculated against the Total Appraised Value instead of the discounted Total Taxable Value to ensure equity in assessment and benefit received.

Total Taxable Value: \$749,000

Previous Base Assessment: \$2,497.54

Total Appraised Value: \$52.7 million

New Base Assessments: \$14,185.15 + Cleaning

Fee of \$128.40 = \$14,313.55

\$88.35 per unit (162)

PARCEL NAME	PROPOSED NEW BASE ASSMT	TOTAL CURRENT 2019 BIA ASSMT
LIGHTBOX	\$14,185.15	\$2,891.97
ROOSEVELT & 50TH APARTMENTS	\$5,547.26	\$2,154.60
MURIEL'S LANDING	\$7,219.85	\$2,517.75
STUDIO 7	\$4,099.86	\$270.14
AUGUSTA APARTMENTS	\$25,783.61	\$8,243.84
GOSSET PLACE APARTMENTS	\$1,102.28	\$33.77
GOSSET PLACE APARTMENTS (ASSOC MINOR 0955)	\$79.51	\$33.77
PREXY	\$5,777.22	\$1,910.60
THE PARSONAGE	\$6,954.52	\$1,742.82
STRADA-APODMENT.COM	\$975.02	\$231.12
IDENTITY APARTMENTS	\$4,828.21	\$1,233.59
IDENTITY APARTMENT	\$5,556.39	\$1,395.24
47 + 7 APARTMENTS	\$1,024.24	\$354.62
UCHA	\$188.43	\$167.32
Total	\$83,321.55	\$23,181.15

NONPROFITS



Source: U. Heights, 5031 University Way

[U. Heights](#) - a nonprofit school/community center that will continue to receive a nonprofit discount (25 percent of the standard assessment) on their BIA assessment as the parcel is providing a general public benefit to the district.

Total Appraised Value: \$3,583,300

New Base Assessments: \$375.05 +

North Cleaning Fee of \$3,185.60 = \$3,560.65



Source: City Church, 4740 17th Ave NE

[City Church](#) - community church that will continue to receive a nonprofit discount (25 percent of the standard assessment) on their BIA assessment as the parcel is providing a general public benefit to the district.

Total Appraised Value: \$1,411,100

New Base Assessments: \$108.40

General Cleaning Fee of \$64.80 = \$173.20

UNIVERSITY OF WASHINGTON



Source: University of Washington

The University of Washington will contribute an assessment of **\$423,115** for all properties owned by the University within the BIA area. In subsequent years, the University of Washington's BIA assessment will be subject to the same CPI Factor as other properties within the BIA.

The amount is based upon the original \$350,000 flat rate contribution in 2015 plus annual inflation, and represents a commensurate assessment based upon the benefit received and an acknowledgment of the impact created by the University.

SECTION F: BASE ASSESSMENT BENEFITS

Commercial Buildings

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
152	28.9%	1,404,452	29.93%	2,753,268	27.03%	\$422,061,400	22.40%	\$129,824.49	23.84%

The **152 parcels** in this category are primary comprised of commercial office, retail and service-oriented businesses. Retail and restaurants as designated by the King County Assessor's Office represents **103 parcels or 67.76%** of the total commercial building population, with only three parcels that have seen redevelopment since 2015. The conclusion drawn by the percentage ratio between the percent of TAV and UDBIA assessment is that existing commercial buildings are providing a commensurate assessment with the benefits received from UDBIA services 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.

Multifamily Buildings

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
303	57.6%	2,312,500	49.28%	6,666,820	65.44%	\$1,308,261,670	69.42%	\$390,249.51	71.66%

The **303 parcels** in this category are primary comprised of traditional apartments and condo buildings. Majority of multifamily buildings **252 parcels or 81.85%** are located outside of the North and South Cleaning Zones, which is reflected in the larger percentage of base assessments for services. It should be noted that the ratio between TAV and UDBIA are within 3% of each other.

New multifamily developments are increasing in the district as **36 properties or 11.88%** are new developments and **87%** of new developments are primarily located outside of the North and South Cleaning Zone, providing additional justification for the new U District General Cleaning Zone. With 10 new multifamily housing projects above 240 feet in the pipeline, the conclusion drawn is that multifamily buildings will continue to benefit from UDBIA services for residents (property owners and tenants), business tenants, and in overall higher property valuations.

Parking Lots

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
43	8.17%	375,901	8.01%	104,016	1.02%	\$45,432,800	2.41%	\$13,257.53	2.43%

The **43 parcels** in this category are parking lots located in the district, comprised of independent commercial and associated parking lots to a primary commercial or mixed-use multifamily building. Given the up zone in the district, it would be reasonable to assume that a significant number of these properties will be developed over the duration of the UDBIA. As with all properties in the district, assessments will be established upon the base year of the property and will not fluctuate based on the highest and best use assessment required by King County.

New development will pay a commensurate amount as a result of the New Benefit language within the proposed ordinance.

Nonprofits/Churches/Exempted Properties

# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Bldg. Sq. Footage	% Bldg. Sq. Footage	Total Appraised Value	% of Total Appraised Value	Base Assessment	% Base Assessment
28	5.32%	4,692,687	12.78%	663,594	6.51%	\$108,383,300	5.78%	\$11,232,35	2.06%

The **28 parcels** in this category have been designated as nonprofit based on the tax value reason designated by the King County Assessor's Office. Such properties are eligible for reduced nonprofit rate of 25% for the base assessment, the reasoning being that properties are receiving less marketing and economic development benefit, in addition to providing a public benefit to the district. **18 parcels or 64.29%** are designated as Churches and many of these properties maintain ownerships of parking lots, resulting in a higher percentage of lot sq. footage within the nonprofit population.

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 TTV and/or TAV.

