



Next Ord:2103-25
Next Res:1167-25

CITY COUNCIL STUDY SESSION AGENDA

September 3, 2025

6:00 PM

Sedro-Woolley Municipal Building

Council Chambers

325 Metcalf Street

- a. **Call to Order**
- b. **Pledge of Allegiance**
- c. **Roll Call**
- d. **Introduction of Special Guests and Presentation**
- e. **Unfinished Business**
- f. **New Business**
 - 1. Business License Endorsements - Property Rentals Discussion
 - 2. Special Events - Threshold Discussion
 - 3. Special Events - Staffing Costs Discussion

g. Public Comments

Please keep comments to three minutes or less. Because State law prohibits the use of city facilities for the purpose of supporting or opposing a campaign or ballot proposition, we respectfully request that public comment not make reference to such matters.

Written comments will be accepted by letter or via email at finance@sedro-woolley.gov Attn: 'Public Comment' until 4:30pm the day before the meeting.

h. Adjournment

Next Meetings City Council and Public Safety Committee - September 10, 2025

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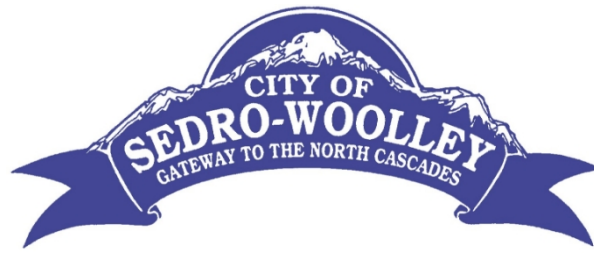
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Meeting ID: 917 8685 0179

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City Council Agenda Item

Agenda Item No.: f.1.

Date: September 3, 2025

From: Kelly Kohnken, Finance Director / City Clerk

Subject: Business License Endorsements - Property Rentals Discussion

RECOMMENDED ACTION:

Motion to bring an ordinance to council revising the business license endorsement municipal code to include a property rental section noting only one business license is required for owners with more than one property rental within city limits and a resolution updating the Master Fee Schedule for endorsement fee amounts associated with the number of rentable units in city limits.

BACKGROUND/SUMMARY INFORMATION:

The city recently updated the business license endorsement section of the municipals code. In implementation, staff came across some questions about real property rentals that are not clearly addressed in the new code.

The municipal codes includes the following as doing business, 5.04.030(C)(1): Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city. This includes but is not limited to hotels, motels, storage facilities, bed and breakfast, equipment rental, renting apartments, mobile home parks, and renting residence.

5.04.040(A)(2) If business is transacted by one person at two or more separate locations within the city, each business location requires a separate endorsement.

Based on these two items in the municipal code, if a person (code states "person" includes the term "company", "corporation", "individual", "owner", etc.) owns two rental properties, they need two business license endorsements. Staff are uncertain how this principle should be applied to duplexes, fourplexes, apartment complexes, or mobile home parks. Business license endorsements are processed through the Department of Revenue Business Licensing Service. Creating multiple entities for each location may be challenging.

Staff propose creating a separate section in the business license endorsement section of the municipal code and noting that a person owning and renting out one or more real property within city limits would be required to have only one Sedro-Woolley business license endorsement for real property rentals. In regard to 5.04.040(A)(2) requiring separate endorsements for each location, rental properties would be treated similar to providing services at multiple locations. For example, a

landscaping company with one business building, but they service fifty homes within city limits. The landscaping company is not required to have a business license endorsement for each property they landscape.

Annual Endorsement Fees:

- Should all quantities and types of real property rentals pay the same annual \$35.00 general business license endorsement fees?
- Should an owner of a duplex living in one half and renting out the other half pay the same business license endorsement fee as the business renting 80 apartments in an apartment complex?
- If fees increase based on increasing quantity of rentals, is the quantity defined by individual rentable units? For example, a single-family home is one rentable unit, a duplex is two rentable units, an 80 apartment complex is 80 rentable units, and a mobile home park with 30 spaces for mobile homes is 30 rentable units.
- Should the city reconsider exemptions? For example, a potential exemption could be that no business license endorsement is required for only having one rental property. Or an exemption if the person lives in the primary home and rents one ADU on the same parcel or lives on one side of the duplex and rents the other. (A person would not be exempt from needing a business license endorsement if they owned an apartment complex and lived in one of the apartments or owned a mobile home park and lived in a mobile home in one of the spaces. All of the other apartments and spaces would count toward rentable units.)

Rentable Units	Annual Endorsement Fee
1	\$35.00
2-5	\$70.00
6-10	\$100.00
11+	\$200.00

The city can update business license endorsement information with the Department of Revenue Business Licensing Service once a year. The deadline is October 1, 2025.

Some changes to business license endorsements require the city to manually change endorsement types in the system and for the first year. Changes to fees in the first year, may require a payment to City Hall instead of through the DOR website.

