



Legislation Text

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CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL _____

AN ORDINANCE establishing a new University District Parking and Business Improvement Area; levying special assessments upon owners of business property, multi-family residential property, and mixed-use property 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 current University District Parking and Business Improvement Area that was established in 1996 by Ordinance 118412 (“1996 UDBIA”); suspending the issuance of assessments and providing for the winding up of activities under the 1996 UDBIA; and providing for the distribution of remaining funds from and closing of the 1996 UDBIA account.

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 current University District Parking and Business Improvement Area (1996 UDBIA), which was established in 1996 by Ordinance 118412 and amended by Ordinance 120304, Ordinance 122212, and Ordinance 123995 to provide services and amenities for Ratepayers paid for through a levy of special assessments, does not provide for an expiration date; and

WHEREAS, the owners of businesses, multi-family residential, and mixed-use properties located within the area and representing nearly 67 percent of the special assessments levied by this ordinance filed a petition with The City of Seattle to establish a new and expanded University District Parking and Business Improvement Area (University District BIA) pursuant to chapter 35.87A RCW, a copy of which is filed in C.F. 313953; 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 business, multi-family residential, or mixed-use property would pay, and compared the dollar amount represented by signed petitions to the estimated total for the entire proposed University District BIA, and the result was nearly 67 percent, which exceeds the threshold of 60 percent stated in RCW 35.87A.010; and

WHEREAS, the City Council adopted Resolution 31563, initiating a new and expanded University 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 January 20, 2015 adopted Resolution 31565 entitled ‘A RESOLUTION of intention to establish a University District Parking and Business Improvement Area, and fixing a date and place for a hearing thereon’, which stated its intention to establish the new and expanded University District BIA, the proposed boundaries which include the 1996 UDBIA and the proposed programs of which are intended to supersede the programs of the 1996 UDBIA, and which set the date and time for a public hearing; and

WHEREAS, pursuant to RCW 35.87A.180, the City Council on January 20, 2015, adopted Resolution 31564, which stated its intention to disestablish the 1996 UDBIA and set a date and place for a public hearing; and

WHEREAS, the purpose of the new and expanded University District BIA is to enhance conditions for the business, multi-family residential, and mixed-use properties by performing activities that go beyond the basic services provided by The City of Seattle; and

WHEREAS, as provided by Resolution 31565, the City Council, through its Finance and Culture Committee, held a public hearing at 2 p.m. on February 25, 2015, in City Council Chambers, City Hall, 600 Fourth Avenue, Seattle, Washington, 98104; and

WHEREAS, after hearing testimony that favored changing the boundaries of the proposed new and expanded University District BIA, the Finance and Culture Committee held a second public hearing at 2 p.m. on March 25, 2015, and mailed and published notice of this public hearing as required under RCW 35.87A.070; and

WHEREAS, the testimony received at the two hearings resulted in the Council determining that disestablishing the 1996 UDBIA and establishing a new and expanded University District BIA is in the best interest of the owners of business, multi-family residential, and mixed-use properties within the University District BIA’s expanded boundaries; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Disestablished. The current University District Parking and Business Improvement Area (1996 UDBIA) established in 1996 by Ordinance 118412, as amended by Ordinances 120304, 122212, and 123995, shall be disestablished on the date that assessments commence under Section 6 for the new and expanded University District Parking and Business Improvement Area (University District BIA).

Section 2. 1996 UDBIA Assessments to Cease. No further 1996 UDBIA assessments shall be made after the date that the 1996 UDBIA is disestablished.

Section 3. Winding up of Operations. The Director of the Department of Finance and Administrative

Services, or his designee (Director) is authorized to enter into an agreement with the Program Manager of the 1996 UDBIA to provide for continuity of services and winding up of operations of the 1996 UDBIA. All 1996 UDBIA program and management operations shall cease after the date that the 1996 UDBIA is disestablished and all remaining funds, receivables, and liabilities in the 1996 UDBIA Account shall immediately be transferred to the account described in Section 8.