SECTION G: CLEANING ZONE ASSESSMENTS BENEFITS

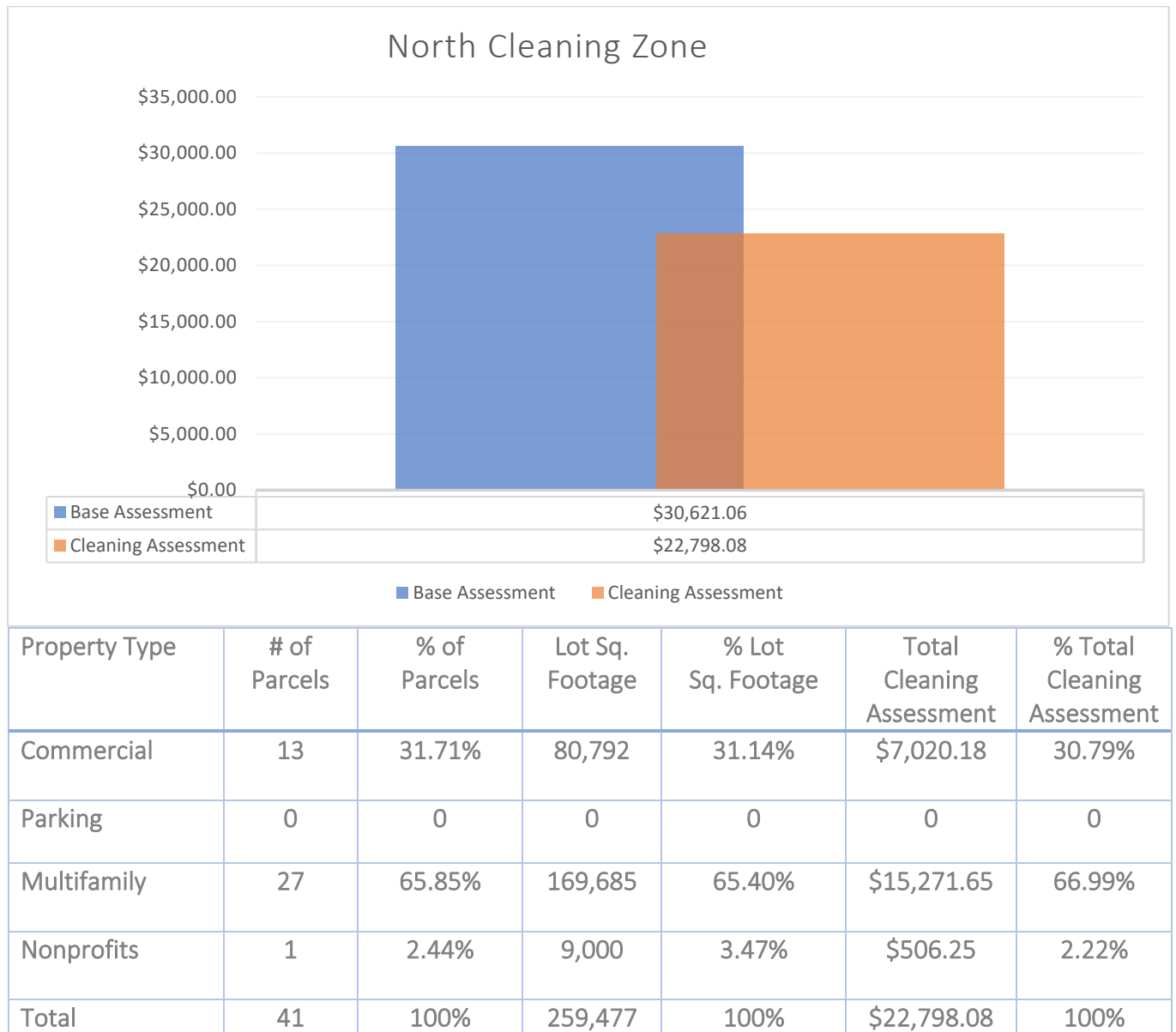
The New U District BIA will continue to provide cleaning enhancements beyond the basic services provided by the City of Seattle through a comprehensive program that will enhance the overall vitality of the District. The goal is for property owners and merchants alike to continue to maintain pride in the area by promoting cleanliness and reducing the blight associated with trash and graffiti.

Standard cleaning areas receive the same type of service with various degrees of frequency. Those services include:

- Graffiti/Sticker Removal
- Litter Removal
- Biohazard (needles and human waste removal)
- Leaf Removal – successfully piloted additional services in the district in 2019/2020.

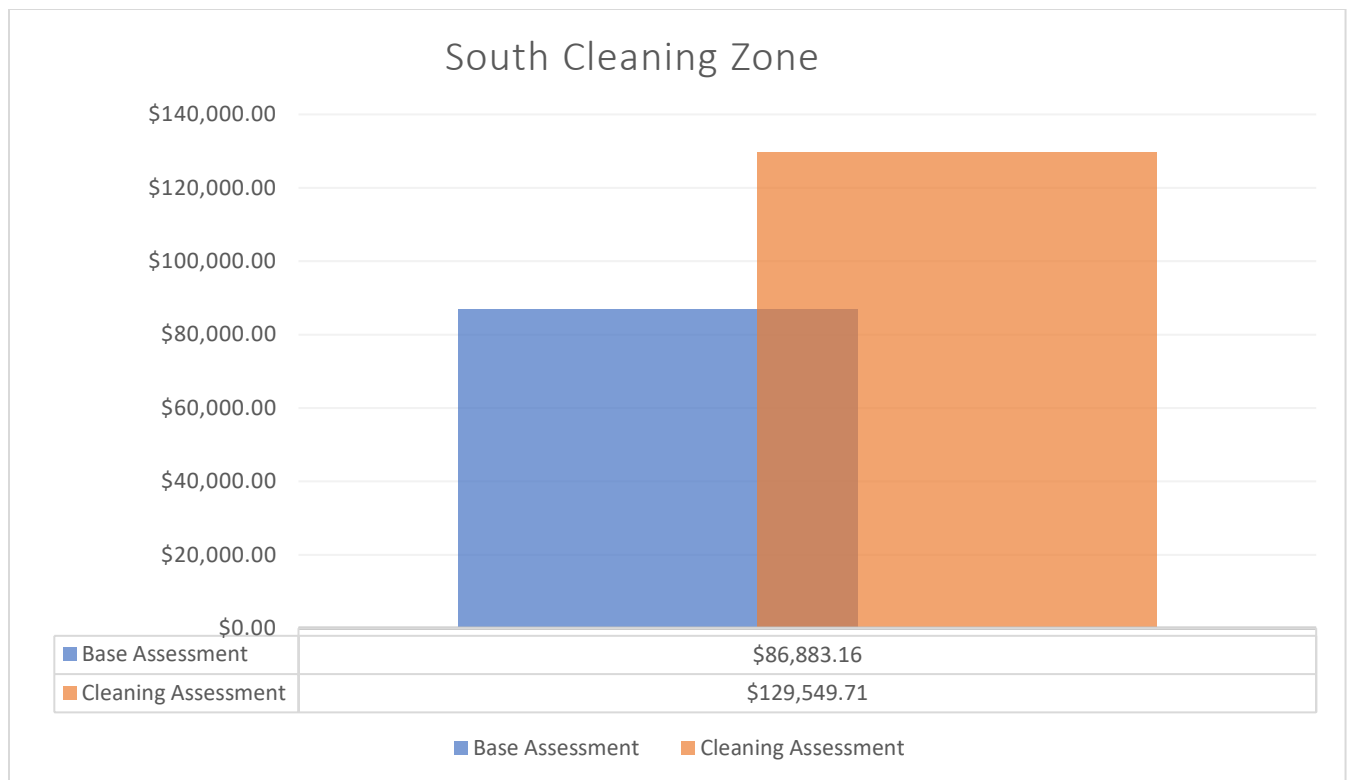
North Cleaning Area = (\$0.09 x (Total Lot Sq. Footage))

Services include 2 days a week, 4 hours a day of professional contracted cleaning, 4 hours of monthly pressure washing. 1 large annual pressure washing, and snow and ice removal.



South Cleaning Area = (\$0.16 x (Total Lot Sq. Footage))

Services include 7 days a week, 8 hours a day of professional contracted cleaning, including 4-hours of monthly pressure washing, 1 large annual pressure washing, and snow and ice removal.

