

## PETITION

### FOR CONTINUING AND ESTABLISHING A DOWNTOWN BUSINESS IMPROVEMENT AREA

TO THE TACOMA CITY COUNCIL: The owners of the property located within the proposed area herein petition the City of Tacoma to continue and/or establish a Business Improvement Area as authorized by RCW Chapter 35.87A within the following described boundaries and as outlined on the attached map:

Beginning at Broadway and 6th Avenue, then west on 6th Avenue to South Baker Street, south on South Baker Street to Fawcett Avenue, south on Fawcett Avenue to South 21st Street, west on South 21st Street to Tacoma Avenue South, south on Tacoma Avenue South to South 23rd Street, east on South 23rd Street to Jefferson Avenue, south on Jefferson Avenue to South 23rd Street, east on South 23rd Street to A Street, north on A Street extended to South 15th Street, then northeasterly to South 14th Street and Cliff Street extended, then north on Cliff Street extended to South 12th Street and the west right-of-way line of Schuster Parkway, then northwesterly along Schuster Parkway to its connection to Stadium Way, then north on Stadium Way to the north end of Parcels 200505-0050 and 200202-0060, then east along the parcel lines to Broadway, then north to the beginning at 6th Avenue;

said area being hereafter called the Business Improvement Area or "BIA."

In order to improve the general appearance of the BIA, to improve the economic climate and foster economic development within the BIA, the City of Tacoma would levy special assessments upon buildings and other real property (and/or the owners thereof), within the BIA, deposit the funds collected in a special city fund, and expend them only for the purposes or activities that benefit the BIA as outlined in the following paragraphs, and as may be more specifically defined by ordinance of the Tacoma City Council to be adopted in accordance with the procedures as set forth in RCW Chapter 35.87A.

1. The City of Tacoma would levy a special annual assessment on uses and land at the following rates, for the purpose of operating a common area security, maintenance and marketing program.

A. Use Assessments

- i. Property improved with buildings containing office, retail, residential, and commercial uses (unless such building or use falls within another classification as below provided), may be assessed up to the annual rate of sixteen cents for each square foot of the total gross floor area of buildings used for such uses.
- ii. Unimproved land, surface parking lots, parking garages, warehouse and storage facilities, churches (or similar buildings only substantially occupied for their intended use one a week), those portions of buildings used for transient lodging, and buildings which are vacant and unable to be occupied without major renovation, may be assessed at the annual rate of up to ten

cents per square foot of the total gross floor area of such building, or of the surface area of the land or surface parking lot. The ordinance or amendments may provide, pursuant to RCW 35.87A.010, for reasonable classification of businesses or purposes of determining the rate to be charge, which may be lower than the rates set forth herein, and may provide for exemptions from assessments as may be appropriate.

B. Land Assessments: Parcels within the boundaries may be assessed at the annual rate of up to seven cents per square foot of the total gross size of such parcels. Properties owned and occupied by a state or federal government agency are exempted from the land assessment.

C. The ordinance shall provide the appropriate regulations, procedures and an administrative appeal process for determining under which classification a particular building, property or area will be assessed.

2. The assessment formula used in establishing the BIA and the annual budget of BIA levy expenditures shall be subject to annual revision and review in accordance with the procedures and in the manner to be set forth in the City ordinance establishing the BIA and the special assessments therefor; said ordinance being hereafter referred to as the "BIA Ordinance." Any subsequent increase of the assessment maximums shall be based on the increase, if any, of the Consumer Price Index for the metropolitan Tacoma area as to be more specifically defined in the BIA ordinance.

3. Property owned by the state and federal government shall be exempt from assessment, provided that nothing herein shall preclude the state or federal government from agreeing to make payments for any such assessment.

4. Special assessment revenues shall be used for the following types of purposes, programs and services:

A. The operation of a security program to provide enhanced security for common areas and for people, which may include, but is not limited to, dissemination of information relative to security to providing of additional security through a combination of public and private personnel and facilities, and such other measures of activities as will accomplish the above-stated objectives, and also assist in changing the perception that the BIA is an undesirable or unsafe area.

B. Maintenance and appearance of common areas, such as the sweeping and cleaning of sidewalks, the removal or covering of graffiti, the removal or prevention of litter, and such other related activities or services which would enhance the appearance of the area and encourage the general public to increasingly visit or do business in the BIA.

