

Summary and Fiscal Note

1. Legislation Summary

Department: Office of Economic Development

Title: A resolution adopting updated policies regarding the establishment and management of Parking and Business Improvement Areas for The City of Seattle; and superseding Resolution 31657.

Background: Business Improvement Areas (BIAs) are funding mechanisms that allow businesses, multifamily residential developments, and mixed-use developments located within the geographic boundaries of an area to pay a special assessment to fund certain enhanced services, programming, and management for the area. Local stakeholders oversee and fund the maintenance, improvement, and promotion of their commercial district. There are currently 11 established BIAs in Seattle. Procedures for establishing, amending, and operating a BIA are governed by Chapter 35.87A RCW. The City has its own non-binding BIA policies, most recently amended by Resolution 31567 in 2016, which provide more detailed guidance for existing and potential BIAs. This legislation updates the Citywide BIA Policies document (Attachment 1 to the resolution) by refining the policies for clarity and user-friendliness. The update also creates separate exhibits (attached to this Summary and Fiscal Note) outlining the process and requirements for review and approval of proposals to establish, modify, and renew a BIA, and adds details about the ongoing roles and responsibilities for the BIA, OED, and City Finance.

Notably, the updated BIA policies clarify that existing BIAs approaching their sunset dates, that have only minor changes, may “renew” the BIA by extending the sunset date through a less-burdensome modification process by ordinance. If the proposed changes go beyond the threshold for modification that are outlined in Chapter 35.87A RCW, then the BIA would have to disestablish the existing BIA and re-establish with a formal petition process and 60% approval among ratepayers. The policies explain when a BIA “renewal” requires either a modification of the BIA ordinance or dis-establishing and re-establishing the BIA. More specific policy changes include, but are not limited to:

- Policy 1: Establishment
 - Provides more detail and establishes specific requirements to establish a BIA.
- Policy 2: Modification
 - Provides more detail and establishes specific requirements to modify a BIA.
- Policy 3: City Review of Proposals
 - Provides more detail on the process to review and approve BIA proposals.
 - Strikes council request that OED and City Finance develop detailed BIA procedures regarding the process, time frame, and public hearing process for creating a BIA, which is implemented through this policy update and ongoing implementation.
- Policy 4: Support and Outreach

- Establishes a threshold of requiring demonstration of outreach and recommends securing support to modify a BIA from property owners or businesses representing 51 percent or more of the total assessment within the BIA.
- Policy 5: Boundaries
 - Establishes that a boundary expansion area must be contiguous and may not exceed ten percent of the BIA's total assessment value if adopted through the modification process.
 - Adds requirements to provide maps of changes to the BIA boundary.
- Policy 6: Organizational Structure and Management
 - Establishes that 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.
 - Adds that the City will give preference to, rather than require, an organization that operates primarily within the city.
 - Adds that the City must approve the Program Manager.
 - Adds other stakeholders or individuals that provide insights or expertise as types BIA Board members that may be included.
 - Clarifies that the BIA Advisory Board and the Program Manager are distinct legal entities but that the BIA Advisory Board can include members that also serve on the Program Manager's board.
- Policy 7: BIA Programs and Services

- Clarifies that the services described in this policy are not an exhaustive list.
- Policy 8: Assessments
 - Clarifies that the proposed formula must include the data that will be used in the calculation.
 - Adds that the City recommends the assessment methodology describe the procedures and schedule for updating the data used in its calculations.
- Policy 9: Ratepayers
 - Removes examples of BIA ratepayer classifications.
 - Clarifies that federal government properties are generally exempt from assessment and that the City, in consultation with BIA proponents and the relevant government entity, will evaluate whether that entity qualifies to be assessed, the extent to which it benefits from BIA-services, and, if appropriate, recommend an assessment level subject to final approval by the City Council.
 - Clarifies that the City Director of Finance, rather than the Department of Finance and Administrative Services (FAS), will consider refund requests.
- Policy 10: BIA Assessment Periods
 - Recommends new BIAs include a sunset date to occur within ten years of formation. If the proponents believe that a sunset date is not appropriate for their specific effort, they must provide a detailed explanation to OED regarding any special circumstances that would warrant a permanent assessment period.