Section 4. Area Established. As authorized by Chapter 35.87A RCW, there is established a University District BIA within the following boundaries, and two additional benefit zones within the University District BIA boundary, as shown on the map attached as Exhibit A (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):

A. U District Fund Area: Beginning at the centerline of Northeast Ravenna Boulevard at the centerline of 12th Avenue Northeast, proceed east along Northeast Ravenna Boulevard to the centerline of 17th Avenue Northeast; then south along 17th Avenue Northeast to the centerline of Northeast 56th Street; then east along Northeast 56th Street to the centerline of the alley between 17th Avenue Northeast and 18th Avenue Northeast; then south along this alley to the centerline of Northeast 45th Street; then west along Northeast 45th Street to the centerline of 15th Avenue Northeast; then south along 15th Avenue Northeast to the State Harbor Line of Portage Bay; then west along the State Harbor Line of Portage Bay to the centerline of Pasadena Place Northeast; then north along Pasadena Place Northeast to the intersection with the eastern boundary of Interstate 5; then north along the eastern boundary of Interstate 5 to the centerline of Northeast 47th Street; then east along Northeast 47th Street to the centerline of 9th Avenue Northeast; then north along 9th Avenue Northeast to the centerline of Northeast 55th Street; then east along Northeast 55th Street to the centerline of 12th Avenue Northeast; then north along 12th Avenue Northeast to the point of origin at the crossing of the centerline of Northeast Ravenna Boulevard.

B. South Ave Cleaning Area: Beginning at the intersection of Brooklyn Avenue Northeast and Northeast 52nd Street, proceed east along Northeast 52nd Street to the centerline of the alley between University Way Northeast and 15th Avenue Northeast; then south along the alley to the centerline of Northeast 41st Street; then west along Northeast 41st Street to the centerline of the alley between Brooklyn Avenue Northeast and University Way Northeast; then north along the alley to a line extending from the southern property line of Parcel No. 1142001140, then west along the southern property lines of Parcel Nos. 1142001140, 1142000905, and 1142001020 to the centerline of 12th Avenue Northeast; then north along 12th Avenue Northeast to the centerline of Northeast 45th Street; then east along Northeast 45th Street to the centerline of the alley between 12th Avenue Northeast and Brooklyn Avenue Northeast; then north along the alley to the centerline of Northeast 50th Street; then east along Northeast 50th Street to the centerline of Brooklyn Avenue Northeast; then north along Brooklyn Avenue Northeast to the point of origin at the centerline of Northeast 52nd Street.

C. North Ave Cleaning Area: Beginning at the intersection of Northeast Ravenna Boulevard and the alley between Brooklyn Avenue Northeast and University Way Northeast, proceed east along Northeast Ravenna Boulevard to the centerline of the alley between University Way Northeast and 15th Avenue Northeast; then south along the alley to the centerline of Northeast 52nd Street; then west along Northeast 52nd Street to the centerline of the alley between Brooklyn Avenue Northeast and University Way Northeast; then north along the alley to the point of origin at the centerline of Northeast Ravenna Boulevard.

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 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;
- E. Planning;
- F. 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 6. Levy of Special Assessments. To finance the programs authorized in Section 5, there is levied upon and shall be collected from the owners of business property, multi-family residential property (buildings containing four or more residential units), and mixed-use property (multi-family residential and commercial) located within the boundaries of the University District BIA described in Section 4, a five-year special assessment. The initial assessment calculations will be based upon King County Assessor's Office records as of April 30, 2014. Ratepayers will be assessed by the City of Seattle for five annual installments beginning with the base year of authorization, by applying the following assessment rates to each Ratepayer:

A. U District Fund Area Base Formula = \$0.25 times the sum of:

1. (Total Taxable Value/\$1,000), plus
2. ((Total Appraised Value minus Total Taxable Value)/\$1000) x 25%.

