

# City of Redmond



## Agenda

**Tuesday, April 4, 2023**

**4:30 PM**

**City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziplify Ch. 34,  
Facebook (@CityofRedmond), Redmond.gov/rctvlive, or 510-335-7371**

## **Committee of the Whole - Planning and Public Works**

### **Committee Members**

*Melissa Stuart, Presiding Officer*

*Jeralene Anderson*

*David Carson*

*Steve Fields*

*Jessica Forsythe*

*Varisha Khan*

*Vanessa Kritzer*

**AGENDA**

ROLL CALL

1. Lodging Tax Advisory Committee (LTAC) Budgeting Process [CM 23-151](#)  
Recommendations

[Attachment A: March 6 LTAC Meeting DRAFT Minutes](#)

[Attachment B: General Tourism and LTAC FAQ and Overview](#)

*Department: Planning and Community Development, 5 minutes*

*Requested Action: Study Session, April 25th*

2. 2021-23 Stormwater Capacity Grant Amendment Acceptance [CM 23-155](#)

[Attachment A: Grant Agreement Amendment](#)

*Department: Public Works, 5 minutes*

*Requested Action: Consent, April 4th*

ADJOURNMENT



## Memorandum

**Date:** 4/4/2023

**Meeting of:** Committee of the Whole - Planning and Public Works

**File No.** CM 23-151

**Type:** Committee Memo

**TO:** Committee of the Whole - Planning and Public Works

**FROM:** Mayor Angela Birney

**DEPARTMENT DIRECTOR CONTACT(S):**

Planning and Community Development	Carol Helland	425-556-2107
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**DEPARTMENT STAFF:**

Planning and Community Development	Jackie Lalor	Economic Development and Tourism Program Administrator
Planning and Community Development	Philly Marsh	Economic Development Manager
Planning and Community Development	Seraphie Allen	Deputy Director

**TITLE:**

Lodging Tax Advisory Committee (LTAC) Budgeting Process Recommendations

**OVERVIEW STATEMENT:**

Per Council's request in October 2022, the LTAC reviewed the lodging tax budget percentage distributions approved by the Council in 2005. The LTAC is bringing forward three new budgeting process recommendations to the Council for approval.

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

**REQUESTED ACTION:**

☒ **Receive Information**

☐ **Provide Direction**

☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
N/A
- **Required:**  
RCW 67.28
- **Council Request:**  
October 4, 2022
- **Other Key Facts:**  
N/A

**OUTCOMES:**

The LTAC believes the formal Council recommendations they are providing will give them the ability to be more intentional and flexible with investing lodging tax funds. Consequently, they believe they will be able to provide better recommendations to respond to current needs and opportunities to attract visitors and further support the tourism industry in Redmond. The final LTAC budgeting process recommendations are as follows:

1. The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium budgeting process starting in 2025.  
(Dan Angellar Moved; Melody Lanthorn Seconded, Unanimously Passed)
2. The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.  
(Dan Angellar Moved; Latha Sambamurti Seconded, Unanimously Passed)
3. The LTAC recommends that the City of Redmond seeks alternative funding sources for City signature events and cultural arts programming outside of the lodging tax fund.  
(George Manojlovic Moved; CM Steve Fields Seconded, Unanimously Passed)

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:**

**Total Cost:**

There is no fiscal impact associated with staff support for the LTAC work program. Staff working on this program are funded through the adopted budget.

**Approved in current biennial budget:** ☒ **Yes** ☐ **No** ☐ **N/A**

**Budget Offer Number:**

000040 Community/Economic Development

**Budget Priority:**

Vibrant and Connected

**Other budget impacts or additional costs:** ☒ **Yes** ☐ **No** ☐ **N/A**

**If yes, explain:**

Possible impacts on the 2025 budget and beyond: City managed signature events and cultural arts programming would no longer receive an earmarked amount of 39% of the lodging tax fund if the budgeting process moves away from a percentage-based allocation. In recent years, the LTAC allocation to City-managed signature events has amounted to approximately \$150,000 annually. (See Attachment B, page two for a complete outline by year)

**Funding source(s):**

Lodging Tax Fund 2025 and beyond

**Budget/Funding Constraints:**

The fund is limited to lodging tax revenues earned by a 1% tax on Redmond hotels/motels.

