

**MEMORANDUM**  
**For Meeting of February 10<sup>th</sup>, 2009**

TO: Mayor and Councilmembers  
FROM: Steve Worthington, City Manager  
SUBJECT: **Public Hearing continued**-Excise Tax on Loading Dock Doors

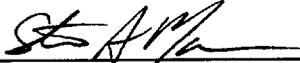
**REPORT IN BRIEF:** The City of Fife is a regional hub for the shipment of goods via trucks. The cost of maintaining “truck routes” in Fife has been funded by the general taxes of the city. Because of competing priorities it is not possible to adequately maintain truck routes in Fife with this source 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 Loading Dock Door Tax Fact Sheet
- #2 Stakeholder Meeting Notes
- #3 Ordinance #1693 for discussion purposes only

**DISCUSSION:** Consider Public Comment

  
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Approved for Agenda: Steve Worthington,  
City Manager

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## **City of Fife**

### Loading Dock Door Tax Fact Sheet

#### **Vehicle Fuel Tax**

The City of Fife receives a portion of the State's Vehicle Fuel Tax on a per capita basis. For 2009, we expect to receive \$176,000, which is programmed to fund street maintenance costs. The City does **not** receive a percentage of fuel taxes paid in Fife – just the per capita allocation.

#### **Property Tax**

Property taxes paid in Fife are shared among the City, school districts, Port of Tacoma, Pierce County and the State of Washington according to each entities' own levy rate. The City's levy rate for 2009 is \$1.1466 per thousand dollars of assessed valuation and is a relatively small portion of the total property tax paid in the City. At the 2009 levy rate, the City of Fife will receive \$1,146.60 in property tax for each \$1 million in assessed valuation. Fife's property tax revenues are a primary support for the City's General Fund, which supports basic City services such as the Police Department, the Parks, Recreation and Senior Services Department, and all of the City's administrative services.

#### **Sales Tax**

The total sales tax rate in Fife is 8.8%, of which the City receives 0.85% - less than 10% of the total. This is the City's major source of General Fund revenues. This source has declined by 22%, for a total reduction in revenues of more than \$1.7 million per year. The City previously allocated 10% of its sales tax revenues to help fund street maintenance but eliminated that support in 2008 because of a severe decline in sales tax revenue.

#### **Business and Occupation Taxes**

The City does **not** impose a business and occupation tax and does **not** receive any portion of the State's Business and Occupation tax. The City only receives revenue from business licenses which range from \$100 to \$500 per business depending upon the number of employees. For 2009, total revenues for this source are expected to be \$175,000 from all businesses registered to do business in Fife. These revenues are part of the General Fund and are used to support basic City services.

## MEMORANDUM

TO: Steve Worthington, City Manager  
FROM: Steve Marcotte, Finance Director  
SUBJECT: **Stakeholder Meeting for Loading Dock Door Tax**  
DATE: February 3, 2009

The following are my notes from the stakeholders meeting on the loading dock door tax we held this during lunch today at the Community Center. We had 11 people on the sign-in sheet but I think the actual count was closer to 20.

### Issues

- Timeliness of notice of the proposal. Several attendees commented that they were unaware of the proposal until immediately before the public hearing held on January 27.
- Predictability. A couple of attendees commented upon their need to have predictable costs for operating their businesses.
- Inclusion of rail doors. One attendee suggested that rail doors should not be exempted as freight that comes by rail usually leaves by truck and has an impact on truck routes.
- Fairness. There seemed to be a general sense that the tax as proposed unfairly targeted Fife warehouses and did not reach many others who had similar impacts to City streets. Of particular concern are trucks transiting Fife to and from the Port of Tacoma without local stops in Fife.
- Not really a solution. Several thought this solution would not actually solve the problem because it would not actually raise enough money or that the City would respond to a revenue shortfall by raising the per door rate.
- Impact fees. There were several attendees who expressed their concern that they had already paid, or were committed to pay in the future, these costs through impact fees. This also started a general discussion on the timeline for improvements to Valley Avenue and 70<sup>th</sup> Street as they are in bad condition and long overdue for planned improvements.

### Recommendations

1. Several attendees thought the City should gather stakeholders to “brainstorm” alternative solutions. One also volunteered the services of their attorney as a resource.
2. One suggestion was to refine the survey of doors to determine how many would actually be used if the tax was imposed. It appeared to some attendees that projected revenues were not actually achievable because many doors were already blocked for other reasons and more doors would be taken out of service to save the annual fee.
3. One attendee suggested exploring a truck fee imposed in Algona and Pacific to allow local access to warehouses.
4. One attendee inquired as to the potential use of an LID process for truck route maintenance that might broaden the base of payers.

### Conclusion and Next Steps

Attendees expressed appreciation for having an opportunity to attend the meeting and express their concerns. There seemed to be general acknowledgement that the problem with truck route maintenance was real and some recognition that the City had limited ways to meet the need. The City will be continuing its process with the public hearing on February 10 for additional public comment and will determine the next steps at that time.



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:

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Steve Marcotte, City Clerk/Treasurer