



Memorandum

Date: 4/11/2023

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

File No. CM 23-163

Type: Committee Memo

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

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

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

TITLE:

Transportation Benefit District Implementation Timeline and Formation Ordinance

OVERVIEW STATEMENT:

In the 2023-2024 Biennial Budget, Council approved the formation of a Transportation Benefit District (TBD) to collect sales tax revenue to support transportation projects. Below is a description of the steps and timeline to form and establish governance of the TBD and a draft of the formation ordinance.

☒ **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:**
N/A

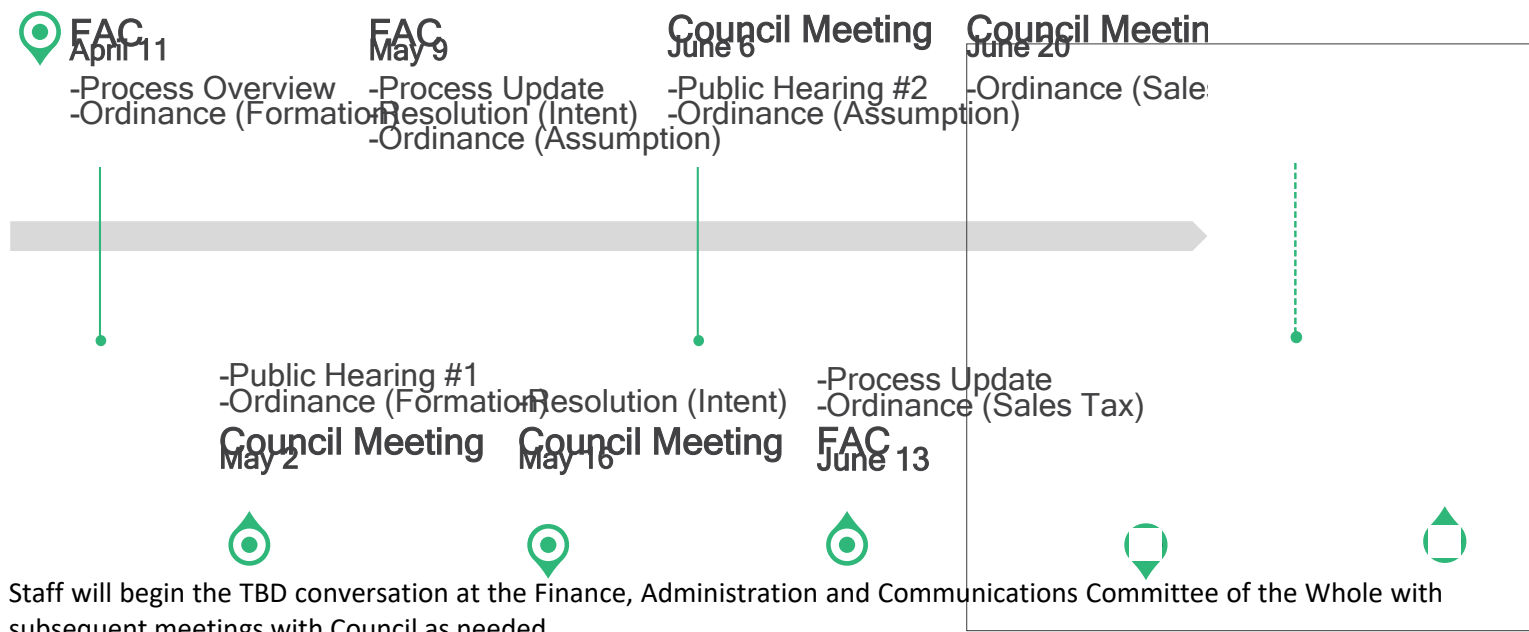
OUTCOMES:

Following a presentation by the prior Public Works Director on pavement management, staff recommended that the budget contain the formation of a TBD to levy revenue for transportation projects and maintenance. A TBD is defined as a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, maintaining, providing, and funding transportation improvements within the district. After budget deliberations, Council approved the formation and allocation of revenue from the TBD in the City's 2023-2024 Adopted Budget.

Formation and governance of the TBD requires two public hearings and several actions by Council, including:

- Two public hearings are required. One for the formation of the TBD and one for the assumption of the TBD
- Passage of three ordinances and one resolution:
 - Ordinance #1: Adding a new chapter to the Redmond Municipal Code to form a TBD (Attachment A).
 - Resolution #1: Declaring the intent to assume the TBD and setting a public hearing date.
 - Ordinance #2: Assumption of the City Council as the governing board of the TBD.
 - Ordinance #3: Imposing 0.1% sales tax to support the TBD.

A proposed timeline to put the TBD in place is contained in Attachment B and summarized below.



Staff will begin the TBD conversation at the Finance, Administration and Communications Committee of the Whole with subsequent meetings with Council as needed.

After the TBD is formed and the collection of sales tax is approved, the Council will need to approve a budget for the TBD outlining the revenue estimates and anticipated expenditures. Staff will bring the budget recommendation to Council in the fourth quarter of the year for review and approval.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- Timeline (previous or planned):

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The proposed timeline above outlines Council actions. However, staff proposes to reach out to the business community through OneRedmond as well as communicate through other media channels to update the Community on the potential of a change in sales tax.

- **Outreach Methods and Results:**

N/A

- **Feedback Summary:**

N/A

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.

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 revenue 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

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
5/2/2023	Business Meeting	Approve
5/9/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information

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5/16/2023	Business Meeting	Approve
6/6/2023	Business Meeting	Approve
6/13/2023	Committee of the Whole - Finance, Administration, and Communications	Receive Information
6/20/2023	Business Meeting	Approve

Time Constraints:

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

ANTICIPATED RESULT IF NOT APPROVED:

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

ATTACHMENTS:

Attachment A: Draft Ordinance Forming TBD

Attachment B: Timeline for Actions Required to Implement the TBD