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
10/4/2022	Committee of the Whole - Planning and Public Works	Provide Direction

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
4/25/2023	Study Session	Receive Information
5/2/2023	Business Meeting	Approve

**Time Constraints:**

Need approval or direction from Council before the 2025/2026 budgeting process starts in early 2024.

**ANTICIPATED RESULT IF NOT APPROVED:**

Percentage split of the lodging tax fund will be unchanged, and expenditures would be limited to the current percentage caps:

50% Marketing

39% City Signature Events and Cultural Arts programming

9% Tourism Grants

2% Administration

**ATTACHMENTS:**

Attachment A: March 6 LTAC Meeting DRAFT Minutes

Attachment B: General Tourism and LTAC FAQ and Overview



Interested members of the public can listen to this meeting by phone at: 206-800-4590; Phone Conference ID: 870 437 464#. All public comments shall be emailed to Jackie Lalor ([jlalor@redmond.gov](mailto:jlalor@redmond.gov)) at least 24 hours before the meeting time. [To view the meeting presentation, click here.](#)

**DRAFT MEETING MINUTES**

Monday, March 6, 2023

1:00 – 3:00 p.m.

Prepared by Jackie Lalor, Staff Liaison [jlalor@redmond.gov](mailto:jlalor@redmond.gov)

LTAC Members Present:

- Steve Fields, Council Chair
- Dan Angellar
- Latha Sambamurti
- George Manojlovic
- Melody Lanthorn

City of Redmond Staff Present:

- Jackie Lalor & Philly Marsh – Economic Development and Tourism

Guests Present:

- Bullseye Creative (DMO): Peter Klauser and Huso Paco

Agenda:

1. February 14, 2023 meeting minutes approval
  - i. LTAC Action: Approved**
2. Bullseye Creative – Experience Redmond marketing update
  - i. [Click here to view the Bullseye Creative presentation](#) from the meeting
3. Fund allocation discussion (continued)
  - a. 2022 Lodging Tax revenues
    - i. Fund overperformed 2022 expectations of \$336,330 and ended around \$487,739 for 2022
    - ii. Note: Fund is still well below pre-pandemic 2019 revenues of \$620,070
  - b. Current end-fund balance
    - i. Currently \$735,000
  - c. Local research recap
    - i. Reviewed slides from last meeting (see presentation link above)



**LTAC DISCUSSION FOLLOWING PRESENTATION:**

*The committee expressed a desire to use their collective expertise to make future funding recommendations to:*

- *Strengthen Redmond as a tourism destination*
- *Leverage lodging tax investments to increase tourism stays during the tourism shoulder season (Q4/Q1)*
- *Find new opportunities and events to increase tourism specifically in the shoulder seasons*
- *Boost business travel again*

*Note: Committee Member Nancy Heard was absent from the meeting but member Heard's written comments were read into the record.*

**ACTION: COUNCIL RECOMMENDATIONS FROM THE LTAC:**

1. The LTAC recommends that the lodging tax budgeting process is no longer percentage-based but instead, follows the City of Redmond's biennium, line-item budgeting process starting in 2025.  
(Dan Angellar Moved; Melody Lanthorn Seconded)
2. The LTAC recommends an end-fund practice of maintaining a target balance equal to or greater than the average annual fund revenues.  
(Dan Angellar Moved; Latha Sambamurti Seconded)
3. The LTAC recommends that the City of Redmond seeks alternative funding sources for City signature events and cultural arts programming outside of the lodging tax fund.  
(George Manojlovic Moved; CM Steve Fields Seconded)

***The above recommendations passed unanimously 5 yes; 0 no votes (1 member absent)***

## LTAC and Tourism Overview FAQ's

### How did the Lodging Tax Advisory Committee begin?

An advisory committee was assembled in accordance with the State regulations to weigh-in on the creating of a hotel/motel tax.

### When was Committee and Tax implemented?

- 1998 LTAC was formed
- 1999 the Lodging tax was implemented
- Funding for this program is made possible through revenues Redmond collects from a one percent (1%) lodging tax on the rental of hotel/lodging rooms in Redmond.

