

MEMORANDUM
For Meeting of January 27, 2009

TO: Mayor and Councilmembers
FROM: Steve Worthington, City Manager
SUBJECT: **Public hearing on Ordinance No. 1693 - Excise Tax on Loading Dock Doors**

REPORT IN BRIEF: The City of Fife is a regional hub for the shipment of goods via trucks. The cost of maintaining "truck routes" in Fife has been funded by the general taxes of the city. Because of competing priorities it is not possible to adequately maintain truck routes in Fife with this source of funds. Ordinance 1693 provides dedicated funding to pay for the maintenance of truck routes by establishing an excise tax on the use of truck loading doors in Fife. Businesses in Fife that operate more than two "dock high" truck loading doors will be charged an annual tax of \$100 for each actively used truck loading door. This tax will be used to pave, repair and other wise maintain Fife truck routes.

BACKGROUND:

See Attachments:

- #1 Concept Paper on Loading Dock Door Tax
- #2 Inventory of Loading Doors in Fife
- #3 Fife Example of Truck Route Cost
- #4 Ordinance 1693

DISCUSSION: Consider Public Comment

ALTERNATIVE COURSES OF ACTION:

1. Conduct Public Hearing
2. Do not Conduct Public Hearing

RECOMMENDATIONS: Conduct Public Hearing

SUGGESTED MOTION: Motion to Conduct Public Hearing



Approved for Agenda: Steve Worthington,
City Manager

Concept Paper

Loading Dock Door Tax

SIGNIFICANT TRUCKS IMPACTS TO/FROM LOADING DOCK DOORS

- Many studies have proven that truck traffic causes considerably more damage to streets than passenger vehicles – some show up to 60% of our street damage is a direct result of truck traffic.¹
- Others put the impact of a truck at 29,000 to 160,000 times more damaging to roads than a passenger vehicle, depending on the size of the truck.²
- On a typical roadway, the average annual maintenance cost per heavy truck (five or more axels) per day is \$7.60 per mile, while the corresponding cost per passenger car is approximately \$0.08 per mile.³
- The number of actively used loading dock doors in a community directly relates to the number of truck trips on local streets.

WHY LOADING DOCK DOORS?

- At current, business operations containing loading dock doors in the affected communities⁴ pay no direct business-related taxes to support local community services, other than annual, regulatory licenses.
- Since the adoption of Streamlined Sales Tax system, retail sales and use taxes formerly collected on transactions at business operations containing loading dock doors have all but dissipated.
- Property taxes paid by business operations containing loading dock doors are relatively small since there is little personal property associated with such operations (inventory is exempt from property taxation).
- It is clear that the impacts to local arterials of business operations containing loading dock doors far outpace the potential for recovery of those costs through current taxing mechanisms on such operations.
- Truck operators have already paid significant taxes both on weight fees and the gas tax that come back to the community through state transportation distributions.

WHAT'S THE CONCEPT?

- Each year, at the time of normal business license renewal, a business operation with loading dock doors will identify the number of loading dock doors it plans to use during the coming year.
- Exemptions will be provided for the first two loading dock doors and the remainder are charged a flat annual excise⁵ (yet to be determined) that is set to recover up to 50% of the jurisdiction's anticipated annual arterial maintenance budget.
- Each door for which the excise has been paid will receive a payment sticker to be placed on the door for ease of enforcement by city officials. Penalties for use of a loading door without a payment sticker will be established.
- The proceeds of the excise on loading dock doors will be dedicated to freight mobility projects only.
- All receipts from excises on loading dock doors will remain within the jurisdiction in which they were levied. However, jurisdictions may partner with other jurisdictions on projects of more regional significance through other agreements.
- Since excises on loading dock doors are a steady financing source, bonds may be issued to increase the effectiveness and timing of intended road improvements.

¹ UC Berkeley Institute of Transportation Studies, Pavement Research Center

² University of California, Davis, Institute of Transportation Studies, Pavement Research Center (in conjunction with California Department of Transportation, CalTrans)

³ Gibby, A. R., Ryuichi Kitamura, Huichun Zhao (1990) Evaluation of Truck Impacts on Pavement Maintenance Costs. *Transportation Research Record* (1262), 48 – 56

⁴ The cities of Algonia, Auburn, Fife, Kent, Pacific, Puyallup, Renton, Tukwila and Sumner.

⁵ Authorized under RCW RCW 35A.82.020.