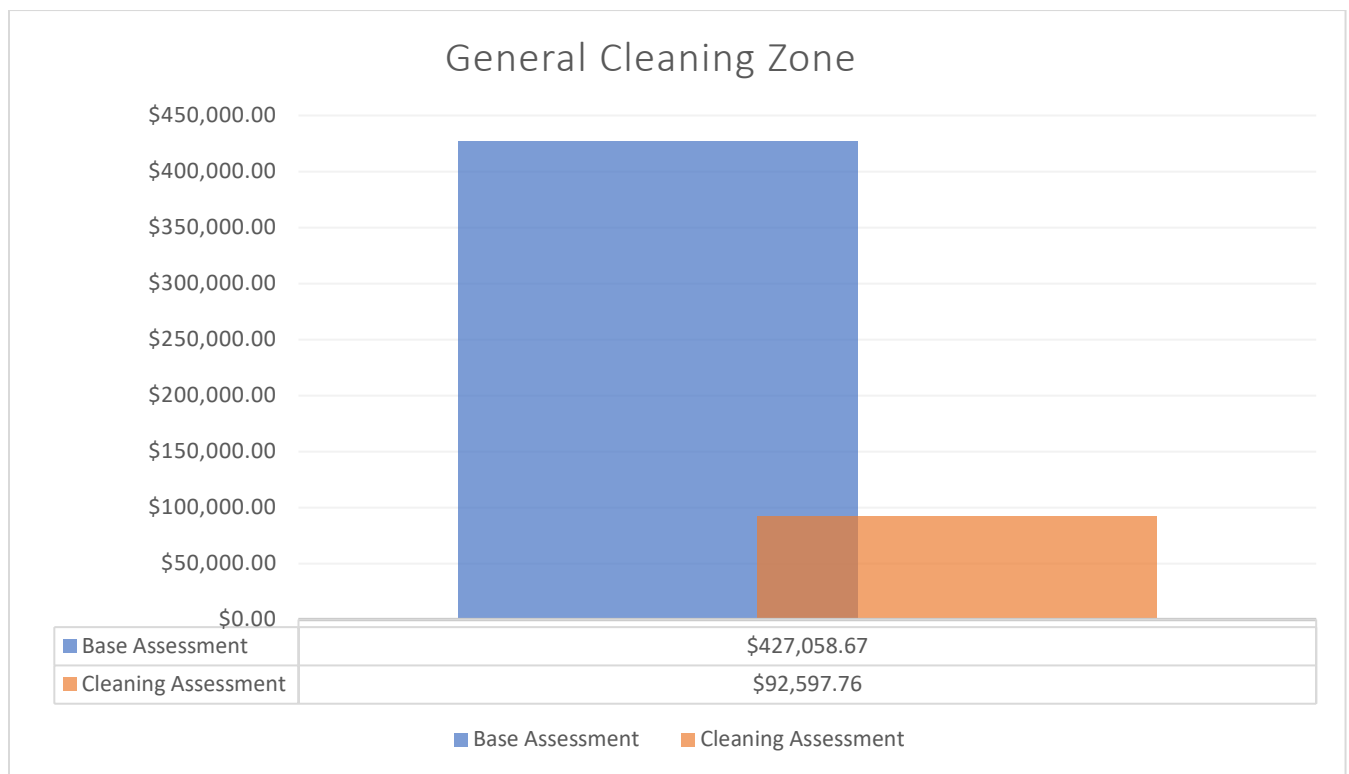


Property Type	# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Cleaning Assessment	% Total Cleaning Assessment
Commercial	72	64.86%	515,871	56.70%	\$82,539.36	63.71%
Parking	8	7.21%	63,573	6.99%	\$10,171.68	7.85%
Multifamily	24	21.62%	189,309	20.81%	\$30,289.44	23.38%
Nonprofits	7	6.31%	141,099	15.51%	\$6,549.24	5.06%
Total	111	100%	909,852	100%	\$129,549.71	100%

General Cleaning Area = (\$0.03 x (Total Lot Sq. Footage))

Every property in the General Cleaning Area will have the public realm cleaned around them once a month. Ratepayers will also receive emergency cleanups that crop up to both maintain general appearances and discourage increased dumping in any given spot.

The new general cleaning area is established, in anticipation of the growth in demand for services as the district residential and guest populations grow. The new cleaning area is a modest one time a month general professional cleaning – it is not funded to provide services at the same frequency and level as the higher assessed North and South Cleaning Areas.



Property Type	# of Parcels	% of Parcels	Lot Sq. Footage	% Lot Sq. Footage	Total Cleaning Assessment	% Total Cleaning Assessment
Commercial	67	17.91%	807,789	18.89%	\$23,196.2	25.05%
Parking	35	9.36%	1,203,235	28.13%	\$7,811.83	8.44%
Multifamily	252	67.38%	1,953,506	45.68%	\$57,714.94	62.33%
Nonprofits	20	5.38%	312,328	7.30%	\$3,874.79	4.18%
Total	374	100%	4,276,858	100%	\$92,597.76	100%

SECTION H: OUTREACH AND SUPPORT

The BIA petition packet was sent to all ratepayers (**311 ratepayers and 527 parcels/accounts**) in the first week of September of 2019 under a campaign entitled “60 % Support in 60 days”. Both the King County Assessor’s recorded tax address and the City of Seattle Finance Office billing addresses were evaluated in preparing the mailing. Staff aggregated ratepayers into known portfolios and additional contact information, past interactions, and notes about specific assessment impacts (i.e. MFTE adjustments, future development implications) were noted. Board members and staff were assigned portfolio follow up for all ratepayers where stronger

relationships and/or contact information was available. Board members tracked interactions and sent updates to staff. A task force of leaders from both the UDP and RAB was established to track and support petition efforts. Any returned petitions marked undeliverable were then subjected to additional research for updated contact information.

On October 28, 2019, a second phase petition campaign was launched. Given feedback from the first mailing that some property owners had discarded the petition mailer as unopened, a second mailing was redesigned with a specific notice and call to action on the outside envelope. All parcels where the address of ownership was within the BIA boundaries were given to Board members who attempted hand deliveries and meetings. If that was unsuccessful, the Board member hand wrote a cover note and mailed the petition.

For all petitions that had been previously assigned, Board members or staff wrote a note on each packet and those were re-mailed with Board members and staff continuing to reach out and attempting communication. For remaining petitions, where the UDP had specific personalized information, Board members or staff wrote notes and mailed the petitions.

Throughout the petition process, UDP staff and Board as well as RAB members met with ratepayers in person or by phone to respond to questions and/or concerns about the BIA and/or the petition process. Recurring issues were reported to the UDBIA renewal steering team to help prepare staff and Board to be more effective in subsequent outreach.

Phase 1 - Complete

Beginning in January of 2019, the U District BIA began a series of strategies to solicit input from ratepayers and stakeholders.

