**Executive Summary**

The Beacon Hill Merchants Association will use a small organization model while maintaining the ability to quickly shift to smaller or more volunteer-based models when necessary. The organization will pursue a BIA to fund community services as well as efficiencies and other funding sources wherever possible, because membership alone is unlikely to be able to support the staffing and programming required.

**History**

 The Beacon Hill Merchants Association (BHMA) is a non-profit community-based development organization dedicated to promoting the equitable economic development of the Beacon Hill neighborhood. We provide resources to our members and the community through events, networking and marketing opportunities, and through our role as advocate and liaison to the city and other business districts. In collaboration with our members and other active community groups, our programming and revitalization activities are working to make Beacon Hill a better place to live, work or visit.

 The BHMA was founded in 2009 by concerned neighbors and business owners. While there had been a Beacon Hill Chamber of Commerce that ran from the 1950’s to the 1990’s, by 2000 this organization was inactive. Conditions in the business district had been in decline since the 1980’s, and perceptions of public safety declined with them. With no advocate and no marketing for the business district little progress was made in filling empty storefronts, controlling graffiti, or creating a sense of neighborhood identity. A small cadre of people gathered to form a new and more active association of businesses that would care for our business district. We began with small steps and as a completely volunteer organization but it soon became clear that the level of engagement required is quite high. It is the intent of this plan to investigate how the BHMA can be structured to remain sustainable given the workload, various funding sources, our volunteer base, and our small membership base.

 In its earliest incarnation the BHMA was free and open to everyone. Essentially all businesses were members, and many neighbors were involved as well. There were no by-laws, no articles of incorporation, no federal recognition; we were simply people coming together to try and work on the problems of a moribund business district with extremely high potential. Within a year we had held our first meetings with business owners, written our first set of bylaws and applied for our first grant. In 2011 we received our first Only in Seattle grant and moved into the office in the public library building that is our current home. We held our first events (the ‘Beacon Boogie’), later expanding to do three large annual events in Jefferson Park (the ‘Jubilee’). In 2012 we applied for federal recognition as a non-profit, and developed a detailed roster of every commercial property on Beacon Hill. We expanded our area of operations to include business zones south and west of Jefferson Park and held our first revitalization workshop, asking property owners to foster a cohesive redesign of our changing business district. We also began taking paid memberships that year. In 2013 we continued to grow, increasing our budget, our membership, our staff time, and our events, continuing with the Jubilee and hosting a dinner fundraiser. Our board expanded to 11 and we began hosting networking luncheons in local restaurants. In 2014 we held the Jubilee for the last time, deciding to move the staff time and money in 2015 into a business district event (the ‘Art Walkabout’). By the end of that year we had our federal 501(c)3 designation, and received our largest Only in Seattle grant, as well as a two year Arts and Culture grant. We defined roles of Director, Associate Director, and Administrative Bookkeeper. In 2015 we began full fiscal responsiblity and no longer require a sponsor to administer grants.

 Some understanding of the Beacon Hill neighborhood is important to understanding the challenges associated with the business district and the formation of an active and sustainable Merchants Association. Historically, the neighborhood has always been lower middle class and a place for immigrant families to live. Prior to the second world war the area had many Italian and Japanese American families, and but in the 1950’s and 60’s this shifted to primarily Asian American. Beacon Hill itself is large in population but spread out over a very large area, and the resultant low density is a deterrent to local businesses. For the past twenty-five years businesses and property owners have not been involved in any collective activities and the district generally lacked any cohesive feel or identity. Many buildings here have been neglected or were poorly constructed to start with. A range of ethnic groups have businesses here, which is one of our strongest features, but it also makes social cohesion more complex and effortful. In part, it is this social and economic cohesion that the Merchants Association strives to provide.

 More recently the population has become about one fourth white, one half Asian or Pacific Islander, and one quarter East African or Latino. North Beacon Hill is much more prosperous than the south portion, in a neighborhood that is over three miles in length but only a half mile wide. There are also other secondary commercial areas separated by Jefferson Park, so the full Beacon Hill commercial district is not contiguous. In addition Beacon Avenue runs at a diagonal to the grid leading to many triangular and undersized lots, making for difficult development. On the other hand, Beacon Hill is one of the closest neighborhoods to downtown, has a light rail stop in its center, and has views in every direction, each of which could be a significant enticement for developers. But property owners have shown a distinct reluctance to move forward with sale or redevelopment of their properties, perhaps waiting for a minimal price and level of nearby development. That point may be arriving within the next few years, and we expect there to be a surge in new projects along Beacon Avenue, especially in the vicinity of the light rail station. The Merchants Association is uniquely poised to manage this development for the best possible outcomes for both existing residents and businesses, and those who will be newly arriving.

