



## City Council

### Consideration of Transportation Revenue for Capital Projects

**Agenda Date:** 11/6/2023  
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#### **Title**

Consideration of Transportation Revenue for Capital Projects

#### **Recommended Action**

##### **Finance Committee Recommendation:**

Discuss Transportation Benefit District sales tax revenue with the full Council.

##### **City Manager Recommendation:**

Move to direct staff to draft an ordinance for City Council consideration to impose a Transportation Benefit District sales tax.

#### **Report**

##### **Issue:**

Whether to direct staff to draft an ordinance for City Council consideration to impose a Transportation Benefit District sales tax.

##### **Staff Contact:**

Sophie Stimson, Transportation Director, Public Works Transportation, 360.753.8497

##### **Presenter(s):**

Sophie Stimson, Transportation Director

##### **Background and Analysis:**

The community has asked for greater progress and more funding emphasis on bicycle and pedestrian infrastructure.

In April and July of this year, the Finance Committee discussed transportation funding needs and more fully funding the Transportation Master Plan (TMP) which emphasizes bicycle and pedestrian improvements.

A potential source of new revenue for transportation infrastructure projects is a Transportation Benefit District (TBD) sales tax. The TBD is an independent taxing district created for funding transportation improvements within the district. Olympia's TBD has been in place since 2009 and the district

boundaries are the City limits.

Our TBD currently generates about \$1.5M per year through \$40 vehicle licensing fees. To date, we have used the revenue for pavement management, but it can be used for other transportation funding needs.

The TBD can also generate revenues through a sales tax. Other Washington cities use both the vehicle license fee and sales tax mechanisms to generate revenues.

A 0.1% sales tax, collected through our TBD would generate approximately \$3.1M annually. The revenue could fund pedestrian and bicycle infrastructure projects identified in the TMP.

If pursued by the Council at the end of this year, the new revenue would be available for funding capital projects starting with the 2025 Capital Facilities Plan (CFP).

In 2025, staff is proposing the additional revenues be specifically added to these types of projects:

- New sidewalks, including sidewalk repair
- Enhanced crosswalks
- Enhanced bike lanes
- Bike/pedestrian safety projects

Each year, the Council will have the opportunity to adjust funding levels to these programs with the adoption of the CFP. Flexibility annually is needed to fully fund a project in one year, to match grants, or to respond to urgent needs.

To increase the pace of CFP project delivery, sales tax revenue (approximately \$180,000 per year) is also proposed to be used for a Project Engineer position, who would help scope and design capital projects.

If the Council supports the sales tax proposal, staff will draft an ordinance for consideration at a future meeting this year.

### **Climate Analysis:**

In the Thurston Region, transportation-related emissions are the second largest source of greenhouse gas emissions. Reducing our dependence on fossil fuels in transportation is essential to lessening our impact on the climate. We can do that by replacing gas-powered vehicle trips with trips made by walking, biking, and transit. Increasing funding for Transportation projects in the TMP make those modes more safe and inviting. Funding more projects in the TMP more quickly, will help us reduce those emissions.

Implementing the TMP will help us achieve the following strategies:

- *T2. Increase the efficiency of the transportation system.* TMP projects will retrofit our streets to make walking, biking and transit more safe and inviting.
- *T4. Increase the use of public transit.* TMP projects help make transit more inviting for more people through better access to bus stops. Changes to signals and street design to prioritize the movement of buses.
- *T5. Increase the use of active forms of travel, such as walking and biking.* TMP projects add

enhanced bike lanes, bike corridors, sidewalks, enhanced crosswalks, and pathways to our streets to better serve people walking and biking.

**Equity Analysis:**

TMP projects will make it easier to walk, bike and ride the bus. These projects help make our transportation system more fair by changing our streets to better serve a wider range of people.

The projects can provide better mobility for people who choose not or, for a variety of reasons, cannot drive a car. With better mobility for more people, we can increase access to jobs, services, and social connections. The TMP contains a discussion of equity on page 146.

**Neighborhood/Community Interests (if known):**

Public input was sought in Fall 2019 on funding priorities as part of the development of the Transportation Master Plan. In comments about the 2023 and 2024 preliminary Capital Facilities Plan, members of the public and the Planning Commission had indicated a need to increase funding for multimodal transportation.

**Financial Impact:**

A sales tax increase of 0.1% implemented through the TBD, would generate approximately \$3.1 million for transportation infrastructure.

**Options:**

1. Move to direct staff to draft an ordinance for City Council consideration to impose a Transportation Benefit District sales tax. This would provide approximately \$3.1 million in new revenues for transportation capital projects, available for the 2025 CFP.
2. Do not pursue the TBD sales tax option for transportation capital revenues at this time. Explore alternative funding sources.
3. Take other action.

**Attachments:**

None