

# **Business Plan**

## **For the Ten Year Renewal**



**Prepared for Mayor Greg Nickels and  
The City Council of Seattle, Washington  
Pursuant to the State of Washington Parking  
and Business Improvement Area Law RCW 35.87A  
For Extension of The Metropolitan Improvement District**

**Prepared by the Downtown Seattle Association**

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## **I. OVERVIEW AND BACKGROUND**

### **ORIGIN OF THE MID**

In the mid-1990's, Downtown Seattle was perceived as unsafe, dirty, and deteriorating. The Metropolitan Improvement District (MID) was formed as a pro-active private sector initiative to improve the safety, cleanliness, and vitality of Downtown Seattle and its neighborhoods. Since that time, the MID has focused on four primary services -- public safety, maintenance, marketing and business development -- and helped transform Downtown Seattle into an attractive, safe, and exciting place to live, work, and visit.

The MID was enacted by the City Council and Mayor in August of 1999 as the "Downtown Business Improvement Area" (DBIA) The MID is funded by more than 800 Downtown property owners through a self-imposed and self-governed assessment on Downtown properties and businesses.

The original term of the MID was five years, from August 1999 to August 2004. In the nearly five years since its inception, the MID has provided services that maintain and improve the overall health of Downtown. With the impending sunset of the original MID legislation, there is broad ratepayer support for continuing and enhancing MID programs and services.

### **MID GOVERNANCE**

The MID is governed pursuant to the Revised Code of the State of Washington, 35.87A relating to "Parking and Business Improvement Areas (PBIA)." The law includes provisions that:

- Allow BIA's to finance services ranging from security to maintenance, marketing, and parking management to planning and special events
- Allow revenues for improvements and services to be raised from a special assessment based upon benefits received from improvements and services
- Require petition support from property owners and/or businesses representing 60% or more of the assessments to be paid. Upon presentation of petitions, the City Council can establish the BIA
- Allow formation of a Ratepayer Advisory Board to form budgets and employment programs and to monitor operations

### **Ratepayer Advisory Board**

The MID is overseen by a 30-member MID Ratepayer Advisory Board that is actively engaged in oversight of operations and day-to-day MID efforts. The Ratepayer Advisory Board is broadly representative of the diverse range of Ratepayers and includes representation from each of the Downtown neighborhoods as well as all sizes and classifications of ratepayers. Appointees may represent more than one category, but the final Board composition must show both geographic and use diversity.

Representation on the Ratepayer Advisory Board includes:

- Non-profit Organization
- Small Rate Payer
- Medium Rate Payer
- Large Rate Payer
- Retail Property
- Residential – Rental
- Residential – Condominium
- Parking Lot
- Hotel
- Piers
- Pioneer Square Community Council
- Denny Triangle
- Financial District
- Publicly Owned/PDA
- Property Owner at Large (See Attachment B)

#### **Ad Hoc Program Advisory Committees**

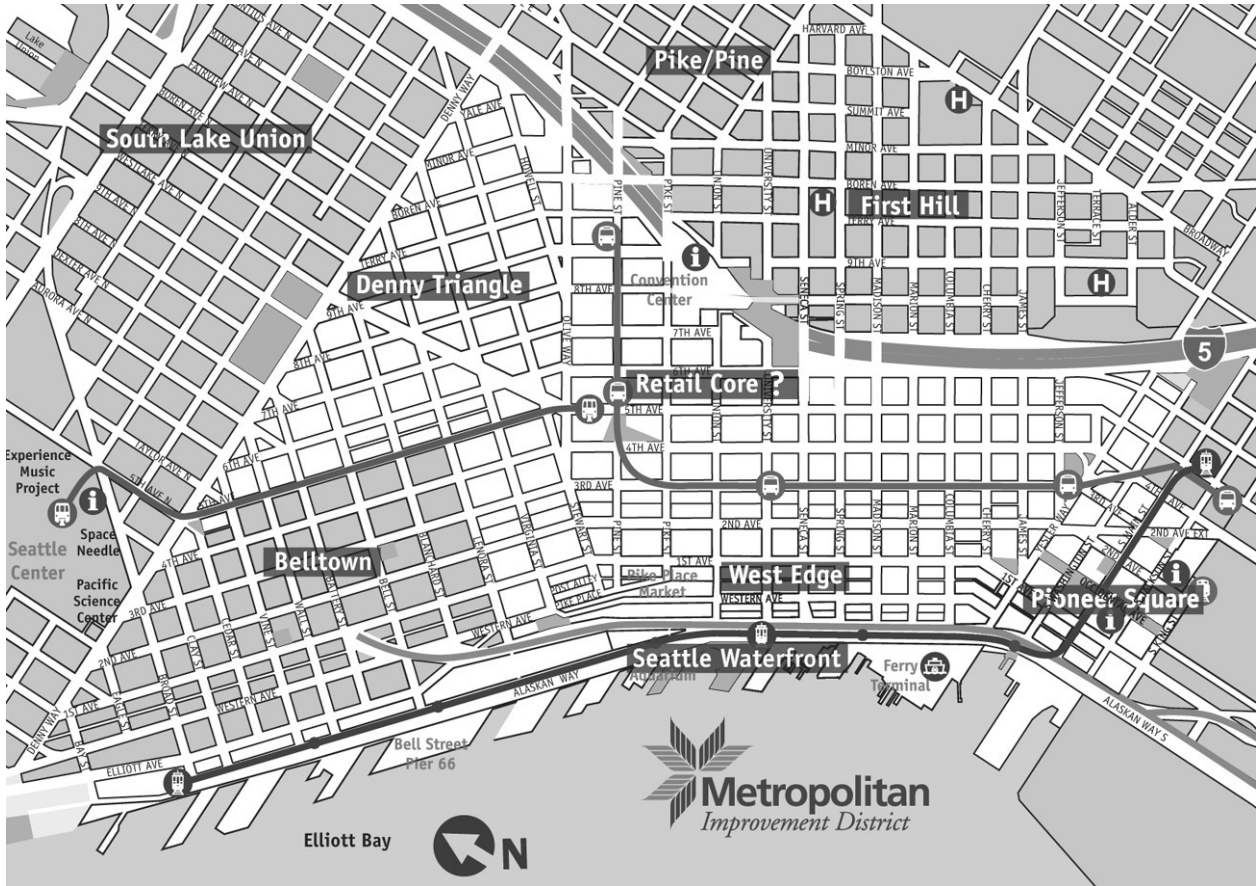
The Ad Hoc Program Advisory Committees provide broad-based input on MID programs and services. Duties include reviewing initial program design, developing recommendations on MID service and performance benchmarks, and identifying program committee membership. Committees include Clean & Safe Operations (PAC), Marketing, Finance, and Business Development.