- Policy 12: City Department Support
 - Clarifies that it is the Office of City Finance, rather than FAS, that will be responsible for:
 - The BIA Notification and Petition Validation Process;
 - Billing and collection of assessments;
 - Customer service to ratepayers and BIA Program managers related to assessments;
 - Administration of all ratepayer accounts, administering contracts and reimbursements;
 - Attending meetings organized to bring BIA Program Managers and City staff together; and
 - With support from OED, City Finance is also responsible for packaging BIA legislation and approving annual BIA budgets.
- Policy 13: Reporting and Evaluation
 - Adds that Program Managers and BIA Advisory boards shall report findings evaluating the BIAs program and services to OED and the City Council, rather than just the City Council.
- Policy 15: Collections
 - Increases from 60 to 90 days the length of time a ratepayer’s account may be unpaid before the City may refer the matter to a collection agency.
- Glossary:
 - Adds definitions for “BIA petition,” “BIA proposal,” “Boundary modification,” “establishment of a BIA,” and “modification of a BIA.”

Summary Attachments:

Summary Exhibit A –Business Improvement Area Proposal Checklist

2. Capital Improvement Program (CIP)

Does this legislation create, fund, or amend a CIP Project?

Yes

No

3. Summary of Financial Implications

Does this legislation have financial impacts to the City?

Yes

No

3d. Other Financial Impacts

a. Does this legislation create any other financial impacts for The City of Seattle, such as direct or indirect costs, one-time or ongoing, that aren't mentioned above? If yes, please explain these impacts.

The policy changes do not incur costs directly. They could result in BIAs forming, renewing and growing more quickly, which would have a related effect on City administrative costs for billing and collecting assessments. These costs will vary based on the specifics for each BIA, ranging from \$85k - \$170k (based on recent examples). In 2024, OED worked with CBO and City Finance to allocate a portion of City Finance's 2025-2026 budget to these costs, anticipating that the rate of BIAs would increase with our focused efforts.

b. If the legislation has costs that can be covered within the current budget, explain how. Does the department have extra resources in its budget to handle these costs? Or does the department need to shift resources away from other work to handle these costs?

Not applicable.

c. What financial costs or other impacts might happen if this legislation is not implemented?

Not applicable.

d. How might this legislation affect other City departments besides the one that proposed it?

This legislation does not directly affect any City departments. However, the amendments to Policy 9 may increase the likelihood a City department may be assessed by a BIA, if appropriate. Additionally, adopting these policies could instigate more establishments or modification of BIAs, which would impact FAS and OED. This additional work could be accommodated within existing staff capacity.

4. Other Impacts

a. Does this legislation require a public hearing?

Yes

No

b. Does this legislation require a notice to be published in The Daily Journal of Commerce and/or The Seattle Times?

Yes

No

c. Does this legislation affect a piece of property?

No.

d. Race and Social Justice Initiative impacts:

1. How does this legislation affect vulnerable or historically disadvantaged communities? How did you come to this conclusion? Please consider both impacts within City government (like employees and internal programs) and in the broader community.

Of the 11 BIAs in Seattle, only one, Chinatown-ID BIA, is serving a business district with a high score on the City's Race and Social Equity and Displacement Risk index (aka "equity districts"). In 2024 OED launched an initiative to support BIA exploration in more equity districts. Five are currently working on them and one (Chinatown-ID BIA) is working on an expansion. This

policy change is intended to reduce the burden on new BIA proposals and could facilitate the expansion effort.

2. Please attach any Racial Equity Toolkits or other racial equity analyses used to develop or assess this legislation.

3. What is the Language Access Plan for communicating with the public about this legislation?

e. Climate change impacts:

1. Emissions: Will this legislation significantly increase or decrease carbon emissions? Attach any studies or materials that inform your answer.

Not applicable.

2. Resiliency: Will this legislation make Seattle more or less able to adapt to climate change? If it reduces resiliency, explain what can be done to lessen the impact.

Not applicable.

f. If this legislation creates a new program or expands an existing one, what are the long-term, measurable goals? How will this legislation help achieve those goals? What methods will be used to track progress?

Not applicable.

g. Does this legislation create a non-utility CIP that involves shared funding with a non-City partner or organization?

No.