



City of Tacoma

City Council Action Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Mayor Victoria Woodards and Chief Policy Analyst Bucoda Warren
COPY: City Council and City Clerk
SUBJECT: An Ordinance relating to funding of transportation improvements; establishing expenditure targets and reporting requirements for revenues derived from Proposition 1 (Funding Transportation Improvements) and the 0.10% Sales and Use Tax imposed by the Transportation Benefit District. - Requested for March 4, 2025.
DATE: February 26, 2025

SUMMARY AND PURPOSE:

An Ordinance relating to funding of transportation improvements; establishing expenditure targets and reporting requirements for revenues derived from Proposition 1 (Funding Transportation Improvements) and the 0.10% Sales and Use Tax imposed by the Transportation Benefit District.

COUNCIL SPONSORS:

Mayor Victoria Woodards, Deputy Mayor Daniels, and Council Members Walker

BACKGROUND:

At the Council Meeting on December 17, 2024 the Tacoma City Council the City adopted Resolution No. 41588 transmitting Proposition 1 to the Pierce County Auditor, to be placed on the April 22, 2025 Special Election Ballot, that would authorize an increase in the City of Tacoma property tax of \$0.25 per \$1,000 of assessed value for a maximum levy rate of \$1.95 for collection in 2026 and authorize an increase in gross earnings tax on certain utilities in the amount of 2 percent, for the sole purpose of funding street repair, maintenance, and safety improvements including pedestrian and bicycle improvements.

Previously the funding to be derived from Proposition 1 is supplemented by 0.10% sales and use tax, which was previously approved by the Transportation Benefit District (TBD) on December 3, 2024 pursuant to Resolution No. TBD 023 to replace and impose the 0.1% sales and use tax starting April 1, 2026, (TBD Sales and Use Tax).

If Proposition 1 is approved by the voters, the combination of revenues from Proposition 1 and revenues from the TBD Sales and Use Tax will provide a permanent funding source that will ensure long-term funding stability for essential transportation infrastructure projects and promote continuous enhancements and maintenance to the city's transportation network and public safety.

This legislation would do three things;

1. Establish targets for the expenditure of funds derived from Proposition 1 and the 0.10% Transportation Benefit District Sales and Use Tax over the initial fifteen years following passage of Proposition 1.
2. Direct Public Works to compile and submit a report to the City Council on an annual basis providing a comprehensive analysis of the progress toward the expenditure targets, measuring accomplishments against the stated target goals.
3. Include every five years an evaluation of progress toward the targeted expenditures in each category, including the percentage of expenditures in each target category, a forecast for future expenditures in each target category, and if expenditures exceed expenditure targets in any category an explanation regarding why the forecasts are exceeded and the plan for achieving balance over the initial 15-year forecast period and each successive 15-year forecast period. The City Council will review and evaluate progress toward the



expenditure targets and determine if adjustments are necessary to meet the expenditure targets over the initial 15-year forecast period and each successive 15-year forecast period.

The goal is to significantly improve Tacoma's transportation infrastructure over the designated performance period of 15 years to ensure the effective execution of the plan for long-term funding for essential transportation infrastructure projects.

The targets for expenditures will be as follows:

- Arterial Projects: 60% of funds directed toward the improvement of major roadways that facilitate high-volume traffic movement,
- Multimodal Enhancements: 26% designated for enhancing various transportation options, including pedestrian pathways, transit corridors, and bicycle-friendly infrastructure,
- Residential Maintenance: 11% focused on maintaining neighborhood streets and improving accessibility within residential areas, and
- Administrative Costs: 3% allocated to cover management expenses necessary for effective implementation and oversight of the initiative, excluding internal assessments.

The content of the annual report will be made publicly accessible promptly after its submission to the City Council and include at a minimum:

- An overview of completed and ongoing projects,
- Detailed revenue and expenditure breakdowns, illustrating the utilization of allocated funds, and
- Identification of any additional financial resources acquired through state and federal grants, as well as contributions from public and private partnerships.

Every 14 years, a new plan must be developed outlining the following:

- A 15-year revenue forecast
- Any proposed revenue reallocations for each target category
- New categories and allocations, if applicable
- Proposed projects for each target category
- Reasons for any incomplete projects from the previous 15 years, if applicable

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Sponsors have worked diligently to work with stakeholders and partners to establish targets and reporting to improve trust in the use of funds and build support for the Streets Initiative.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

By sharing the targets and reporting the City will support building additional trust with the public that the City can deliver on its promises, and greater accountability that the funding they are collecting is getting out into the community, particularly those rated as Lower opportunity in the Tacoma Equity Index.

Civic Engagement: *Equity Index Score: Moderate Opportunity*

Increase the number of residents who participate civically through volunteering and voting.



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.

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

providing additional transparency and accountability will help to build support for those who might vote for Proposition 1 and give those who have engaged with City Council to support this ordinance more trust that they can have an impact on their government.

ALTERNATIVES:

Alternative	Positive Impacts	Negative Impacts
1.Do not pass ordinance	NA	Targets and reporting will not be enshrined by ordinance.
2.Pass ordinance	Targets and reporting will be enshrined by ordinance and improves trust and accountability in the use of funds from prop 1.	Funding will require additional tracking and reporting.

EVALUATIONS AND FOLLOW UP:

If adopted Public Works staff will be reporting to the City Council on regular intervals to provide updates on the funding targets.

SPONSOR RECOMMENDATION:

We recommend the adoption of this ordinance establishing expenditure targets and reporting requirements for revenues derived from Proposition 1.

FISCAL IMPACT:

There is no direct fiscal impact to the City of Tacoma in adopting this ordinance, however there is an impact to staffing capacity to have increased tracking and reporting requirements.

What Funding is being used to support the expense?

N/A

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

N/A

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

No

Will the legislation have an ongoing/recurring fiscal impact?

No

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

No