Agenda
City Council Special Meeting and Regular Workshop
Tuesday, September 23, 2025
Richland City Hall ~ Council Chambers
625 Swift Boulevard

<u>City Council Special Meeting</u> - 6:00 p.m.

1. Ordinance No. 2025-25, Imposing an Additional Sales and Use Tax of One-Tenth of One Percent within the Boundaries of the Richland Transportation Benefit District for Pavement Preservation and Repealing the $20 Car Tab Fee
   - Jon Amundson, City Manager

<u>City Council Workshop - Immediately Following Close of Special Meeting</u>

Agenda Items:

1. *MyAccount* Utility Billing Payment Portal Demonstration (45 minutes)
   - Drew Florence, Assistant City Manager
2. 2026 Budget Presentation (60 minutes)
   - Brandon Allen, Finance Director

Future Workshop Agenda Items

Adjournment

This meeting will be broadcast live on CityView Channel 192 on the City's website and on the City's YouTube Channel.

Richland City Hall is ADA accessible. Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the meeting by calling the City Clerk's Office at 509-942-7389.

COUNCIL AGENDA ITEM COVERSHEET

Council Date: 9/23/2025 Agenda Category: City Council Special Meeting - 6:00 p.m.

Strategic Priority 2 - Financial Sustainability

Subject

Ordinance No. 2025-25, Imposing an Additional Sales and Use Tax of One-Tenth of One Percent within the Boundaries of the Richland Transportation Benefit District for Pavement Preservation and Repealing the $20 Vehicle License Fee

Department/Office	Ordinance/Resolution Number	Document Type
City Manager	2025-25	Ordinance

Recommended Motion

Give first reading to Ordinance No. 2025-25, imposing an additional sales and use tax of one-tenth of one percent within the boundaries of the Richland Transportation Benefit District to support the City's Pavement Preservation Program and repealing the $20 vehicle license fee.

Summary

Ordinance No. 2025-25 proposes repealing the City's existing $20 vehicle license fee and replacing it with a 0.1% sales and use tax dedicated to the Transportation Benefit District (TBD). Authorized under RCW 36.73.040, RCW 36.73.065, and RCW 82.14.0455, this change would take effect January 1, 2026, and provide a more stable and equitable revenue stream to fund pavement preservation and other eligible transportation improvements.

Currently, the $20 vehicle license fee generates approximately $1 million annually, while the City requires about $4 million each year to maintain its pavement condition index (PCI) benchmark. To date, the gap has been covered through the General Fund, Real Estate Excise Tax (REET), and reserves—sources also needed for essential services such as police and fire. The proposed sales tax is estimated to generate $2.25 million annually based on 2024 taxable sales, doubling TBD revenue and reducing pressure on other City funds.

The shift from a flat vehicle license fee to a sales tax will significantly reduce the financial burden on residents while broadening the payer base to include commuters, shoppers, and visitors.

A single-vehicle household earning 30% of the area median income ($31,700) currently pays $20 in car tabs. Under the sales tax, the impact is estimated at $3.46—an 83% savings. A household of four earning 80% of the area median income ($84,500) with one vehicle currently pays $20. The sales tax impact would be about $6.34, or 68% less. If the household owns two vehicles ($40), the savings rises to 84%. A higher-income household at 200% of the area median income ($211,200) with three vehicles currently pays $60 in car tabs. Under the sales tax, the estimated cost would be $9.93, an 83% savings.

Unlike the vehicle license fee, which is a flat rate regardless of income or spending, the sales tax is proportional to taxable purchases, exempting essentials like groceries and housing. This makes it less regressive, more equitable, and scalable as population and retail activity grow. Adopting Ordinance No. 2025-25 will establish a sustainable, growth-aligned, and broadly supported funding source for Richland's transportation system while lowering household costs and relieving pressure on the City's General Fund and other capital revenues.

Fiscal Impact	Terminating the TBD $20 vehicle license fee will reduce revenues for the Pavement Preservation Program by approximately $1,000,000 annually. Instituting the 0.1% sales tax is projected to generate approximately $2,250,000 in new revenues for the Pavement Preservation Program. Net revenues are projected to be approximately $1,250,000 annually.