It should also be noted that the City of Sedro-Woolley does not have a business and occupation tax on business's gross receipts.

Next Step:

The next step is to bring an ordinance with municipal code changes for a first read on September 10, 2025, a second read can take place on September 24, 2025, ahead of the October 1, 2025 deadline.

FISCAL IMPACT, IF APPROPRIATE:

ATTACHMENTS:

1. Chapter 5.04 Business License Endorsement

Chapter 5.04 Business License Endorsement

5.04.010 Applicability.

This chapter applies to:

- A. Persons engaging in business within the city of Sedro-Woolley; and
- B. Business license endorsements issued by the city of Sedro-Woolley, including those issued through the state Master License Service.

5.04.020 Definitions – Generally.

“Clerk” means the city clerk or such city employee or agent as the city administrator may designate to administer this title.

“Engaging in business” has the meaning found in SWMC 5.04.030.

“Person” includes the terms “company,” “corporation,” “individual,” “owner,” “partnership,” “proprietorship” and “sole proprietorship” and shall mean any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, joint venture, club, business trust, association, society, or group of individuals acting as a unit, whether mutual, cooperative, fraternal, religious, profit, nonprofit, or otherwise.

5.04.021 Purposes.

- A. To provide revenue for municipal planning, policing, and regulatory purpose and to provide revenue to pay for the necessary expense required to issue the endorsement for and to regulate the businesses licensed.
- B. The endorsement fees levied by this chapter shall be independent and separate from any permit fees now or hereafter required of any person to engage in any business by any ordinance of the city, regulating any business herein required to be endorsed, and all such businesses shall remain subject to the regulatory provisions of any such ordinance or ordinances now or hereafter in effect, and the person engaged in all such businesses shall be liable for the payment of any endorsement fees for which provision has been made herein.
- C. The levy or collection of an endorsement fee upon any business shall not be construed to be a license or permit of the city to the person engaged therein, in the event such business shall be unlawful, illegal, or prohibited by the ordinances of the city or the laws of the state or the United States.

5.04.030 Definition – “Engaging in Business.”

A. The term “engaging in business” means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

B. This section sets forth examples of activities that constitute engaging in business in the city, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimis business activities in the city without having to pay a business license endorsement fee. The activities listed in this section are illustrative only and are not intended to narrow the definition of “engaging in business” in subsection A of this section. If an activity is not listed, whether it constitutes engaging in business in the city shall be determined by considering all the facts and circumstances and applicable law.

C. Without being all-inclusive, any one of the following activities conducted within the city by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license.

1. Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city. This includes but is not limited to hotels, motels, storage facilities, bed and breakfast, equipment rental, renting apartments, mobile home parks, and renting residence.
2. Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the city.
3. Soliciting sales, including door-to-door sales.
4. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.
5. Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.
6. Installing, constructing, or supervising installation or construction of, real or tangible personal property.
7. Soliciting, negotiating, or approving franchise, license, or other similar agreements.
8. Collecting current or delinquent accounts.

9. Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.
10. Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.
11. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.
12. Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the city, acting on its behalf, or for customers or potential customers.
13. Investigating, resolving, or otherwise assisting in resolving customer complaints.
14. In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.
15. Delivering goods in vehicles owned, rented, leased, used, or maintained by the person selling the goods, or another acting on its behalf. For example, a furniture business delivering a piece of furniture in the business truck, to a residence in city limits.
16. Common carriers delivering goods within city limits, for example UPS, Amazon, and FedEx.

D. If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the city but the following, it need not register and obtain a business license endorsement:

1. Meeting with suppliers of goods and services as a customer;
2. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing function;
3. Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf.

4. Renting tangible or intangible property as a customer when the property is not used in the city;
 5. Attending, but not participating in, a “trade show” or “multiple vendor events.” Persons participating at a trade show;
 6. Conducting advertising through the mail;
 7. Soliciting sales by phone from a location outside the city;
 8. Soliciting service sales by phone or internet, from a location outside the city, and solely providing the service remotely. For example, virtual therapy.
- E. A seller located outside the city merely delivering goods into the city by means of common carrier, for example USPS, UPS, Amazon, or FedEx, is not required to register and obtain a business license endorsement; provided, that it engages in no other business activities in the city. Such activities do not include those in subsection D of this section.
- F. Government agencies operating or providing services within city limits do not require a city of Sedro-Woolley business license endorsement.
- G. The city expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the endorsement fee under the law and the Constitutions of the United States and the state of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

5.04.040 Business License Endorsement – When Required.

- A. All entities “engaging in business” as defined in SWMC 5.04.030 within the city of Sedro-Woolley require a city business license endorsement.
1. A subcontractor engaging in business within the city of Sedro-Woolley must obtain a city business license endorsement. The license of a general contractor does not satisfy the licensing requirements for a subcontractor.
 2. If business is transacted by one person at two or more separate locations within the city, each business location requires a separate endorsement.
 3. If more than one business is conducted or operated on a single premises, a separate endorsement is required for each business.
- B. *Exemption for Businesses Located Outside the City.*

1. Any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the city is equal to or less than \$2,000 and who does not maintain a place of business within the city is exempt from the general business license endorsement requirements and fees in this chapter.