March 2019	Public Meeting on UDBIA programs and solicit feedback on future options for renewal, including discussion on the mechanics of the renewal
March 2019	Extended invitation to meet with the U District Small Business Groups and Community Council
April 2019	Extended invitation to meet with the HOA of University Plaza Condominiums
May 2019	UDP/UDBIA booth at Street Fair to provide presentation materials on the renewal process and made a presentation to the U District Business Network
March – May	Individual outreach to ratepayers on renewal options
	Renewal options discussed at three UDP Board meetings and two UDBIA Board meetings
	Renewal options and information posted on website and social media channels

June 2019	Final presentation made to the UDP and UDBIA Annual Meetings, both boards formally endorse the proposed petition plan for the new U District BIA
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Phase 2 - Complete

Phase Two encompasses the petition process with district ratepayers

July – August	Development of the petition packet
Sept 2019	Petition packets were mailed to all 529 properties on record
Sept – Oct	UDBIA attended the monthly meetings of the U District Community Council to field potential questions on the BIA
	Outreach to Condo HOAs within the proposed UDBIA boundaries
Oct 2019	UDBIA renewal presentation to University Park Community Club (UPCC)
Nov	UDBIA renewal presentation to the Northeast District Community Council

Note on Property Ownership

UDBIA has found that a sizable number of properties are now owned by “out of state” owners, limited liability corporations that do not provide clarity on “named” owners and often only publish a finance office as contact, family trust where the property is owned in shares by multiple family members, or in ownership transition. The combination of these factors has made the process of identifying the ultimate decision maker more challenging compared to other recent BIA formations.

Phase Three - Legislative Process

Jan 2020	UDBIA provided signed petitions of support to the City of Seattle
Jan 2020	OED/FAS validated the petition signatures
March 2020	OED finalized legislation and supporting documents for the UDBIA renewal

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 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.

May 13, 2020

MEMORANDUM

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

On May 20, 2020, the Community Economic Development Committee (Committee) will have an initial briefing and discussion on [Council Bill \(CB\) 119779](#), which would establish a new University District Business Improvement Area (U. District BIA). Proponents of the proposed U. District BIA will be at the Committee meeting to describe the background, outreach, intent, and scope of the proposal.

This memorandum: (1) provides background on the U. District BIA; (2) describes City policy and State law governing the formation of a BIA; (3) summarizes the content of CB 119779; and (4) identifies issues and potential options for the Committee's consideration. Attachment 1 shows the boundaries of the current and proposed U. District 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.

The Office of Economic Development (OED) provides staff support to BIAs, and the Department of Finance and Administrative Services (FAS) collects assessment revenues from ratepayers and disburses the funds.

The current U. District BIA was established in 2015 by [Ordinance 124761](#) for a five-year term that expires on May 31, 2020. The revenues collected through the U. District BIA support enhanced services in the following program categories:

1. Cleaning and public safety;
2. Events and marketing;
3. Policy and advocacy, but not related land use or zoning changes;
4. Economic development;
5. Planning; and
6. Program management.

Establishing a New BIA

Procedures for establishing and operating a BIA are governed by [Chapter 35.87A RCW](#). BIAs are 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 new U. District 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

The University of Washington (UW) would represent nearly 35 percent of the total U. District BIA assessment.

On January 19, 2020, the proponents submitted to OED petitions ([Clerk File 321659](#)) in support of the new U. District BIA from ratepayers representing 64.7 percent of the total assessment, short of the recommended minimum threshold of 65 percent. Additionally, the proponents did not include the recommended petition language indicating they were seeking a higher level of support because a single entity would represent more than 25 percent of the total assessment. Since submitting the petitions, the proponents have received additional petitions of support, bringing the total level of support to 65.4 percent. The proponents received no petitions in opposition of the new U. District BIA.

On April 27, 2020, the Council started the process to consider the U. District BIA by introducing three pieces of legislation:

1. [Resolution 31943](#), which initiates consideration of the U. District BIA;
2. [Resolution 31944](#), which establishes the intent to establish the U. District BIA and sets a date for a public hearing on the proposal; and
3. [CB 119779](#), which would establish the U. District BIA and levy the special assessment to fund BIA activities.

That same day, the Council adopted Resolution 31943 and Resolution 31944, initiating the process to establish the U. District BIA and setting the date and location of the public hearing for May 27, 2020. The hearing will be held remotely due to the COVID-19 civil emergency.

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

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.

CB 119779

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 OED to contract for program management.

Recognizing that the current U. District BIA will expire prior to the establishment of the new U. District BIA, the proposed legislation includes a “ratify and confirm” clause allowing the City to make contracts and expenditures, and send out assessment notices after Council adoption, prior to its effective date, which is typically 30 days after the Mayor signs legislation.

Boundaries

The new U. District BIA boundaries (Attachment 1) would differ from the current boundaries by excluding UW property that has not been and will not be receiving services funded by the BIA. The boundaries would also be adjusted to match the area where the [University District Neighborhood Design Guidelines](#) apply.

Assessments

Assessment rates would use 2019-20 U. District BIA assessments as the base, adding a one-time increase of 10 percent and an inflation factor for the first year. In following years, rates would be adjusted annually by the Consumer Price Index (CPI). In addition to maintaining the North and South Cleaning Areas (see Attachment 1 for cleaning area boundaries), a new district-wide cleaning fee is proposed at three cents per lot square foot for properties located within the proposed boundaries outside of the North and South Cleaning Areas.

The current U. District BIA assessed for-profit property owners participating in the Multifamily Tax Exemption (MFTE) program using the nonprofit rate. In accordance with City policies, these properties will no longer receive this discount with the new U. District BIA. Properties that are redeveloped/expanded will have their assessments updated based on the property’s new assessed value.

Term

The new U. District BIA would be established for a period of 12 years, beginning on the effective date of the legislation. Prior to expiration of this term, proponents may recommend that it be extended.

Programs

The new U. District BIA would fund the following range of programs and services:

1. Cleaning and public safety;
2. Events and marketing;
3. Policy and advocacy, but not related to land use or zoning changes;
4. Economic development, including efforts to prevent small businesses within the district area from being displaced;
5. Urban vitality, public realm, and the built environment;
6. Planning; and
7. Program management.

Compared to the current U. District BIA, the new BIA is proposed to have a slightly expanded scope that would include funding programs and services related to: (1) urban vitality, public realm, and the built environment, and (2) efforts to prevent displacement of small businesses within the area.

Program Manager

OED would be authorized to contract with the [U. District Partnership](#) (the current U. District BIA Program Manager) or another local non-profit organization to act as the initial Program Manager. Every five years, OED would be required to administer an open, competitive process to select the Program Manager.

BIA Advisory Board

Within 30 days of the effective date of the legislation, OED would appoint an interim U. District 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 businesses tenants within the geographic area of the U. District BIA, and may include public agencies.”

Membership of the Board is proposed to consist of the following:

1. No more than 35 percent of members shall represent UW;
2. At least one resident (owner);
3. At least one resident (tenant);
4. At least one commercial tenant;

5. At least two commercial tenants subject to a triple net lease; and
6. At least 80 percent of all the members shall be ratepayers. Of this group, at least one member shall be a ratepayer contributing less than 0.5 percent of the total assessment.