**Mission**

The adopted mission of the Beacon Hill Merchants Association is to promote equitable economic development in our neighborhood through community engagement, organizing, advocacy, networking and collaboration. Thus we serve businesses that already exist and those that could potentially exist, as well as the larger neighborhood and the city, by promoting vitality and activity in our area. By economic development we mean workplaces that will provide both employment and amenities to local residents as well as attracting people from outside the neighborhood. By equitable we imply that the benefits of this development should be spread as widely as possible, and should be certain to include those already here as well as those sensing an opportunity here. We recognize that not all economic forces support this outcome, but our membership and board remain committed to it where ever possible. We try to make information and resources available to those who may not have had access to them in the past about how to retain control, working in partnership with public or private entities to create an outcome that will provide the best possible mix of housing, office and commercial spaces for our growing business district. We can influence but not control the nature of land sales and development projects. We can and do provide a wide range of resources and services to our members and neighbors, all with the intent of maintaining and improving our business district. We believe this effort has value and that there should be an effective model to make it sustainable, as the need is consistent and will not diminish with time.

 Thus, our mission is to provide a service that can be difficult to define in simple terms, but is essential to a healthy micro-local economy. As described in our by-laws, our purpose is “to advance business interests in the Beacon Hill neighborhood of the City of Seattle; to provide a forum in which members of the Beacon Hill business community may share interests and needs with each other; to interact in a structured way with representatives of city, county, state, and federal governments and the Seattle community at large; to encourage the growth of businesses and overall economic development in the Beacon Hill area through promotional and other activities; and to support activities believed to be generally beneficial to the Beacon Hill community.” How to fulfill this purpose in a sustainable fashion is the fundamental issue covered in this business plan.

**Strategic Intent**

 We serve the interests of a geographically based group of businesses and individuals: those with an interest in the Beacon Hill neighborhood. While it is not part of our mission, we do also serve the needs of the city of Seattle, increasing the tax base and enhancing the vitality of the city overall through our one area. This service is the basis for a portion of the funding we receive. Identifying specific outcomes that will further our mission is key to our strategic intent. Based on previous planning work of the organization, we would offer these specific outcomes:

1. An increase in the number of businesses on Beacon Hill, and a reduction in underused and empty commercial properties.
2. An increase in the number of available employment opportunities.
3. A regular, ongoing program of neighborhood events based in the business district.
4. A beautification program that includes graffiti elimination, regular street and sidewalk cleaning, murals, and possibly other programs such as flowerpots.
5. A forum for networking and communication among business owners of the district.
6. A effective marketing program to enhance the visibility of Beacon Hill businesses and the district in general.

 Our programming should be leading to these specific outcomes. Outcomes numbers one and two are served by our retail recruitment and placement efforts. We regularly meet with prospective business owners and try to assist with placing them in a neighborhood location. We strive to maintain relationships with property owners to determine obstacles to improving the tenancy of their storefronts. We also facilitate the development or sale of properties on the occasions when that fits within our mission. We also maintain regular property research, engage in neighborhood planning, and encourage the city to invest in infrastructure here. Each of these can lead to a more complete business district, one that has the street amenities, parks, and other infrastructure that attracts new businesses.

 We are now focused on just two regular events in our district. First is the networking luncheons, held quarterly in a local restaurant. These are open to anyone, have an informal nature, and offer a chance for speakers to address the business community and for the community to get to know each other better. This program could be increased to meeting every month, but at this time we do not have the resources to sustain that level. Our other regular event is the Beacon Art Festival. This event has gone through several incarnations and improvements shaped by the need of our businesses and our partners. It is now a free event based in the small local park but also featuring art and music in local businesses. Events take a large amount of human capital and expense but also increase the visibility of both the district and the Merchants Association. Finding the right structure to enact this event is a key step for the BHMA. While we have created events strictly with staff, our current model is to activate other organizations (Beacon Arts, in this case) and a crew of volunteers to produce the event. The BHMA provides funds in the form of a substantial sponsorship and gains considerable exposure through publicity and logo placement.