### Where does the funding come from?

The Revised Code of Washington (RCW) 67.28.180 provides authority for cities to adopt a lodging tax. A 1% tax is charged on each overnight stay at Redmond hotels and motels.

### What are the allowed uses of the lodging tax dollars?

Specific RCW language is as follows:

“(a) Tourism marketing;

(b) The marketing and operations of special events and festivals designed to attract tourists;

(c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW; or

(d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.”

### What are the goals and limitations of the revenue?

These funds must be used to attract visitors external to the city. Due to the funding being generated by Redmond hotels/motels, grants and uses of the tax revenue often prioritizes efforts that will support hotels night stays, but attraction of external visitors (more than 50 miles away) to Redmond small businesses and enrichment of the community is also heavily weighted.

Specific RCW 67.28.1816 language can be viewed [here](#).

### What is LTAC's role per current RMC 4.37 and [RCW 68.28](#)?

- LTAC can advise on the creation of a Lodging Tax;
- The increase or reduction of a Lodging Tax; or
- The Repeal of a lodging tax
- Review fund applicants and make funding recommendations to the legislative body



## How are the funds used at the City of Redmond currently?

- At the city, the LTAC and City Council predetermined how the tax dollars are spent via an adopted allocation split in 2005 as follows:
  - 50% to marketing
  - 39% to City signature events & cultural arts programming
  - 9% to tourism grants
  - 2% to administration

## What were the past recommended tourism grant funding amounts?

Year	# Of Applicants*	LTAC Recommendation*	Notes
2015	7	\$ 42,500	
2016	10	\$ 70,000	
2017	16	\$ 126,000	
2018	12	\$ 114,500	
2019	17	\$ 146,000	
2020	16	\$ 150,000*	*Only \$48,837 was used due to the pandemic and most events were cancelled. The City reimbursed fees incurred regardless of event status to help the applicants.
2021	5	\$ 45,000	
2022	23	\$ 252,500	2 application rounds held due to covid impacts
2023	18	\$ 154,000	

*\*These are estimates based on past documents and Council memos staff located*

## What were the past recommended City signature events and cultural arts funding amounts?

Year	City Signature Events/Arts Allocations	Notes
2015	\$ 140,000	
2016	\$ 140,000	
2017	\$ 140,000	
2018	\$ 160,000	
2019	\$ 194,000	
2020	\$ 205,000*	*Only \$9,120 was used due to the pandemic.
2021	\$ 75,000	
2022	\$ 150,000	
2023	\$ 146,000	

*\*These are estimates based on past documents and Council memos staff located*

## What is the process or requirements for City signature events and cultural arts programming lodging tax dollars?

They do not have to go through the full grant process. The money was designated outright and is not a part of the annual tourism grant process or 9% allocation.

All dollars allocated to city signature events and cultural arts programming shall follow the same guideline and limitation on how the dollars may be spent. All funds used must align with expenditures requirements in RCW 67.28 and city specific instructions.

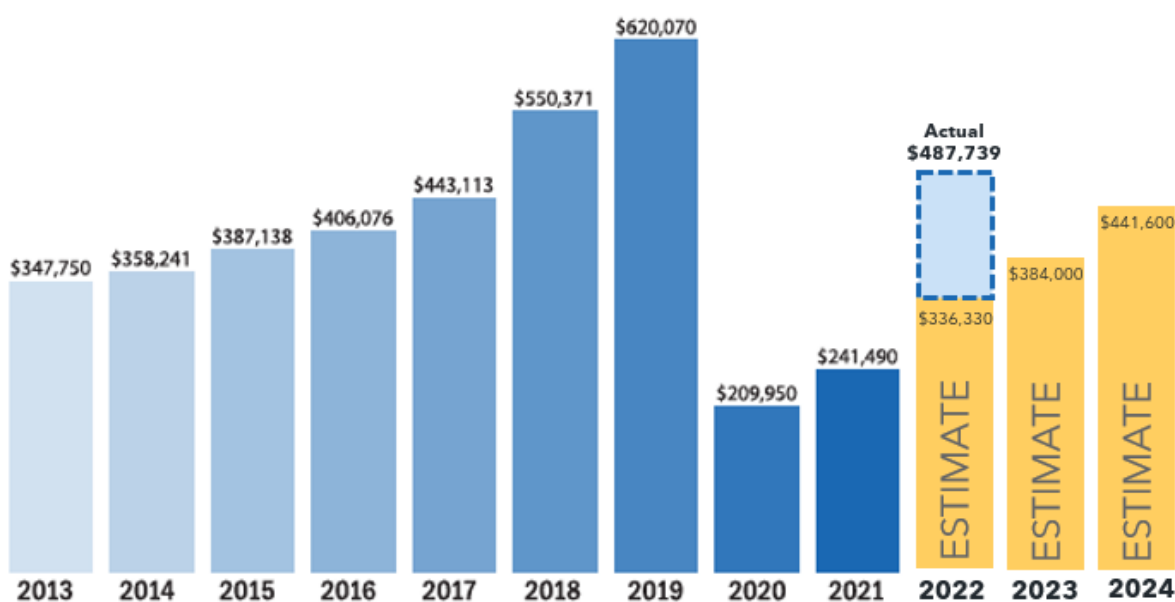
At the end of each calendar year, the city will need to provide an outline to the state of how the dollars were used, and performance summary data like that of the tourism grants. The city is required annually to submit summary outcomes for all uses of tax dollars.

