City of Tacoma **Transportation Benefit District Board Action Memorandum**

TO:	Hyun Kim, Interim City Manager
FROM:	Jake Green, Street Operations Division Manager, Public Works
	Jeffrey A. Jenkins, Director, Public Works
COPY:	Transportation Benefit District Governing Board and City Clerk
SUBJECT:	Resolution - Approval of Amended 2025-2026 Transportation Benefit District Budget and Spending Plan – November 12, 2025
DATE:	October 27, 2025

SUMMARY AND PURPOSE:

A resolution approving the proposed modifications to the 2025-2026 Transportation Benefit District Budget and Spending Plan, to budget additional projected revenues associated with Transportation Benefit District sales and use tax.

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.

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 (0.1%) to fund street improvements, was passed in the November 3, 2015, General Election.

On May 7, 2024, the City Council passed Ordinance No. 28965 amending Chapter 10.28 of the Municipal Code, relating to the Transportation Benefit District, by amending Section 10.28.020, entitled "Transportation Benefit District - Statement of Purpose", and Section 10.28.060, entitled "Use of Funds", to clarify language to enhance the usage of funds within the benefit district.

On December 3, 2024, the TBD Board approved Amended Resolution No. TBD 023 to replace and impose the 0.1% sales and use tax starting April 1, 2026, replacing the expiring voter-approved tax from 2015. This renewal ensures uninterrupted funding for street maintenance, preservation, and enhancements without increasing the overall tax rate. Additionally, at least 15 percent of the annual revenue associated with this legislation will be used for safety improvements that could include, but are not limited to, sidewalks, streetlights, and bulb outs, as authorized by law.

The City's Office of Management and Budget estimates the City will collect $5,796,000 (authorized vehicle license fee) and $15,122,691 (sales and use tax increase of 0.1%). In addition, there are anticipated investment revenues of $51,772 and a planned use of $364,400 of existing cash balance, bringing the total of TBD revenues for the 2025-2026 biennium to $21,334,863.

The proposed revised Budget and Spending Plan includes a budgeted transfer of $5,900,000 to the 1065 Streets fund along with an additional $387,650 to 1065 Streets specifically to replace aging fleet equipment. In addition, there is a budgeted transfer of $9,493,127 to the 1085 Streets Initiative fund, a budgeted transfer of $744,435 to the 1060 Transportation Capital and Engineering fund dedicated to pedestrian safety improvements, including but not limited to sidewalks, streetlights, and bulb outs, and an entry of $4,809,651 to the ending cash balance, for a total expense appropriation of $21,334,863.

RCW 36.73.020 states the Board shall consider the following criteria when selecting transportation improvements: reduced risk of transportation facility failure and improved safety; improved travel time; improved air quality; increases in daily and peak period trip capacity; improved modal connectivity; improved freight mobility; cost-effectiveness of the investment; optimal performance of the system through time; and other criteria, as adopted by the governing body in Chapter 10.28 of the Tacoma Municipal Code.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The TBD Budget and Spending Plan provides maintenance of the City's street system and affects all of Tacoma's residents. Maintenance projects are selected primarily upon the pavement condition of the City's street system and the Department uses the City's Equity Index to help guide selection of maintenance in underserved or underrepresented communities. A public hearing was held on October 14, 2025, which provided residents the opportunity to learn about and testify on the proposed modifications to the 2025-2026 TBD Budget and Spending Plan.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:
The proposed 2025-2026 TBD Budget and Spending Plan will provide maintenance and repair of residential streets, construction of new ADA accessible curb ramps at various locations throughout the City, and Pedestrian Safety improvements as identified in Exhibit A, entitled "2025-2026 Transportation Benefit District Budget and Spending Plan". Maintenance projects are selected using best asset management practices and the City's Equity Index.

Economy/Workforce: *Equity Index Score*: High Opportunity
Increase the number of infrastructure projects and improvements that support existing and new business developments.

Explain how your legislation will affect the selected indicator(s).
The TBD Budget and Spending Plan will provide maintenance of the City's arterial and residential street system; improve safety, travel time, and air quality; increase in daily and peak period trip capacity; improve modal connectivity; and affect all of Tacoma's residents and businesses.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not approve the TBD Budget and Spending Plan.	There are no positive impacts of not approving the TBD Budget and Spending Plan.	The City will continue to collect the TBD revenue; however, without an approved Budget and Spending Plan the City cannot appropriate the funding for transportation. improvements nor coordinate with stakeholders and utilities.

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 the Transportation Benefit District Board approve the proposed modifications to the 2025-2026 Transportation Benefit District Budget and Spending Plan.

FISCAL IMPACT:

The authorized vehicle license fee of $20 will generate an estimated $5,796,000 (authorized vehicle license fee) and the sales tax increase of one-tenth of one percent will generate an estimated $15,122,691 (sales tax increase of one-tenth of one percent), for a total of $20,918,691 of TBD revenues in the 2025-2026 biennium. In addition, there are anticipated investment revenues of $51,772 and a planned use of $364,400 of existing cash balance, bringing the total of TBD revenues for the 2025-2026 biennium to $21,334,863.

Fund Number & Name	Cost Object (CC/WBS/Order)	Cost Element	Total Amount
1070 Transportation Benefit District Vehicle Fee	663000	4317600	$6,212,172
1070 Transportation Benefit District Sales Tax	663001	4313270	$15,122,691
TOTAL			**$21,334,863**

What Funding is being used to support the expense?
The Transportation Benefit District Funding is being used.

Are the expenditures and revenues planned and budgeted in this biennium's current budget?
No
Council approval is needed to budget additional projected revenues associated with Transportation Benefit District sales and use tax to the 2025-2026 TBD Budget and Spending Plan.

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

Will the legislation have an ongoing/recurring fiscal impact?
No

Will the legislation change the City's FTE/personnel counts?
No

ATTACHMENTS:

- Exhibit A - Amended 2025-2026 Transportation Benefit District Budget and Spending Plan