 A beautification program is an ongoing effort of the BHMA. We are currently maintaining a contract with a graffiti elimination firm, but still struggle to convince property owners to contribute to funding this service. A flower pot program remains beyond our reach—the funds are simply not there yet. In all likelihood such a program could not be enacted without a BIA structure (see below). Sidewalk cleaning and trash pickup is currently taken care of on an ad hoc basis, with businesses occasional contributing but regular pick ups only completed by a maintained list of neighborhood volunteers. This system works but only in a minimal fashion. Neither program reaches out to the zones of our business district that lie on the other side of Jefferson Park. As the district grows and new buildings are completed, it will be expected by residents and businesses alike that there will be a financed program of trash pickup and maintenance, and the BHMA will be the most likely organization to enact it.

 A communication forum is a service that we could expand with little financial investment. While the networking luncheons do currently serve this purpose to a limited extent, they are not frequent enough or open enough to truly provided a forum for business owners to talk with each other. Our meetings and board meetings also provide this opportunity, but there may be ways that we could enhance our website, or provide some other online means of intercommunication for local businesses.

 Lastly, marketing Beacon Hill to the rest of the world is an area that we would like to expand our efforts. Nearly all the work we do impacts this area: maintaining our website, engaging with social media, attending city-wide events, representing Beacon Hill in other fora. We have identified the need to hire a professional marketing firm to create an identity, a slogan and a logo for our neighborhood. We have taken preliminary steps in this direction but also need to be assured that we have buy-in from nearly all the local businesses and key property owners before beginning.

**Strategic Priorities**

Programmatic analysis is key to the determination of strategic priorities. The programming of the BHMA can be broken down into four basic areas: organizational development, business and retail development, marketing and promotion, and safe and clean streetscapes. Within each of these categories we usually have multiple efforts going simultaneously. For the sake of analysis we will examine each category separately.

* *Organizational Development*
This is programming that builds the organization itself. Typical efforts would be board meetings or recruitment, revising the bylaws, fundraising, or grant reporting and invoicing. Organizational development can take a major portion of the board’s and the staff’s effort and time, but in most cases it is an essential part of serving our mission: without the organization, our business district will again have no caretaker and could relapse back into possible decay, or alternately become unrecognizable and unloved by its long time residents. Building the organization is key to our mission, as we are the only advocate for the Beacon Hill business district as a whole. For most organizational work, there is little direct cost, but it is probably the biggest portion of staff time expended. While the BHMA could perhaps increase efficiencies in this area, we cannot cut corners on issues like legal, financial, and community responsibilities. Having grown out of nothing in the last six years, we would compare very favorably to other business organizations in our growth, efficiency and implementation in this area.
* *Business and Retail Development*Business and retail retention and development is perhaps the area where we are working most closely along the lines of our mission statement. There are several distinct programs within this category that touch on various aspects of building a strong retail core:
1. Working directly with prospective business and existing businesses in trainings, tenancy, and other aspects of business development. This effort could include business trainings for a potential new business, matching such a business with a location, or acting as a liaison to city officials concerning regulations or other issues. This work is directly tied to our mission, but results are not always immediate.
2. Property owner research and relationships, developer recruitment, and project monitoring. This is the fine grained work of how our physical environment impacts our economic environment. Building relationships with property owners is essential when buildings fall into disrepair, but also as improvements are made these owners are key to the redevelopment and to the community building that is part of it. However, it can be exceedingly difficult to impact the high stakes decisions revolving around properties and projects that cost millions of dollars. We should be wary of working too hard for property owners or developers looking for a partner to give their project a community sheen, or wasting time with partners who are not genuine in their intent to carry through.
3. Neighborhood planning efforts, project monitoring, and market analysis. Some of this work is planning, design guideline, and analysis work that could or even should be done by other entities at the city level. Where possible we should ensure that city policies reflect the best interests of equitable economic development. Effective neighborhood planning is best done in an ongoing manner, however, and is critical to the best development of our town center.
* *Marketing and Promotion*