If there are any unused funds at the end of the year those dollars shall be transferred back to the end fund balance. Finance may determine preference on annual transfer of allocated funding upfront and retransfer of an unspent funds or smaller transfers throughout the year.

## How is the lodging tax fund performing?

The lodging tax fund currently has approximately 735K in the end fund balance (as of January 2023). The impacts of covid on the hotel industry drastically declined incoming funds over the past few years. City staff and Finance worked together to make some educated estimates on what the fund recovery may look like in July 2022 as a part of the budgeting process for 2023/2024. Below is a snapshot of the fund and future estimates with the actuals from 2022 incorporated. 2022 performed much better than anticipated.

### Historical annual revenue amounts from lodging tax is as follows:



### **How does the City use the “Marketing” portion of the lodging tax fund:**

The city has a current contract with Bullseye Creative for \$178,000 a year to manage and staff the Experience Redmond brand needs. The contract is in its last renewal option and will require an RFP to be completed prior to the conclusion of the contract in 2024. Bullseye provides reports throughout the year on the return on investment the city receives in response to their contracted work.

The remainder of the marketing balance not used on the Bullseye contract has traditionally been used to help fund additional community grants above the 9% allocation. However, due to the reduction of revenue as a result of the pandemic, dollars from the end-fund balance were used to help maintain historical tourism granting levels.

### **How does the LTAC handle conflict of interest when reviewing tourism grant applicants?**

Conflicts of interest with applicants are common on this committee due to the requirement that members must either be an entity for which the tax is charged or an entity that might receive grant dollars. Conflicts of interest are noted in the full scoring spreadsheet. Members were not asked to recuse themselves from the tourism grant recommendation vote or discussion per the MRSC guidance. However, staff did request that if a personal financial interest was involved, that a recusal would be requested. No personal financial interests were present or noted for the 2023 applicant recommendations.



## Memorandum

**Date:** 4/4/2023

**Meeting of:** Committee of the Whole - Planning and Public Works

**File No.** CM 23-155

**Type:** Committee Memo

**TO:** Committee of the Whole - Planning and Public Works

**FROM:** Mayor Angela Birney

**DEPARTMENT DIRECTOR CONTACT(S):**

Public Works	Aaron Bert	425-556-2733
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**DEPARTMENT STAFF:**

Public Works	Anne-marie Marshall Dody	Deputy Public Works Director
Public Works	Aaron Moldver	Environmental Programs Manager
Public Works	Anne Dettelbach	Senior Planner

**TITLE:**

2021-23 Stormwater Capacity Grant Amendment Acceptance

**OVERVIEW STATEMENT:**

The Washington Department of Ecology has offered the City a non-competitive grant in the amount of \$25,000 to support Municipal Stormwater Permit implementation. This offer is an amendment to an earlier \$50,000 grant (approved for acceptance by Council on March 15, 2022) which is provided through a legislative appropriation to Department of Ecology. No match is required by the City.

