



TO: T.C. Broadnax, City Manager
FROM: Andy Cherullo, Director, Finance Department
COPY: City Council and City Clerk
SUBJECT: Ordinance – Creating the Street Operations and Maintenance Fund – September 17, 2013
DATE: September 9, 2013

SUMMARY:

This Ordinance creates two new funds: the “Street Operations and Maintenance Fund” for the segregation of revenues collected related to gross earnings taxes; and the “Transportation Capital and Engineering Fund” for the segregation of grants and other capital funding. The proposed changes are to promote sustainability and transparency for revenue collections and expenditures related to transportation infrastructure and maintenance.

COUNCIL SPONSORS:

Council Members Lonergan, Mello, and Thoms; and Mayor Strickland.

BACKGROUND:

Currently, the “Arterial Street Fund” commonly known as the “Street Fund”, accounts for all revenue and expenditures, regardless of revenue source, for activities related to street and transportation infrastructure projects. To create a more transparent and accountable fund structure, this Ordinance would: (1) Create a new fund called the “Street Operations and Maintenance Fund” to segregate the revenues collected from 2% of the 8% tax on utilities gross earnings (for those utilities taxed at an 8% rate). In addition, since the newly created Street Operations and Maintenance Fund is for the sole purpose of funding basic street maintenance and safety upgrades, the City will create a six year Infrastructure Management Plan to clearly track the expenditures from this fund and will provide regular updates on expenditures and revenues within the fund; and (2) Create a new fund called the “Transportation Capital and Engineering Fund” to track capital and grant funds as well as engineering costs related to major transportation improvement projects.

ISSUE:

The City’s streets and transportation infrastructure have documented deficiencies and the citizens of Tacoma have consistently stated that the repair and maintenance of City and neighborhood streets is a top concern and priority for funding. The City currently funds a large portion of the costs of street and infrastructure maintenance from the General Fund and seeks to maintain the General Fund commitment to funding costs associated with street maintenance and safety upgrades.

ALTERNATIVES:

The City could continue to use the current fund structure, but may lose some transparency in tracking revenues and expenditure of the funds. These proposed changes create a fund structure that will support a sustainable, transparent and dedicated streets and transportation infrastructure program.

RECOMMENDATION:

Approval by the City Council is requested. The proposed changes will provide a sustainable, transparent and dedicated fund structure as part of the City’s efforts to address the deficiencies with the City’s streets and transportation infrastructure.



FISCAL IMPACT:

There is no fiscal impact.