Inventory of Loading Doors in the City

Building	# of Loading Doors			Address	Business Name(s)
	Loading doors	Doors facing railway	Multi-Tenant Building		
1	60		X	2380 70TH AVE	R Factor LLC; Animal Supply Co.; Keytones
2	60		X	2204 70TH AVE	Milard; U.S. Food Service
3	43			6501 26TH ST E	Regal
4, 5, & 7	205				Regal
6	12			6611 VALLEY AVE	Mission Foods
8	23			6710 26TH ST E	Cardinal Health
9	71		X	2400 70TH AV E	Blue Line; USPS; Draw Tite; Helmer's Music; SportsArt
10	74		X	2205 70TH AVE	Western Container
11	131		X	2411 70TH AVE	Mega Brands
12	0			na	
13	0			na	
14	45			???	Conway Freight
15	36			7104 28TH ST E	Roadway
16	20			2925 70TH AVE	Bargreen Ellingson
17	23			2955 70TH AVE	Milgard
18	29			3105 70TH AVE	Northwest Co.
19	8			3110 70TH AVE	Filtrona
20	18			2802 70TH AVE	Allied
21	13		X	6808 26TH ST E	Great Pacific Packaging
22	13		X	2606 70TH AVE	Lansing Building Products; FloorCraft
23	110		X	4179 70TH AVE	Mega Brands
24	33		X	3985 70TH AVE	Village Farms; Men's Warehouse; Airefco
25	57		X	3995 70TH AVE	Prologix; Recall Total; Regal
26	8			1010 54TH AVE	Milgard
27	24			5555 8TH ST E	Odom Corp,
28	22			5655 8TH ST E	Intercon or AAA Moving and Storage
29	21			965 54TH AVE	Milgard
30	12			1001 54TH AVE	Milgard
31	8			1010 54TH AVE	Milgard
32	64			5410 54TH AVE	Lynden Transport
33	62		X	2205 51ST AVE	Washington Archives Management; DHL; Coastal Pacific Foods; BC Hothouse
34	24		X	2105 51ST AVE	Industrial Rubber; Specialty Foam; Compfor Products Inc.
35	24		X	2205 51ST AVE	Revalesio; Apreia Healthcare; Pacific Office Automation
36	8			5001 20TH ST	UPS
37	13			2001 49TH AVE CT	Precision Prehung doors
38	21			4902 20TH ST	Telom Labs Inc.
39	17		X		Premier Delivery Service Inc.; ACE Wholesale; Pemco; Gear Athletics; Kahler-Sender; AIT
40	39			4920 20TH ST	Viking Freight
41	74			2150 48TH AV CT	FedEx
42	92		X	4920 20TH ST	Sportco; Deliant Dry Ice; Brown and Haley

Inventory of Loading Doors in the City

43	22		X	2503 FRANK ALBERT RD	FedEX
44	56		X	2503 FRANK ALBERT RD	AFC West Inc.; The Crosby Group Inc.; Immedia; Lyle Pacific International Inc.; Star Machine; Orga Logistics; Iron Mountain.
45	83		X	2507 FRANK ALBERT RD	L&L Nursury Supply Inc.; North American Bus Industries Inc.
46	29			4502 20TH ST	Gensco
47	40			4402 20TH ST	Gensco
48	14		X	4500 INDUSTRY DR	Building Specialties
49	42		X	4301 INDUSTRY DR	Mygrant Glass; Landmen; Data Trace; Ames Emily's Factory Outlet
50	78		X	4101 INDUSTRY DR	Qmedia Solutions; Norpoint Trading Co.; Saver's Distribution Center; Super Value; Hudson News
51	68		X	3501 INDUSTRY DR	Parr Cabinet outlet; Morning Sun Factory Outlet; Slakey Brothers; Griot's; VistaWall; The DCP Co.
52	16		X	3200 INDUSTRY DR	Joes Deli; Cresent Lighting; West Marine; PPG Auto Paint Specialist; Viking Bank; Munnell & Sherrill; Puget Sound Medical Supply
53	41	8	X	3400 INDUSTRY DR	Apex Cold Storage; SGS Hardware
54	17	7	X	3600 INDUSTRY DR	Lucks; Contract Furnishings Mart;
55	29	7	X	3900 INDUSTRY DR	Pental Granite and Marble; Hornby; Gamakatsu; ClosetMaid;
56	27	8	X	4200 INDUSTRY DR	Unico; PolyOne; MWI Vet Supply Co.; Thermal Supply Co.
57	64			2812 70TH AVE	Pacific Alaska Fowarderes Inc.
58	4			3900 20TH ST E	Costco Business
Total	2,247	30			

Note:

- 1)The above listed warehouses were identified using ortho photos and knowledge of the city. It is entirely possible that there are smaller facilities that have loading doors that were not counted in this study.
- 2)Many warehouses have doors that are blocked internally and will not be used for shipping or recieving. Those figures are not represented in this study and would require site specific inspections to indentify an exact number of operational loading doors