#### **CURRENT MID BOUNDARIES**

The MID covers 225 square blocks of Downtown. Boundaries are roughly I-5 to the east, the Waterfront to the west, King Street to the south, and Denny Way and Lenora Street to the north. The service area is divided into 23 patrol sectors.

The Downtown-wide MID boundaries are outlined on the following map (Directionally -- From the corner of 4<sup>th</sup> Avenue and Denny Way, proceed south on 4<sup>th</sup> Avenue to Cedar Street, east on Cedar Street to the alley between 4<sup>th</sup> and 5<sup>th</sup> Avenues, south down the alley to Vine Street, east on Vine Street to 5<sup>th</sup> Avenue, south on 5<sup>th</sup> Avenue to Lenora Street, west on Lenora Street to the Alaska Way Viaduct, north under the Viaduct to Elliot Avenue, north along Elliot Avenue to Bay Street, west along the Bay Street right of way to the water, south along the outer harbor line (including from Pier 71 to Pier 47) to South Jackson Street, south along Alaskan Way to King Street, east along King Street to 4<sup>th</sup> Avenue, north on 4<sup>th</sup> Avenue to Washington Street, east on Washington Street to 6<sup>th</sup> Avenue, north along 6<sup>th</sup> Avenue to Interstate Highway 5, north along Interstate Highway 5 to Denny Way, west along Denny Way to 4<sup>th</sup> Avenue):

#### **Seattle Metropolitan Improvement District Boundaries**



## **MID SERVICES**

The MID provides maintenance and cleaning, public safety, research and business development, marketing, advertising, local neighborhood promotion, special events, and other services selected by the Ratepayers Advisory Board to benefit Downtown and its neighborhoods.

## **SUMMARY OF MID ACCOMPLISHMENTS THROUGH AUGUST 2003**

The MID has produced impressive results in all service areas in its first five years of existence. Highlights include:

- An improved perception -- Downtown *is* safe
- Clean streets, buildings, and alleyways
- Success in bringing more people downtown to live, work, visit, and shop – even during an economic downturn
- Effective partnerships resulting in the leveraging of more than \$3.5 million in marketing and advertising value<sup>1</sup>

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<sup>1</sup> All MID dollars allocated for events and marketing purposes are utilized solely for that purpose. These funds are leveraged by Neighborhood Associations and other partners to maximize return but are not co-mingled with MID funds.

- Success in assisting the homeless in improvement of their lives through an effective transitional jobs program that includes job placement, training, and support
- Coordination with the City of Seattle and social service providers to form effective public safety and human services networks that help extend the reach of public services in the Downtown area.

## **CURRENT MID ASSESSMENT METHODOLOGY**

Since 1999, the City of Seattle has levied a special assessment on properties within the Metropolitan Improvement District in Downtown Seattle in exchange for services provided by the MID. The assessment formula is based on Land Square Footage and Assessed Value, with assessment rate ceilings applied to properties based upon their land use designation.

## **II. MID RENEWAL PLAN**

The MID has an exceptional record of accomplishments in its first five years, and there is strong support from Ratepayers to continue and expand its programs. In March 2003, a Renewal Committee was formed by Ratepayers to pursue renewal of the MID. One of the Committee's first actions was to conduct a Ratepayer Survey to determine support for MID renewal. Through the survey, Ratepayers indicated the following reasons for favoring renewal of the MID:

- To protect and leverage existing resources and create new investment
- To maintain the level of basic as well as enhanced cleanliness and safety that has visibly improved Downtown since the MID was formed
- To accommodate Downtown's evolution as a consumer destination – making sure that the Downtown experience is clean, safe, and fun for employees, visitors, and tourists
- To maintain private sector control and accountability for enhanced services
- To be competitive in a changing and challenging market by creating and implementing enhanced services in all programs that meet the needs of all the different stakeholders in Downtown
- To strengthen and unify the downtown's private sector voice and influence
- To maintain and protect the investment and vitality gained in the past five years

Over a period of nine months, the Renewal Committee met frequently and worked with staff and financial consultants to develop a new business plan for renewal of the MID. The proposed ten-year plan ensures that Downtown properties, businesses, visitors, employees, and residents will continue to enjoy the same services receive the same benefits they have come to expect while also providing for enhanced benefits in several program areas. The plan reflects Ratepayers' priorities for maintaining a strong and vibrant Downtown and incorporates lessons learned during the first five years of the MID, changes in Downtown since 1999, and best practices of similar districts in other cities that have shown positive outcomes. The MID Ratepayer Advisory Board is pleased to submit the following plan to its Ratepayers and to the City of Seattle.

