

Friday, October 26, 2018



Dear Valued Ratepayer,

This year commemorates the 23rd year of our existence as a Business Improvement District (BID); providing you with services that protect and enhance your business investment through initiatives that focus on keeping downtown clean and safe, supporting and coordinating events to attract customers, and showcasing the many reasons for people to shop, dine, work and invest here.

Early this year the BID's contract manager, the Downtown Spokane Partnership (DSP), initiated an independent outside audit/review of BID rates in partnership with the City to ensure rates are competitive, fair and equitable. This marks the third such review since 1995. As a result of the review, the City Council is considering changes to assessment methodology which may moderately impact your 2019 assessment.

Downtown Spokane tenant rates have not adjusted to inflation in our 23 years; causing a 60% decline against the value of the dollar since 1995. This has been intentional in order to keep the cost to ratepayers as low as possible, however rising costs in recent years make this model unsustainable. When combined with the spike in minimum wage and Sick and Safe Leave costs, we can foresee potential layoffs in Clean Team and Security Ambassadors as soon as next year; and yet the demand for their services is steadily increasing. The impact to the BID budget by 2020 will be over \$90,000 annually, due to the minimum wage initiative alone.

We are reaching out to you directly to invite you to join us for a presentation of those outcomes and to take your questions about our services.

The meeting dates and times are as follows: All meetings are at the Looff Carousel in Downtown at Riverfront Park. November 1st at 2:00pm | November 7th at 5:00pm | November 8th at 2:00pm

Below are the changes proposed for consideration by the City Council. These recommendations have been deliberated on and approved by both the Ratepayer Advisory Board and the Downtown Spokane Partnership Board.

Non Charitable Nonprofits: The consultant found that similar BIDs only exempt charitable 501c3 nonprofits. Consistent with comparable BIDs reviewed, the consultant recommended to assess all nonprofits other than charitable 501c3 organizations.

Hotel and Motel: The current rate for hotels, established in 1995, was determined to be below market. These determinations were consistent with findings of the previous studies, though no adjustment was made. The consultant recommended an increase from \$20 to \$30 per hotel room annually. City Council amended this to \$25 per room per year. The consultant also recommended that the BID assess revenue-generating hotel parking accessible to the public, at a rate consistent to privately-owned public parking. For example, \$2.50 per parking stall per year in Zone 3.

Condominium Ownership: The Consultant found that residential owner rates are above market compared with some of our peers. The Boards are recommending to Council the condominiums continue to be assessed using the same methodology with a cap of \$215 per year.

Retail and Office Tenants: The Boards are cautiously supporting the consultant's recommendation of a one-time 25% increase on tenant BID fees that would take place in 2019, followed by a CPI-U index added beginning in 2020. All six of the comparable BIDs, in addition to the newly formed East Sprague BID, follow a consumer price index that incrementally increases flat fee rates as inflation occurs. In addition, the minimum fee assessed tenants has been \$90.00 per year for 23 years. The consultant recommended to increase this minimum rate to \$110.00 per year.

BID Expansion: The consultant recommended to pursue expansion of the BID boundary to extend north one block from Broadway to Mallon, and two blocks west from Post, over to Monroe. With new redevelopment in this area and the need to protect adjacent properties presently in the BID, it was deemed to be very important to provide clean and safe services to this up and coming area.

The Boards committed that any net increase in revenues will be used to strengthen our clean and safe efforts.

Long-term recommendations for the Boards and Council's consideration:

All six peer BIDs researched have a rate structure based solely on the property ownership: leaving the pass-through of expenses up to property owners with no direct billing from the BID to the tenant. To reduce complexity, it is recommended that the Downtown Spokane BID move towards a property only assessment.

It was recommended that we continue efforts to seek approval of BID expansion of services south to the freeway. There is a marked difference in conditions south of the current boundary at the railroad overpass. This area is seeing positive redevelopment and yet there is no unified strategy for keeping the area clean and safe.

While the Board opted not to pursue these changes for 2019, they did agree to engage you, our valued ratepayers, on these propositions over the next few years.

The consultant found that the BID and DSP staff need to continually improve our communications with you. Part of the challenge in operating a tenant based assessment is the sheer number of ratepayers with no one identifiable source to obtain your contact information. We have redefined one employee's focus to greatly improve our outreach efforts and we would be extremely grateful if you and all of your employees would follow us on social media @downtownspokane, sign up for our newsletter and visit our website at www.downtownspokane.org. This will ensure we always have current contact information to best reach you.

Each day we feel grateful for the residents, investors and business owners who choose downtown Spokane and we strive to protect your investments. Please join us at our upcoming open house meetings to learn more and share how you feel we can improve.

Sincerely,



Mark Richard
President, Downtown Spokane Partnership

Examples of how upcoming changes may affect your assessment. For a map of BID zones, visit www.downtownspokane.org/about.

Zone 1							
Tenants				Property			
Type	Sqft	Assessment at Current Rate	Assessment at Proposed Rate	Type	Value	Assessment at Current Rate	Assessment at Proposed Rate
Retail Ground	3,000	\$660	\$810	Residential Condo	\$500,000	\$300	\$215
Office Upper	5,000	\$450	\$550				
Office/Retail	250	\$90	\$110				
Zone 2							
Tenants				Property			
Type	Sqft	Assessment at Current Rate	Assessment at Proposed Rate	Type	Value	Assessment at Current Rate	Assessment at Proposed Rate
Retail Ground	3,000	\$360	\$450	Residential Condo	\$500,000	\$300	\$215
Office Upper	5,000	\$400	\$500				
Office/Retail	250	\$90	\$110				
Zone 3,4,5							
Tenants				Property			
Type	Sqft	Assessment at Current Rate	Assessment at Proposed Rate	Type	Value	Assessment at Current Rate	Assessment at Proposed Rate
Retail Ground	3,000	\$300	\$360	Residential Condo	\$500,000	\$200	\$200
Office Upper	5,000	\$350	\$450				
Office/Retail	250	\$90	\$110				