C. Marketing and generating favorable publicity, and to promote the BIA and the property and businesses therein as a clean, safe, and inviting area.

5. The City of Tacoma may contract with the Local Development Council of Tacoma or similar business association or entity to administer all or a portion of the operation of the business improvement activities and programs which are to be funded, in the manner as to be specifically set forth in the BIA Ordinance.

6. The total annual cost for all programs and activities to be funded in the BIA by the special assessment levy is estimated to be not more than one million, three hundred and seventeen thousand dollars (\$1,317,000.00)

7. The BIA District may be expanded to contiguous areas pending petition of property owners representing more than 50% of assessed valuation of an area and at the discretion of the BIA Board of Directors.

8. The BIA and the special assessment upon properties shall continue for a period of ten years (commencing May 1, 2018), unless, at least 90 days prior to such termination, a petition is submitted to the City requesting the continued existence of the BIA, with such petition documenting approval of the owners of the property in the BIA who will pay 50 percent or more of the annual special assessment for the District. If the owners of property in the BIA who pay more than 50 percent of the annual special assessments request termination of the BIA and levy with the submittal of a signed petition, the BIA will terminate within one year (or such longer period as set forth in the termination petition) from the date of submission to the City.

# Downtown Tacoma BIA:

30 years of making downtown Tacoma safe, clean & welcoming



Business Improvement Area

## Prospectus

*Information for Ratepayers*

**Third Renewal (2018-2028)**

**Downtown Tacoma Business Improvement Area (BIA)**

## Introduction

Downtown Tacoma's Business Improvement Area (BIA) was formed by the downtown property owners in 1988 to provide additional security, maintenance and marketing services in the city's primary commercial area. Since that time, the district has successfully reduced crime, improved perceptions of personal safety, upgraded the appearance of downtown's streets and sidewalks, and marketed the district through a variety of tools.

This third renewal will include an expansion of services and an expansion of the boundary to better serve the growing 24/7 downtown community and represent the core area of activity as downtown becomes more vibrant.

### ▪ The District in Brief

- The expanded 120-block district is generally described as being 6<sup>th</sup> Avenue south to S. 23<sup>rd</sup> Street and 'A' Street west to Fawcett Avenue. This is an expansion from the current boundaries of S. 7<sup>th</sup> Street, Court D/Market, S. 21<sup>st</sup> Street, and A Street.
- Current (FY 2017-18) rates are 10.70 cents per square foot per year of high intensity uses and 5.3 cents per square foot per year for low intensity uses like parking lots and warehouse space. 2018-19 rates are anticipated to remain at these levels.
- Land based assessments are proposed for 3 cents per square foot per year starting in 2018. For many properties this will increase total assessments by about 8%, with lower increases for larger buildings.
- The land based assessment will allow the BIA to:
  - Move to 24/7 security team coverage
  - Increase the number of officers on duty during high demand times
  - Expand the maintenance team to 7-days a week
- Current rates are 16% below the inflation adjusted rates at the last BIA renewal in 2008. Absolute rates are about 1-2% lower as well.
- Adjusted for inflation, the BIA program expenses are 30% less than expenses in 1988. Current high use rates are 62% lower than 1988 while low use rates are 24% less than 1988.
- Roughly 6.3 million square feet will be assessed at the high use rate, 6.6 million square feet at the low use rate, and 5.2 million square feet of land.
- Estimated expenses for 2018-19 are just over \$1,316,000.
- Expected assessments in 2018-19 will total \$1,199,000; the remainder of the budget will come from use of reserves.

If owners vote to renew the BIA for another 10-years, all property owners within the boundaries will contribute towards improving the area for all property owners.

## **The Renewal Process**

The BIA program will sunset if it is not renewed through an affirmative vote by a majority of the property owning ratepayers within the district.

This document offers ratepayers a proposal for how the next phase of the program can be structured, what services may be offered, and what rate of funding will be required.

A petition signature card has been enclosed with this prospectus. Completed cards will be submitted to the City of Tacoma to renew the BIA for another ten-year period.

Petition cards must be signed by the property owner of record or that party's representative and returned to the BIA no later than Friday, October 6, 2017.

Board members and staff are available to meet with ratepayers who may have questions not addressed by this prospectus. To schedule a meeting, please contact:

David Schroedel  
BIA Manager  
253.682.1723  
davids@tacomachamber.org

## **The Proposal**

Ratepayers within the Downtown Tacoma Business Improvement Area (BIA) propose to continue the district for another ten (10) years with services as noted later in this document.