2. Such a business is not exempt from the regulatory special permits requirements of this title.

C. The following are exempt from the requirement to obtain a city business license endorsement:

1. Garage sales, lawn sales, rummage sales, or any other similar casual sale of tangible personal property conducted on an infrequent basis not to exceed three times per each calendar year and not to exceed two consecutive days at one time;

2. Running an estate sale (estate sales by a professional company would be considered engaging in business);

3. Persons selling personal property or providing a service pursuant to an order or process of a court of competent jurisdiction;

4. Persons acting in accordance with their powers and duties as public officials;

5. A farmer, gardener, or other person, who sells, delivers, or peddles any fruits, vegetables, berries, butter, eggs, fish, milk, poultry, meats, or any farm produce or edibles raised, caught, produced, or manufactured by such person;

6. Working from home as a remote employee;

7. Conducting advertising through social media;

8. Minor engaged in babysitting, newspaper delivery, lemonade stands, lawn mowing, and similar activities;

9. Vendors in a temporary bazaar or community fair, including mobile vendors, for which a special event permit has been given to the sponsor thereof, provided the necessary fire inspection and health/food safety inspections have occurred.

D. A business license endorsement is not transferable.

1. No licensee may allow another person to operate a business under or display the license issued to their business, nor may another person operate under or display the license issued to another business.

2. A person who acquires an existing business must apply for a city business license endorsement before commencing business within the city with that business.

3. A licensee must report a change of location of the business to the state Master License Service, in coordination with the city clerk.

4. A change of the location of a business requires approval by the city before business may commence at the new location, and may require submitting a new master application and payment of fees.

E. A city business license endorsement does not convey the city's permission to conduct a prohibited activity or other violation. The city may not be held liable for the actions of any licensed business by virtue of having issued an endorsement to conduct business.

F. An applicant or licensee must permit reasonable inspections of the business premises by governmental authorities for the purpose of enforcing the provisions of this chapter.

5.04.041 Mobile Vendor.

A. "Mobile vending" or "mobile vendor" means any person whether owner, agent, consignee, or employee, whether a resident of the city or not, who both solicits sales and provides the good(s) or service(s) outside of a permanent structure affixed to real property and who conducts business from a vehicle or other conveyance or temporary stand upon privately or publicly owned property. A person so engaged shall not be relieved from complying with the provisions of this chapter merely by reason of associating temporarily with a local dealer, trader, merchant or auctioneer, or by conducting such temporary business in connection with, as part of, or in the name of any local dealer, trader, merchant or auctioneer.

The following are considered mobile vending:

1. Food truck
2. Ice cream truck
3. Coffee cart
4. Street vendor selling food, beverages, or other items
5. Mobile vendors on private property
6. Open air vending not attached to a business with a fixed location

- B. The below do not require mobile vendor endorsements.
1. Vendors in a temporary bazaar, community fair that have been approved through the special events process, including mobile vendors, for which a master business license endorsement has been given to the sponsor thereof, provided the necessary fire inspection and health/food safety inspections have occurred;
 2. Delivery businesses, such as Amazon, UPS, FedEx, and delivery vehicles restocking food and drink to other businesses (that engage in no or minimal supplementary sales from the delivery vehicle).
 3. Businesses with vehicles that pick-up items to be serviced elsewhere, such as laundering.
 4. Businesses with sales solicited over the phone or internet, and the goods or service are delivered or provided from a mobile vehicle to a location within city limits. For example, a locksmith or tow truck.
- C. Mobile vendors on public streets must meet the following conditions:
1. The vehicle must be legally parked and cannot use more than a single designated parking space;
 2. The vehicle or cart may not obstruct any street or sidewalk for the passage of other vehicles or pedestrian or result in noncompliance with the Americans with Disabilities Act as Amended (ADAAA);
 3. The vehicle must not operate in a single location for more than ten minutes at a time. For the purposes of this section, one location is defined as one city block (for example, the ice cream truck selling ice cream and frozen novelties from block to block).
- D. Subsection 5.04.41 C 1 and 3 does not apply to mobile vendors as part of a temporary bazaar or community fair as approved through the special events process. It also does not apply to the Sedro-Woolley Farmers Market.
- E. Mobile vending is allowed on private property when invited by the property owner. If the mobile vendor serves food, it must not be located within one hundred feet of an existing restaurant without the restaurant owner's consent.
- F. Nothing in this section shall relieve any person who is operating as a mobile vendor from compliance with all other requirements of the Sedro-Woolley Municipal Code, including, but not limited to, for example, zoning, sewer, and mandatory solid waste service requirements.

