



Memorandum

Date: 6/13/2023

Meeting of: Committee of the Whole - Finance, Administration, and Communications

File No. CM 23-295

Type: Committee Memo

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran, Interim Finance Director	425-556-
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DEPARTMENT STAFF:

Public Works	Aaron Bert	Public Works Director
Executive	Malisa Files	Chief Operating Officer

TITLE:

Ordinance: Imposing 0.1% Sales Tax for Transportation Benefit District (TBD)

OVERVIEW STATEMENT:

Over the past months, Council has established a Redmond Transportation Benefit District (TBD) and assumed governance of the District. The next step for the TBD is to pass an ordinance (Attachment A) imposing a 0.1% Sales Tax to fund transportation improvements.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
2023-2024 Adopted Budget
- **Required:**
Transportation Benefit Districts are governed under RCW 36.73 allowing the City to establish a TBD and for the levying of additional revenue sources. RCW 35.21.225 authorizes the establishment of a TBD subject to the provisions in RCW 36.73.
- **Council Request:**
The TBD was approved as a new revenue source in the 2023-2024 Adopted Budget.

- **Other Key Facts:**

Approving an ordinance imposing the 0.1% sales tax is the next step in fully establishing the TBD.

OUTCOMES:

Per the timeline shared with Council at the April 11, 2023, Finance, Administration and Communications Committee of the Whole, the next step in establishing the TBD is to approve an ordinance establishing the 0.1% sales tax to fund transportation improvements.

The Revised Code of Washington (RCW) Chapter 36.73.065 and 82.14.055 allows the City Council to impose a vehicle excise tax or a sales tax for the purpose of financing the costs associated with transportation improvements in the District. The sales tax increase will go towards projects allowed by state law including, improving modal connectivity, reducing congestion throughout the City, protecting the City's long-term investments in infrastructure, reducing the risk of transportation facility failure, improving safety, continuing the optimal performance of infrastructure over time, and avoiding more expensive infrastructure replacements in the future.

The ordinance for an increase in sales tax needs to be approved by October for the Department of Revenue to begin collecting the tax by January 1, 2024.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

The proposed timeline above outlines Council actions. Staff has reached out to the business community through OneRedmond as well as communicated through other media channels to update the Community on the potential change in sales tax

- **Outreach Methods and Results:**

The following outreach methods were used:

- Six posts in Seattle Times, the City's official newspaper
- All details and updates posted on City's website at www.redmond.gov/1971
<<http://www.redmond.gov/1971>>
- Included in the City's newsletter twice to 11,000+ unique emails
- Live stream both public hearings on Facebook Live, YouTube Live, and RCTV and promoted the stream on social media
- Posted to social media five times

- **Feedback Summary:**

Feedback from the community included:

- Concern about the imposition of additional sales tax
- Importance of maintaining and enhancing the City's transportation infrastructure

BUDGET IMPACT:**Total Cost:**

Estimated revenue to be collected by the TBD through the 0.1% sales tax equals \$5.5 million in the 2023-2024 budget.

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Approved in current biennial budget:

☒ Yes

☐ No

☐ N/A

Budget Offer Number:

Capital Investment Program

Budget Priority:

Vibrant and Connected

Other budget impacts or additional costs:

☐ Yes

☐ No

☒ N/A

If yes, explain:

N/A

Funding source(s):

The 0.1% sales tax imposed by the TBD.

Budget/Funding Constraints:

The expenditures from the TBD are restricted to transportation purposes under RCW 36.73.

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
12/6/2022	Business Meeting	Approve
4/11/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
5/2/2023	Business Meeting	Approve
5/9/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
5/16/2023	Business Meeting	Approve
6/6/2023	Business Meeting	Approve

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
6/20/2023	Business Meeting	Approve

Time Constraints:

The TBD establishment, formation, assumption of governance and imposition of sales taxes must be accomplished by October 2023 for the Department of Revenue to be able to collect the additional revenue by January 1, 2024.

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ANTICIPATED RESULT IF NOT APPROVED:

If the TBD is not established, the transportation projects and programs relying on the TBD funding would not move forward

ATTACHMENTS:

Attachment A: Ordinance Imposing 0.1% Sales Tax

Attachment B: TBD Timeline