This proposal includes new provisions as noted below:

- High intensity uses like improved properties containing offices, retail and residential uses will be assessed within the range of \$0.10 - \$0.16 per square foot of total gross floor area over the next ten years;
- Low intensity uses like unimproved land, surface parking lots, parking garages, churches, nonprofit social services and those buildings unable to be occupied without major renovation will be assessed within the range of \$0.05 - \$0.10 per square foot over the next ten years;
- In addition to a use assessment, properties will be assessed between \$0.03 - \$0.07 per square foot of parcel size over the next ten years;
- BIA boundaries will be expanded roughly as follows:
  - To the south from South 21<sup>st</sup> Street to South 23<sup>rd</sup> Street
  - To the west from Court D to Fawcett Avenue/Baker Street
  - To the north from South 7<sup>th</sup> Street to 6<sup>th</sup> Avenue
  - The eastern boundary of I-705 will remain
- District boundaries may be expanded upon petition of property owners representing more than 50% of assessed valuation of an area and at the discretion of the BIA Board of Directors

## **Services**

The BIA currently provides specific services to ratepayers in three budgeted program areas (Security, Maintenance, & Marketing). The BIA also provides some common area improvements that support the growing vibrancy of downtown, and is considering expansion of services in areas that may complement current services without requiring funds from the ratepayer assessment.

### Security

The BIA provides patrols throughout the district each day, and radio-directed patrols are available on call to address specific problem areas. Services are coordinated with the Tacoma Police Department (TPD) and other public safety agencies to provide maximum flexibility in response to ratepayer needs.

Elements of the BIA Security Program are as follows:

- Private security patrols on bicycle
- On-call walk-to-car service
- Support for TPD downtown emphasis patrol
- Coordination for downtown security efforts
- E-mail alert for downtown property owners and managers

In 2018, the BIA will be expanding their security program to include full 24/7 coverage rather than the modified 24/6 currently in place. In addition, the BIA will add security staff to high demand shifts to ensure response times stay within an appropriate level of service.

In 2016, the BIA security team started using geo-tagged electronic incident tracking allowing additional detail in incident reporting. In July, 2017, the security team responded to the following incident types:

- 112 Transient Incidents
- 53 Disturbance Incidents
- 8 Property Incidents
- 5 Safety Incidents
- 3 Drug & Alcohol Incidents
- 1 Vehicle Incident

### Maintenance

The BIA cleans sidewalks and other common areas throughout the district regularly, with higher traffic areas receiving more frequent attention as needed.

Elements of the BIA Maintenance Program are as follows:

- Weekly blowing and sweeping sidewalks
- On-call debris removal from sidewalks
- Biennial sidewalk pressure washing
- Same day graffiti removal
- Seasonal removal of snow and leaves

In 2018, the BIA will be expanding the on-call cleaning services to 7 days a week rather than the 5 days currently in place. In addition, the BIA will add full time staff to provide some late afternoon/early evening services.

In 2015, the BIA maintenance team adjusted scheduling to utilize more team hours during high demand months. In July 2017, the maintenance team:

- Removed 2,420 pounds of trash from downtown streets
- Removed 96 graffiti tags
- Pressure washed 52,000 square feet of sidewalks

Marketing

The BIA aims to make downtown a welcoming place and encourage people to spend time and money in our area as customers, employees and investors.

In early 2017, the BIA completed a survey of 800 downtown stakeholders. The respondents clearly said we need to do a better job of getting the word out on exciting developments downtown and the services the BIA offers.

This has resulted in our quarterly BIA newsletter highlighting downtown. The most recent newsletter focused on the \$350m of foreign direct investment coming to downtown, the Theater District's Culture & Transportation Plan and some of the BIA's services.

Some of the ongoing elements of the BIA Marketing Program are as follows:

- Paying to keep the Tacoma Link fare free
- Seasonal pole banners highlighting activities downtown
- Installing holiday lighting
- Installing flower baskets with community partners

**Estimated 2018-19 Budget**

Income:

High Use Rate (\$0.107/sf/yr of use/building):	\$ 720,431
Low Use Rate (\$0.053/sf/yr of use/building):	\$ 319,113
Land Rate (\$0.03/sf/yr of land):	\$ 159,180
Excess Reserves:	<u>\$ 117,776</u>
Total Income:	\$1,316,500

Expenses:

Security (24/7 Bike Security, Tacoma Police Shift)	\$ 725,000
Maintenance (7-Day Cleaning, Sweeper, Graffiti)	\$ 358,400
Marketing (Tacoma Link, Banners, Flower Baskets)	\$ 113,100
Administration (Rent, Insurance, Management)	<u>\$ 120,000</u>
Total Expenses:	\$1,316,500



## **Management**

The BIA has been prudently managed through the past three decades of its operation so that today, despite a considerable expansion of services, ratepayer costs remain lower than they were in 1988 or even 2008.