## **III. PROPOSED 10-YEAR BUSINESS PLAN 2004-2013**

## **MID BOUNDARIES**

The proposed boundaries of the MID will remain the same. The MID covers 225 square blocks of Downtown. Boundaries are roughly I-5 to the east, the Waterfront to the west, King Street to the south, and Denny Way and Lenora Street to the north. The service area is divided into 23 patrol sectors.

## **MID GOVERNANCE**

The MID will continue to be overseen by a 30-member MID Ratepayer Advisory Board that is broadly representative of each of the Downtown neighborhoods and of all sizes and classifications of ratepayers. The Board and its committees will continue to have oversight of MID operations and finances.

## **MID SERVICES**

With the ten-year business plan, the MID will build on its track record of success to improve and enhance the benefits received by Ratepayers. The following narrative describes the services that will continue to be provided by the MID as well as the enhanced benefits to Ratepayers.

### **Public Areas Maintenance Program**

Program Mission: To consistently provide a high level of cleanliness throughout the MID.

#### **Maintenance Program Goals**

- Eliminate areas of neglect and poor maintenance by providing Downtown-wide maintenance services
- Positively impact perceptions of Downtown's cleanliness
- Provide daily removal of debris/litter, drug paraphernalia, and graffiti
- Impact homelessness in Downtown by focusing on homeless and disadvantaged individuals as potential employees for MID operations.
- Work closely with the City to coordinate service delivery, ensuring that baseline levels of services are maintained

#### **Maintenance Program Summary**

The MID Public Areas Maintenance Program includes approximately 32 full-time employees. MID Maintenance services ensure a uniform standard of cleanliness throughout the metropolitan area by providing public areas sweeping and graffiti removal seven days per week. Large scale cleaning and other special services are also available on an on-call basis. The MID monitors, refers, and follows up on City maintenance issues, works in partnership with City graffiti and maintenance crews, and provides advocacy services on maintenance issues for MID Ratepayers. MID Cleaning Ambassadors also remove posters and flyers from City light poles at appropriate times. Maintenance crews work with the Public Safety program representatives, resulting in more efficient response to any emergency cleaning situation.

As part of the Maintenance Program, the MID Jobs Program provides transitional employment opportunities for homeless and disadvantaged individuals with a desire to re-establish their lives. The program has been successful in impacting homelessness in Downtown by providing effective ways for qualified homeless individuals to re-enter the workforce, subsequently obtain housing, and eventually turn their lives around.

### **Maintenance Program Accomplishments Through August 2003**

- Collected more than twenty-six (26) tons of garbage
- Removed 14,400 graffiti tags from public areas -- a reduction of 78%
- Expanded Community Service program, providing 856 hours of Community Service
- Implemented Transitional Jobs Program to focus on providing employment opportunities for homeless and disadvantaged individuals
- Established partnership with the City to coordinate service delivery and ensure that baseline services are maintained
- Built upon existing relationships with human services providers
- Continued MID employment placement network for transitional employees
- Maximized cleaning resources by coordinating schedules with Seattle Public Utilities and Seattle Department of Transportation
- Implemented program to remove abandoned newspaper boxes
- Honored by the Seattle Public Utilities and Seattle City Light with the Urban Stewardship Award for Environmental Leadership
- Participated in the City's Clean Seattle Initiative to spruce up Downtown for holiday shoppers

### **Continuation of Effective Maintenance Program Services**

The Maintenance Program will continue to provide core services as part of the proposed ten-year business plan. Ratepayer maintenance services will include:

- Daily storefront-to-curb sidewalk sweeping including removal of cigarette butts, broken glass, drug paraphernalia, etc.
- Daily graffiti removal from all streetscape elements in the public right-of-way; proactive identification and assistance with removal from private property
- Semi-annual sidewalk pressure washing
- Inspection, reporting, and problem solving for alleyways
- Monitoring of and advocacy for effective delivery of City services
- Access to Special Projects Fund for emergency or ongoing projects (i.e. trash can replacement, vacant lot clean-up, beautification efforts, high volume trash removal)
- Access to Common Area Lighting Programs
- Regular performance audits to ensure high quality service

### **Enhanced Maintenance Program Benefits**

#### **Streetscape Management Services**

This Maintenance Program component will provide enhanced services to the Downtown sidewalks, including public planter maintenance, street furniture maintenance, newspaper box enforcement, and kiosk maintenance. Services will include:

- Regular maintenance and inspection of kiosks including glass replacement, painting, and pressure washing as required. Reporting structural damage to the City for repair
- Providing care for planters including removal of debris, plantings, irrigation, and weed control
- Partnering with City of Seattle and Seattle Times to remove abandoned news boxes and consult with property owners on placement of new boxes
- Removing graffiti from City traffic signs

#### Improved Maintenance Service Efficiency

This component will provide improved coverage and services through greater mechanization of the Maintenance Program.

### **Public Safety Program**

Program Mission: To improve the perception and reality of safety and customer service throughout Downtown.