Attachments

1. Ordinance No. 2025-25
2. Transportation Benefit District Funding Alternative Sales Tax Recommendation

ORDINANCE NO. 2025-25

AN ORDINANCE OF THE CITY OF RICHLAND, WASHINGTON, IMPOSING AN ADDITIONAL SALES AND USE TAX OF ONE-TENTH OF ONE PERCENT WITHIN THE BOUNDARIES OF THE RICHLAND TRANSPORTATION BENEFIT DISTRICT FOR THE PURPOSE OF FUNDING PAVEMENT PRESERVATION AS AUTHORIZED BY RCW 36.73.040 AND REPEALING TBD ORDINANCE NO. 01-17 ESTABLISHING AND IMPOSING THE TWENTY DOLLAR VEHICLE LICENSE FEE.

WHEREAS, the City of Richland Transportation Benefit District (hereinafter "the Richland TBD") was established pursuant to RCW 35.21.225 and Chapter 36.73 RCW by the City Council of Richland by Ordinance No. 02-17 in March 2017; and

WHEREAS, by Ordinance No. 55-17, the City of Richland assumed the rights, powers, immunities, functions, and obligations of the Richland TBD pursuant to Second Engrossed Substitute Senate Bill 5987, which amended Chapter 36.73 RCW to allow for said assumption; and

WHEREAS, the City of Richland enacted Ordinance No. 02-17 in March 2017, establishing boundaries for the Richland TBD which are coterminous with the boundaries of the City of Richland city limits; and

WHEREAS, Richland Municipal Code Section 5.51.060 provides that funds generated by the Richland TBD may be used for any purpose allowed by law, including but not limited to funding annual improvements included in the City's pavement preservation program; and

WHEREAS, RCW 36.73.040(3)(a) authorizes transportation benefit districts to impose a sales and use tax subject to the provisions of RCW 36.73.065; and

WHEREAS, RCW 36.73.065(4)(a)(v) authorizes transportation benefit districts to impose a sales and use tax in accordance with RCW 82.14.0455 in an amount not exceeding one-tenth of one percent (0.1%) for a period of 10 years upon a majority vote of the governing board of the district for use in accordance with the requirements of chapter 36.73 RCW; and

WHEREAS, the City of Richland has identified the sales and use tax authorized by RCW 82.14.0455, as well as any other lawful funding sources available pursuant to RCW 36.73.040, as funding sources available to the Richland TBD; and

WHEREAS, the cost of maintaining the pavement condition index (PCI) benchmark for Richland roads is approximately $4 million annually, and the current Richland TBD car tab fee generates approximately $1 million annually, forcing reliance on General Fund, Real Estate Excise Tax (REET), and reserves to make up the difference; and

WHEREAS, consistent with Richland Municipal Code Section 5.51.060, a sales and use tax will be used to fund annual transportation improvements that are consistent with existing state, regional, or local transportation plans and necessitated by existing or reasonably foreseeable congestion levels pursuant to Chapter 36.73 RCW, and for annual improvements included in the City's Pavement Preservation Program; and

WHEREAS, a sales and use tax will apply to all persons who shop and thereby use streets and roadways in the City of Richland; and

WHEREAS, the City Council, as the governing board of the Richland TBD, deliberated on this matter during a duly noticed public meeting on September 16, 2025, and after careful review and consideration, finds that the best interests of the City of Richland and the Richland TBD are served by passage of this Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the City of Richland as follows:

<u>Section 1</u>. <u>Findings</u>. The above stated recitals are hereby adopted and incorporated by reference as findings in support of this Ordinance.

<u>Section 2</u>. <u>Imposition of Additional 0.1% Sales and Use Tax</u>. The City Council, as the governing board of the City of Richland Transportation Benefit District, finds that it is in the best interest of the City and the District to impose a sales and use tax of one-tenth of one percent (0.1) pursuant to RCW 36.73.040(3)(a), RCW 36.73.065(4)(v), and RCW 82.14.0455 for the purpose of raising revenue to acquire, invest in, construct, improve, provide, operate, preserve, maintain and/or fund transportation improvements in the District as provided in RMC 5.51.060, and to impose such sales and use tax. The sales and use tax shall be imposed for a period not exceeding ten (10) years. The tax shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 of the Revised Code of Washington, as amended, upon the occurrence of any taxable event within the boundaries of the City of Richland Transportation Benefit District which is conterminous with the City of Richland city limits.

<u>Section 3</u>. <u>Use of Revenue</u>. The revenues received from the tax imposed by this Ordinance shall be general revenues of the district and shall be used for those purposes set forth in RMC 5.51.060 or as otherwise authorized by law. The cost of all construction, maintenance, preservation, operation, design, engineering, construction management, financial, legal and other consulting services, inspection and testing, administrative and relocation expenses, and other costs incurred in connection with the transportation benefit district projects shall be deemed to be part of the transportation improvements.