5.04.042 Pawnbroker.

No person shall be issued an endorsement to operate as a pawnbroker unless they possess the following qualifications:

- A. Is at least twenty-one years of age;
- B. Is a resident of the state of Washington for at least six months prior to filing application;
- C. Has not been convicted of any offense involving moral turpitude or intent to defraud or any property crime, within three years prior to the time of application;
 - 1. When an application for an endorsement to operate as a pawnbroker, duly signed and notarized, and accompanied by required information, has been received by the police chief, they shall investigate the statement contained therein and may obtain such other information concerning the applicant's character, integrity, personal habits, past conduct and general suitability to maintain a pawnshop within the city.
 - 2. Each application for a pawnbroker's endorsement shall be accompanied by a complete set of fingerprints of the applicant, utilizing a fingerprint form provided by the city police department.
 - 3. All applications shall become null and void after sixty days from the date of filing if the application for any reason is denied or is not obtained by the applicant.

5.04.043. Taxicab.

- A. No taxicab endorsement or driver's permit shall be issued to any person who:
 - 1. Has been convicted of an offense of such a nature to indicate that he or she is unfit to hold an endorsement or a permit;
 - 2. Is guilty of committing two or more offenses for which mandatory revocation of driver's license is provided by law;
 - 3. Has been convicted of manslaughter resulting from the operation of a motor vehicle or convicted of negligent homicide;
 - 4. Is intemperate or addicted to the use of narcotics.
- B. Any endorsement or permit issued may be revoked if the holder is found guilty of the above-mentioned disabilities or physically or mentally unfit upon complaint of the police chief or a committee of the city council designated for that purpose by the council as a whole, at which hearing the holder or licensee may appear and be heard on his own behalf.

C. No person may be issued a taxicab endorsement or driver's permit within one year after his conviction in any local, state, or federal court or authority, of the violation of any ordinance or law pertaining to the sale or possession of alcoholic beverages, and any license or permit issued shall be revoked for one year upon the conviction of the holder of a violation of local, state, or federal ordinances, laws, or regulations pertaining to the sale or possession of alcoholic beverages.

D. The payment of such endorsement fee shall permit the owner or operator to operate as many taxicabs under one endorsement as he may desire.

E. Nothing herein contained shall prevent the operator of a taxicab endorsed to operate in another city or town or within this or other county, from entering and leaving the city for picking up or depositing passengers in the usual course of business.

5.04.044. Nonprofits.

A. Nonprofit Business License Endorsement. Businesses and organizations which have IRS 501(c)(3) nonprofit tax status, for activities within the scope of their IRS 501(c)(3) purpose, are exempted from any fees in this chapter; however, they are not exempted from registering with the city of Sedro-Woolley; provided, that:

1. The organization shall provide proof of IRS 501(c)(3) status;
2. The activity shall not include the sale of food, beverages, cigarettes or gambling; and
3. The owner of property used for this exempt purpose shall obtain a fire inspection certificate if required by this chapter.

B. The endorsement required by this chapter shall have a term as established by the state of Washington Business Licensing Service, in cooperation with the city.

C. Each branch establishment or separate location of a business conducted by any person shall, for the purpose thereof, be a separate business and subject to the license therefor provided for herein.

D. If any person be engaged in operating or carrying on in the city more than one business, then such person shall pay the endorsement herein prescribed for as many of said businesses as are carried on by such person.

E. A change of physical location of a business inside the city will require approval by the city before business may commence at the new location, and may require the filing of a new master business application.

5.04.050 Application and renewal.

An application for a city business license endorsement or renewal must be filed via a master application through the State Department of Licensing’s Master License Service.

- A. An application may only be for a single city business license endorsement. Each endorsement requires a separate application.
- B. The applicant must pay the filing fee as listed in the master fee schedule adopted by resolution of the city council and any State Master License Service’s handling fees.

5.04.060 Licensing fees.

A. General Business License Endorsement. All persons engaged in business in the city shall pay an annual basic license fee as listed in the master fee schedule adopted by resolution of the city council.

B. Regulatory Business License Endorsement. Each person engaged in the following businesses in the city shall pay an additional annual endorsement fee, as listed in the master fee schedule adopted by resolution of the city council, as indicated below:

- 1. Businesses, clubs or societies selling or serving beer, wine and/or spirits, or selling cannabis, operating under license or authority of the Washington State Liquor and Cannabis Board;
- 2. Mobile vendors;
- 3. Pawnbrokers;
- 4. Taxicabs;
- 5. Nonprofits.

C. For purposes of the license by this chapter, any person or business whose annual value of products, gross proceeds of sales, or gross income of the business in the city is equal to or less than two thousand dollars (\$2,000.00) and who does not maintain a place of business within the city, is exempt from city business licensing fees. The exemption does not apply to regulatory endorsements or activities that require a specialized permit.