Total Taxable Value and Total Appraised Value in these calculations shall be based on Land + Improvements.

B. Cleaning Area Base Formulas. Ratepayers located in the North Ave Cleaning Area or the South Ave Cleaning Area shall be assessed the following assessment rates, in addition to the assessments under the U District Fund Area Base Formula:

1. North Ave Cleaning Area Base Formula = \$0.07 per Total Lot Square Foot times the sum of:
 - a. (Total Taxable Value/Total Appraised Value); plus
 - b. ((Total Appraised Value - Total Taxable Value)/Total Appraised Value) x 25%.
2. South Ave Cleaning Area Base Formula = \$0.12 per Total Lot Square Foot times the sum of:
 - a. (Total Taxable Value/Total Appraised Value); plus
 - b. ((Total Appraised Value - Total Taxable Value)/Total Appraised Value) x 25%.

Total Taxable Value and Total Appraised Value in these calculations shall be based on Land + Improvements.

C. For all properties within the University District BIA for which the Taxpayer on record is University of Washington, the aggregate assessment in the first assessment year will be \$350,000. The base formulas in Subsections A and B, as well as the provisions in Subsection F, shall not apply.

D. Except as provided in Subsection C, properties owned by governmental entities shall not be assessed.

E. To maintain the current level of services and benefits provided by the University District BIA, the Base Formula assessment rates for the U District Fund Area, North Ave Cleaning Area, and South Ave Cleaning Area, and the University of Washington aggregate assessment, shall be adjusted by an Inflationary Factor applied to each of the assessment rates after the first year assessment. The Inflationary Factor will be the lesser of three percent per year or the percentage change in the Consumer Price Index for All Urban Consumers in Seattle-Tacoma-Bremerton (CPI-U-Seattle) between September 2014 and September of the year prior to the assessment year.

1. Second Year Assessment: The Inflationary Factor shall be calculated using the lesser of

three percent or the percentage change in the CPI-U-Seattle between September 2014 and September 2015.

2. Third Year Assessment: The Inflationary Factor shall be calculated using the lesser of six percent or the percentage change in the CPI-U-Seattle between September 2014 and September 2016.
3. Fourth Year Assessment: The Inflationary Factor shall be calculated using the lesser of nine percent or the percentage change in the CPI-U-Seattle between September 2014 and September 2017.
4. Fifth Year Assessment: The Inflationary Factor shall be calculated using the lesser of 12 percent or the percentage change in the CPI-U-Seattle between September 2014 and September 2018.

F. "New Benefit Areas" 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 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 for the following assessment year using the most current available Total Taxable Value (Land + Improvements) and Total Appraised Value (Land + Improvements).

No Inflationary Factor shall be assessed on a New Benefit Area in its first assessment year. In each subsequent assessment year, the Inflationary Factor for any New Benefit Area shall be the lesser of:

1. Three percent per year from the addition of the New Benefit Area to the assessment roll,
or
2. The percentage change in the CPI-U-Seattle from September of the year prior to the addition of the New Benefit Area to the assessment roll to September of the year prior to

the assessment year.

G. King County Parcel No. 1142000905 is currently leased to Sound Transit for light rail construction activities and, along with adjacent street right-of-way in Brooklyn Avenue N.E. and N.E. 43rd Street, is fully walled-off and will not receive University District BIA benefits in its current state. This parcel is exempt from assessment, but only while it remains walled-off and inaccessible from street right-of-way.

H. 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 Ratepayers Advisory Board and shall not occur more than one time per year.

Section 7. Billing Schedule. Special assessments shall be billed on a semi-annual basis. The Director may change the billing frequency by directive to an interval no more frequent than quarterly. The 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 8. Deposit of Revenues. There is in the City Treasury's Business Improvement Area Fund a separate subaccount designated the University District BIA Account (called "the 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; and
- E. Reimbursements due to the Account.

