**City of Tacoma** **City Council Action Memorandum**

**TO:** Elizabeth A. Pauli, City Manager
**FROM:** Ramiro A. Chavez, P.E. PgMP, Public Works Director/City Engineer
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**COPY:** City Council and City Clerk
**SUBJECT:** Resolution – Proposition S2 – Tacoma Streets Initiative II – December 17, 2024
**DATE:** December 2, 2024

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## SUMMARY AND PURPOSE:

A resolution transmitting a proposition to the Pierce County Auditor to be placed on the ballot for the Special Election on April 22, 2025, related to the Tacoma Streets Initiative II, that would authorize a 2% increase in utility earnings tax and property tax increase of $0.25 per $1,000 of assessed property value, to secure sustainable funding to improve, maintain, repair, and enhance Tacoma's streets, sidewalks, and multimodal infrastructure, ensuring improved safety, accessibility, and connectivity.

## COUNCIL SPONSORS:

Mayor Victoria Woodards, Deputy Mayor John Hines, and Council Member Kristina Walker

## BACKGROUND:

**This Department's Recommendation is Based On:**

Tacoma's transportation infrastructure is aging, and the City faces significant challenges in maintaining its roads, sidewalks, and other critical transportation assets. In 2015, voters approved Propositions No. 3 and A, which created the original Tacoma Streets Initiative. This initiative was a transformative step in addressing long-standing issues related to residential street conditions, pedestrian safety, and neighborhood accessibility. By increasing utility taxes and property taxes, as well as the sales and use tax of one-tenth of 1% (Transportation Benefit District funding), grant funds, and partnerships with private and public utilities such as Tacoma Water, Environmental Services, private developers, and other governmental entities, the City secured $397 million over a ten-year period, surpassing the initial target of $325 million. These funds have been essential in:

- **Pavement Maintenance**: Resurfacing residential streets, repairing potholes, and extending the lifespan of asphalt surfaces through proactive maintenance measures.
- **Safety Improvements**: Installing school crossing beacons, enhancing pedestrian crosswalks, and implementing traffic calming measures.
- **Pedestrian and Bicycle Infrastructure**: Building and upgrading sidewalks, adding bike lanes, and creating safe routes to schools.

The initiative enabled Tacoma to leverage its local funding to secure over $135 million in state and federal grants. This strategic approach effectively doubled the impact of the voter-approved funds, resulting in anticipated improvements to more than 6,000 residential blocks, exceeding the initial target of 5,600 blocks.

However, despite these achievements and improvement in our residential roads, the 2023 Pavement Condition Index (PCI) assessment revealed a decline in arterial road conditions, with a 22% decrease over the past decade.

**The Case for Streets Initiative II**

The expiration of the original Tacoma Streets Initiative funding in December 2025 presents a critical juncture for the City of Tacoma. Without renewed funding, the City risks losing ground on the progress made over the past decade, especially with decreasing arterial road conditions and increases in traffic-related fatalities and serious injuries, the current infrastructure is not keeping pace with the growing demands of a vibrant and expanding city. Tacoma Streets Initiative II seeks to build on the successes of its predecessor by continuing to focus on:

1. **Arterial Road Improvements**: Major arterials serve as the backbone of Tacoma's transportation network, yet many of these roads are in urgent need of repair. Investing in these corridors will enhance connectivity, support freight and transit operations, and stimulate economic development.

2. **Residential Road Maintenance**: Maintaining roads is a continuous effort, essential to preserving the improvements made to the residential road network over the past decade. While over 6,000 blocks of residential roads have been improved or maintained, approximately 2,000 blocks remain unaddressed and in need of attention.

3. **Equity and Accessibility**: According to the City's Equity Index, 64% of the highest-risk roadways are located in neighborhoods with low or very low access to opportunities. Tacoma Streets Initiative II prioritizes projects in these underserved areas to reduce disparities, enhance safety, and promote equitable access to transportation options.

4. **Vision Zero and Safety Enhancements**: As part of the City's Vision Zero commitment, the initiative focuses on reducing traffic-related fatalities and serious injuries. Investments will include systemic safety improvements, such as protected bike lanes, safer pedestrian crossings, and enhanced lighting in high-risk areas.