#### **Public Safety Program Goals**

- Improve both the perception and reality that Downtown Seattle is safe
- Build a public/private safety coalition throughout Downtown
- Make Downtown more pleasant and easy to use for visitors, employees, and residents
- Establish a consistent Downtown safety presence that discourages predatory street behavior and works to ensure prosecution of persistent violators
- Work closely with existing human service providers to match services and resources with street populations in need
- Establish benchmark levels of service; maintain database of daily public safety duties and audit performance standards on a regular basis

#### **Public Safety Program Summary**

The Downtown-wide Business Improvement Area-sponsored Public Safety Program has approximately 32 full-time employees. “Downtown Ambassadors” represent the program in the community, offering information and assistance to Downtown users and working with the Seattle Police Department, private security providers, and other service agencies to create a public safety network throughout Downtown. Their work helps extend the reach of human service providers by engaging citizens in need and providing referrals to appropriate services. They are also friendly and approachable guides, available to help tourists and visitors make the most of their Downtown experience. Safety Ambassadors are also available as security escorts to citizens within the MID boundary. Ambassadors patrol the streets on a daily schedule that covers all hours of the business day and extends into the late evening.

#### **Public Safety Program Accomplishments Through August 2003**

- Downtown Ambassadors made more than 16,500 drug/alcohol/trespass reports
- Effectively curtailed more than 80,000 loitering incidences
- Maintained high-quality, well-trained workforce

- Developed a public/private safety coalition throughout the MID
- Developed partnerships with human services providers and the Seattle Police Department; expanded the MID/SPD Emphasis Team
- Participated in Emergency Preparedness Planning; implemented an emergency notification network
- Opened the Bon Station, a MID public safety resource center, in partnership with The Bon Marché
- Developed strong contact program with Downtown property managers
- Developed a Youth Ambassador Program with community partners
- Implemented a Trespassing Enforcement Program
- Launched an Ambassador Bike Patrol to provide safety services more efficiently and effectively
- Implemented monthly West Precinct Security Forums and Public Safety Office Fairs to inform and educate community on safety issues

### **Continuation of Effective Public Safety Program Services**

The Public Safety Program will continue to provide core services as part of the proposed ten-year business plan. Ratepayer Public Safety services will include:

- Foot and bike patrol of approximately 225 city blocks 7 days per week  
MID Emphasis Program -- employment of off-duty Seattle Police Department Bike Officers at least 6 times per month for special public safety emphasis patrols
- Special events staffing and concierge services
- Protest/emergency staffing in cooperation with the Seattle Police Department
- Participation in Business Emergency Network and Private Security Forums
- Contracting with businesses outside the MID to provide specialty public safety services as needed
- Provision of updated training for staff in CPR and first aid, emergency response procedures and bike safety, as well as up to 80 hours of comprehensive in-house and field training for Safety Ambassadors including crisis intervention, human services outreach and referral, observation skills, report and radio protocol
- Crime Prevention Through Environmental Design Program
- Continuation of service as “the experts” about Seattle and Downtown, including maintenance and enhancement of Seattle tour information for Bon/Yesler stations

### **Enhanced Public Safety Program Benefits**

#### **MID Customer Service Ambassadors Program (CSA)**

This Program will ensure ratepayer customer service through communication and one-on-one interaction with those ratepayers in high-rise properties. Services will include:

- Interacting specifically with high-rise property ratepayers on issues relating to trespassing, Good Neighbor Agreements, Alcohol Abatement, MID services for public safety and cleaning
- Following up on service requests, distributing newsletters, collecting data, and conducting safety fairs for these MID ratepayers.

### Community Health Ambassador Team

This special team of downtown ambassadors will partner with Health and Human Services organizations and with Seattle Police Department Personnel and will be specifically engaged with those persons on Downtown streets whose public behavior impacts public safety.

### Maintenance and Public Safety Budget Summary

The Maintenance and Public Safety Programs account for 67.1% of the anticipated MID Budget for 2004/2005:

	<i>Actual \$ (Thousands)</i>	<i>% of Budget</i>
Salaries	\$ 1588.7	62.3%
Benefits	430.9	16.9%
Contracts	142.8	5.6%
Program	270.3	10.6%
Rent	117.3	4.6%
<i>Total</i>	<i>\$2550.0</i>	

### MID Business Development Program

Program Mission: To strengthen the competitive position of Downtown Seattle by developing market data resources and materials that will help encourage existing business to continue and to expand and to attract new types of uses that enhance Downtown's overall economic mix.

#### Business Development Program Goals

- Develop and maintain working relationships with the Downtown commercial real estate community (property owners and managers, brokers, and developers) to assist them in locating, relocating, and leasing businesses in Downtown
- Develop and maintain an understanding of Downtown's competitive position in the marketplace and track trends on market shifts and new opportunities
- Provide market information and support services to Ratepayers and others who are committed to retaining and attracting businesses and investment to Downtown
- Develop and monitor benchmarks for MID programs and Downtown's economic performance

#### Business Development Program Summary

The MID Business Development Program (formerly called Research and Economic Development) strengthens the competitive position of Downtown Seattle by developing market data resources and materials that help encourage existing businesses to continue and to expand, and that attract new types of uses that enhance Downtown's overall economic mix. The program provides market information and support services to MID Ratepayers who are committed to retaining and attracting businesses and investments to Downtown.

### **Business Development Program Accomplishments Through August 2003**

- Developed a Downtown Economic Development Strategy
- Enhanced the Downtown Economic Profile and Downtown Development Guide – one-stop resources for statistical information
- Developed Commercial Property Map
- Developed a database management and data product production plan
- Improved data and market research accessibility via the web
- Enhanced the block rating system, measuring MID safety and maintenance activity (CSMS)
- Provided King County Assessor updates
- Performed office worker demographics and demand study
- Performed MID benchmark database enhancements
- Upgraded computer systems administration
- Updated the MID ratepayer database

### **Continuation of Effective Business Development Services**

The Business Development Program will continue to provide core services as part of the proposed ten-year business plan. Ratepayer Business Development Services include:

- Creating an Annual Downtown Economic Profile which compiles a wide variety of useful Downtown demographic and economic information
- Developing comprehensive databases to set a baseline economic profile and establish standards for future benchmarking
- Developing retail and office tenant recruitment tools
- Conducting market research on customer perceptions and shopping patterns
- Developing a database of retail tenants and real estate within the MID
- Conducting MID perception survey that assesses image communications efforts and Clean & Safe measurements
- Managing our nationally recognized MID benchmark database that enables objective analysis of MID operations and to promote effective deployment and information collection

### **Enhanced Business Development Service Benefits**

#### Additional Economic Development Services

This service will develop market trend information and conduct economic studies/research to support programs that will positively impact the Downtown economy.

