Legislative Department
Seattle City Council
Memorandum

Date: March 4, 2015

To: Finance and Culture Committee

From: Martha Lester, City Council Central Staff

Subject: University District BIA – for Finance and Culture Committee March 6, 2015

In late 2014, the Mayor submitted to the Council proposed legislation to create a new and expanded University District Parking and Business Improvement Area (BIA). C.B. 118302 would disestablish the existing BIA and establish the new BIA including boundaries, programs, assessment rates, and more.

In January, the Finance and Culture (F&C) Committee and Full Council took the first step by adopting resolutions setting the date, time, and place of the public hearing on the proposal. As required by state law, the resolutions were then mailed to all existing and proposed ratepayers.

On February 25, the F&C Committee held a public hearing on C.B. 118302, at which nearly 60 people presented testimony.

Below I provide some background, describe what C.B. 118302 would do, and describe potential amendments for discussion at the March 6 meeting of the F&C Committee. Several maps and pie charts are attached at the end of this memo on pages 11 to 14. No votes are planned for the March 6 meeting. Additional discussion and votes are anticipated for the March 25 F&C Committee meeting.

If you have any questions, or would like additional information, please let me know.

Background on University District BIA

The existing University District BIA was established by Ordinance 118412 in 1996. It extends from N.E. Campus Parkway on the south to N.E. 52nd Street on the north, and is generally a block or two wide, mostly centered on University Way N.E. and extending to Brooklyn Avenue N.E. for a couple of blocks. The assessments are based on square footage, number of hotel rooms, number of apartment units, or number of parking spaces. This BIA has been amended three times by ordinance to increase assessment rates.

Over the past several years, the University of Washington and a variety of businesses, institutions, residents, and others have worked together to plan for the future of the University District. One result of these efforts is a proposal to replace the existing BIA with a new and expanded BIA. The legislation now before the Finance and Culture Committee would accomplish that goal.

Legislation to Establish New BIA

As you may recall from recent activity with other BIAs, there are multiple pieces of legislation and multiple procedural steps required by state law. The City Council already adopted the three resolutions that started the process.

Now before the F&C Committee is C.B. 118302, which, among other things, would:

- disestablish the existing BIA;
- establish a new five-year BIA;
- set the boundaries of the three component areas of the new BIA (see map on page 11) – the "U District Fund Area," the "North Ave Cleaning Area," and the "South Ave Cleaning Area";
- list the programs for which BIA assessment revenue will be used;
- establish the assessment rates for various properties for the three component areas within the BIA (see pie charts on page 14, which show estimated revenue by component and use);
- outline the membership and duties of a Ratepayers Advisory Board to be appointed by the FAS Director; and
- authorize the FAS Director to contract with a local non-profit entity to act as Program Manager, and state the Council's intent that the FAS Director contract with the U District Partnership as the initial Program Manager.

Potential Amendments

At Councilmembers' request, I have prepared several potential amendments to C.B. 118302 for discussion.

Seven potential amendments are listed and numbered below and actual amendment language is shown on pages 4 to 10.

1. Reorder list of programs to show "cleaning and public safety" first
2. Require that assessment revenue from the North Ave and South Ave Cleaning Areas be spent for cleaning in those areas
3. Amend recital and add recital about basis for petition threshold
4. Add explanation to list of eligible programs, and delete "illustrative" phrase
5. Change threshold for petition to request disestablishment so that petition signature counting excludes UW
6. Set proportion of representation for several categories of Ratepayers Advisory Board membership and allow non-Ratepayers to be on Board
7. Cap UW representation on Ratepayers Advisory Board at no more than 47% (proportional to share of estimated BIA assessment revenue)

In addition, Councilmembers may want to consider revising the BIA boundaries to add or delete areas, or establishing "benefit zones" within the BIA. Any of these options would require additional process as described below. If Councilmembers want to pursue one or more of these options, I will work with you to develop specific amendment language.

8. Add area east of 15th Avenue N.E.:

   The Council could consider adding all or a portion of the area east of 15th Avenue N.E. to 20th Avenue N.E., and north of N.E. 45th Street to N.E. Ravenna Boulevard. The assessable uses in this area and their estimated annual BIA assessments are shown in the table below. For comparison, the estimated annual revenue for the BIA as proposed is $350,000 from UW and $393,000 from non-UW uses. Thus this area east of 15th Avenue N.E. would add about five percent to the non-UW assessment revenue.