Beginning January 1, 2026, the threshold amount is four thousand dollars (\$4,000). The threshold amount will be adjusted every forty-eight (48) months on January 1, by an amount equal to the increase in the Consumer Price Index (“CPI”) for “West Urban, All Urban Consumers” (CPI-U) for each twelve (12) month period ending on June 30 as published by the United States Department of Labor Bureau of Labor Statistics or successor agency. To calculate this adjustment, the current rate will be multiplied by one plus the cumulative four-year (forty-eight month) CPI increase using each 12-month period ending on June of each prior year, and rounded to the nearest one hundred dollars (\$100).

However, if any of the annual CPI increases are more than five percent (5%), a five percent (5%) increase will be used in computing the annual basis and if any of the annual CPI decreased during the forty-eight-month period, a zero percent (0%) increase will be used in computing the annual basis

5.04.070 Review of application – Approval or denial.

- A. The clerk must, when appropriate, refer applications to the community development department, the police department, fire department or other governmental agencies for their review.
- B. The clerk must approve an application for a business license endorsement that complies with this chapter and other provisions of the Sedro-Woolley Municipal Code.
- C. If the clerk denies an application, the clerk must notice to the applicant of the denial of their endorsement.

5.04.080 Endorsement expiration.

Each city business endorsement must include an expiration date as determined by the Master License Service in coordination with the city.

5.04.090 Penalty for late application or renewal.

- A. Endorsements must be renewed annually on or before the expiration date, or expiration of any prorated period. Failure to renew a business license endorsement by the endorsement expiration date may result in the assessment of a late renewal penalty (outlined in the city’s master fee schedule adopted by resolution of the city council), and may lead to the revocation of the city endorsement.
- B. Revocation of a endorsement due to nonrenewal requires reapplication for the city endorsement, and approval by the city before the revoked business may continue operation within the city.

5.04.100 Endorsement suspension or revocation.

- A. The clerk may suspend or revoke a business license endorsement when the licensee or any of its officers, directors, agents, owners, or employees fails or have failed to:
 - 1. Maintain the endorsed premises or business activity in compliance with applicable health, building, fire, zoning (including legal nonconforming uses) or safety laws, ordinances, or regulations;
 - 2. Comply with the requirements of this chapter. Any suspension shall remain in effect until the conditions causing the suspension are cured and reasonable measures are taken to ensure that those conditions will not recur; or

3. Renew a business license endorsement within 120 days after the expiration date of the endorsement.

B. The clerk must give notice to the license-holder of the suspension or revocation of their endorsement.

5.04.110 Appeals.

A. The applicant or license-holder may appeal the clerk's decision to the city hearing examiner by:

1. Filing written notice of appeal to the clerk within seven calendar days; and
2. Paying the appropriate fee.

B. The hearing examiner may overturn or modify the clerk's decision if it is clearly erroneous, and must issue its decision within 30 days of the date the appeal is received. The hearing examiner's review of the appeal is not subject to a hearings proceeding.

5.04.120 Penalty for violation.

Violation of any requirement of this chapter not otherwise specified is a class 1 civil infraction and may also be enforced pursuant to SWMC Title 18.

5.04.130 Examinations of business premises.

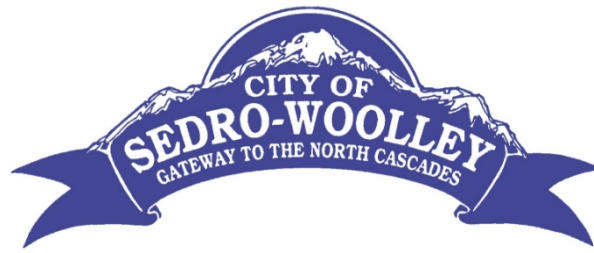
City officials shall have the authority to investigate and examine all places of business licensed or subject to endorsement under this chapter at any reasonable time for the purpose of determining whether such place of business is complying with the provisions of this chapter.

5.04.140 Fire inspection certificates.

A. The owner of nonresidential, commercial, industrial, or multifamily residential structures on real property shall obtain a fire inspection certificate for each property from the Sedro-Woolley fire department.

B. For purposes of this chapter, multifamily residential rental property shall be defined as a building containing three or more dwelling units or a single dwelling unit in a building used primarily for nonresidential purposes. Hotel, motel, and "bed and breakfast" facilities shall be considered commercial facilities.

C. The owner of the real property shall be primarily responsible for obtaining the fire inspection certificate; however, the tenant or lessee may obtain the fire inspection certificate for the owner, as the owner's agent.



City Council Agenda Item

Agenda Item No.: f.2.