#### Downtown Transportation Services

This component will develop and implement programs for improving access and transit in Downtown to meet the unique transit and parking needs of Downtown businesses, office buildings, employees and tenants. In addition, staff will serve as the primary contact for Downtown employers and building managers on access and transit issues and help companies develop and implement access plans.

**Business Development Budget Summary**

The Business Development Program budget accounts for 7.2% of the anticipated MID budget for 2004/2005:

	<i>Actual \$ (Thousands)</i>	<i>% of Budget</i>
Salaries	\$201.8	73.3%
Benefits	36.0	13.0%
Contracts	14.9	5.4%
Programs	22.3	8.1%
<i>Total</i>	<i>\$275.0</i>	

**MID Downtown Image Communications and Public Relations Program**

Program Mission: To heighten the image and reputation of Downtown Seattle, enhancing its competitiveness.

**Image Communications and PR Program Goals**

The Downtown Image Communications and Public Relations Program will continue to provide core services as part of the proposed ten-year business plan. Ratepayer services include:

- Providing comprehensive strategic communications and public relations planning
- Providing excellent media relations on behalf of Downtown, including media releases, opinion pieces and earned media activities
- Creating and implementing “Place” Image PR and advertising
- Coordinating and promoting special events
- Creating and promoting neighborhood-specific promotions and cultural events
- Developing cooperative partnerships and strategic alliances to extend the impact of PR and advertising initiatives
- Conducting consumer research to serve as the basis for creating and tracking image communications and public relations initiatives
- Developing residential, tenant, and worker marketing initiatives
- Providing program measurement and benchmarking

**Downtown Image Communications and Public Relations Program Summary**

The MID Downtown Image Communications and Public Relations Program helps to improve the image and reputation of Downtown Seattle, enhancing its regional competitiveness. The program leverages other private dollars and partnerships to provide Ratepayers with a significant return on investment in the promotion of Downtown destinations. It also serves as an umbrella program for Downtown neighborhood-specific marketing efforts. Services include awareness building, public affairs, reputation management/image PR, government relations, media relations, publicity, educational outreach, consumer research, and communication vehicles such as editorials, position papers and white papers.

**Downtown Image Communications and Public Relations Accomplishments Through August 2003**

- Successfully leveraged over \$3.5 million in bonus advertising, earned media, and cooperative partnerships to provide ratepayers with a significant return on investment in the proportion of Downtown destinations through Downtown-wide and neighborhood programs<sup>2</sup>
- Developed and implemented a 5-Year Downtown-wide marketing plan
- Produced communications collateral to support Downtown
  - 15,000 Retail Leasing guides
  - 10,000 Dining Guides
  - 50,000 Key to the City Maps
  - 100,000 Parking Guides
  - 100,000 Holiday Guides
  - 300,000 SuperSaver Guides
  - Upgrade website [www.downtownseattle.com](http://www.downtownseattle.com)
  - MID monthly newsletter
  - MID Services Director
- Launched “Everything in One Great Place” campaign on 3 TV stations – now serves as national model
- Strengthened partnerships with Seattle radio stations for bonus holiday advertising and pro bono support for neighborhoods, retailers and events
- Developed partnership with Ackerley Billboards for 20 free billboards
- Partnered with major traditional holiday events, resulting in record-breaking turnout estimated at 300,000+
- Co-sponsored 10,000 SuperSaver Guides for Downtown hotels
- Advertised SuperSaver program in Alaska Airlines magazine and 150,000 out-of-state direct mail pieces sponsored by American Express
- Convened quarterly focus group discussions with parking operators and implemented Downtown parking promotions, including radio and TV campaign and 20,000 brochures
- Created Denny Triangle Neighborhood website designed to encourage investment in the area
- Implemented new West Edge brand identity to better represent independent merchants on First, Second, and Western Avenues
- Distributed over 50,000 West Edge pocket walking guides from 225 neighborhood locations
- Installed over 150 neighborhood identification light pole signs in Pioneer Square, Waterfront and West Edge
- Produced West Edge and Waterfront neighborhood window stickers and distributed 2,500 West Edge neighborhood mugs to residents and retailers
- Implemented Pigs on Parade, which drew thousands of people Downtown in 2001 and raised nearly \$1,000,000 for the Market Foundation

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<sup>2</sup> All MID dollars allocated for marketing and public relations purposes are utilized solely for that purpose. These funds are leveraged by other partners to maximize return but are not co-mingled with MID funds.