41 multifamily residential properties	$14,268
2 office properties	$464
4 parking lots	$1,330
11 church properties.	$2,333
3 miscellaneous properties.	$887
Total	$19,282

RCW 35.87A.070 sets out the process for the Council to change the boundaries of the proposed BIA. The Council would need to set the date for an additional public hearing on the possible boundary change, publish and mail notice of the public hearing to all potential ratepayers at least ten days before the hearing, and hold the public hearing, and the Council could then could amend C.B. 118302 to change the boundaries. No additional resolution would be required.

9. Delete a portion on the west side of the proposed BIA:

   The map on page 11 (Boundaries of Proposed and Existing BIAs) shows the boundaries of the BIA as proposed. Some commenters have suggested reducing the size of the BIA by deleting some of the western portion of the proposed area and/or the northwest portion of the proposed area.

   For guidance, the map on page 12 (Support for Proposed BIA and Relative Size of Assessment (UW properties in gray)) gives a general idea of the locations of assessable properties, the relative size of assessment (pale color is lower; dark color is higher), and support for the BIA (blue means a signed petition in support was submitted; red means a signed petition in support was not submitted).

   The map on page 13 (U District BIA Residential Analysis) shows the residential uses that would be assessed in the BIA as proposed, and what type of residential use each is (e.g., apartment vs. condo).

   To delete a portion of the proposed BIA, the Council would need to follow the same "change of boundaries" process described in item #8 above with additional notice and another public hearing.

10. Establish "benefit zones" within the BIA boundaries:

    RCW 35.87A.150 allows a city to establish multiple "benefit zones" within a BIA based on the level of benefit and impose different assessment rates in different benefit zones. The Council could decide, for example, not to modify the western boundary of the proposed BIA but establish a different benefit zone for the western portion of the BIA and impose a lower assessment rate in that benefit zone.

    Note that RCW 35.87A.160 sets out a multi-step process that the Council would have to follow to establish benefit zones. The Council would need to introduce a "resolution of intention to establish benefit zones," set the date of a public hearing in that resolution, adopt the resolution, publish and mail the resolution to all ratepayers in the benefit zones at least ten days before the hearing, and hold the public hearing, and the Council could then could amend C.B. 118302 to reflect benefit zones. (Note that the addition of benefit zones might require a change to the bill title, in which case the Council would need to introduce a new bill with the new title.)

1 ***Reorder list of programs to show "cleaning and public safety" first***

Section 5. Programs. Special assessment revenues shall be used for the following component programs:

A. Cleaning and public safety;

B. Events and marketing;

C~~B~~. Policy and advocacy;

~~C. Cleaning and public safety;~~

D. Economic development;

E. Planning;

F. Program management.

The listing of services is illustrative and not exclusive. 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.

2 ***Require that assessment revenue from the North Ave and South Ave Cleaning Areas be spent for cleaning in those areas***

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.

3 ***Amend recital and add recital about basis for petition threshold***

WHEREAS, the owners of businesses, multi-family residential, and mixed-use properties located within the area ~~that are subject to~~ 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

4 ***Add explanation to list of eligible programs, and delete "illustrative" phrase***

Section 5. Programs. Special assessment revenues shall be used for the following component programs:

A. Events and marketing;

B. Policy and advocacy, but not related to land use or zoning changes;

C. Cleaning and public safety;

D. Economic development;

E. Planning;

F. Program management.

~~The listing of services is illustrative and not exclusive.~~ 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.

5 ***Change threshold for petition to request disestablishment so that petition signature counting excludes UW***

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

6 ***Set proportion of representation for several categories of Ratepayers Advisory Board membership and allow non-Ratepayers to be on Board***

Section 14. Ratepayers Advisory Board. The Director shall appoint an interim Ratepayers Advisory Board comprised of Ratepayers and residential and 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, 25% to 35% of the members shall represent the University of Washington; 25% to 35% of the members shall be residents or owners of residential property subject to BIA assessment; and 30% to 50% of the members shall be other than those two groups. ~~Specifically, no less than 35% of the Board shall be Ratepayers representing the University of Washington and no less than 35% of the Board shall be Ratepayers other than the University of Washington.~~ At least one member shall be a Ratepayer contributing less than 0.5% of the total assessment.

