



Legislation Text

File #: CB 120641, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to Seattle Tourism Improvement Areas; establishing a new 15-year business improvement area to be known as the Seattle Tourism Improvement Area; levying special assessments upon owners of businesses offering transient accommodations with 60 or more rooms within the area; 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; providing for an implementation agreement with a Program Manager; disestablishing the existing Seattle Tourism Improvement Area that was established by Ordinance 123714 (“2011 STIA”) and later modified by Ordinance 126552; suspending the issuance of special assessments and providing for the continuity of services under the 2011 STIA; providing for the transfer of any remaining funds from the 2011 STIA Account; and ratifying and confirming certain prior acts.

WHEREAS, chapter 35.87A RCW authorizes the 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 Seattle Office of Economic Development has determined that the owners of businesses offering transient accommodations with 60 or more rooms (“Lodging Businesses”) located within the area who represent an estimated 72 percent of the special assessments to be levied by this ordinance filed a petition with The City of Seattle (“City”) to establish a new business improvement area pursuant to chapter 35.87A RCW to be known as the Seattle Tourism Improvement Area (STIA), a copy of which is filed in Clerk File 322704; 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 estimated special assessments that each Lodging Business would pay, by signed petitions and percentage of support as assigned by OED based on 2022

assessments for the entire proposed Seattle Tourism Improvement Area, and the result was over 72 percent in approved and validated petitions, which exceeds the threshold of 60 percent stated in RCW 35.87A.010; and

WHEREAS, the City Council adopted Resolution 32104, initiating the Seattle Tourism Improvement Area 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 August 15, 2023, adopted Resolution entitled “A RESOLUTION of intention to establish a new business improvement area to be known as the Seattle Tourism Improvement Area and fix a date and place for a hearing thereon,” which stated its intention to establish the new Seattle Tourism Improvement Area, the proposed boundaries, the proposed programs, and the estimated rates of assessment, and which set the date and time for a public hearing; and

WHEREAS, pursuant to RCW 35.87A.180, the City Council adopted Resolution 32105, which stated its intention to disestablish the existing Seattle Tourism Improvement Area established in 2011 by Ordinance 123714 (“2011 STIA”) and set a date and place for a public hearing; and

WHEREAS, the purpose of the Seattle Tourism Improvement Area is to enhance conditions for the Lodging Businesses within the Seattle Tourism Improvement Area’s boundaries by providing needed resources to increase leisure tourism and group tourism (i.e., the hosting and attending of meetings and events) in Seattle, and no other purpose; and

WHEREAS, as provided by Resolution 32105 and Resolution 32106, the City Council, through its Economic Development, Technology, and City Light Committee, held a public hearing with a virtual component regarding disestablishing the 2011 STIA and establishing a new Seattle Tourism Improvement Area at 9:30 a.m. on September 13, 2023, at City Council Chambers, City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, Washington, 98104; and

WHEREAS, the testimony received at that public hearing resulted in the Council determining that establishing a new Seattle Tourism Improvement Area is in the best interest of the owners of Lodging Businesses

within the Seattle Tourism Improvement Area’s boundaries; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Disestablished. The current business improvement area known as the Seattle Tourism Improvement Area (“2011 STIA”) established by Ordinance 123714, as last amended by Ordinance 126552, shall be disestablished at 12:01 a.m. on January 1, 2024.

Section 2. 2011 STIA Assessments to Cease. No further 2011 STIA special assessments from Ordinance 123714 as amended by Ordinance 126552 shall be made after December 31, 2023.

Section 3. Winding up of Operations. The Director of the Office of Economic Development or designee (“OED Director”) is authorized to enter into an agreement with the Program Manager of the 2011 STIA to provide for continuity of services and winding up of operations of the 2011 STIA. All 2011 STIA program and management operations shall cease effective December 31, 2023, and all remaining funds in the 2011 STIA program account shall immediately be transferred to the Account described in Section 10 of this ordinance.