Date: September 3, 2025

From: Kelly Kohnken, Finance Director / City Clerk

Subject: Special Events - Threshold Discussion

RECOMMENDED ACTION:

Motion to bring an ordinance to council revising the threshold requiring a special event permit on public property from 50 people to more than 100 people, and to provide clarification, as noted below.

BACKGROUND/SUMMARY INFORMATION:

The updated special events municipal code outlines special events thresholds for public and private events.

- Public property or in a public right-of-way that causes the closure or limited use of streets, sidewalks, public parking, parks or other public venues normally accessible by the general public; or gatherings of fifty or more people on public property; or
- Private Property. It is presumed that any event on private property which involves an open invitation to the public to attend or events where the attendance is by private invitation of two hundred fifty or more people are each presumed to be an event that will have a direct significant impact on the public streets, rights-of-way or emergency services.

The thresholds for these types of events were discussed at the March 5, 2025, council meeting with the majority of the discussion focused on the threshold for private events.

In implementation, staff have risen concerns regarding the fifty or more threshold for events on public property. Staff recommend the council increase this threshold to more than 100. The large shelter at Riverfront Park has a capacity of 100. Reservations for the large shelter at Riverfront Park goes through the park reservation approval process. There is little to no benefit for the city to have people also complete a special events permit if the event is between 50-100 people.

Potential Code Revision:

"Special event" means any temporary or ongoing activity (including, but not limited to, fun runs, roadway foot races, fundraising walks, auctions, bike-a-thons, parades, carnivals, shows, or exhibitions, filming/movie events, circuses, concerts, festivals, block parties, and fairs) conducted on:

- A. Public property or in a public right-of-way that causes the closure or limited use of streets, sidewalks, public parking, parks or other public venues normally accessible by the general public; or

gatherings of more than 100 people on public property; or

B. Private Property: it is presumed that any event on private property which involves an open invitation to the public to attend or events where the attendance is by private invitation of 250 or more people are each presumed to be an event that will have a direct significant impact on the public streets, rights-of-way or emergency services.

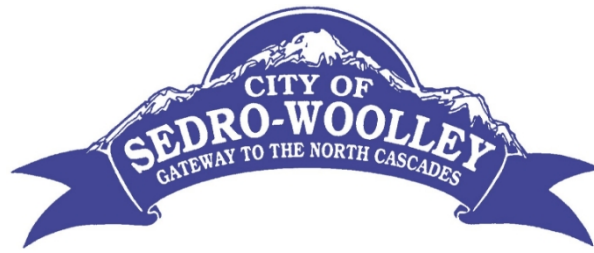
Special event permits are not required for approved park and facility reservations at the Community Center or city athletic fields; however, facility capacity limitations do apply. A special event permit is required prior to approval for all reservations of the amphitheater at Riverfront Park.

Special event permits are not required on private property for established businesses having or hosting events as part of their normal business, regardless of the number of people. For example, a hotel hosting a business meeting in a conference room, a business having a holiday sale, or an event venue hosting a wedding. Facility capacity limitations do apply.

FISCAL IMPACT, IF APPROPRIATE:

ATTACHMENTS:

None



City Council Agenda Item

Agenda Item No.: f.3.

Date: September 3, 2025

From: Kelly Kohnken, Finance Director / City Clerk

Subject: Special Events - Staffing Costs Discussion

RECOMMENDED ACTION:

Discussion

BACKGROUND/SUMMARY INFORMATION:

Sedro-Woolley Municipal Code Chapter 12.44 Special Events, Parades and Festivals

- Prior to Ordinance 2097-25 updating this section of the code, the code stated "If the city special events committee requires the event to include additional police or fire protection or work from the street department or solid waste department, or other city department... The actual costs shall be paid by the sponsoring organization within seven days of the billing from the city."
- This provision of the code had not been previously implemented.
- The revised code, passed by Ordinance 2097-25 on March 12, 2025, includes "The city must estimate the cost of city services (e.g., police, public works employees, etc.) for a special event prior to the event. As a condition of permit approval, the Administrator may require a cash deposit for such costs prior to issuance of a special event permit. Additional costs incurred by the city will be evaluated following the completion of the event."
- In an effort to ensure city staff adhere to all elements of the special events, parades and festival municipal code, the city initiated a process to recover the cost of city services for these events.
- A letter was posted on the city website and social media outlining a change in the process, including cost recovery for overtime costs, effective for events on or after October 1, 2025.
- City staff and elected officials have received feedback from the community regarding this element of the municipal code.

Is Lodging Tax Available?

Lodging taxes, also known as "hotel/motel taxes" or "bed taxes", are fees levied on short-term rentals of hotels, motels, and other lodging establishment, including short-term rentals like Airbnb.

Lodging tax can be used for tourism promotion, acquisition of tourism-related facilities, or operation or tourism-related facilities (RCW 67.28.1815-.1816), including:

- Tourism marketing

- Marketing and operations of special events and festival designed to attract tourists
- Operations and capital expenditures of tourism-related facilities owned or operated by a municipality or public facilities district
- Operations of tourism-related facilities owned or operated by nonprofit organizations

The term "heads in beds" is a common way to refer to the goal of tourism promotion; attracting visitors who will spend the night in local lodging establishments.