* * *

7 ***Cap UW representation on Ratepayers Advisory Board at no more than 47% (proportional to share of estimated BIA assessment revenue)***

Section 14. Ratepayers Advisory Board. The Director shall appoint an interim Ratepayers Advisory Board comprised of Ratepayers from the University District BIA within 30 days of the effective date of this ordinance. The Director shall solicit recommendations from the Ratepayers, 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. Specifically, no less than 35% and no more than 47% of the Board shall be Ratepayers representing the University of Washington and no less than 35% of the Board shall be Ratepayers other than the University of Washington. At least one member shall be a Ratepayer contributing less than 0.5% of the total assessment.

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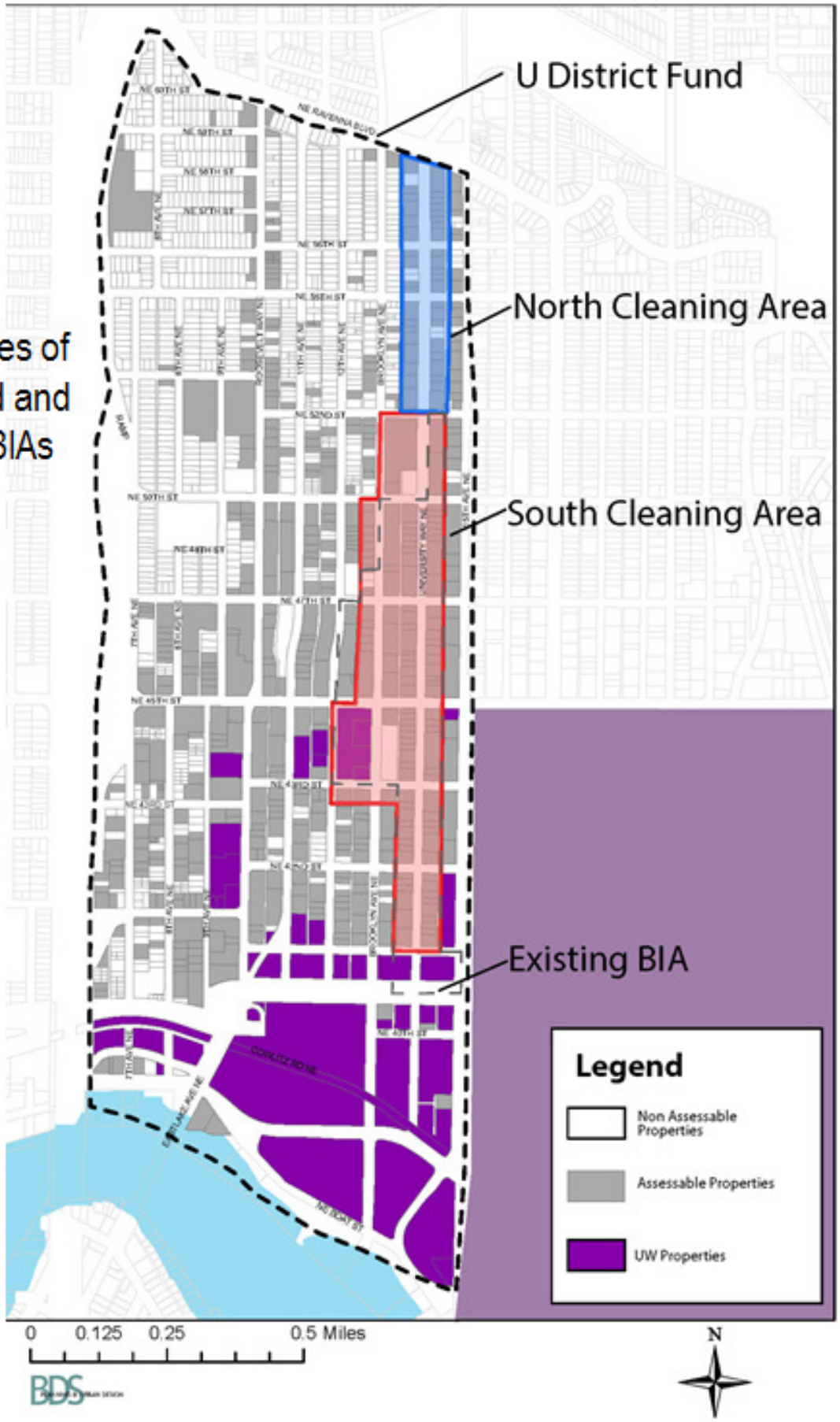
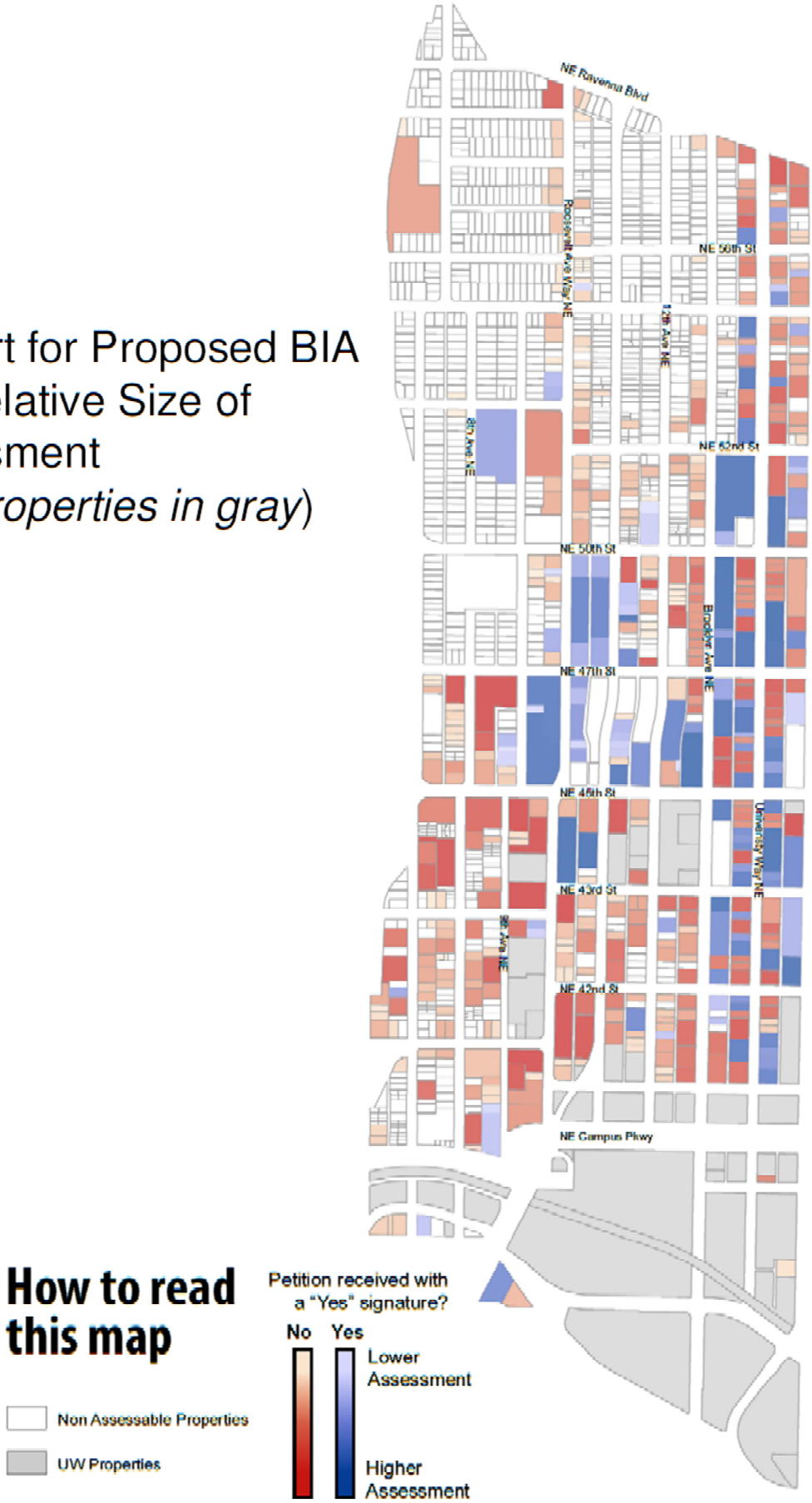
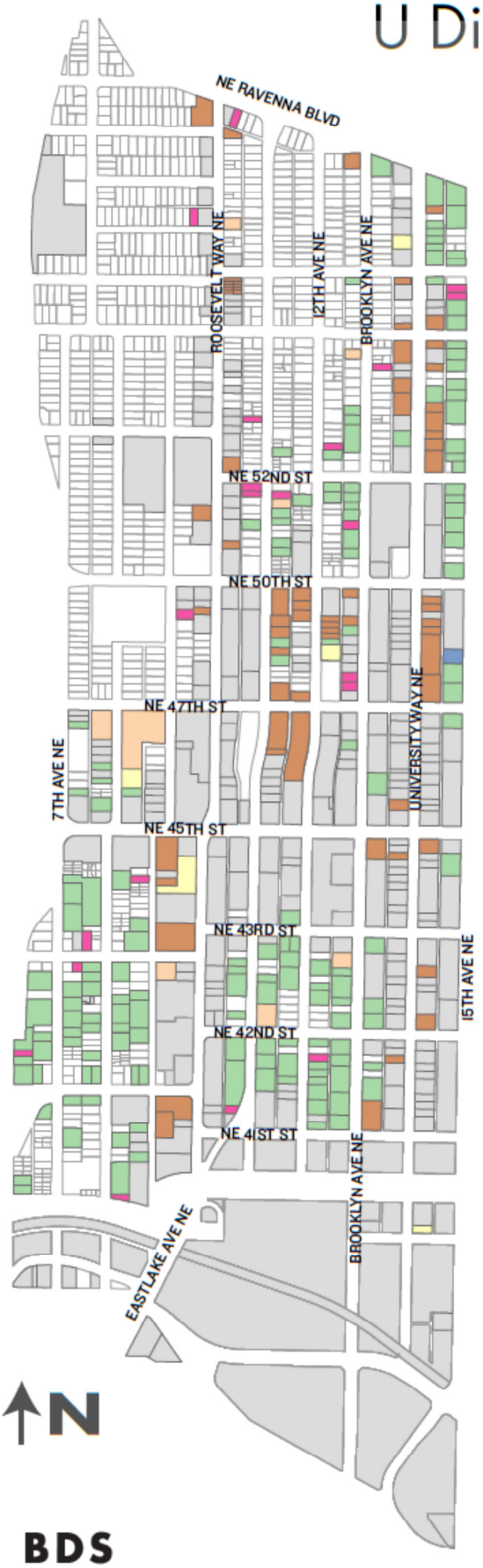
Boundaries of Proposed and Existing BIAs



