



**TO:** T. C. Broadnax, City Manager  
**FROM:** Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer / *KDK*  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution - Placing Proposition No. 3 on November 3, 2015, General Election  
Ballot – July 14, 2015  
**DATE:** July 9, 2015

**SUMMARY:**

Authorizing the submission of Proposition No. 3 to the electors of the City of Tacoma at the General Election to be held on November 3, 2015, asking voters to approve a City-wide measure for an additional 1.5 percent tax on utility company earnings, and a levy lid lift of \$0.20/\$1,000 in assessed value over a period of ten years resulting in total estimated revenues of \$130,000,000 dedicated to fund repair and maintenance for residential and arterial streets, freight access, and bike and pedestrian mobility.

**COUNCIL SPONSORS:**

Mayor Marilyn Strickland

**STRATEGIC POLICY PRIORITY:**

- Foster a vibrant and diverse economy with good jobs for all Tacoma residents.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

Adequate and dedicated funding to preserve and maintain City streets continues to be a significant challenge for the City of Tacoma. The City Council and Council-appointed task forces have consistently identified providing sustainable, dedicated funding for basic maintenance of City and neighborhood streets and road safety upgrades, pothole repairs, repaving of streets and arterials, safety improvements at intersection, sidewalks, and crosswalks near schools, and bridge maintenance and safety repairs as a top priority.

**ISSUE:**

This proposal is to establish a levy lid lift of \$0.20/\$1,000 in assessed value and a 1.5 percent increase in the gross earnings tax on power, telephone, cell phone and natural gas utilities including those utilities owned by the City. The taxes will end after ten years. If the voters approve Proposition No. 3, the City Council will be required to pass an ordinance to implement such increase. The tax increases will result in total estimated revenues of \$90,000,000 in gross earnings tax and \$40,000,000 in levy lid lift funding over a ten-year period. Estimated average monthly household impact is \$3.50 for the gross earning tax and \$3.00 for the levy lid lift, for a total of \$6.50 per month. These funds will be used to repair and maintain the City's street network including the residential street rehabilitation, non-motorized transportation (bike and pedestrian) and arterial and freight street projects.

**ALTERNATIVES:**

The City Council could increase or decrease the requested tax amount or reject the proposed increase in funding. This proposition and tax amount was developed with the input of stakeholders over several months of engagement and underwent multiple iterations.



**RECOMMENDATION:**

The Public Works Department recommends the City Council authorize the proposed Proposition No. 3 be placed on the ballot for the November 3, 2015, general election, and that, if the voters approve Proposition No. 3, the City Council approve an ordinance implementing the tax increases.

**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
<b>TOTAL</b>			

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1060 & 1065 – Street Operations and Capital Funds		Gross Earning Tax	\$90,000,000*
1060 & 1065 – Street Operations and Capital Funds		Levy Lid Lift	\$40,000,000*
<b>TOTAL</b>			<b>\$130,000,000*</b>

\* Estimated ten-year total

**POTENTIAL POSITION IMPACT:**

POSITION TITLE	PERMANENT/PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
<b>TOTAL</b>			

*This section should only be completed if a subsequent request will be made to increase or decrease the current position count.*

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$12,000,000**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No**

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**

Revenues would not be received until next year, if approved mid-biennium adjustments will be made.