Section 4. Area established. As authorized by chapter 35.87A RCW, there is established a new business improvement area to be known as the Seattle Tourism Improvement Area (“STIA”), within the following boundaries, as shown on the map attached to this ordinance as Attachment A and described in this section. 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 Seattle Tourism Improvement Area:

Beginning where Puget Sound meets W. Galer Street, continuing east as if Galer Street continued to 12th Avenue, south to South Royal Brougham Way, west as if South Royal Brougham Way continued to Puget Sound, continuing along the shore of Puget Sound to W. Galer Street.

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

Section 5. Programs. Special assessment revenues shall be used solely and exclusively for domestic and international tourism promotion, advertising, sales, and marketing activities (including, without limitation,

the creation of a standing limited reserve solely to fund any such activities that arise unexpectedly from year to year) intended to encourage both leisure tourism and group tourism (e.g., the hosting and attending of meetings and events) in Seattle in order to increase hotel occupancy within the area, and no other purpose. Promotion, advertising, sales, and marketing services include, but are not limited to, strategic planning, market research, creative development, media placement, sales activities, hosting tourism industry events relating to promotion and marketing, and administrative and management support for such services. No funds raised by the special assessment authorized by this ordinance may be used to take, support, or oppose any position taken by any entity in a labor dispute.

The projected cost of STIA programs that will be paid for with the proposed STIA's assessments in 2024 is estimated to be \$15.02 million. This will also be the approximate amount in subsequent years as adjusted by various factors including, but not limited to, inflation, hotel room occupancies, and other marketplace variables.

Section 6. Levy of special assessments. To finance the programs authorized in Section 5 of this ordinance, there is levied upon and collected from the owners of all hotels, inns, and other businesses offering transient accommodations with 60 or more rooms located within the boundaries of the STIA described in Section 4 of this ordinance ("Ratepayers") monthly special assessments of 2.3 percent of the guest room rate paid by guests for each occupied room per night (excluding taxes or legally mandated charges, but without deduction for commissions or payment card processing fees) for each Ratepayer.

The special assessments shall not be imposed on rooms: (a) where the occupant has stayed 30 or more days; (b) that are provided by a Ratepayer to guests without charge for promotional purposes; (c) that are available exclusively to members or guests of members of a private member-owned club or its reciprocal clubs; or (d) that comprise facilities where accommodations are generally marketed and sold on a per-bed, shared room basis (e.g., hostels).

Section 7. Rate changes. Changes in special assessment rates shall only be authorized by ordinance

consistent with RCW 35.87A.140 upon the City Council's receipt of a written request from the Program Manager (as defined in Section 17 of this ordinance) submitted with the approval of the STIA Advisory Board (as defined in Section 18 of this ordinance) and shall not occur more than one time per year.

Section 8. Commencement. Special assessments shall commence as of January 1, 2024, or on the effective date of this ordinance, whichever is later.

Section 9. Billing schedule. Special assessments for the preceding month shall be collected on a monthly basis and shall be due on the tenth day of each month. The Treasury Director, or the Treasury Director's designee, may change the billing frequency by directive to an interval no less frequent than quarterly. The Treasury 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 10. Deposit of revenues. There is in the City Treasury's Business Improvement Area Fund a separate subaccount designated the Seattle Tourism Improvement Area Account ("Account"). The following monies shall be deposited in the Account:

- A. All revenues from special assessments levied under this ordinance;
- B. All income to the City from public events financed with special assessments;
- C. Gifts and donations;
- D. Interest and all other income from the investment of Account deposits;
- E. Reimbursements due to the Account; and
- F. All revenues from special assessments levied under Ordinance 123714 and Ordinance 126552

pursuant to Section 3 of this ordinance.

Section 11. Administration. The Treasury 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; and

C. Accept and deposit advance payment of special 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 STIA.

Section 12. Delinquent payments. If a special assessment has not been paid within 30 days after its due date, the Treasury Director shall send a reminder notice and add a \$5 processing fee. If the special 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 special assessment. All special 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 Treasury Director is authorized to refer any unpaid special assessments to a collection agency or to bring an action to collect any unpaid special assessments in any court of competent jurisdiction in King County.