Fife Example of Truck Route Cost

Overlay cost of 1 mile of truck route	\$400,000
Number of miles of truck routes in Fife	12.7
Years of surface life expected for truck route	7
Seven year cost for truck route overlays	\$5,080,000
Annual estimated cost of truck route overlays	\$725,714
Adjustment for 50% of cost	\$362,857
Number of truck loading doors in Fife	2247
10% Adjustment for exemption for first 2 doors	225
Net number of truck loading doors	2022
Annual cost divided by estimated number of loading doors	\$179.43

CITY OF FIFE, WASHINGTON

ORDINANCE NO. 1693

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FIFE, WASHINGTON, CREATING A NEW CHAPTER 5.04 OF THE FIFE MUNICIPAL CODE, IMPOSING AN EXCISE ON THE OPERATION OF LOADING DOCK DOORS WITHIN THE CITY, FOR THE PURPOSE OF RAISING REVENUE TO IMPROVE FREIGHT MOBILITY; AND PROVIDING FOR MATTERS PROPERLY RELATED THERETO

WHEREAS, the City Council finds that:

- (a) The strength of Fife's economic base is highly dependent on the heavy vehicles that travel along its arterials;
- (b) The condition and durability of these arterials must be maintained;
- (c) The Fife community wants to be known as a good location for this branch of commerce;
- (d) Fife's ability to recruit and retain these businesses would be harmed if its arterial system cannot be relied upon; and,
- (e) Funding for this program will have to come from mostly local sources, including increases in some taxes, creation of some new funding sources and allocation of General Fund monies currently dedicated to other, unspecified uses; and

WHEREAS, in order to help the City contend with the costs to the City and its taxpayers caused by significant truck traffic from warehousing businesses, it is appropriate for the City Council to impose an excise that compensates the City for its investment in warehousing infrastructure; and

WHEREAS, Section 35A.82.020 of the Revised Code of Washington (RCW) authorizes the city councils of code city to impose excises for regulation or revenue applicable to various kinds of business.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FIFE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. **NEW CHAPTER CREATED TO CITY CODE.** That a new Chapter 5.04 of the Fife Municipal Code is created to read as follows:

CHAPTER 5.04
EXCISE ON OPERATION OF LOADING DOCK DOORS

Sections:

5.04.010	Findings.
5.04.020	Chapter Purpose and Scope.
5.04.030	Definitions.
5.04.040	Loading Dock Door License Required.
5.04.050	Loading Dock Door License Excise.
5.04.060	Use of Revenues.
5.04.070	Penalties and Remedies for Violation.
5.04.080	Expiration of Chapter.

5.04.010 Findings.

A. The City Council finds that certain City freight corridors are in critical need of repair, restoration, and enhancement. The City's economy, the ability to move goods to market, and the overall mobility and safety of the citizens of the City rely on these key links in the transportation system.

B. The City Council finds that the shipping of freight over certain City streets causes extraordinary wear and tear on those routes within the city. Many studies have demonstrated that:

1. Freight truck traffic causes considerably more damage to streets than passenger vehicles – some show up to 60% of street damage is a direct result of freight truck traffic; and

2. Depending on the size of the freight truck, the impact of freight vehicles on street surfaces is 29,000 to 160,000 times more damaging than a passenger vehicle.

C. The City Council finds that the significant impacts to certain freight corridors relating directly to business operations containing loading dock doors far outpaces the potential for recovery of those costs through current taxing mechanisms of such operations.

D. Accordingly, the City Council concludes that it is in the best interests of the City to impose a business license excise for the purpose of raising revenue, as authorized by RCW 35A.82.020, upon businesses engaged in the business of operating a loading dock door as a means to assist in addressing the need to maintain and improve the City's street infrastructure and to enhance freight and passenger mobility within the City.

5.04.020 Chapter purpose and scope. This Chapter provides for an excise for regulation and revenue under RCW 35A.82.020, which shall be referred to as a

licensing excise or “excise.” This Chapter does not repeal, abrogate, annul or in any way impair or interfere with the existing provision of other laws or ordinances.

5.04.030 Definitions. In addition to the definitions provided in Fife Municipal Code Section 5.10.010, the following words shall have the following meanings unless the context clearly requires otherwise.

A. “Commercial vehicle” means every device designed or regularly used for carrying freight that is capable of being moved upon a public highway and in, upon, or by which any property is or may be transported or drawn upon a public highway, except devices moved by human or animal power or used exclusively upon stationary rail or tracks.