In this category we would place a range of activities, from events held annually to working with other districts and the city at large to increase the visibility of the Beacon Hill district. Events can be costly, both in terms of budget and staff time, but the BHMA has activated a core of volunteers from the local arts council to run our current major business district event, an arts festival. While we still use outside funding to activate this event, it does bring in money of its own from vendor fees and sponsorships, and while those incomes have the potential to grow, at this time they cover less than one quarter the cost of producing the event. Other events we hold, such as networking luncheons, membership meetings and fundraisers, are closely tied to the necessary work of building a business community and financing our organization. Promotional work we do includes maintaining our website, keeping our social media active, and issuing an e-newsletter. In general these cost little from our budget but do require considerable staff time. Analysis of the impacts of each of these indicates that the newsletter and the website are essential to our mission. Other social media are highly beneficial to the district and the organization, but perhaps not essential.

* *Streetscapes/Community Services*

Streetscapes is not only the area of work where we are creating the concrete projects that are visible in our business district, but also where we include public safety and cleanliness. From graffiti elimination to street furniture, murals to façade improvements, this is an area where our members and neighbors see the fruits of our labor. It is key to the viability of the organization and our mission that we fulfill core components of this work. Ensuring regular trash pick up and vegetation maintenance can additionally impact related areas such as perceptions of public safety. Some of the funding for this kind of work would usually come from a Business Improvement Area, a mechanism not yet in place on Beacon Hill.

**Staffing and Expenditures**

 We begin by examining the expenditures as they are currently, with the intent of understanding a minimal funding level for the organization. Breaking down the tasks and expenditures in to some basic areas, we could create the following categories:

* Staff: Staffing is the single highest cost to the organization by far, and also the most essential. In the current model there is a Director, working approximately 25 hours a week, an Associate Director working approximately 12 hours a week and an administrative bookkeeper working approximately 2 hours a week, as well as a few smaller contracts for other services such as a CPA. Staff is approximately 76% of our budget.
* Office Rent: The BHMA rents our office from the Department of Neighborhoods. The space is excellent, inexpensive, and has high visibility, but is not guaranteed. We have no long term lease. We have ongoing costs associated with printing and other basic office expenses as well, totaling about 8% of our annual budget.
* Insurance: Directors’ and Officers’ Insurance is expensive and expected of an organization such as ours to attract more board members. We also must have insurance to produce local events. Insurance costs about 4% of our annual budget.
* Events: We sponsor an arts-oriented festival each year. We also sponsor other events such as networking luncheons and development workshops. None of them generate a significant income at this time, but they currently take about 4% of our budget.
* Public Safety and Beautification: We maintain a contract with a graffiti elimination company, have completed a mural installation, and maintain relationships with property owners to encourage façade improvements. For 2015 these programs totalled about 6% of our annual budget.
* Marketing and Promotions: Along with the events, we represent the Beacon Hill business district at city events, and work to promote the neighborhood and its identity city wide and beyond. We maintain a website, newsletter and other social media, some of which have little cost associated with them other than the staff time to enact and update them, so at this time the marketing hard costs are low, somewhere in the 2% range of our total budget.

These are the basic costs as incurred by the BHMA in this configuration. Each area contributes to our mission in critical ways. Staffing is human energy driving the project forward. The office provides the venue and community interaction. Insurance protects our staff and board from possible litigation. Events are a service and promotional activity that build community identity and increase foot traffic for businesses. Public safety and beautification projects are some of the core tasks for Chambers of Commerce and Merchants Associations, as is the marketing and promotional work. There may be other ways of structuring and financing our efforts, as we will examine. But this is our current structuring of mission, goals and work areas.

 Since staff time is the largest expenditure it is worth examining it more closely. It is by necessity an approximation, but a breakdown of staff time might look like this:

* 30%: Invoicing, billing and finance
* 20%: Social media, marketing and events
* 15%: Maintaining membership rolls, dues, and other member services
* 15%: Projects and community services
* 10%: Grant writing and fundraising
* 10%: Property research, relationship maintanance, and miscellaneous.

We have a frequently changing priority of work in our organization, and as such it is frequently essential to change tasks quickly to meet a new situation. Thus the expenditure of staff time depends in part on board direction and in part also on the discretion of the staff.

