

## CITY COUNCIL REGULAR SESSION

Ordinance amending Ordinance No. 6622, adopted November 22, 2021 and previously amended, to amend the 2021-2022 Budget by amending the 2021-22 Hotel/Motel Tax Fund by increasing the estimated revenues and appropriation by \$1,300,000, for the estimated amount of actual Transient and Occupancy Tax (TOT) revenue collections above budget.

Toni Call, Director, 452-7863  
Andrea Jutte, Fiscal Manager 452.2884  
*Finance & Asset Management Department*

## EXECUTIVE SUMMARY

This Ordinance will increase the 2021-2022 appropriation for the Hotel/Motel Tax Fund by \$1,300,000 paid for by the estimated amount to be collected in Hotel/Motel tax collections, to remain in compliance with the City's agreement with the Bellevue Convention Center Authority (BCCA).

## RECOMMENDATION

Move to adopt Ordinance No. 6700

## BACKGROUND/ANALYSIS

On November 22, 2021, Council approved Ordinance No. 6622 adopting the City's 2021-2022 Mid-Biennial Budget setting forth the estimated revenues and appropriation including the current appropriation for the Hotel/Motel Tax Fund. At that time, the City used the 2021 consultant hotel motel tax projection report which had a significantly reduced revenue projection due to COVID-19's impact on the lodging industry. Current 2022 TOT revenue receipts are estimated to be \$1,300,000 higher than anticipated due to increased hotel nights in Bellevue. To remain in compliance with the City's agreement with the BCCA, a technical adjustment is needed to increase the Hotel/Motel Tax Fund appropriation to ensure appropriation authority through year end 2022. Through this operating agreement, hotel/motel tax collections are first to be used for debt service payments associated with the BCCA and the remainder paid to the BCCA to fund the approved finance plan.

## POLICY & FISCAL IMPACTS

### Policy Impact

Pursuant to RCW 35.34.130, State law limits fund expenditures as classified and itemized in the final budget of a City unless authorized by an ordinance amending the original budget.

City Financial Policies: Financial policies require that budget amendments that change fund appropriation levels be approved by ordinance.

BCCA Operating Agreement: The City's use of Hotel/Motel tax collections are set forth within the City's operating agreement with the BCCA. Through this operating agreement, hotel/motel tax collections are first to be used for debt service payments associated with the BCCA and the remainder paid to the BCCA to fund the approved finance plan.

### **Fiscal Impact**

The 2022 appropriation for the Hotel/Motel Tax Fund was updated for the 2021-2022 Mid-biennium update. At that time, the City used the 2021 consultant hotel motel tax projection report which had a significantly reduced revenue projection due to COVID-19's impact on the lodging industry. As of the end of October 2022, actual TOT revenue receipts are estimated at \$14,731,000 for the biennium, which is \$1,300,000 higher than anticipated. This is a technical adjustment to the 2022 budget, as the Hotel/Motel fund works as a "pass through" fund to other expenditures.

This action increases the 2021-2022 appropriation for the Hotel/Motel Tax Fund by \$1,300,000 to authorize estimated expenditures consisting of:

- Interfund transfers from the Hotel/Motel Tax Fund into the City's debt service fund to make debt service payments; and
- Operating transfers to the BCCA in accordance with the BCCA/City of Bellevue Operating Agreement.

### **OPTIONS**

1. Adopt the Ordinance amending Ordinance No. 6622, adopted November 22, 2021 and previously amended, to amend the 2021-2022 Budget by amending the 2021-22 Hotel/Motel Tax Fund by increasing the estimated revenues and appropriation by \$1,300,000, for the estimated amount of actual Transient and Occupancy Tax (TOT) revenue collections above budget.
2. Do not adopt the Ordinance and provide alternative direction to staff.

### **ATTACHMENTS & AVAILABLE DOCUMENTS**

Proposed Ordinance No. 6700

### **AVAILABLE IN COUNCIL LIBRARY**

N/A