

# 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)).