In a presentation to council by CEO of the Skagit Tourism Kristen Keltz at the July 9, 2025, council meeting, the following was included on the **prohibited uses list**:

- General government services (e.g. fire, police, admin salaries)
- Emergency response costs, police overtime, or general public safety expenses.

Kristen provided some additional guidance through email. "...There has been discussion that some larger events (very few) have budget into their event expenses for additional police and fire...I don't think the RCW addressed this exactly however, it is pretty clear on utilizing it for promoting overnight stays...Even for public safety services during events, lodging tax funds may only be used if specifically tied to tourism promotion - for example, paying for extra police presence during a tourism event. In such cases, the cost must be included in the event promotion budget and be clearly documented."

MRSC website notes, the Lodging Tax Advisory Committee (LTAC) reviews all lodging tax grant applications and recommends a list of candidates and funding levels to the city council for final determination. The city council is not required to fund the full list of recommended recipients and may choose to make awards to only some or even none of the recommended recipients, but the city council may not award funds to any recipient that was not recommended by the LTAC. City council may award amounts different from the LTAC's recommend amounts but only after satisfying the procedural requirements of RCW 67.28.1817(2) that requires the city council to submit its proposed change(s) to the LTAC for review and comment at least 45 days before final action is taken.

What does this mean?

- The city would likely be ineligible for a lodging tax grant for city staff costs for an event hosted by another organization.
- An organization could include its own costs for security, emergency services, and other public works items in its event's budget. Those costs would be paid by the host organization and then could be eligible for reimbursement from a lodging tax grant.
- A lodging tax grant is not guaranteed. The LTAC could exclude an organization of its recommended list of candidates and funding level.

Potential Options:

1. Charge organizations for city costs associated with special events and encourage organizations to seek additional lodging tax grants from Sedro-Woolley, Burlington, and Skagit County.
2. Require organizations to hire for necessary security, emergency services and public works needs. Code language change required.
3. The city continues to provide services and continues not charging event hosts for city staff costs.

Code language change required.

Please note, the lodging tax RCW does not specifically address city costs for events not hosted by the city. We have reached out to MRSC for additional guidance. We will update the council if that guidance is received after the packet has been issued but before the council meeting.

FISCAL IMPACT, IF APPROPRIATE:

Loggerodeo is the city's largest special event. City overtime costs for the 2025 Loggerodeo were \$18,130 and regular straight time costs were \$10,175 for a total of \$28,305.

Estimated costs have been calculated for the Christmas Parade and Blast from the Past, see attached.

Lodging Tax Historical Revenues

Month	2022	2023	2024	2025
January	3,078	2,574	1,842	2,012
February	2,320	5,492	1,533	2,082
March	2,032	3,183	2,080	1,923
April	1,777	4,824	2,434	2,418
May	2,802	3,643	2,998	4,620
June	3,865	5,200	3,276	8,187
July	3,441	5,538	4,345	8,865
August	4,786	4,703	4,055	
September	4,770	6,382	4,919	
October	4,808	5,314	4,911	
November	6,916	3,265	3,638	
December	3,316	1,982	2,666	
Total	43,912	52,102	38,696	30,108
			Projected	75,095

ATTACHMENTS:

1. Estimated Costs_2025.08.14
2. LTAC Guidance



Special Events Staffing Costs

Estimated staffing costs of the Christmas Parade and Blast from the Past special events. Actual staff costs for the 2025 Loggerodeo

Overtime	Overtime + Straight Time
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Loggerodeo - 2025 Actuals							
Department	2025 Overtime Rate	Estimated Overtime Hours	Overtime Cost	Straight Time Hourly Rate	Estimated Straight Hours	Straight Cost	Total Cost
Police	74.78	166.5	12,450.87	49.85	48	2,392.80	14,843.67
Streets / Parks	57.36	87	4,990.32	38.24	30	1,147.20	6,137.52
Fire / EMS	68.45	0	-	45.63	132	6,023.16	6,023.16
Solid Waste	57.36	12	688.32	38.24	16	611.84	1,300.16
Total		265.5	18,129.51		226	10,175.00	28,304.51

Christmas Parade							
Department	2025 Overtime Rate	Estimated Overtime Hours	Overtime Cost	Straight Time Hourly Rate	Estimated Straight Hours	Straight Cost	Total Cost
Police	74.78	20	1,495.60	49.85	20	997.00	2,492.60
Streets / Parks	57.36	16	917.76	38.24	4	152.96	1,070.72
Fire / EMS	68.45	0	-	45.63	10	456.30	456.30
Solid Waste	57.36	0	-	38.24	0	-	-
Total		36	2,413.36		34	1,606.26	4,019.62