Section 13. Notices. Notices of special 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 Treasury 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 special assessment on the due date and any interest, delinquency charges, and processing fees.

Section 14. Disputes. Any Ratepayer aggrieved by the amount of a special assessment or delinquency charge may upon request obtain a meeting with the Treasury Director or the Treasury Director's designee. 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 special assessment or delinquency charge is incorrect.

Section 15. Audit. The City may conduct random audits of Ratepayers to ensure that special assessments are being properly calculated and reported.

Section 16. Expenditures. Expenditures from the Account shall be made upon demand and presentation of documentation of allowable expenses to the Treasury Director by the STIA Program Manager and shall be used exclusively for the purposes as defined in Section 5 of this ordinance.

Section 17. Program Manager. The Director of the Office of Economic Development or designee (“OED Director”) is authorized to contract with a local non-profit entity operating primarily within the City with experience in BIA management to act as the Program Manager. The Program Manager’s duties, subject to the approval of the Ratepayers at each annual meeting, will be to manage the day-to-day operations of the STIA and to administer the projects and activities. The Program Manager shall exercise fiduciary responsibility to spend the special assessment revenues exclusively for the benefit of the STIA and only for the purposes identified in Section 5 of this ordinance. The Program Manager shall abide by City ordinances and state law related to business improvement areas.

Meetings of the Program Manager’s board or committee at which STIA activities are anticipated to be discussed shall be open to the public, with at least two 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.

Section 18. STIA Advisory Board. The OED Director shall, within 30 days of the effective date of this ordinance, appoint an STIA Advisory Board comprised of Ratepayers representative of the entire geography and the variety of sizes of Ratepayers within the Seattle Tourism Improvement Area. The OED Director shall solicit recommendations from the Ratepayers and shall appoint the board from that list.

The STIA Advisory Board shall be comprised of an odd number of Ratepayers (no less than nine and no

more than 11 members) that shall be representative of the varying locations, sizes, and types of Ratepayers within the geographic area of the Seattle Tourism Improvement District Area. Individuals serving on the Board must possess the legal authority to represent, and act on behalf of, their respective lodging properties in all STIA board matters.

The Board shall meet at least once quarterly; recommend an annual work program and budget; address and discuss Ratepayer concerns and questions regarding the STIA programs; and sponsor an annual Ratepayers' meeting. Meetings of the Board shall be open to the public and subject to the Open Public Meetings Act, with at least five days' advance notice posted by the Program Manager on its website and disseminated by any other means that the Program Manager generally uses to communicate.

The Board shall be responsible for: adopting bylaws consistent with the City's BIA policies; adopting policy guidelines; recommending approval of budgets, expenditures, and programs; and providing advice and consultation to the OED and Treasury Directors and to the Program Manager.

At the annual Ratepayers' meeting, the Board shall submit for approval its proposed work plan and budget for the next year, and its recommendation regarding whether to continue with the current Program Manager if the Program Manager's contract is scheduled to expire at the end of the current year. The work plan, budget, and decision on the Program Manager's contract must be approved by a vote of the Ratepayers attending the meeting and submitted to the OED Director for review and approval.

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 and state law related to business improvement areas.

Section 19. Request to disestablish. The STIA shall have a term of 15 years and will, unless earlier disestablished, expire 15 years after the date that the area is established. Upon a petition signed by Ratepayers that would pay 60 percent of the proposed special assessment, the STIA Advisory Board shall request that the City Council disestablish the STIA in accordance with chapter 35.87A RCW.

Section 20. Ratification and confirmation. The making of contracts and expenditures and the sending

of special assessment notices consistent with the authority of this ordinance taken after its passage and prior to its effective date are ratified and confirmed.

Section 21. 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.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this ____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Scheereen Dedman, City Clerk

(Seal)

Attachments:

Attachment A - STIA District Boundaries Map