- Created SummerStop, the Retail Core’s first outdoor street festival and Reindeer Games, the Waterfront’s Holiday event for families
- Provided sponsorship support of 3<sup>rd</sup>-party events such as the Seattle Aquarium’s Trick or Treat on the Waterfront and the Propeller Club’s Maritime Festival
- Produced annual Rain Dance events on the Waterfront, showcasing the neighborhood to up to 2,000 people each year and leveraging MID budgets by over 10 times<sup>2</sup>
- Created business-to-business events for retailers and stakeholders to network with each other over food and drinks
- Provided the opportunity to over 100 merchants in Pioneer Square and West Edge to advertise in print publications (*Seattle Times*, *Seattle Magazine*, and *Seattle Home and Lifestyles*) at subsidized rates
- Implemented radio ads for Waterfront and Pioneer Square that ran during the Fall and Winter shoulder seasons
- Provided complimentary shuttles for cruise ship crews in collaboration with the Port of Seattle and two neighborhoods
- Brought the Holiday Express Trolley to Downtown via the collaboration of Seattle Mariners, Pike Place Market, and two neighborhoods with more than 10,000 riders over three years

**Enhanced Downtown Image Communications and Public Relations Service Benefits**

**Broader Marketing and Communications**

This service will provide expanded efforts aimed at promoting living and working in Downtown

**Image Communications and PR Program Budget Summary**

The Communications Program accounts for 14.5% of the anticipated MID budget for the initial year 2004/2005:

	<u>Actual \$</u> <u>(Thousands)</u>	<u>% of</u> <u>Budget</u>
Salaries	\$145.0	26.4%
Benefits	20.0	3.6%
Program	385.0	70.0%
<i>Total</i>	<i>\$550.0</i>	

**MID Management Program**

Program Mission: To provide high-quality program administration and excellent customer service to MID ratepayers.

**Management Program Goals**

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<sup>2</sup> Ibid.

- Provide excellent customer service to MID Ratepayers including regular assessment of program results
- Manage the MID program effectively, efficiently and with the highest service levels possible within the allocated budget
- Identify and develop partnerships, grants and other resource-leveraging opportunities
- Establish working partnerships with: The Office of Economic Development, Seattle Police Department, Seattle Public Utilities, Seattle Transportation, County and Municipal Courts, Department of Neighborhoods, the Seattle Urban League, King County Metro, YWCA, and a wide range of emergency service providers to enhance the effectiveness of their services and fill gaps as appropriate

### **Management Program Summary**

DBIA Services, a subsidiary of the Downtown Seattle Association (DSA), has served as the management company for the MID for the past four years and will continue to manage the MID under the new proposed business plan. DBIA will be under contract with the City. DBIA Services has established an excellent record of customer service to MID Ratepayers during the initial term of the MID. DSA/MID staff conducts extensive research on the best practices and programs nationally and invests in staff training to maintain the highest standards of service. DSA/MID staff has also established contacts throughout the country with other BIAs and calls on their expertise as appropriate in designing and modifying MID programs

### **Management Program Accomplishments Through August 2003**

- Executed MID services contract
- Designed and implemented the MID Five year budget and service plan
- Ensured consistent delivery of excellent MID services
- Provided staffing to Ratepayer Board and Committees
- Negotiated, executed and managed all contracts and support services
- Scheduled, organized and executed an annual meeting of ratepayers
- Prepared the MID annual report
- Continued to leverage MID resources with private/public contributions
- Continued partnership developments with agencies including the Office of Economic Development, Seattle Public Utilities, Seattle Police Department and other organizations

### **Continuation of Effective Management Services**

The Management Program will continue to provide core services as part of the proposed ten-year business plan. Ratepayer Management services will include:

- Providing staff assistance and guidance to the Ratepayers' Advisory Board to implement the programs and activities financed through the MID assessments
- Providing the Board with organizational assistance including communications, meeting logistics, agendas, minutes, reporting; and follow-through on recommended activities

- Developing and carrying out the Board’s work programs for public safety, maintenance, marketing, research and economic development efforts, including specific products and activities, timelines, and budgets for each major component
- Actively seeking and acquiring best practices nationally and keeping Ratepayers informed of new and successful strategies
- Negotiating and executing subcontracts for special projects according to the approved budget; ensuring through strict contract management that these services are provided in a high quality, cost effective and accountable manner
- Scheduling, organizing and executing an annual meeting of all Ratepayers
- Preparing the MID annual report
- Submitting to City Council a statement of projects and activities, proposed program budgets, and a statement of assessment rates requested for the financing of subsequent program years
- Setting program benchmarks based on Ratepayer Advisory Board priorities; keeping Ratepayers informed of progress

**Management Budget Summary**

The MID Management Program accounts for 11.2 % of anticipated MID budget in 2004/2005:

*Total*    \$425.0 (*Thousands*)

**RECOMMENDED ASSESSMENT METHODOLOGY**

The purpose of the assessment methodology is to fairly allocate the benefits of providing MID services to property owners and operators within the boundaries of the MID. The methodology also takes into account special circumstances for unique businesses and activities, furthering ensure fairness. Records from the King County Assessor’s office are used to determine each individual property’s value; the assessment formula is then applied to that value to determine each property’s annual assessment.

**Assessment Methodology Analysis**

Since 1999, the City of Seattle has levied a special assessment on properties within the Metropolitan Improvement District (MID) in downtown Seattle in exchange for services provided. Economic & Planning Systems (EPS) completed a technical report in September 1998, which provided a specific methodology for determining each property’s annual assessment for five annual installments, beginning in 1999. In August 2003, DSA contracted with EPS to update the assessment formula for the MID’s 2004 renewal.

Several alternative assessment methodologies were analyzed to ensure that assessments and benefits would be commensurate. An assessment based on Land Square Footage and Total Assessed Value was chosen because it provides the best method of fairly allocating the benefits to ratepayers receiving MID services. The methodology also takes into account special circumstances for unique businesses and activities.