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. These additional members may not exceed one-third of the membership of the entire Board. Members are limited to serving two consecutive three-year terms. Current members at the time of the reauthorization are allowed to serve the remainder of their terms on the Board and can be appointed to serve one additional term.

Issue Identification for the Committee's Consideration

1. Ratepayer support

While the U. District BIA proponents eventually collected petitions from ratepayers representing slightly over 65 percent of the total assessment, all of the signed petitions were received prior to the onset of the COVID-19 pandemic. The economic impacts of the COVID-19 civil emergency have been severe and are expected to be prolonged. At this point, it is unclear how many of those potential ratepayers who submitted petitions of support continue to support the new BIA as proposed. The public hearing may reveal whether the level of support has changed.²

2. U. District BIA Advisory Board

Compared to the current Advisory Board, the proposed Board would have two additional business tenants, specifically those subject to a triple net lease, for a total of three business tenant representatives. Another change is the addition of one residential representative for a total of two to allow for both an owner and a tenant representative (rather than one or the other).

Unchanged are: the 35 percent cap on UW representatives; requirement that 80 percent of the seats be held by ratepayers; and one seat for a ratepayer contributing less than 0.5 percent of the total assessment.

The Board will have no fewer than 20 members, based on the requirement that at least 80 percent of the seats be held by ratepayers and the four seats reserved for non-ratepayers (i.e., one residential tenant and three business tenants). This would result in a relatively large advisory body. For reference, the current U. District BIA Ratepayer Advisory Board has 15 members.

² [RCW 35.87A.060](#), regarding the public hearing, states that “proceedings shall terminate if protest is made by businesses and residential operators in the proposed area which would pay a majority of the proposed special assessments.”

Options:

- A. Amend CB 119779 to reduce the percentage of seats held by ratepayers to decrease the total number of Board members or make other changes to the Board composition in response to public testimony.
- B. No action.

3. Assessment rates

Assessments for most properties would use the current base rate, instead of adjusting to current assessed property values, which would have resulted in much higher rates. The proposed assessment rates would increase by 10 percent plus an inflation factor in the first year, and subsequently be adjusted annually based on CPI. For properties within the new U. District BIA boundaries, outside of the North and South Cleaning Areas, a new district cleaning fee is proposed. Regardless of the amount, any increases to rent³ would represent an added burden to businesses and residents in light of the current crisis. FAS and OED have been working with various BIA ratepayers throughout Seattle to create payment/deferral plans on a case-by-case basis in response to the COVID-19 emergency.

The standard practice for collecting assessments has FAS billing ratepayers for the first assessment once the legislation takes effect, with payment due within 30 days. With the proposed legislation's "ratify and confirm" clause described previously, FAS would have the authority to send assessment bills to U. District BIA ratepayers following Council adoption. Depending on when the Council adopts the legislation and FAS sends out the first bill, assessments could be due as early as mid-July. The Committee could consider delaying the time assessments are due to the City for most ratepayers, though this would limit the U. District BIA's operations.

Options:

- A. Amend CB 119779 to delay collection of assessments for ratepayers, excluding UW, until later in the year or the beginning of 2021.
- B. Amend CB 119779 to reduce assessments rates for the first two years. *Note: if Councilmembers choose to amend rates, an additional notice describing the proposed change should be issued to potential ratepayers at least 10 days in advance of final Council action.*
- C. No action.

³ Among other actions, the Governor's [Proclamation 20-19.1](#) prohibits increasing rents for commercial tenants through June 4.

4. Program Manager

CB 119779 would allow the initial Program Manager to serve for five years before OED is required to conduct a competitive selection process. The Committee could consider allowing the initial Program Manager to continue in that capacity for up to two years, prior to OED initiating the process to select a Program Manager for the next five years. Assuming the proposed 12-year term for the U. District BIA remains unchanged, this would allow for two full five-year terms for the Program Manager.

Options:

- A. Amend CB 119779 to allow the current Program Manager to serve for up to two years as the initial Program Manager prior to OED beginning a process to select a Program Manager.
- B. No action.

Next Steps

At the next meeting on May 27, the Committee will hold the required public hearing remotely per Resolution 31944 and discuss proposed amendments. If Councilmembers want to propose amendments at the May 27 meeting, please contact me by noon on Friday, May 22. Additional amendments may be developed following the public hearing. The Committee could vote on amendments and the proposed bill as amended, on June 3.

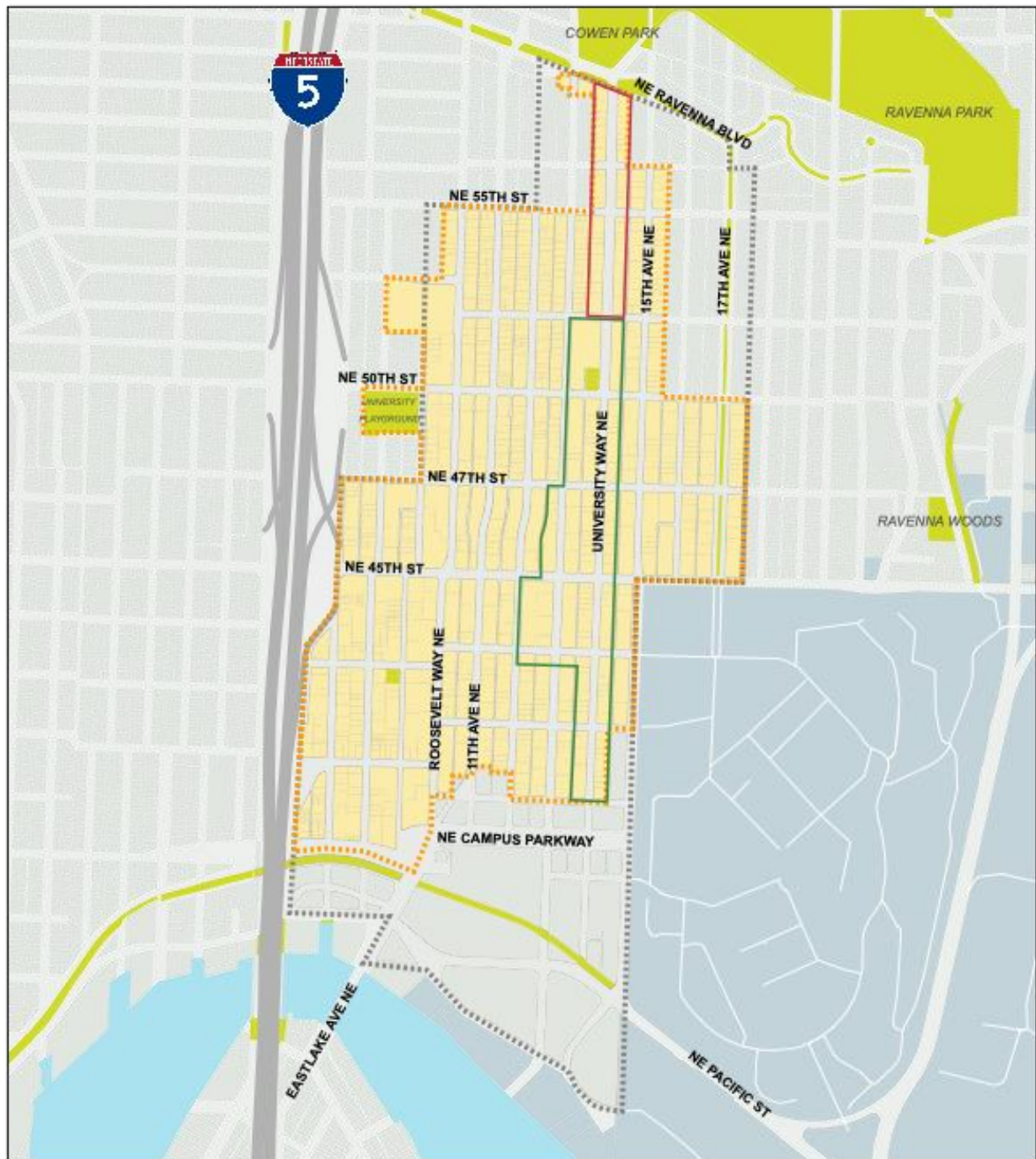
Attachments:

- 1. Proposed U. District Business Improvement Area Map

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

Attachment 1 - Proposed U. District Business Improvement Area Map

EXHIBIT A: UDBIA PROPOSED BOUNDARIES



Proposed New U District BIA Boundary





Legislation Text

File #: Inf 1639, **Version:** 1

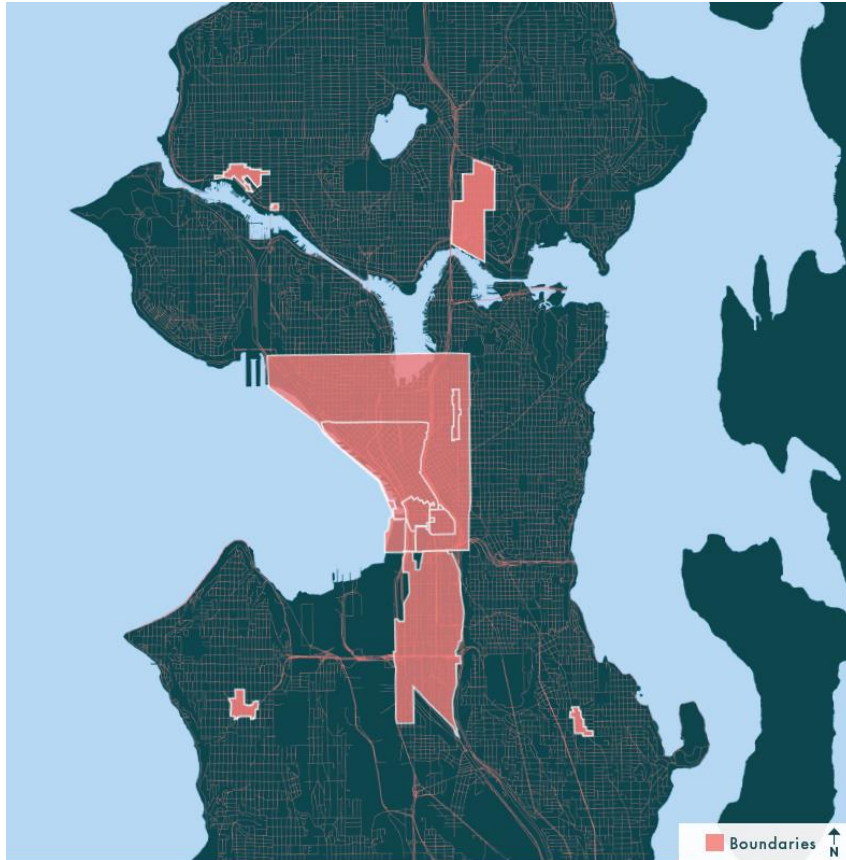
University District Business Improvement Area Reauthorization Overview

UDBIA Reauthorization Overview

May 20th, 2020

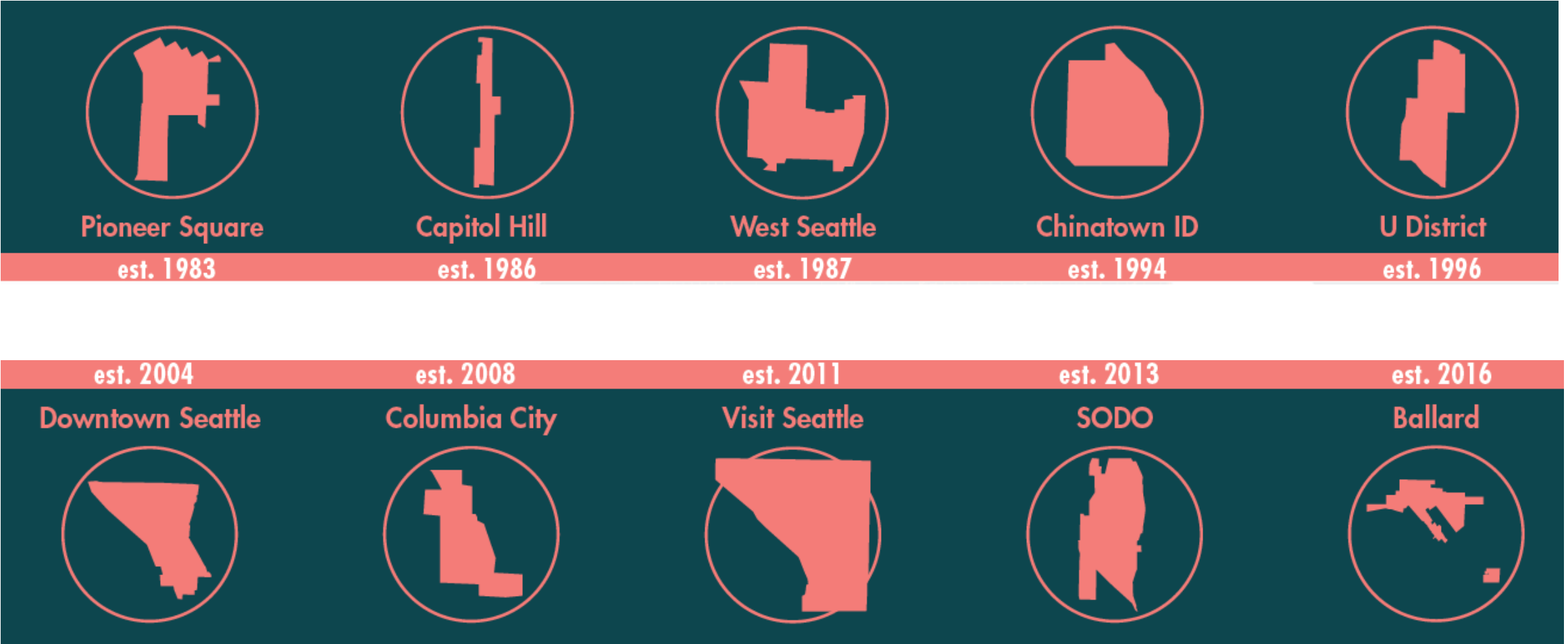


BIA PROGRAM



- 10 BIAs in Seattle generating \$26 million dollars in enhanced business services and programs
- Local control, predictable and sustainable funding
- Revenue collected is 100% allocated to the district
- Vital partnership between City and Districts

BIA DISTRICTS



MARKETING & PROMOTIONS

Efforts to create a positive, consistent image of local businesses and the district as a whole. This includes marketing, promoting events, holiday activities, advertising, and media.