## Accountability

The BIA has a ratepayer board that meets monthly and is responsible for addressing ratepayer concerns; monitoring activities; and developing rates, budgets and annual work plans. All ratepayers are welcome to attend monthly board meetings.

Annually, the proposed budget, rates and work plan are sent to all ratepayers for feedback and a public meeting is held. Following approval by the BIA board, the proposed rate, budget and work plan is submitted to the Tacoma City Council for approval following a public hearing at Council.

BIA finances are audited annually, currently by Johnson Stone & Pagano. Johnson Stone & Pagano also completes and submits the required tax forms for the BIA.

The Tacoma-Pierce County Chamber is contracted to provide day-to-day management and administrative services.

A competitive bidding process is used to select the vendor for security services, currently provided by Pierce County Security.

## Management Philosophy

The BIA strives to:

1. Provide common services for property owners and their clients within the business improvement area boundaries; and
2. Be an advocate for the general economic well-being of downtown.

In addition to this mission, the following duties are inherent in fiduciary responsibility to the ratepayers:

- The BIA will manage its programs in such a manner that operating efficiency, relative cost, and input from customers (i.e., ratepayers) are given the highest priority at all times;
- Funding for programs contracted by the BIA should be partnered with other programs when possible in order to maximize the benefit accruing to ratepayers;
- BIA services are to be a value-added addition to, rather than a replacement for, City services.

### 2017-2018 Board of Directors

The Board of Directors is comprised of property owners and their representatives. The Current Board of Directors includes:

- Catherine Espel-Logan, State Farm, President
- Tom Pierson, Tacoma-Pierce County Chamber, Vice President & Treasurer
- Ben Mauk, University of Washington Tacoma, Secretary
- Judee Encinias, DaVita, Inc., Security Committee Chair
- Blaine Johnson, Passages Partnership, Marketing Committee Chair
- Melissa Broom, Neil Walter Co.
- Danielle Cavoto, Courtyard by Marriott
- Ted Johnson, Simon Johnson LLC
- Tom O'Connor, O'Connor & Associates, LLC
- Dan Putnam, Pacific Plaza, LLC
- Rane Shaub, Shaub-Ellison Co
- Jason Whalen, Ledger Square Law, PS

### Abbreviated Inflation Adjusted Rate History

Year	High Use Rate	Adjusted to 2017 \$	Low Use Rate	Adjusted to 2017 \$
<b>1988</b>	\$0.1200	\$0.2806	\$0.0300	\$0.0701
<b>1998</b>	\$0.0900	\$0.1374	\$0.0300	\$0.0458
<b>2008</b>	\$0.1094	\$0.1277	\$0.0535	\$0.0624
<b>2017-18</b>	<b>\$0.1070</b>	<b>\$0.1070</b>	<b>\$0.0530</b>	<b>\$0.0530</b>
Max Allowed	\$0.1936	\$0.1936	\$0.1115	\$0.1115

#### **What is a BIA?**

Business Improvement Areas (BIAs) are public-private partnerships which use special assessments to finance improvements or services within a designated commercial area. Put more simply, BIAs are self-help programs funded through assessments on property. Property owners within a district choose to be jointly assessed for improvements or services beyond those already provided by their local government.

BIAs are most often formed to help a district compete more effectively for private investment. Under Washington State law, BIAs can pursue a variety of purposes including security and maintenance of common areas, marketing programs, business retention and recruitment, special events and promotions, transportation services, and streetscape improvements.

Cities can create BIA districts through ordinance, collect assessments for BIAs and turn those monies over in their entirety to the BIAs. The BIA management entity, which is in most cases a private non-profit corporation composed of representative property owners, directs how BIA funds will be spent.

Enabling documents for the Downtown Tacoma BIA and annual reports are available for download from the BIA website ([www.tacomabia.org](http://www.tacomabia.org)).