Blast from the Past							
Department	2025 Overtime Rate	Estimated Overtime Hours	Overtime Cost	Straight Time Hourly Rate	Estimated Straight Hours	Straight Cost	Total Cost
Police	74.78	0	-	49.85	4	199.40	199.40
Streets / Parks	57.36	4	229.44	38.24	5	191.20	420.64
Fire / EMS	68.45	0	-	45.63	0	-	-
Solid Waste	57.36	4	229.44	38.24	2	76.48	305.92
Total		8	458.88		11	467.08	925.96

Straight Time Hourly Rate	
Police	Estimated officer top step plus 5.28% shift differential
Street / Parks	Maintenance Operator II top step
Fire / EMS	EMS top step
Solid Waste	Maintenance Operator II top step

Kelly kohnken

From: Kristen Keltz <kristen@visitskagitvalley.com>
Sent: Tuesday, August 12, 2025 3:51 PM
To: Kelly kohnken
Subject: Re: Lodging Tax Question - CoSW

CAUTION: This email originated from outside of the City of Sedro-Woolley mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Kelly,

I did bring up this topic with my colleagues through the WSDMO group after presenting at the council and none of them knew of municipalities applying for lodging tax funds for police and fire for events. There has been discussion that some larger events (very few) have to budget into their event expenses for additional police and fire.

I don't think the RCW addresses this exactly however, it is pretty clear on utilizing it for promoting overnight stays. The second bullet point was from an article from MRSC.

Hope this helps?
Kristen

What Lodging Tax Funds *Can* Be Used For in Washington

Per RCW 67.28 and guidance from MRSC:

- Funds must be used **solely** for:
 - Tourism marketing
 - Marketing and operations of events/festivals designed to attract tourists
 - Operations or capital expenses of tourism-related facilities (whether publicly or non-profit owned)
MRSCleg.wa.gov
- These uses are tightly defined. Even for public safety services during events, lodging tax funds may only be used **if specifically tied to tourism promotion—for example, paying for extra police presence during a tourism event**. In such cases, the cost must be included in the event promotion budget and be clearly documented.
MRSC

Kristen Keltz

CEO

Skagit Tourism Bureau

419 W Gates Street
PO Box 1756
Mount Vernon, WA 98273
kristen@visitskagitvalley.com
Main: 360-610-7111
Direct: 360-610-7444
Cell: 360-770-9952
www.visitskagitvalley.com



SKAGIT VALLEY

DISCOVER *the* MAGIC of SKAGIT

From: Kelly kohnken <kkohnken@Sedro-Woolley.gov>
Date: Monday, August 11, 2025 at 1:59 PM
To: Kristen Keltz <kristen@visitskagitvalley.com>
Subject: Lodging Tax Question - CoSW

Good afternoon, Kristen,

Thank you for the guidance on LTAC applications. The city has been having discussions on special events and the city's staff costs for large events. Could the city apply for a lodging tax grant for an event the city incurs staff costs for but is not hosting? For example, the Loggerodeo puts on the 4th of July activities. However, the city has staff overtime costs of roughly \$20,000 for police, fire, and public works directly related to the Loggerodeo events. Can the city apply for a lodging tax grant for that activity even through the Loggerodeo is hosting it?

Thank you,

[Kelly Kohnken](#), MBA
Finance Director, City of Sedro-Woolley
360-855-3165 direct



From: Julia Johnson <jjohnson@sedro-woolley.gov>
Sent: Thursday, July 31, 2025 1:19 PM
To: kristen@visitskagitvalley.com
Cc: Kelly kohnken <kkohnken@Sedro-Woolley.gov>
Subject: FW: LTAC Rubric/Data

Thank you, Kristen!
I've included Kelly Kohnken in this email as she formulates the meeting and LTAC team.

Julia Johnson, Mayor
City of Sedro-Woolley
360-855-3160
jjohnson@sedro-woolley.gov



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From: Kristen Keltz <kristen@visitskagitvalley.com>
Sent: Thursday, July 31, 2025 12:49 PM
To: Julia Johnson <jjohnson@sedro-woolley.gov>
Cc: monique.swchamber <monique.swchamber@gmail.com>
Subject: LTAC Rubric/Data

CAUTION: This email originated from outside of the City of Sedro-Woolley mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon,

We've received several requests from across the county for guidance on LTAC applications. In response, we've developed the attached rubric, which local committees may choose to use in their review processes.

In addition, we will be willing to provide data reports to organizations applying for LTAC funds to help strengthen both their applications and reporting. I've attached an overview of this information and would welcome any feedback you may have. We hope you are willing to incorporate this into your LTAC committee process.

This guidance will also be shared with all cities and towns in the county to help ensure consistency and transparency.

Thank you for your time, and please don't hesitate to reach out with any questions.

Kristen

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