5. **Multimodal Connectivity**: The new initiative emphasizes the creation of multimodal corridors that integrate bike lanes, sidewalks, and transit options to support sustainable transportation. The goal is to increase mobility options for all residents, with a focus on connecting neighborhoods to schools, parks, and business districts.

**Proposed Funding Mechanisms**

To fund the Tacoma Streets Initiative II, the proposal includes:

- Replacing the existing 1.5% with a **2% increase in utility taxes**, resulting in approximately $26 more annually for the typical household or $2.13 per month.
- Replacing the existing $0.20 per $1,000 of assessed value with a **property tax increase** of $0.25 per $1,000 of assessed value, resulting in an increase of the monthly cost from the current $4.67 ($56 per year) to $10.67 ($128 per year). This represents an increase of $6 per month or $72 annually.
- Replacing the existing **1/10th of 1% Transportation Benefit District (TBD) sales tax**, which was a key component of the original funding strategy and is under consideration by the TBD.

Building on the success of Tacoma Streets Initiative I, the Public Works Department aims to secure an anticipated $25 million in the first year, which will allow us to leverage Tacoma Streets Initiative II funds as a critical component for grant matching.

**Why Now?**
Tacoma Streets Initiative II is more than just a continuation of past efforts; it is a forward-looking investment in Tacoma's future. The community survey conducted in 2024 revealed that only 24.3% of residents are satisfied with the condition of major streets, underscoring the need for ongoing investments. Additionally, deteriorating road conditions and increasing traffic fatalities highlight the urgent need for renewed funding to ensure a safe, accessible, and sustainable transportation network for all Tacomans.

Council adoption is sought to allow the City to submit a proposition for the April 22, 2025 Special Election ballot for the levy lid lift to approve the ballot title below:

**CITY OF TACOMA**

**PROPOSITION S2**

The Tacoma City Council adopted Resolution No. 41588 concerning utility taxes and property tax levy rate for street improvements.

This measure funds street repair, maintenance, and safety improvements for streets, including pedestrian and bicycle improvements, by levying an additional 2% utility tax on natural gas, electric, and phone utilities effective 2026; increasing the regular property tax levy by $0.25/$1,000 to a maximum rate of $1.95/$1,000 of assessed value for collection in 2026; authorizing the 2026 levy amount as the basis to calculate future levies (RCW 84.55). Qualifying seniors and others are exempt (RCW 84.36.381).

Should this proposition be approved?

Yes. . . . . ☐

No . . . . . ☐

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**
The Public Works Department presented at City Council Study Session on November 5, 2024, to introduce the Tacoma Streets Initiative II proposal. Ongoing outreach efforts include community meetings, engaging local business leaders, non-profits, and online surveys, and targeted engagement with neighborhood councils and business districts, as well as a scientific survey conducted in June 2024 that detailed strong support of Tacoma Streets Initiative II after education on the initiative and its benefits.

Feedback indicates strong community support for safer, more accessible streets, with particular emphasis on arterial roads and the need for expanded pedestrian and bike infrastructure. The City has utilized its web presence to share updates, answer frequently asked questions, and encourage participation.

**2025 STRATEGIC PRIORITIES:**
**Equity and Accessibility:**
Tacoma Streets Initiative II is a critical step in addressing racial and socioeconomic inequities in Tacoma's transportation infrastructure. By prioritizing investments in historically low opportunity neighborhoods on the City's Equity Index, the initiative directly reduces disparities and enhances mobility for underrepresented

communities. Key strategies include equitable resources allocation focusing on high-risk areas and improving non-motorized mobility.

**Economy/Workforce:** *Equity Index Score*: Very Low Opportunity
Increase the number of diverse livable wage jobs.
Increase the number of infrastructure projects and improvements that support existing and new businesses.

