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City Council

Proposed Downtown Improvement District (DID) Operating Plan and Process

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Title

Proposed Downtown Improvement District (DID) Operating Plan and Process

Recommended Action

Committee Recommendation:

The Parking Business and Improvement Area (PBIA) Advisory Board voted on January 8, 2020, to endorse the creation of a property-owner funded Downtown Improvement District, as presented, and to provide a formal letter to Council reflecting this endorsement that also includes statements from board members who oppose the endorsement.

City Manager Recommendation:

Receive a briefing on the proposed Downtown Improvement District (DID) operating plan and process.

Report

Issue:

Whether to receive a briefing on the proposed DID Operating Plan and process.

Staff Contact:

Amy Buckler, Strategic Projects Manager, Community Planning & Development,
360-570-5847

Presenter(s):

Amy Buckler, Strategic Projects Manager
Todd Cutts, Executive Director, Olympia Downtown Alliance
Matt DeBord, Timberland Bank
Ron Thomas, Thomas Architecture Studios
Danielle Ruse, PBIA Board Chair
Jeff Barrett, PBIA Board Vice Chair

Background and Analysis:

Downtown property owners are exploring the notion of a Downtown Improvement District (DID), which would be an improvement area in downtown Olympia funded through a property-owner-based

fee assessment. The Olympia Downtown Alliance is facilitating this process.

In spring of 2019, the Downtown Alliance formed a DID Steering Committee made up of downtown business and property owners; Councilmember Jessica Bateman and Ms. Buckler participated as non-voting members. At the same time, the Alliance also started outreach with the downtown community. They discussed an initial proposal with the Parking Business and Improvement Area (PBIA) Advisory Board on May 7 and June 26, and with City Council on Aug 13. The Downtown Alliance and City also held a joint public information meeting on Sept 16.

In the Fall, a work group comprised of Mayor Cheryl Selby, Councilmember Lisa Parshley, Mr. Cutts, two members of the DID Steering Committee and City staff met four times to gain clarity on the proposal, discuss questions/concerns and lay out a process for bringing it forward to the City Council.

Legal Structure

Improvement districts are authorized under Washington State law by RCW 35.87A. The City's current business-based improvement district, the Parking and Business Improvement Area (PBIA), is authorized under the same law.

An improvement district is established by ordinance following a public hearing by the local government legislative authority. The process may be initiated by petition, in this case by property owners representing more than 60 percent of the total assessments in the district.

The legislative authority (in this case, the City Council) has sole discretion as to how the revenue derived from the special assessments is to be used. However, the Council may appoint an advisory board (Operating Plan's Board of Directors) to make recommendations as to its use, and may contract with a chamber of commerce or other similar local business association (proposed Olympia Downtown Alliance) to administer operation of the improvement area.

Operating Plan

The DID Steering Committee has prepared the attached DID Operating Plan. At the study session, Mr. Cutts will review the elements of the Plan, including changes that have been made since last presented to City Council. These include:

- A smaller boundary (e.g., several blocks in the southeast were removed);
- A smaller budget (due primarily to boundary changes);
- New assessment rates;
- Modified service descriptions; and
- The Make-up of the Board of Directors.

Services

State law establishes a scope of authorized purposes for the funds. Within that, the Operating Plan describes two main service categories: 1) Beautification and Hospitality, which would include cleaning, ambassadorial services and other initiatives that enhance cleanliness, safety and appearance of downtown; and 2) Assisting Small Businesses, including marketing, events, special projects and small business training.

The intent is to augment, rather than replace, existing City services. The Downtown Alliance has been in conversation with City staff about how services could be coordinated if the DID were

approved. For example, DID cleaning services would include regular power washing of sidewalks, a service not provided by the Clean Team.

Mr. Cutts will review the services in more detail at the study session.

Board of Directors

The DID ordinance would include the general make-up of the Board of Directors, as described in the Operating Plan. This includes 10 property owners, five business owners and two non-voting members (a City representative and a downtown resident.) Three of the business owner seats are set aside for business owners only, while the other two seats are open to be filled by a business owner who also owns property. Two property and three business owner seats must be for a business/property less than 5,000 sq. ft.

The initial Board of Directors will be submitted to the City Council at the time of petition. From there, the proposed method for selecting specific members is that the DID Board (or committee) would make a recommendation to the City, with the City Council having delegated approval authority to the City Manager.

The primary role of the Board of Directors is to formulate the annual work program and budget. This would be voted on by ratepayers at an annual meeting and then forwarded to the City for approval, with the City Council having delegated approval authority to the City Manager.

Board of Director meetings would be noticed and open to the public.

Administration

The proposal is for the City to contract with the Olympia Downtown Alliance to manage day-to-day operations. This would include, for example, project implementation steps, managing Board meetings and administration of cleaning/ambassadorial service contracts. The Alliance would also provide the annual assessment roster to the City for billing. Annual fees would be collected by the City and dispersed to the Alliance per the contracted arrangement.

Once collected, the funds are considered public funds and go into a special account. Administration of funds must comply with all applicable provisions of law, including non-discrimination policies, competitive bids, constitutional prohibition relating to gifting of public funds, and state auditor policies and procedures. The revenue and expenditures of the DID would be subject to audit by the State Auditor's Office each year.

Relationship to PBIA

While it is legal to have both a property-owner-based assessment (DID) and a business-based assessment (PBIA) in the same area, it is understood that the downtown community would be unlikely to welcome two assessments.

The intent is, if the City ultimately adopts an ordinance establishing the DID, then the City would follow up that action with an ordinance disestablishing the PBIA. The work group agreed that this intention should be made clear up front.

The PBIA Advisory Board acknowledged this intent and voted 5-2 to endorse the DID. Their

recommendation letter is attached.

Also attached is a table comparing elements of the current PBIA to the proposed DID.

Option for City to opt in to be discussed at Finance Committee

Should the DID be established, public sector entities would not be obliged to pay an assessment; however, they may opt into the district.

The \$600,000 budget in the Operating Plan assumes the City of Olympia opting into the district for approximately \$37,000 annually. The City Council has not yet determined whether it would opt in. A discussion about options and a recommendation by the Council Finance Committee is planned for February 19.

Process and timeline

A process outline is attached.

Following the Feb. 19 Finance Committee meeting and recommendation, but prior to the start of the petition drive, Mayor Selby and Councilmember Parshley have agreed to bring forward a non-binding resolution to the City Council. The resolution would state support for the effort to propose a DID, what the assessments would be used for, whether or not City would opt into the district, and the intention to disestablish the PBIA if the DID were ultimately adopted.

Neighborhood/Community Interests (if known):

The proposed DID is a topic of conversation among the downtown community, with some in support and others not. The PBIA advisory board's recommendation letter captures many of the business owner sentiments.

Options:

None at this time; briefing only

Financial Impact:

The initial DID budget projection is about \$600,000, which assumes the City will opt into the district for approximately \$37,000 annually.

Disestablishment of the PBIA would impact the budget for the Downtown Ambassadors as PBIA annually allocates \$43,500 toward the program.

Attachments:

DID Operating Plan
PBIA Recommendation Letter
Comparison of PBIA to DID
Process Timeline