**Income Sources**

 The BHMA has been sustained since its inception by a granting process through the city of Seattle, but in recent years has expanded its income sources to include other city departments, fundraisers, and membership dues. Dues will always have a limited potential to provide income. It is estimated that there are currently about 125 storefront businesses within the operational area of the BHMA. Even at 100% membership and an increased rate of dues (say, $100) the maximum income from this source would be around $12,500. Our membership rate is currently closer to 25% and dues average around $50. Fundraisers are excellent community builders but require extensive staff time input, and rarely yield large sums in a disadvantaged community.

 Within the city granting process, the Office of Economic Development has granted an increasing or similar amount to the BHMA every year since its beginning. These funds largely originate with federal block grants that may or may not be renewed with a new presidential administration. We should always be prepared to have no or reduced income from this source, and designing our response to such a situation is a key function of this document and the process of its creation. In the past two years we have also received an Office of Arts and Culture grant, but this sum is negligible and can only be used for cultural events. There are other foundations that might assist us given our location in an area of economic stress, but most foundations will pass over any kind of member based business association.

 In summary, our income sources are limited and overly dependent on one single source that may not be certain. We must respond by developing other sources and also a contingency plan of how we will react should our income be reduced by any significant percentage.

**Organizational Models**

The organizational models we have considered and identified as possible fits for the BHMA are dependent on circumstances, community support and funding levels. There are several alternate models that we can examine to see if they could fit the BHMA. They are presented here from the smallest budget to the greatest.

* **Volunteer Model.** In this model we go to an entire volunteer staff. Essentially the board becomes the staff in this model. There would be a greatly reduced effectiveness in many areas, though no staff time would be spent on administering grants or invoicing. We would likely have little staff time for projects and programs, unless they were voluntarily instigated. Graffiti control, mural projects, workshops, luncheons, and the office would all be eliminated, but the BHMA could still function as an organization with dues, a small budget, and perhaps one or two events each year. If the board is active our social media presence could be maintained, and our relationships with the city and other districts could be continued. An example of this type of model can be found locally in the Columbia City Business Association, which has no paid staff but keeps their executive board positions regularly rotating. By making sure that no one person remains as president for too long, leadership in the community is built up, and the burden of work is spread to many.
* **Micro Organization model.** Here we have an organization that is operating on a budget of less than $10,000 a year. Funding sources could include members’ and sustainers’ dues, small grants for specific projects, fiscal sponsorship of other organizations, and other small sources. In this model there is likely to only be sufficient funds to hire a part time co-ordinator, perhaps to run events, but no overarching staff member. The board would still need to do the bulk of the administrative work of the organization. Volunteer roles such as treasurer could assume great importance as that individual would be maintaining the books for a recognized non-profit corporation. As such the micro organization model contains certain inherent risks.
* **Small Organization model.** This is the model we are operating under now. But the range of our budget should start closer to $10,000, going up to perhaps $85, 000. At the upper end of this range we could be seeing up to one Full Time Employee. All the programs that we currently have underway could be maintained or expanded. The current or a new office could be rented. At the lower end of this range we must begin to define which programs can be reduced, and in which ways staff time should be allotted. A highly efficient staff and an active and involved volunteer board are essential to the long term health of an organization in this model.
* **BIA model.** In the Business Improvement Area model there is a taxing structure that uses property value or total sales to bring a small income to the local district. A separate board is created to administer these funds. There are many ways such a structure is desirable. The local businesses that are the beneficiaries are the ones paying into the system. All must pay as all must benefit. A steady and reliable income stream is created, reducing budgetary uncertainty and creating the possibility of a position in which one employee or one organization becomes the steward of the business district. The BHMA would like to see such a model enacted, but all BIA’s must be approved by the businesses in the district. That process is challenging and time consuming, with an uncertain outcome. The example of Columbia City can be used here again. While the Business Association has no paid staff, there is also a BIA in place there that funds certain programs such as street cleaning and flower pots. The two structures run in tandem and complement each others efforts. The BIA maintains physical infrastructure in a reliable and efficient manner, while the CCBA provides a forum for networking, interacting with the city and other districts, and creating events.

 As an organization we have to adapt and react to the various funding levels that come to us with each year of granting, membership drives and other fundraising. Since our inception, our funding has either increased or remained constant over each year. But there always remains the possibility of a reduction in funding, and our strategic thinking is a significant part of our effective response.