CLEAN & SAFE PROGRAMS

Efforts that contribute to a district's feeling clean and safe for visitors, customers, and employees. This includes sanitation, landscaping, public safety, lighting, homeless outreach, and power washing.

PUBLIC REALM IMPROVEMENTS & PLANNING

Efforts to make business districts and neighborhoods inviting, easily accessible, and supportive of community visions. This includes activation of public spaces, transportation planning, beautification, and urban design.

BUSINESS & ECONOMIC DEVELOPMENT

Efforts that support businesses and local economies to prosper. This includes networking, retail recruitment, technical assistance, and business outreach.

PROFESSIONAL MANAGEMENT & ORGANIZATIONAL DEVELOPMENT

Professional program management and collaboration with property owners, businesses, and residents toward a common vision for the business district.

ADVOCACY

Efforts to coordinate and organize support or actions around issues relating to business districts. This includes communications, policy research, and working with key decision-makers.

CREATING A BIA

1. BIA FORMATION:

Community demonstrates 60 plus percent support from ratepayers

- Proponents can utilize property values, building and lot square footage, business and occupation taxes, or any other reasonable factor relating to the benefits received

2. CITY DEPARTMENT REVIEW:

OED evaluates each BIA proposal for its adherence to City policies and State RCWs

OED ensures that ratepayers are receiving benefits from proposed BIA programs and services

- Completed a BIA Benefit Analysis & Review
- Completed a Racial Equity Toolkit
- Completed a BIA 5-year Program Evaluation

3. CITY AUTHORIZATION:

BIAs are approved by City Council, using authority provided in RCW 35.97A

UDBIA REAUTHORIZATION



2020 UDBIA RENEWAL

- As of 4/10/19, U. District Partnership had **secured 65.39%** of support
- The University of Washington represents **34.80%** of support (**\$423.1K**)
- 223 signed petitions out of 527 petitions representing **\$792,917.13** of support out of a base assessment of **\$1,212,623.45**
- The renewal is slated for **12 years** and the assessable ratepayers are property owners with ratepayer board representation that encompasses residents, business tenants, property owners, and the University of Washington

ASSESSMENT TYPES

PROPERTY BASED	\$ RATE PER \$1000	BASE PROPERTY YEAR	EXEMPTIONS/ DESIGNATED ZONES	ASSESSMENT CEILINGS	DISTRICTWIDE UPDATE/ NEW BENEFIT
DOWNTOWN/MID	.37/\$1000	2013	Yes	Yes	Every 4 Years + New Benefit
SODO	.50/\$1000	2017	Yes	No	Every 2 Years
U. District	.25/\$1000	2015	Yes	No	New Benefit
Ballard	.52/\$1000	2014	Yes	Yes	New Benefit
Columbia City	.20/\$1000	2008	No	No	Annual Update
BUSINESS BASED	\$ RATE	BASE PROPERTY YEAR	EXEMPTIONS/ DESIGNATED ZONES	ASSESSMENT CEILINGS	DISTRICTWIDE UPDATE
West Seattle	.80-3.025/\$1000 B&O	N/A	Yes	Yes	Business Self-Report (Quarterly)
Broadway	2.00/\$1000 B&O	N/A	Yes	Yes	Business Self-Report (Quarterly)
Seattle Tourism	2.00/per night of occupied room	N/A	No	No	Hotel Self-Report (Quarterly)

ORDINANCE UPDATES

- New District wide cleaning fee of \$0.03 per lot sq. foot
- Minor UDBIA boundary adjustments
- BIA Formula will grandfather in current assessments, with a modest increase
- 14 MFTE Parcels no longer receives the nonprofit rate
- Private Properties on UW leased lands are assessable

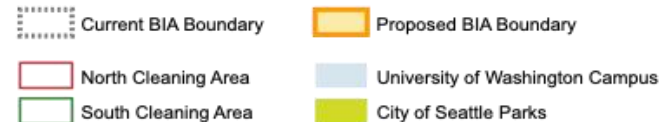


REVISED BOUNDARIES

- Reduce NE boundaries along 17th Ave
- Reduce Southern boundaries along NE Campus Parkway
- Conformity to the Urban Core Overlay



Proposed New U District BIA Boundary



0 .125 .25 Miles



RISING U. DISTRICT PROPERTY VALUES

King County is required to value land based on "**Highest and Best Use**"

U. District is seeing significant increases in land value and land sales

In response to public feedback, the proposed UDBIA assessment will maintain the current assessment levels as of 2019-2020, with a modest rate increase



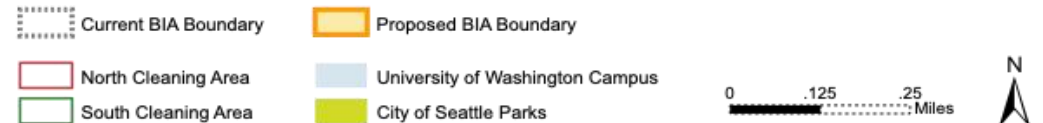
ASSESSMENTS

The U District base assessment formula is **\$0.275/\$1,000** of the Total Taxable Value (TTV) and/or Total Appraised Value (TAV) for the established base year

- South Cleaning Area = $(\$0.16 \times (\text{Total Lot Square Feet}))$
- North Cleaning Area = $(\$0.09 \times (\text{Total Lot Square Feet}))$
- Greater District Cleaning Area (all other properties outside the South and North Cleaning Areas) = $(\$0.03 \times (\text{Total Lot Square Feet}))$
- New Benefit designates that development will be updated annually using the latest King County Records



Proposed New U District BIA Boundary



LA PAZ APARTMENTS

Current Assessments

\$956.95

Proposed Renewal

\$1,077.65

If updated to 2019 Property Value

\$1,835.35



LIGHTBOX

MFTE Properties no longer receive a Non-Profit Discounted Rate (14 Total Properties)

Before	
Total Taxable Value	\$749,000
Assessment	\$2,497.54
After	
Total Appraised Value	\$36,964,700
Assessment	\$9,053.92



BRIDGES ON 11TH

Privately Properties on land leased from UW are assessable

184-unit complex is owned by Curve Ventures LLC, the land is leased to the developer from the University via a 99-year agreement