The original assessment methodology first applied a base formula to each property and applied an assessment ceiling based upon the property’s land use designation. The revised formula holds the same premise with a few adjustments as described below:

**Base Assessment Rate**

Original Base Year Assessment	Proposed Base Year Assessment	Explanation
(Land SF x \$0.29) + (1997 Total Assessed Value/\$1,000 x \$0.30)	(Land SF x \$0.31) + (2003 Total Assessed Value/\$1,000 x \$0.29)	The revised formula <i>increases</i> the Land Square Foot factor and <i>decreases</i> the Total Assessed Value factor to appropriately reflect benefit received due to changes in assessed values in the past five years.

**Assessment Ceilings**

Assessment Ceilings provide protections for ratepayers by capping an individual property’s total assessment so that assessment rates and benefits are commensurate. In the original formula, the assessment for any individual property could not exceed an amount equal to (\$1.75 x Total Assessed Value/\$1,000). The revised formula lowers the assessed value ceiling by the 1997-2003 compounded rate of inflation (16%) for the Seattle Metropolitan Statistical Area to accurately reflect the benefit received given significantly higher total assessed values compared to inflation. The compounded Consumer Price Index (CPI) of 16% for the Seattle Metropolitan Statistical Area was obtained from the U.S. Department of Labor, Bureau of Labor Statistics website on October 14, 2003. The compounded CPI was derived by calculating the rate of change between the 1997 annual index (163.0) and the 2002 annual index (189.3). The 2002 annual index was the most recent annual index available.

Assessment Ceiling rates were also assigned for specific land uses to adjust for a disproportionately high assessment compared to the benefit received. These are listed as follows:

**Per Room and Per Unit Assessment Ceilings**

The hotel room rate and residential unit rate are additional Assessment Ceilings to adjust for disproportionately high assessments compared to benefit received. In the original formula, hotels were assessed a rate of \$55 per room; multi-family apartments and condominiums at \$65 per unit; and rent-restricted multi-family apartments at \$7.50 per unit. The revised formula increases these assessments by the 1997-2003 compounded rate of inflation (16%) and results in an assessed rate of \$65 per room; multi-family apartments and condominiums at \$75 per unit; and rent-restricted multi-family apartments at \$9 per unit.

**Net Building Square Foot Assessment Ceilings**

The revised formula adds two additional Assessment Ceiling rates for commercial properties with special circumstances. Since the creation of the original formula, several commercial

properties have taken a property tax exemption available for historic properties, thereby decreasing their assessed building/improvement value to \$0. For these properties, the assessment will equal the lesser of the base formula or an assessment ceiling of \$0.07 per net building square foot. (The assessment ceiling of \$0.07 per net building square foot represents the average MID assessment.)

Under the original formula, assessments on commercial properties were only capped by the assessment ceiling. A new net building square foot ceiling rate of \$0.14 per square foot now applies to properties with a greater than .5 Floor Area Ratio (FAR). This new ceiling rate provides additional assurance that assessment rates and benefits received are commensurate for commercial properties. The effect is a lower 2003 to 2004 percent change in assessment.

The final change to the methodology applies to nonprofit properties with a \$0 total assessed value. An Assessment Ceiling rate of \$0.01 per net building square foot was used to calculate the assessment amounts for properties in this circumstance. The assessment ceiling of \$0.01 represents a proportional relationship based upon the Assessment Ceiling for commercial properties, and also provides assurance that assessment rates and benefits received are commensurate for non-profit properties.

### **PERIODIC ASSESSMENT REVIEWS**

Ratepayers will be assessed by the City for ten annual installments beginning with the base year of the re-authorization (2004-2005). For the next three years, the assessment amount shall not exceed a 3 percent per year increase in order to maintain the current level of services and benefits provided by the MID.

In the third year (2006-2007) and sixth year (2009-2010) of the re-authorization, the MID Advisory Board may review the assessment formula and annual budget. If changes are required to the Base Formula factors and/or Assessment Ceiling rates in order to maintain similar benefit and service levels, modifications shall be authorized by the MID Advisory Board and must be presented to the Seattle City Council for review.

If modifications to the assessment formula are authorized, the changes shall be implemented in the fiscal years immediately following the assessment reviews: year four (2007-2008) and year seven (2010-2011). Regardless of whether changes to the Base Formula factors and/or Assessment Ceiling rates are authorized, the most recent total assessed values from the King County Assessor's Office shall be integrated into the base formula during the fourth and seventh years.

In the years following the two periodic assessment reviews, the assessment amount shall again be increased by no greater than 3 percent and can only be adjusted by authorization of the MID Advisory Board and review by the Seattle City Council in the third and sixth years, and implemented in the fourth (2007-2008) and seventh (2010-2011) years.

### **CHANGES IN PROPERTY NET BUILDING SQUARE FOOTAGE**

Under the ten-year re-authorization, new development may be added to the assessment roll on an annual basis following the base year (2004-2005) and in between the two periodic assessment reviews. New development occurs if a parcel's net building square footage increases either as a

result of a new building or expansion of an existing building. This development shall be assessed using the following guidelines for specific land uses:

Commercial Condominium:	
If property is commercial:	\$ 0.07 per net building square foot
If property is residential:	\$75.00 per unit
Commercial Mixed-Use:	\$ 0.07 per net building square foot
Hotel:	\$65.00 per room
Industrial Warehouse:	\$ 0.03 per net building square foot
Multifamily Residential Apartment:	\$75.00 per unit
Multifamily Residential Condominium:	\$75.00 per unit
Multifamily Residential Apartment/Rent Restricted	\$ 9.00 per unit
Owned by Nonprofit	\$ 0.01 per net building square foot

These rates shall be adjusted annually until the two periodic assessment reviews occur as described above. At that point, the appropriate Base Formula factors and Assessment Ceiling rates shall be applied. Properties currently on the assessment roll or added during the two periodic assessment reviews that have expanded their net building square footage will be assessed only on the property's change in square footage according to the guidelines above.