 To most effectively fulfill our mission of equitable economic development on Beacon Hill, the BIA model meets our needs most effectively. Essentially a BIA would free up the organization from the burden of trying to provide 'community services' such as street cleaning, flowerpots, and graffiti control, and allow us to continue working as a liaison among businesses, the city and the community, as well as produce events and other marketing devices. It is possible that a BIA funded entity would be distinct from the BHMA, with a separate board, or it is also possible that the BIA would fund the BHMA directly. In either case our board has determined that further investigation and pursuit of the BIA model is worth our sustained effort.

 The volunteer model in all likelihood will only work for the BHMA if there is an approved BIA running alongside of it, as there currently is in our sister neighborhood of Columbia City. We are only likely to pursue this model if our funding were to be drastically cut or eliminated, or if a BIA is funded. The micro-organizational model is not that far from the volunteer model: essentially there could be funding for a part time position that could help sustain the organization or our events, but the bulk of the labor would still be done by a volunteer board. Building a strong and active board is key to any organization, but these models require the board to step up in a way we not seen yet on Beacon Hill.

 For these reasons, we continue to pursue the small organization model, and consider it to be the principal guiding structure until a BIA is put into place. In our strategic planning we are always preparing for the eventuality of a reduction in funds and will have to make the resultant reduction in staff, programs, or events. Following are a few scenarios for how that could be achieved.

* Reduction of staff: since staff is our biggest financial expenditure, any trimming of staff could be used directly to reduce our expenses. We currently have two part time employees, a Director and an Associate Director. There are many advantages to this model, including having four eyes on every project, doubling of capacity and providing a back-up. However, there may also be accompanying risks of redundancy, in spite of the best efforts of staff. Clearly, if there is a significant reduction of income, staff time would have to be consolidated, and that could manifest with either the elimination of the Associate Director position, or a general reduction of both positions. Any staff time reduction would negatively impact our programming and effectiveness, however.
* Reduction of programming: certain programming could be reduced or made more selective. For example, we could only offer business training to paid members. At this time, we offer this service to anyone in the hopes of generating more and better prepared prospective business owners. We could limit other forms of outreach, such as social media or networking luncheons, but often these are ways that we gain new members and touch our constituents in a regular way. Programming is actually not a large portion of our budget by percentage, though it can be difficult to ascertain how much staff time is required for any given programs.
* Operating without an office: There may come a day when the DON requires us to relinquish our office space, though we would argue that our organization and our staff are at least as effective and impactful as city staffers would be. However, should that happen, it could be possible, if more challenging, to operate without the space. The space also provides our internet access. Our options would be to look at renting new space in a commercial building, finding a space in a residence, or even operating without any office at all. The latter option would put greater burden on our staff, as they would likely be working from home, and providing for free other utilities such as internet access (as our contracted staffers currently do for both cell phone service and computer and software access).

 Our intention is to continue the work we are doing on Beacon Hill, as the need is even greater now as development begins to take place up and down Beacon Avenue. As new buildings and businesses come in, it should be possible to increase our membership, our impact and our outreach. However, even the most strategically planned organization occasionally falters, so it always is a possibility that we could see a need to dissolve. Dissolution is always a last resort, and we have clauses in both our by-laws and our Articles of Incorporation that describe this process. Only after a vote of the membership and board could dissolution be enacted, and at that time our assets would need to be directed to another organization doing similar work in our neighborhood. While all the mechanisms are in place to direct a dissolution, we do not intend to have to carry out such a task ever in the foreseeable future.

**Steps Forward**

 The following are some of the immediate tasks ahead for the BHMA to create a sustainable future:

1. Create a plan to study and carry out a BIA vote within two years. We are putting in place the capacity to enact such a plan, and feel that the time could be right for Beacon Hill in this regard.
2. Expand our board and volunteer base. We are currently building our board up from its reduced position. Clear definition of board roles and a greater emphasis on board recruitment will strengthen that process.
3. Highlight our efficiencies and maximize them, while streamlining any inefficiencies or redundancies related to staffing or programs.

**Conclusion**

 The BHMA has a solid base of membership, volunteers, and community support. In an ethnically mixed, lower income neighborhood, we provide many services that only become quite noticeable in their absence. Membership alone is not likely to sustain the organization for the foreseeable future. Our alternate models can be used to develop our organization in different ways and with a smaller budget, but the greatly needed programming and attention for our business district will suffer.