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

**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).**
Tacoma Streets Initiative II will significantly enhance Tacoma's economy and workforce by creating diverse, livable-wage jobs, and supporting local businesses. Infrastructure projects funded by the initiative will prioritize inclusive hiring practices, benefiting underrepresented groups and fostering economic opportunities in areas with very low Equity Index scores. By improving arterial roads and sidewalks in underserved neighborhoods, the initiative will also enhance access to employment hubs and attract new businesses, driving economic development and revitalizing communities.

Additionally, the initiative will strengthen civic engagement, build community trust, and improve livability in Tacoma. Residents will be empowered to participate in shaping infrastructure projects through inclusive outreach efforts, fostering trust in public institutions and increasing participation in civic activities. Investments in safer streets and multimodal transportation will improve access to essential services, schools, and parks, particularly in underserved areas, while also enhancing residents' perception of safety and overall quality of life. These improvements will create a more connected, equitable, and vibrant Tacoma.

**ALTERNATIVES:**

| Alternative(s) | Positive Impact(s) | Negative Impact(s) |
|---|---|---|
| 1. No action | Lower tax burden on property and utility tax to Tacoma's taxpayer base. | Lower level of services; leading to deterioration of the transportation system in the City. May lose out on grant match options that have multiplied City contributions to road maintenance and capital projects. Loss of critical staff. |

| | | |
|---|---|---|
| 2. Delay ballot measure | Reduces immediate fiscal pressure on residents and businesses, avoiding new taxes or fees during economically challenging times. | Levy amount per household will increase in future years; delayed revenue collection will hinder operations and service levels on road maintenance projects and deferred maintenance will increase future maintenance costs. |
| 3. Redirect existing City budget allocations | Avoids imposing new taxes or fees on residents by reallocating existing funds from other City priorities to transportation and safety projects. | May lead to reduced funding for other critical services (housing, public safety), potentially harming underserved populations in other areas. |

**EVALUATION AND FOLLOW UP:**

To ensure Tacoma Streets Initiative II achieves its objectives, the City will use key performance metrics, including improvements to the PCI, reductions in traffic-related injuries and fatalities, and the completion of multimodal infrastructure projects such as sidewalks, bike lanes, and greenways. The City will focus these dollars on improvements on arterials, including both complete rehabilitation of streets and maintenance work, and will use an integrated approach that incorporates all uses of the right of way to leverage dollars and gain greater community benefits. Additionally, grant leveraging will be tracked, with a goal of securing $360 million in external funding within a 15-year performance period, and spending efficiency will be monitored to ensure projects stay on budget. Community satisfaction will also be evaluated through surveys, measuring improvements in street conditions, and transportation safety.

The Public Works Department will present annual progress reports to the City Council and Transportation Commission, detailing accomplishments, expenditures, and equity impacts. Regular community updates will highlight completed projects and upcoming priorities, fostering transparency and public trust. We will continue to use a publicly accessible dashboard (tacomastreetsintiative.org) allowing residents to track real-time progress. A comprehensive evaluation at the five-year mark will assess the initiative's effectiveness and recommend adjustments, while equity-focused assessments will measure the initiative's impact on reducing transportation disparities in underserved areas.

**STAFF/SPONSOR RECOMMENDATION:**

The Public Works Department recommends that the City Council adopt a resolution placing the Tacoma Streets Initiative II proposition on the ballot for the April 22, 2025 Special Election. This will secure critical long-term funding to maintain Tacoma's streets and support economic and community development.

**FISCAL IMPACT:**
The proposed measure includes revenues from the proposed utility tax (power, natural gas, and telephone) and property tax.

| Fund Number & Name | COST OBJECT (CC/WBS/ORDER) | Cost Element | Total Amount |
|---|---|---|---|
| 1. New Sub-Fund | New | Various | ($14,414,436) |
| 2. New Sub-Fund | New | Various | ($10,615,307) |
| **TOTAL** | | | **($25,029,743)** |

**What Funding is being used to support the expense?**
If the measure is approved, approximately $25 million will be generated starting in 2026.

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**
NO, PLEASE EXPLAIN BELOW
Once approved, the new revenues and associated expenses 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 proposed legislation does not get adopted, the Public Works Department will need to evaluate staffing levels due to lack of revenues, which will impact level of service to the city.