For land uses not listed above, no assessment shall be imposed on properties whose net building square footage has increased. These land uses include: Government; Not categorized; Residential; Surface Parking; Under Construction; Unknown; Vacant Commercial; and Vacant Residential. During these two periodic assessment reviews, new development categorized as Surface Parking shall be assessed according to the appropriate Base Formula factors and Assessment Ceiling rates.

Table 1  
 Downtown Seattle Metropolitan Improvement District  
 Explanation of Changes in the Assessment Formula Methodology

Item	Assessment Formula			Notes
	Original Formula	New Formula	Percent Change	
<b>Base Formula</b>				
Land Sqft Factor	\$0.29	\$0.31	7%	Adjusted to achieve three goals: * The 2004 Budget goal amount of approximately \$3.8; * A 5.5/4% percent allocation split between the impact of Land \$F and TRAV, similar to the original assessment formula; and * Assessed Value Factor reduced slightly and Land \$F Factor increased slightly to account for significantly higher Total Assessed Value increase (50%) compared with inflation (16%).
Total Assessed Value Factor	\$0.30	\$0.29	(3%)	
<b>Assessed Value Ceiling Rates (Per \$1,000)</b>				
Commercial Condominium (CC)	1.75	-	(14%)	All Assessed Value Ceilings were decreased by the 1997-2003 compounded rate of inflation for the Seattle Metropolitan Statistical Area (16%) and rounded to the nearest multiple of five (5) except for Commercial Condominium (CC) and Multi-Family Residential Condominium (MFC) properties. Only the base formula was used to calculate the assessment for CC properties, and the base formula and room rate was used to calculate the assessment for MFC properties.
Commercial Mixed Use (CM)	1.75	1.50	(14%)	
Government (GV)	1.35	1.15	(15%)	
Hotel (HO)	0.35	0.30	(14%)	
Industrial/Warehouse (IW)	0.65	0.55	(15%)	
Multi-Family Apartments (MA)	0.27	0.15	(14%)	
Multi-Family Residential Condominium (MFC)	0.18	1.50	(14%)	
Multi-Family Apartments, Rent Restricted (MR)	1.75	0.30	(14%)	
Not Categorized (Not assessed) (NOCAT)	0.35	1.50	(14%)	
Owned by Non-Profit (NP)	1.75	0.85	(15%)	
Residential (RE)	1.00	0.85	(15%)	
Surface Parking (SU)	0.18	0.15	(14%)	
Under Construction (UC)	1.75	1.50	(14%)	
Unknown (UNK)	1.75	1.50	(14%)	
Vacant Commercial (VC)	1.75	1.50	(14%)	
Vacant Residential (VR)	1.75	1.50	(14%)	
<b>Room/Unit/Net Building Sqft Ceiling Rates</b>				
<b>Per Room</b>				
Hotels	\$65.00	\$65.00	18%	Room/Unit Benefit Ceilings were increased by the 1997-2003 compounded rate of inflation for the Seattle Metropolitan Statistical Area (16%) and rounded up to the nearest multiple of five (5) except for Rent-Restricted Multi-Family Apartments.
Per Unit				
Multi-Family Apartments	\$65.00	\$75.00	16%	
Multi-Family Condominiums	\$65.00	\$75.00	16%	
Multi-Family Apts, Rent Restricted	\$7.50	\$9.00	20%	
<b>Per Net Building Square Foot</b>				
Commercial Properties with \$0 Assessed Value	-	\$0.07		Cap applied to match average assessment per net building sqft of all commercial properties.
Commercial Properties with FAR > .5	-	\$0.14		Cap applied to match no more than twice as much as the average assessment per net building sqft of all commercial properties.

Source: EPS

**RECOMMENDED 2004/2005 BUDGET AND FINANCES**

Ratepayers will be assessed by the City for ten annual installments beginning with the base year of the re-authorization (2004-2005). For the next three years, the assessment amount shall be increased by 3 percent per year in order to maintain the current level of services and benefits provided by the MID.

In the third year (2006-2007) and sixth year (2009-2010) of the re-authorization, the MID Advisory Board may review the assessment formula and annual budget. If changes are required to the Base Formula factors and/or Assessment Ceiling rates in order to maintain similar benefit and service levels, modifications shall be authorized by the MID Advisory Board and must be presented to the Seattle City Council for review.

If modifications to the assessment formula are authorized, the changes shall be implemented in the fiscal years immediately following the assessment reviews: year four (2007-2008) and year seven (2010-2011). Regardless of whether changes to the Base Formula factors and/or Assessment Ceiling rates are authorized, the most recent total assessed values from the King County Assessor’s Office shall be integrated into the base formula during the fourth and seventh years.

In the years following the two periodic assessment reviews, the assessment amount shall again be increased by no greater than 3 percent and can only be adjusted by authorization of the MID Advisory Board and review by the Seattle City Council.

The Proposed Budget for the MID in 2004 is \$3.8 million. Proposed budget allocations for MID services in 2004/2005 are shown below as compared to current year allocations:

<b><u>MID 5<sup>th</sup> Year (2003)</u></b>		<b><u>2004/2005 Proposal</u></b>	
<i>Service Area</i>	<i>%</i>	<i>%</i>	<i>Actual \$ (Thousands)</i>
Maintenance and Public Safety	61%	67.1%	\$2,550.0
Business Development	7%	7.2%	275.0
Image Communications and PR	14%	14.5%	550.0
Management	12%	11.2%	425.0
Reserve	5%	--	--
<b>TOTAL</b>			<b>\$3,800.0</b>