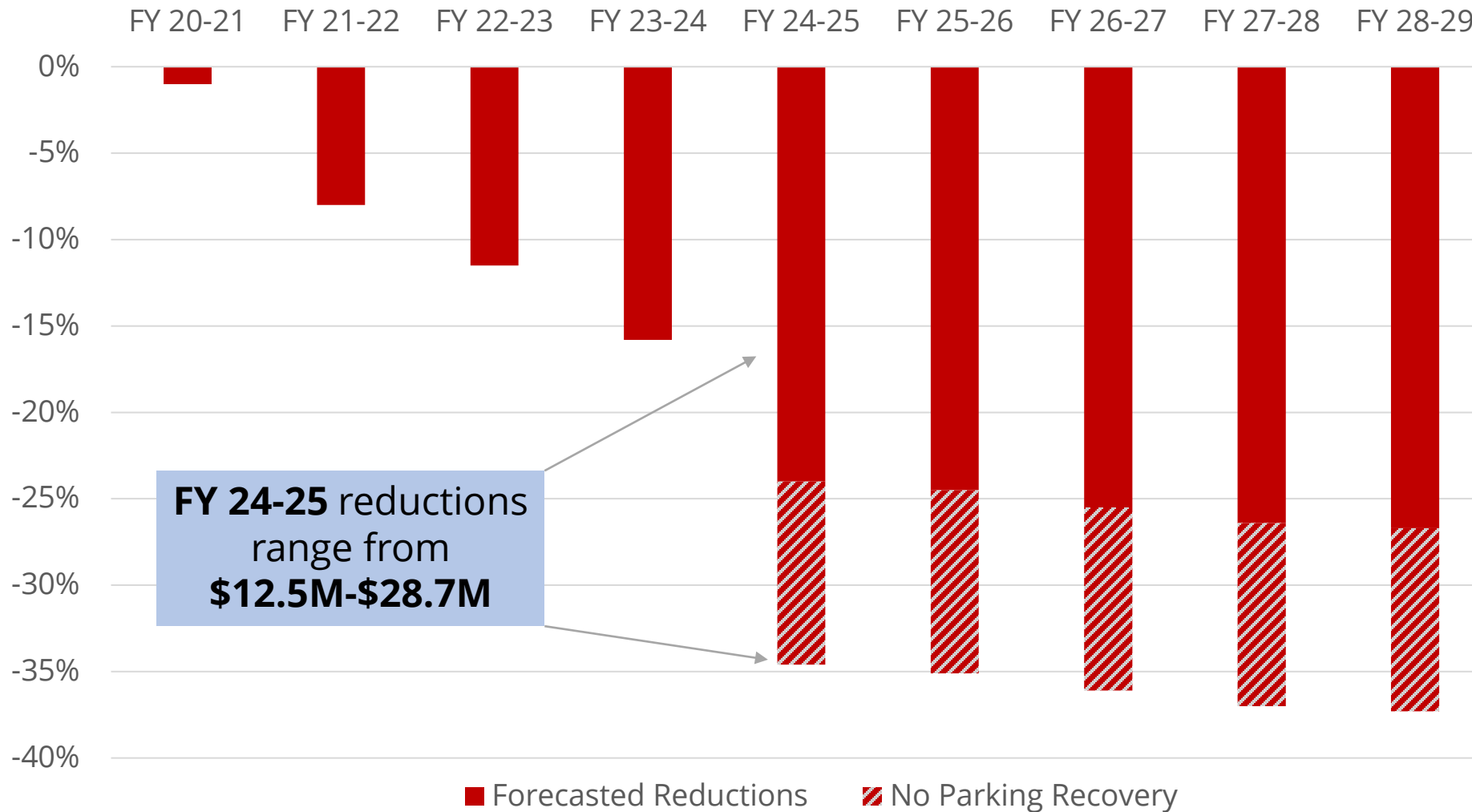


# Transportation Budget and Revenue Update May 2023



**PBOT**  
PORTLAND BUREAU OF TRANSPORTATION

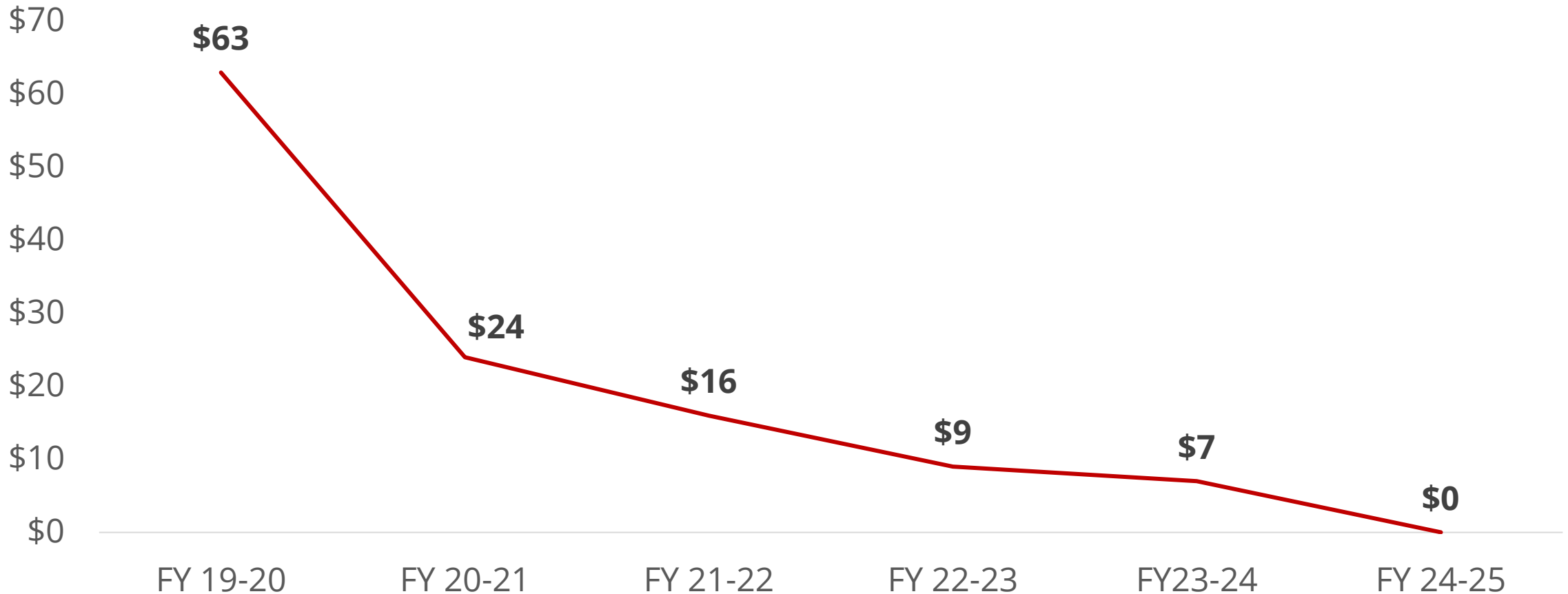
# Cumulative Impact of Funding Shortfalls: Historical & Future



- From **FY20 to FY24** we cut almost **16%** of GTR
- In **FY 24-25**, there are **very significant reductions that will be necessary** again.
- Reductions up to **\$28.7M** if parking does not rebound
- Assumes passage of **Fixing Our Streets 3** (10-cent local gas tax)

# Loss of GTR Balancing Reserves Over Last Five Years

Cumulative Reserves (Millions)



# Budget cuts significantly impact assets, safety and sustainability

- **Cuts across the board**
  - Less paving, street sweeping
  - Slower repair of signals and street lights
  - Reduced funding for small safety projects like crosswalks and bike lanes
  - Less outreach and project development capacity
  - Slower response to requests for help from neighbors and businesses
- **Next year**
  - Dramatic and visible service reductions
  - Less funding to address asset needs, safety, secure grants, fund popular programs



# General Transportation Revenue (GTR) Sources have Significant Structural Challenges



**State Highway Fund  
Fund  
(60% of GTR)**

State Highway Fund Limitations – **lack of local control and dependent on fossil fuels – not keeping pace with inflation**



