

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Transportation Benefit District
Funding Considerations

FOR AGENDA OF: November 6, 2025

DEPT. OF ORIGIN: Public Works

DATE SUBMITTED: October 27, 2025

CLEARANCES:

- City Clerk _____
- Community Development _____
- Courts _____
- Director of Marina Redevelopment _____
- Emergency Management _____
- Finance *[Signature]*
- Human Resources _____
- Legal */s/ TG*
- Marina _____
- Police _____
- Parks, Recreation & Senior Services _____
- Public Works *[Signature]*

APPROVED BY CITY MANAGER

FOR SUBMITTAL: *Katherine Coffey*

Purpose and Recommendation

The purpose of this item is to brief the City Council on the City’s Transportation Benefit District (TBD) and consider an increase in car tab fees for additional revenue for the purpose of funding additional transportation improvements.

Suggested Motion

Motion: “I move to direct staff to prepare a draft ordinance to increase the Transportation Benefit District fee to \$50, and bring forward at an upcoming City Council meeting.”

Background

Des Moines, like many Washington cities, has faced ongoing budget issues for several years, largely due to constrained revenue not keeping pace with increases in expenditures. During the budget processes for the year 2024 and the 2025-26 biennium, staff and the Council dedicated themselves to both trying to keep

increasing expenses to the minimum possible and finding new sources of revenue. Significant progress was made, but structural issues persist.

Through 2025, staff has continued to explore new revenue options and measures to reduce expenditures. At the September 25, 2025 regular Council meeting, the Council was presented with a collection of measures identified by staff as potential strategies to achieve these goals. A number of the items were measures that could be implemented administratively were already in progress. Additional revenue options were presented that would require Council action. One of these options was to increase the Transportation Benefit District car tab fee from \$40 to \$50, the Council showed support for further discussion of this idea.

The Des Moines Transportation Benefit District was established in late 2008 by the City Council, in accordance with RCW 36.73, and began collecting a vehicle car tab fee in 2009. Cities were given the legislative authority to create Transportation Benefit District's for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district that are consistent with any existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels. The current fee has been and continues to be collected in order to cover expenditures in the Street Fund and Street Pavement Fund related to the preservation and improvement of transportation needs on the City's arterial roadways. These include but are not limited to such expenditures as: pavement repairs, annual striping, traffic signal maintenance, snow plowing activities and the administration and labor to execute these activities.

At implementation of the Transportation Benefit District in September of 2009, the City assessed a \$20 fee per car tab renewal which was consistent with the maximum amount allowed under state law at the time. Subsequent changes to state law in 2015 allowed for an increase in car tab fees and the City's Transportation Benefit District Board authorized an increase of the fee to \$40 per car tab renewal in August 2015. The City currently still assesses the \$40 fee and generates approximately \$950k in revenue per year.

Discussion

The City Council has the authority by ordinance to increase the car tab fee to \$50 per vehicle. Fees higher than \$50 may only be imposed with voter approval. It is estimated that a \$10 increase on car tabs would generate approximately an additional \$240k in revenue per year. Revenues are restricted to funding transportation improvements and current Transportation Benefit District funds are divided between the Street Fund and the Street Pavement Fund.

Many cities throughout the state utilize car tab fees for transportation system revenue:

\$50 car tab fees:

- Lake Forest Park*
- Seattle*

\$40 car tab fees:

- Shoreline*
- Des Moines

\$20 car tab fees:

- Burien
- Covington*
- Enumclaw*
- Kirkland

- Maple Valley*
- Mercer Island
- Normandy Park

(*also imposes TBD sales tax in addition to the fee)

Fee increases cannot be imposed less than six months after passage of an ordinance and must be published before April 1 of the year in which the increase is to be imposed. As a result, any implementation of an increase in car tab fees would likely not go into effect until 2027.

Financial Impact

It is estimated that a \$10 increase in car tabs would generate an additional \$240k in restricted transportation revenues per year. New revenue would be used to fund transportation system preservation and improvements and would be beneficial given the anticipated reduction in revenue over time from automated traffic enforcement cameras. Additionally, some unrestricted funds that have previously been used for street paving and transportation projects are needed for general fund expenses which is putting an increased strain on transportation funding.

Examples of what an additional \$240k of restricted transportation revenue could potentially fund would be about a 1.5 FTE street maintenance staff or up to one lane mile of asphalt restoration and paving. In September of 2025, the City entered into an Interlocal Agreement with Midway Sewer District for paving two lane miles of 16th Ave S, from 240th Street to 250th Street, for a city share of approximately \$200k, a substantial cost savings. Transportation Benefit District funds can be utilized on future partnership opportunities, such as the example provided, with franchise utilities for pavement restoration.

Alternatives

1. The City Council could elect to continue discussion at a future meeting and direct staff to answer additional questions.
2. The City Council could elect to decline to take further action on the question of an increase in car tab fees.