



City of Tacoma

Transportation Benefit District Board Action Memorandum

TO: Elizabeth A. Pauli, City Manager
FROM: Ramiro A. Chavez, P.E. PgMP, Director/City Engineer, Public Works
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COPIES: Transportation Benefit District Governing Board and City Clerk
SUBJECT: Resolution – Imposition of 1/10th of 1 Percent of Transportation Benefit District Sales and Use Tax
– December 3, 2024
DATE: November 4, 2024

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SUMMARY AND PURPOSE:

A resolution authorizing the imposition of a one-tenth of one percent (0.1%) sales and use tax as part of the Transportation Benefit District Fund, effective April 1, 2026, to continue to collect funds to be used for maintenance, preservation, and operations of the City's street and transportation system.

BACKGROUND:

This Department's recommendation is based on RCW 35.21.225 and 36.73.020 and City of Tacoma Ordinance No. 28099, which authorized the establishment of a Transportation Benefit District (TBD) for the purposes of acquiring, constructing, improving, providing, and funding transportation improvements within the TBD, consistent with any state, regional, or local transportation plans and necessitated by existing or reasonably foreseeable congestion levels. RCW 36.73.065(4)(a)(v) authorizes the Board to impose a sales and use tax up to one-tenth of one percent.

On November 27, 2012, the TBD Governing Board (Board) adopted Resolution No. TBD 001 authorizing the collection of a vehicle license fee of \$20.

On July 14, 2015, the Board adopted Amended Resolution No. TBD 008 to place ballot measure Proposition No. 4, later referred to as Proposition A, on the ballot for the General Election. Proposition A, which authorized a sales tax increase of one-tenth of one percent to fund street improvements, was passed in the November 3, 2015, General Election. This tax will expire on March 31, 2026.

In the years since its launch, the initiative has helped fund street improvements for over 4,800 residential blocks and is on pace to surpass its original goal of 5,600 residential blocks, has upgraded sidewalks and crosswalks near schools, improved bike and pedestrian mobility in line with the City's goals for sustainable and accessible transportation, and has addressed critical freight access needs to support Tacoma's economic growth. TBD revenues have been instrumental in the success of this initiative.

However, without a continued dedicated funding source, the progress achieved through the Tacoma Streets Initiative is at risk. Imposing the one-tenth of one percent sales and use tax is vital to sustain these efforts and ensure that Tacoma's streets system will remain safe and efficient for all users.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Imposing the one-tenth of one percent sales and use tax will impact a wide range of stakeholders across Tacoma, including residents, business owners, commuters, and visitors who rely on the City's street network. To shape this proposal, we conducted extensive community outreach through a survey that surveyed over 500 Tacoma residents. Majority of respondents of the survey, after educated on the benefits of the proposal, were in support of the renewal of the Streets Initiative package. The City has also recently conducted its own community survey in which over 75 percent of respondents were not satisfied with arterials in Tacoma. The continuation of this fund will help address concerns expressed in those two surveys.



2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

This legislation directly supports the City's commitment to reducing racial and other inequities, disparities, and discrimination by focusing resources on very low and low opportunity zones. By prioritizing the rehabilitation of streets in neighborhoods that have historically been overlooked, imposing the one-tenth of one percent sales and use tax will provide safer, more reliable options for not only communities of color and low-income residents, but for all of Tacoma as well.

Additionally, the focus on improving arterials and non-motorized transportation – such as bike lanes, pedestrian pathways, and improved crosswalks – will enhance mobility for individuals who rely on walking, biking, or public transit. These improvements increase transportation accessibility for residents who may not have access to a car, particularly benefiting lower-income and minority communities. By expanding safe and accessible routes for all, the proposal aligns with Tacoma's broader goals of equity and accessibility.

Economy/Workforce: *Equity Index Score: Very Low Opportunity*

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Increase the number of diverse livable wage jobs.

Civic Engagement: *Equity Index Score: Very Low Opportunity*

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Livability: *Equity Index Score: Very Low Opportunity*

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Increase positive public perception of safety and overall quality of life.

Explain how your legislation will affect the selected indicator(s).

Imposing the one-tenth of one percent sales and use tax will significantly contribute to Tacoma's economy by supporting infrastructure projects that align with business development needs. Improved streets, freight access, and pedestrian mobility will facilitate smoother logistics and more efficient commutes for employees, making Tacoma a more attractive location to locate new businesses. Investing in transportation infrastructure will also create livable wage jobs in construction, maintenance, and project management, promoting workforce development.

Engaging the community through forums and transparent reporting through the Streets Initiative Annual Progress Report at the Transportation Commission will increase the percentage of residents who feel they can positively impact their community and trust that the City is effectively managing its resources for the benefit of all residents. This funding will also improve access to community facilities, services, and employment for all across diverse income levels and backgrounds. Residents will benefit from greater access to transportation options, which can bridge gaps between communities, reduce isolation, and foster a more connected Tacoma.



ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not impose the tax.	Will reduce sales and use tax burden on Tacoma visitors and residents.	Public Works will need to seek alternatives to fund projects for the foreseeable future.

EVALUATION AND FOLLOW UP:

The Department tracks the expenses and the amount of maintenance performed, and provides the Board with annual and biennium reports of work completed.

STAFF/SPONSOR RECOMMENDATION:

The Public Works Department recommends that the Board authorize the imposition of a one-tenth of one percent sales and use tax as part of the Transportation Benefit District Fund, effective April 1, 2026, to continue to collect funds to be used for maintenance, preservation, and operations of the City's street and transportation system.

FISCAL IMPACT:

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
Fund 1070 Transportation Benefit District	663001	4313270	\$7,506,086 (annually)
TOTAL			\$7,506,086

What Funding is being used to support the expense?

The existing Transportation Benefit District Fund is to be used to support the expense.

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES
The Transportation Benefit District budget and spending plan currently reflects these revenues for 2025, however, this funding will expire on March 31, 2026. If imposed, 2026 revenues of \$7,506,086 will be included in the next budget process.

Are there financial costs or other impacts of not implementing the legislation?

YES

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City's FTE/personnel counts?

YES, PLEASE EXPLAIN BELOW

If this legislation is not passed, the Public Works Department will not be able to support its current level of service and number of staff members, which will affect the City's personnel counts.