Section 9. Delinquent Payments. If an assessment has not been paid within 30 days after its due date, the 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 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. 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 Director, and, if no address is shown there, to the address shown on the records of the County Assessor. 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. Disputes. Any Ratepayer aggrieved by the amount of an assessment or delinquency charge may on request obtain a meeting with the Director. If not satisfied, the Ratepayer may appeal the matter to the City's Hearing Examiner in the manner provided for a contested case under Chapter 3.02 of the Seattle Municipal Code. The Ratepayer has the burden of proof to show that the assessment or delinquency charge is incorrect.

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

Section 13. Expenditures. Expenditures from the Account shall be made upon demand and presentation of documentation of allowable expenses to the Director by the Program Manager and shall be used exclusively for the programs as defined in Section 5. Revenue from assessments for the North Ave Cleaning Area and the South Ave Cleaning Area shall be used exclusively for cleaning in those areas.

Section 14. Ratepayers Advisory Board. The Director shall appoint an interim Ratepayers Advisory Board comprised of Ratepayers, and residential and/or commercial tenants, from the University District BIA

within 30 days of the effective date of this ordinance. The Director shall solicit recommendations from the Ratepayers and tenants in the BIA boundaries, and shall appoint the interim board from that list. The interim Ratepayers Advisory Board will recommend a permanent Ratepayers Advisory Board (the "Board") within 90 days of the effective date of this ordinance. The composition of the Board shall be representative of the entire geographic area of the University District BIA, as well as representative of all Ratepayer classifications and sizes as well as residential and commercial tenants. For both the interim and permanent Boards, no more than 35% of the members shall represent the University of Washington, at least one member shall be a resident (owner or tenant), at least one other member shall be a commercial tenant, and at least 80% of all the members shall be Ratepayers. At least one member shall be a Ratepayer contributing less than 0.5% of the total assessment.

The Director shall appoint the permanent Board members from the list recommended by the interim Ratepayers Advisory Board. The Director may appoint additional members to the Board beyond those recommended by the interim Ratepayers 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.

The Board shall be responsible for adopting bylaws and policy guidelines; recommending approval of budgets, expenditures, and programs; and for providing advice and consultation to the Director and to the Program Manager.

The Board shall meet at least once quarterly; recommend an annual work program and budget; address and discuss Ratepayer concerns and questions regarding the University District BIA programs; and sponsor an annual Ratepayers' meeting. At a minimum, meetings of the interim and permanent Boards 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 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. The work plan, budget, and recommendation regarding whether to continue with the current Program Manager must be approved by a vote of the Ratepayers attending the meeting and submitted to the Director.

Section 15. Administration. The 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 for a term of up to five years; and
- D. Accept advance payment of assessments by Ratepayers and donations for University District BIA programs.

Section 16. Contract for Program Management. The 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 University District BIA and to administer the projects and activities. It is the intent of the City Council that the Director contract with the U District Partnership as the initial Program Manager. Meetings of the Program Manager's board or a

committee at which University 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 on its website and also disseminated by any other means that the Program Manager generally uses to communicate.

Section 17. Commencement of Assessments. Assessments shall commence as of May 1, 2015, or on the effective date of this ordinance, whichever is later.

Section 18. Request to Disestablish. Upon a petition signed by non-University of Washington Ratepayers that pay 60 percent of the non-University of Washington special assessments, the Ratepayers Advisory Board shall request the City Council to disestablish the University District BIA in accordance with Chapter 35.87A RCW.

Section 19. Ratification and Confirmation. The making of contracts and expenditures and the sending of assessment notices pursuant to the authority and after passage but prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 20. 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 _____, 2015, and signed by me in open session in authentication of its passage this

____ day of _____, 2015.

President _____ of the City Council

Approved by me this ____ day of _____, 2015.

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

Attachment:

Exhibit A: University District Business Improvement Area