Support for Proposed BIA and Relative Size of Assessment (*UW properties in gray*)

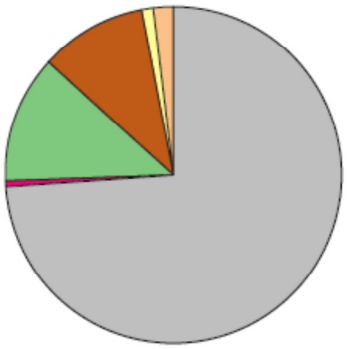


U District BIA Residential Analysis

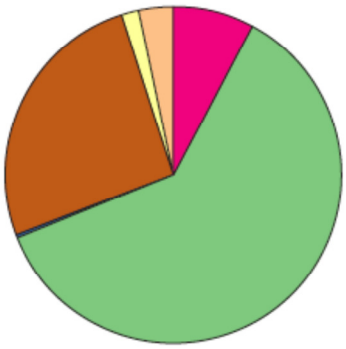


- 4-Plex
- Apartment
- Apartment (Mixed Use)
- Apartment (Co-op)
- Condo (Mixed Use)
- Condo (Residential)
- Other Assessable
- Non Assessable

Total Assessment Distribution in $



Residential Parcel Distribution in #



Type	# Bldgs	# Units*	Assessment	Assessment /Per Unit /Per Year
	21	82	$4K	$49
	159	2969	$92K	$31
	67	1318	$75K	$57
	1	31	$.9K	$30
	5	105	$8.5K	$81
	8	293	$14K	$48

*56 out of the 261 Multi-Family Residential parcels lack data for # of units. The majority of these paracels with missing data are mixed use apartments. Source Data King County Assessors Office

BDS
PLANNING & URBAN DESIGN

1/30/15

U District BIA Funding By Component and Use

Total Assessment

Total: $743K
UW: $350K
Retail: $103K
Residential: $196K
Office: $ 47K
Other: $ 12K
Parking: $ 15K
Hotel: $ 18K

U District Fund

Total: $276K
UW: $ 0K
Retail: $ 47K
Residential: $168K
Office: $ 33K
Other: $ 6K
Parking: $ 8K
Hotel: $ 14K

South Ave Cleaning Area

Total: $100K
UW: $ 0K
Retail: $ 53K
Residential: $ 17K
Office: $ 11K
Other: $ 5K
Parking: $ 7K
Hotel: $ 4K

North Ave Cleaning Area

Total: $ 17K
UW: $ 0K
Retail: $ 4K
Residential: $ 10K
Office: $ 2K
Other: $ .5K
Parking: $ 0K
Hotel: $ 0K

UW Retail Residential Office Other Parking Hotel