<u>Section 4</u>. <u>Repeal of $20 Vehicle License Fee</u>. TBD Ordinance No. 01-17, establishing and imposing a $20 Vehicle License Fee, is hereby repealed effective January 1, 2026.

<u>Section 5</u>. <u>Notice to Department of Revenue</u>. The City Clerk and the Finance Director are instructed to submit this Ordinance to the Washington State Department of Revenue (DOR), and

to direct DOR to take all steps necessary to implement and collect the tax imposed by this Ordinance beginning on January 1, 2026.

Section 6. This Ordinance shall take effect the day following its publication in the official newspaper of the City of Richland.

Section 7. Should any section or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, that decision shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so declared to be invalid.

Section 8. The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including but not limited to the correction of scrivener's errors/clerical errors, section numbering, references, or similar mistakes of form.

PASSED by the City Council of the City of Richland, Washington, at a special meeting on the ____ day of ________, 2025.

____
Theresa Richardson, Mayor

Attest:

____
Jennifer Rogers, City Clerk

Approved as to Form:

____
Heather Kintzley, City Attorney

First Reading: ______
Second Reading: ________
Date Published: _______

Transportation Benefit District Funding Alternative

Recommended Elimination of the Car Tab Fee

Richland

BUDGET 2026

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Background & History

- Allowed by RCW Chapters 35.21.225 and 36.73
- Established in 2017, Ord. No 02-17
- Codified into RMC Chapter 5.51, Transportation Benefit District
- TBD funds transportation improvements align with state/regional/local plans
- Governing Board: City Council; boundaries match city limits
- Program objective: keep good roads good, avoid costly reconstructions

Richland

BUDGET 2026

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Pavement Preservation Program

- We maintain ≈ 650 center lane miles.
- Pavement Condition Index (PCI) 0–100: cracking, rutting, potholes, weathering.
- Council policy target: “Good” category—land around PCI 70–75 for best lifecycle value.

Richland

BUDGET 2026

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Current Funding & Gap

- Annual need to maintain PCI target: ≈ $4.0M.
- $20 vehicle fee ≈ $1.046M (≈25% of need)
- General Fund ≈ $1.23M; REET ≈ $600k; Reserves ≈ $1.45M bridge the rest
- Even with a change, General/REET will still contribute—goal is relief and less reliance

Richland

BUDGET 2026

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Proposed Change

- Replace $20 vehicle fee with a 0.1% local sales tax dedicated to TBD

	Total Sales & Use Tax Rate	State Sales & Use Tax Rate	Local City/County Sales & Use Tax
Richland	8.7	6.5	2.2
Kennewick	8.8	6.5	2.3
Pasco	8.9	6.5	2.4
West Richland	8.7	6.5	2.2
Walla Walla	8.9	6.5	2.4
Prosser	8.7	6.5	2.2

Richland

BUDGET 2026

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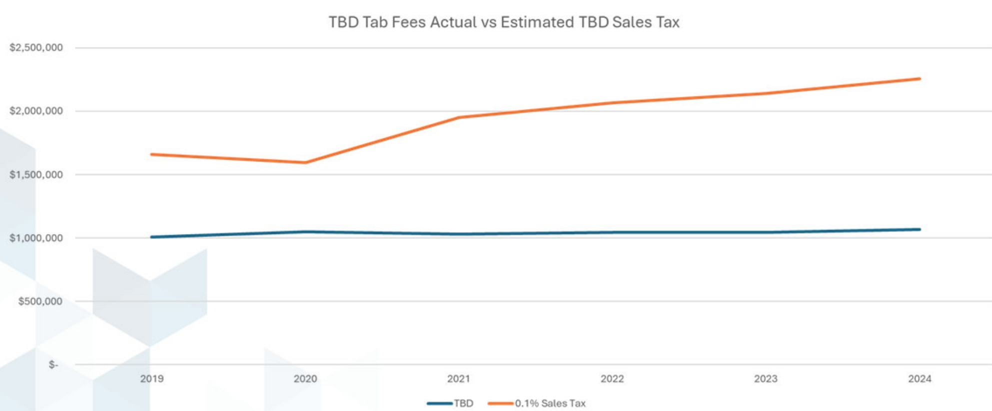
Dedicated TBD Revenue: Current vs Proposed



Richland

BUDGET 2026

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Who Pays Under Each Method

- Residents ≈ 64K; daytime population ≈ 90K → ≈ 26.8K additional daily users (~30% non-resident).
- Vehicle fee: burden sits with Richland vehicle owners.
- 0.1% sales tax: commuters/visitors/tourists share costs when they buy taxable items in Richland.
- Regional context: Kennewick funds TBD with sales tax—reciprocity makes sense.