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

**REQUESTED ACTION:**

☐ **Receive Information**

☒ **Provide Direction**

☐ **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Community Strategic Plan  
Environmental Sustainability Action Plan  
Utilities Strategic Plan
- **Required:**  
Grant acceptance requires Council approval.
- **Council Request:**  
NA
- **Other Key Facts:**  
The City has previously received grants from this funding source on multiple occasions, most recently in July

2021. Earlier grant awards were used to purchase equipment and spill cleanup materials, prepare outreach materials and campaigns, and pay for staff training. These funds are essential to support and advance NPDES municipal stormwater permit implementation.

**OUTCOMES:**

Capacity grant funding will be used to support direct municipal stormwater permit implementation. Anticipated uses include: purchase of spill cleanup/response materials; staff training; and to pay for the City's subscription to web-based services in support of the Adopt-a-Drain program and Continuous Monitoring Active Control orifice controls on stormwater ponds.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
N/A
- **Outreach Methods and Results:**  
N/A
- **Feedback Summary:**  
N/A

**BUDGET IMPACT:****Total Cost:**

100% of grant monies are provided by Washington Department of Ecology. No match is required.

**Approved in current biennial budget:**

☐ Yes☐ No☒ N/A**Budget Offer Number:**

000214

**Budget Priority:**

Healthy and Sustainable

**Other budget impacts or additional costs:**

☐ Yes☐ No☒ N/A

*If yes, explain:*

N/A

**Funding source(s):**

100% funded via Stormwater Capacity Grant offered by Department of Ecology

**Budget/Funding Constraints:**

Grants monies must be fully expended by June 30, 2023. Funding can only be used to directly support NPDES municipal stormwater permit implementation.

☐ **Additional budget details attached**

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
3/15/2022	Business Meeting	Approve

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
4/4/2023	Business Meeting	Approve

**Time Constraints:**

Grant monies must be fully expended by June 30, 2023.

**ANTICIPATED RESULT IF NOT APPROVED:**

Not accepting the grant would forfeit the available funds from the Department of Ecology and impair the City's ability to effectively implement our NPDES municipal stormwater permit.

**ATTACHMENTS:**

Attachment A: Redmond grant agreement amendment



**AMENDMENT NO. 1**  
**TO AGREEMENT NO. WQSWCAP-2123-RedmPW-00129**  
**BETWEEN**  
**THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY**  
**AND**  
**City of Redmond**

**PURPOSE:** To amend the above-referenced agreement (AGREEMENT) between the state of Washington Department of Ecology (ECOLOGY) and City of Redmond (RECIPIENT) for the 2021-2023 Biennial Stormwater Capacity Grants (PROJECT).

The purpose of this amendment is to increase the grant funding by an additional \$25,000. The grant end date will also be extended from the original end date of 3/31/23 to 6/30/23 to allow more time for the additional funding to be utilized.

IT IS MUTUALLY AGREED that the AGREEMENT is amended as follows:

Total Cost:

Original: 50,000.00 Amended: 75,000.00

Total Eligible Cost:

Original: 50,000.00 Amended: 75,000.00

Expiration Date:

Original: 03/31/2023 Amended: 06/30/2023

**CHANGES TO THE BUDGET**

**Funding Distribution EG220356**

Funding Title: 2021-23 capacity grant

Funding Type: Grant

Funding Effective Date: 07/01/2021

Funding Expiration Date: 06/30/2023

Funding Source:

Title: Model Toxics Control Operating Account (MTCOA)

Fund: FD

Type: State

Funding Source %: 100%

Description: MTCA

<b>2021-23 capacity grant</b>	<b>Task Total</b>
Permit Implementation	\$ 75,000.00

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Number	Description	Due Date
1.1	Progress Reports that include descriptions of work accomplished, project challenges, and changes in the project schedule. Submitted at least quarterly in EAGL.	
1.2	Recipient Closeout Report (EAGL Form).	
1.3	Two-page draft and Final Outcome Summary Reports.	

## CHANGES TO SCOPE OF WORK

Task Number: 2 Task Cost: \$75,000.00

Task Title: Permit Implementation

### Task Description:

Conduct work related to implementation of municipal stormwater National Pollutant Discharge Elimination System (NPDES) permit requirements. If the RECIPIENT is out of compliance with the municipal stormwater National Pollutant Discharge Elimination System (NPDES) permit, the RECIPIENT will ensure funds are used to attain compliance where applicable. The following is a list of elements RECIPIENT's project may include.