Total Appraised Value
\$66,796,000
Proposed Base Assessment
\$16,797.65



QUESTIONS

OFFICE OF ECONOMIC DEVELOPMENT

Phillip T. Sit

BIA Advocate

Phillip.Sit@seattle.gov

206-256-5137





Legislation Text

File #: Inf 1637, **Version:** 1

University District Business Improvement Area Reauthorization Proposal

UNIVERSITY DISTRICT BIA RENEWAL

MAY 20, 2020



Maureen Ewing, Co-Chair, BIA Rate Payer Advisory Board
University Heights Center, Executive Director

Lois Ko, Board Secretary, U District Partnership Board
Owner, Sweet Alchemy

Mark Crawford, Interim Executive Director, U District Partnership

U DISTRICT TODAY

- Improvements over last 5-years
 - Cleaner and Safer
 - Intervention Help - Reach Program
 - Special Events
 - Public Realm
 - Economic Development
 - Advocacy for Small Business and the Neighborhood



SMALL & DIVERSE BUSINESSES: TODAY - REOPENING - THE FUTURE

- Making the District **Safe and Welcoming**
 - Added Security
 - Business Check-ins
- Helping to **apply for resources**
- Helping with **translation services**
- Helping local restaurants with **Go Fund Me**
- Help plan for **phased re-opening**
- Greater **advocacy for small businesses**



FEEDING THE UW MEDICAL STAFF

WHAT BIA RENEWAL CAN DO

Maintain Current Program Success

- **Make U District Safe and Welcoming**
 - Maintain REACH Program CPTED Reviews
 - Maintain Ambassador Program Block Watch
 - Community Meetings
- **Keep U District Clean & Attractive**
 - Cleaning Areas Maintained Professionally
 - District Wide Cleaning by staff teams and volunteers
 - Beautification Projects – Flowers, Holiday Lights
 - Provide homeless youth employment training with cleaning tasks
 - Activate public spaces
- **Help Community Engage in Public Agency Processes**
 - Provide forums and nexus
 - Track private development and provide community input
 - Advocate with SDOT/Metro on public development projects
- **Retain, Support, and Attract Business**
 - Maintain economic development efforts such as Business Resource Center

Expand and Do More

- Essential for COVID Response/Recovery
- Expand Block Watch
- Expand Cleaning Areas
- Expand Advocacy for Small Businesses
- Grow the U District Business Network
- Provide More Support to Individual Businesses
- Increase U District promotion growing potential client base for businesses

BIA RENEWAL FUNDAMENTALS

The University District BIA was established by Seattle City Council Ordinance 118412 in 1996. It was reestablished in 2015 by Ordinance 124761. The current University District BIA ordinance expires in May 2020.

Boundaries

- Minor adjustments with community input
- Reduce NE boundary along 17th Ave
- Reduce southern boundary NE Campus Parkway

Rates

- Grandfather current assessment with modest increase to expand programs
- U District Rate among lowest in Seattle BIA's
- Current assessment X 2020 CPI Inflation plus 10% = New Base Assessment

Cleaning Zones

- North Zone: \$0.09 per lot square foot
- South Zone: \$0.16 per lot square foot
- New Districtwide Cleaning Zone: \$0.03 per lot square foot

Community Support

- 65% + support by signed petition

Term

- 12-year term
- Other Seattle BIA's range from 7 years - perpetuity



U DISTRICT PROPOSED BIA BOUNDARY



Proposed New U District BIA Boundary



0 .125 .25 Miles



GOVERNANCE

The BIA is governed by a Ratepayer Advisory Board (RAB).

The RAB oversees and funds maintenance, improvement, and promotion of the district. An initial RAB was appointed by the Seattle Director of Finance and continues today. The RAB is responsible for making recommendations to the Director of Finance on the annual work plan and budget for the BIA and for the annual recommendation of who should serve as the Program Manager. There is an annual meeting of all ratepayers.

The ordinance stipulates the following membership:

- At least one resident owner and one a resident tenant
- At least one commercial tenant
- 80% of members or more must be ratepayers (as that term is defined by the City)
- At least one must be a ratepayer contributing less than 0.5% of the total assessment
- Additional triple-net representatives
- No more than 35% may represent the University of Washington

Who is the U District Partnership (UDP) and what is their role?

The Program Manager is the UDP, a 501 (c) (3) non-profit organization, formed to implement the BIA's programs. The UDP is governed by a Board of Directors. The Board has a broad representation from throughout the U District including, at minimum, two property owners, two business owners, two residents, one social service provider, one business tenant, and four UW representatives. The UDP Board meets on a monthly basis and is governed by bylaws to oversee the work plan of UDP staff and address issues arising in the neighborhood.

What measures are in place to ensure accountability?

The UDP utilizes professional accounting services to keep funding streams and expenditures correctly aligned. Reviews and audits are available. Per the Council's direction in 2015, no BIA funds have been expended for political activity related to land use issues. ***All meetings are open to the public. There is extensive community outreach through newsletters, direct constituent contact, social media, and committee meetings.***

THANK YOU & QUESTIONS



CURRENT BOARD MEMBERS

RATEPAYER ADVISORY BOARD MEMBERS

Maureen Ewing, Co-Chair - U Heights Community Center

Aaron Hoard, Co-Chair - University of Washington

Kate Barr - Scarecrow Video

Maria Barrientos - Barrientos LLC

Max Blume - Blume Company Real Estate

David Cohanin - Sheriman Trade

Lora Gastineau - Resident

Chris Giles - Resident

Randy Hodgins - University of Washington

Lincoln Johnson - University of Washington

Andrew McMasters - Jet City Improv

Nikole O'Bryan - Nikole O'Bryan DDS

Mike Polzin - American Campus Communities

Rhiannon Rasaretnam - ASUW Student Representative

Scott Soules - Soules Properties

Mary Kay Gugerty - University of Washington

U DISTRICT PARTNERSHIP BOARD OF DIRECTORS

Sally J. Clark, Co-Chair, University of Washington

Miles Richardson, Co-Chair, Audi Seattle/University Volkswagen

Stephen Antupit, Resident, CityWorks, Inc. and Neighborhood Farmers Markets

Jeanette Henderson, University of Washington

Kristine Kenney, University of Washington

Lois Ko, Board Secretary, Owner Sweet Alchemy Ice Creamery

Rob Lubin, Board Treasurer, University of Washington

Eric Lawson, University of Washington

Anson Lin, Owner Astora Construction and Development, Resident

Louise Little, University Book Store, Inc.

Andrew McMasters, Founder of Jet City Improv

Dawn Perry, Owner of Floating Bridge Brewing

Barbara Quinn, Resident and a board member of the University Park Community Club

Alfred Shiga, Owner Shiga's Imports

Don Schulze, Co-owner Shultz's and President of University District Parking Associates (UDPA)

Patricia Simpson, Pastor, University Temple United Methodist Church



Legislation Text

File #: Inf 1640, **Version:** 1

University District Business Improvement Area Issue Identification