Richland

BUDGET 2026

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Household Impact Breakdown

% Median Income	Income	Est. Sales & Excise Tax	Est. Taxable Spending	0.1% TBD Sales Tax	Vehicles p/ HH	Car Tab	% Saved
30%	$31,700	10.90%	$3,455	$3.46	1	20	83
50%	$52,800	8.70%	$4,594	$4.59	1.3	26	82
80%	$84,500	7.50%	$6,338	$6.34	1.7	34	81
100%	$105,600	6.10%	$6,442	$6.44	2	40	84
150%	$158,400	5.40%	$8,554	$8.55	2.5	50	83
200%	$211,200	4.70%	$9,926	$9.93	3	60	83

Richland

BUDGET 2026

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Alternatives Considered

- Keep $20 fee + backfill (continues structural pressure).
- Increase vehicle fees (resident-weighted; misses non-resident user contributions).
- Switch to 0.1% sales tax (recommended): broader base, higher dedicated revenue, growth-aligned, reduced reliance on General/REET/reserves.

Richland

BUDGET 2026

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Recommendation & Next Steps

- Direct staff to bring back an ordinance to replace the $20 vehicle fee with a 0.1% sales tax dedicated to the TBD
- Include implementation timeline (see next slide)
- Objective: maintain PCI 70–75, reduce reliance on flexible funds, share costs with daytime users

Richland

BUDGET 2026

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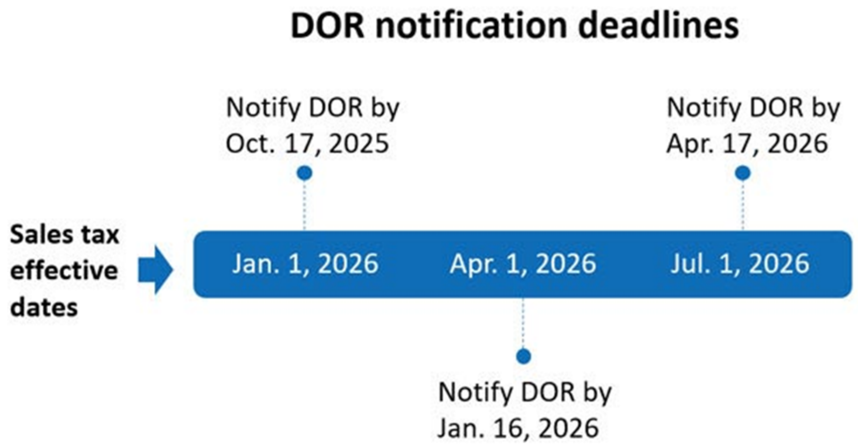
Implementation Timeline



BUDGET 2026

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COUNCIL WORKSHOP COVERSHEET

Council Date: 9/23/2025 Department: Finance

Strategic Priority 1 - High Performance Government

Subject

MyAccount Utility Billing Payment Portal Demonstration (45 minutes)

Summary

A demonstration of our new customer engagement portal (MyAccount) will be presented to Council this evening. The new utility portal will replace our existing online customer service portal E-care. Some upgraded features in the new portal are:

- User-friendly interface and improved functionality
- Ability to manage and view multiple accounts with one customer login
- Downloadable app for mobile devices with customizable push notifications available
- Option to receive SMS text alerts about your account(s)
- Ability to view account details, compare usage rates, and utilize its role as a payment portal for utilities

Attachments

COUNCIL WORKSHOP COVERSHEET

Council Date: 9/23/2025

Department: Finance

Strategic Priority 2 - Financial Sustainability

Subject

2026 Budget Presentation (60 minutes)

Summary

Per RCW 35.33, the 2026 Preliminary Budget is to be presented by the first business day in October. City staff has completed work on the preliminary budget and will present the overall budget as well as notable and significant departmental projects to the Council. After the Council workshop, the 2026 Preliminary Budget will be available to the public on the City's website on Wednesday, October 1, 2025.

Attachments