- 1) Public education and outreach activities, including stewardship activities.
- 2) Public involvement and participation activities.
- 3) Illicit discharge detection and elimination (IDDE) program activities, including:
  - a) Mapping of municipal separate storm sewer systems (MS4s).
  - b) Staff training.
  - c) Activities to identify and remove illicit stormwater discharges.
  - d) Field screening procedures.
  - e) Complaint hotline database or tracking system improvements.
- 4) Activities to support programs to control runoff from new development, redevelopment, and construction sites, including:
  - a) Development of an ordinance and associated technical manual or update of applicable codes.
  - b) Inspections before, during, and upon completion of construction, or for post-construction long-term maintenance.
  - c) Training for plan review or inspection staff.
  - d) Participation in applicable watershed planning effort.
- 5) Pollution prevention, good housekeeping, and operation and maintenance program activities, such as:
  - a) Inspecting and/or maintaining the MS4 infrastructure.
  - b) Developing and/or implementing policies, procedures, or stormwater pollution prevention plans at municipal properties or facilities.
- 6) Annual reporting activities.
- 7) Establishing and refining stormwater utilities, including stable rate structures.
- 8) Water quality monitoring to implement permit requirements for a Water Cleanup Plan (TMDL). Note that any monitoring funded by this program requires submittal of a Quality Assurance Project Plan (QAPP) that the DEPARTMENT approves prior to awarding funding for monitoring.

Monitoring, including:

- a) Development of applicable QAPPs.
  - b) Monitoring activities, in accordance with a DEPARTMENT- approved QAPP, to meet Phase I/II permit requirements.
- 9) Structural stormwater controls program activities (Phase I permit requirement)
- 10) Source control for existing development (Phase I permit requirement), including:
- a) Inventory and inspection program.
  - b) Technical assistance and enforcement.
  - c) Staff training.
- 11) Equipment purchases that result directly in improved permit compliance. Equipment purchases must be specific to implementing a permit requirement (such as a vector truck) rather than general use (such as a pick-up truck). Equipment purchases over \$5,000 must be pre-approved by Ecology.

Documentation of all tasks completed is required. Documentation may include: field reports, dates and number of inspections conducted, dates of trainings held and participant lists, number of illicit discharges investigated and removed, summaries of planning, stormwater utility or procedural updates, annual reports, copies of approved QAPPs, summaries of structural or source control activities, summaries of how equipment purchases have increased or improved permit compliance. Capital construction projects, incentives or give-a-ways, grant application preparation, TAPE review for proprietary treatment systems, or tasks that do not support Municipal Stormwater Permit implementation are not eligible expenses.

Task Goal Statement:

This task will improve water quality in the State of Washington by reducing the pollutants delivered by stormwater to lakes, streams, and the Puget Sound by implementing measures required by Phase I and II NPDES permits.

Task Expected Outcome:

RECIPIENTS will implement measures required by Phase I and II NPDES permits.

**Deliverables**

Number	Description	Due Date
2.1	Documentation of tasks completed	

**Funding Distribution Summary**

**Recipient / Ecology Share**

<b>Funding Distribution Name</b>	<b>Recipient Match %</b>	<b>Recipient Share</b>	<b>Ecology Share</b>	<b>Total</b>
2021-23 capacity grant	0 %	\$ 0.00	\$ 75,000.00	\$ 75,000.00
<b>Total</b>		<b>\$ 0.00</b>	<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>

## AUTHORIZING SIGNATURES

All other terms and conditions of the original Agreement including any Amendments remain in full force and effect, except as expressly provided by this Amendment.

The signatories to this Amendment represent that they have the authority to execute this Amendment and bind their respective organizations to this Amendment.

This amendment will be effective 07/01/2022.

IN WITNESS WHEREOF: the parties hereto, having read this Amendment in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Washington State  
Department of Ecology

City of Redmond

By: \_\_\_\_\_

Vincent McGowan, P.E.  
Water Quality  
Program Manager

Date

By: \_\_\_\_\_

Angela Birney  
Mayor

Date

Template Approved to Form by  
Attorney General's Office