B. “Freight” means goods transported by a person engaged in transporting goods for hire.

C. “Freight Mobility Purposes” means the construction, reconstruction, maintenance, operation, preservation or expansion, of streets, arterials, roads, highways and related transportation improvements within the City or identified in any interlocal agreement, including but not limited to planning, design and acquisition of rights-of-way and sites for such purposes.

D. “Loading dock” means an elevated architectural fixture or platform designed to permit the transfer of freight to or from a commercial vehicle.

E. “Loading dock door” means a movable structure accessing and adjacent to a loading dock. For the purposes of this Chapter, the term “loading dock door” shall not include any door that has been clearly posted and marked as closed, locked and not for access, in conformity with the requirements of Section 504 of the International Fire Code, which posting and marking must be visible from both the inside and outside of the building on which the door is located.

5.04.040 Loading Dock Door License Required

A. In addition to any other required licenses, each person engaged in the business of operating a loading dock door within the City shall apply for a license under this ordinance and shall pay the license excise provided for in Section 5.04.050 of this Chapter.

B. Upon payment of the appropriate excise amount, the applicant shall be issued a loading dock door license which the applicant shall post prominently outside each loading dock door that it operates within the City.

C. Each loading dock door license shall be renewed annually and such renewal shall coincide with the renewal date of the business’ annual City business license.

D. The City shall, in a form and manner prescribed by the City, update the business license application to accommodate this license excise.

E. Federal, tribal, state and local governmental entities and entities exempt from licensing requirements under Chapter 5.01.050 of the City Code shall be exempt from the requirements of this Chapter.

5.04.050 Loading Dock Door License Excise

A. In addition to any other taxes or fees that may be imposed from time to time, the City hereby imposes a business license excise for the privilege of operating a loading dock door within the City.

B. The excise provided in this section shall be paid by the operators of businesses licensed pursuant to this Chapter, the amount of the excise set forth herein for each loading dock door that is available for operation by the business during the succeeding twelve month period. However, each business operating loading dock doors within the City shall, upon application, receive two loading dock door certificates at no charge.

C. The initial rate of the excise collected under this section is hereby set at One Hundred Dollars (\$100.00) per year per loading dock door.

D. The rate of the excise collected under this section shall be revised periodically and shall be levied at a rate that, when fully collected on all loading dock doors within the City, will not exceed 50% of the City's anticipated annual expenditures for freight mobility purposes.

5.04.060 Use Of Revenues. The proceeds of the business license excise imposed under this ordinance shall be deposited into the Freight Mobility Fund, which is created within the office of the City Finance Director. Amounts in the Freight Mobility Fund shall be used solely for freight mobility purposes. To the extent possible, these freight mobility purposes should be consistent with the adopted transportation and land use plans of the City or any applicable and adopted regional transportation plan for the metropolitan planning area.

5.04.070 Penalties and Remedies for Violation.

A. Civil Penalties. A violation of the provisions of Sections 5.04.040(A), 5.04.040(C) and 5.04.050(B) of this Chapter shall be class 1 civil infractions, punishable by a maximum penalty of \$250.00, not including statutory assessments. Each day of such violation constitutes a separate infraction under this Chapter.

B. Additional Relief. The city may seek legal or equitable relief to enjoin any acts or practices and abate any condition which constitutes or will constitute a violation of the applicable provisions of this Chapter when penalties provided herein are inadequate to effect compliance.

C. Other Remedies. Nothing in this Chapter shall be construed as limiting any judicial remedies that the city may have, at law or in equity, for enforcement of this Chapter.

5.04.080 Expiration of Chapter.

This Chapter and its provisions shall automatically expire and be of no further effect or validity upon the event that an equivalent state or federal funding source is provided to the City that is directed to and earmarked for the City's freight mobility purposes to which the revenue derived from this excise is to be used pursuant to Section 5.04.060 of the Chapter.

Section 2. Captions used in this act are not any part of the law.

Section 3. Each and every provision of this Ordinance shall be deemed severable. In the event that any portion of this Ordinance is determined by final order of a court of competent jurisdiction to be void or unenforceable, such determination shall not affect the validity of the remaining provisions thereof provided the intent of this Ordinance can still be furthered without the invalid provision.

Section 4. This Ordinance shall be in full force and effect five (5) days after publication as required by law. A summary of this Ordinance may be published in lieu of the entire Ordinance, as authorized by State law.

Introduced the ____ day of _____ 2009.

Passed by the City Council on the ____ day of _____ 2009.

Steve Worthington, City Manager

ATTEST:

Steve Marcotte, City Clerk/Treasurer

APPROVED AS TO FORM:

Loren D. Combs, City Attorney

Published: _____
Effective Date: _____, 2009