**Parking  
(40% GTR)**

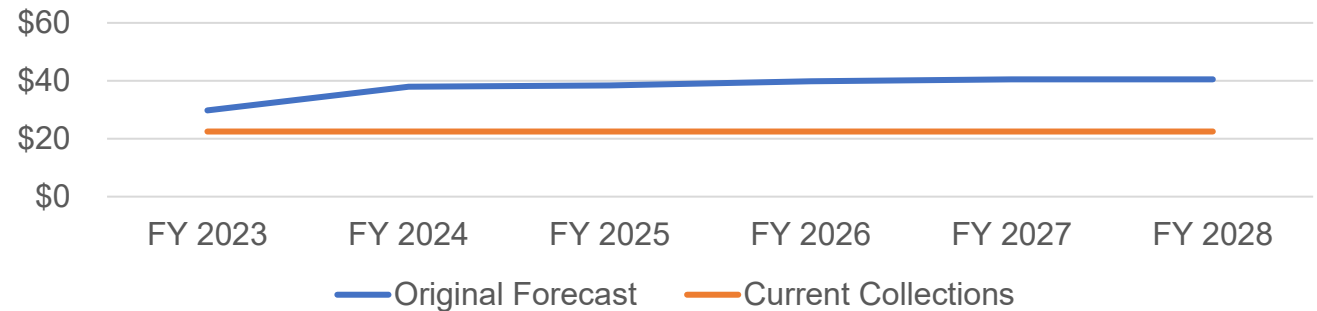
Parking Limitations – **fees set to manage parking, not raise revenue**

***Unlike other utility bureaus, transportation has no locally-controlled base fee that the city can calibrate to match operational needs***

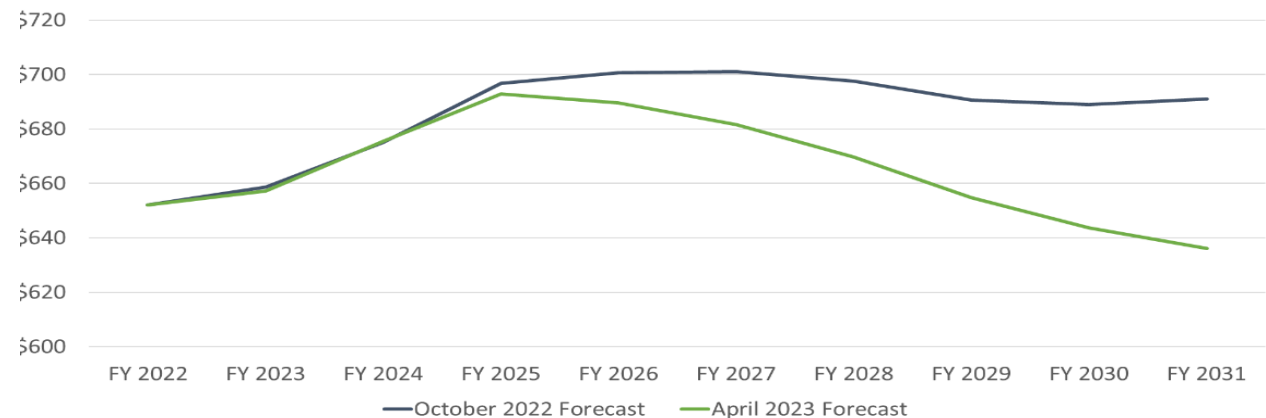
# Challenges are now acute: Pandemic plus High MPG/EV transition

- **Parking revenues remain significantly lower than pre-pandemic**
- Population changes – Portland receiving a **smaller share of state highway fund**
- Transition to high mpg electric vehicles is accelerating - **positive for climate, but challenging for fuels tax forecast**

### Parking Meter Revenue In millions



### Oregon Motor Fuels Tax Forecast Comparison In millions of nominal dollars



# Why we need immediate action – Stabilize funding to support urgent city needs

- **Safety** – Last two years are 70-year high for traffic fatalities
- **Maintenance** – Unable to keep assets in good condition, \$ 4 Billion asset backlog
- **Cleanliness / Livability / Responsiveness** to community, neighborhoods, and business districts

**PBOT is needed at this moment as a partner in tackling hard challenges, not another problem contributing to the downward trajectory**

# What happens in the next budget process? - What does it look like if we have to reduce our core services by more than a 1/3rd?

Dramatic reductions in areas such as:

- Maintenance and Operations activities including:
  - Paving and potholes
  - Street sweeping
  - Signals and Street lights repairs
- Programs like community events, transportation wallet and Safe Routes to School
- Project development and matching funds available to leverage significant federal funds
- Derelict RV and neighborhood livability issues
- Capacity to plan and implement outdoor dining program and street plazas







We are no longer even treading water.

The cuts are unsustainable and **we are not able to meet community expectations for the transportation system.**

To prepare for the new form of government, **now is the time for change.**

# Transportation Utility Fee (TUF)

## Benefits

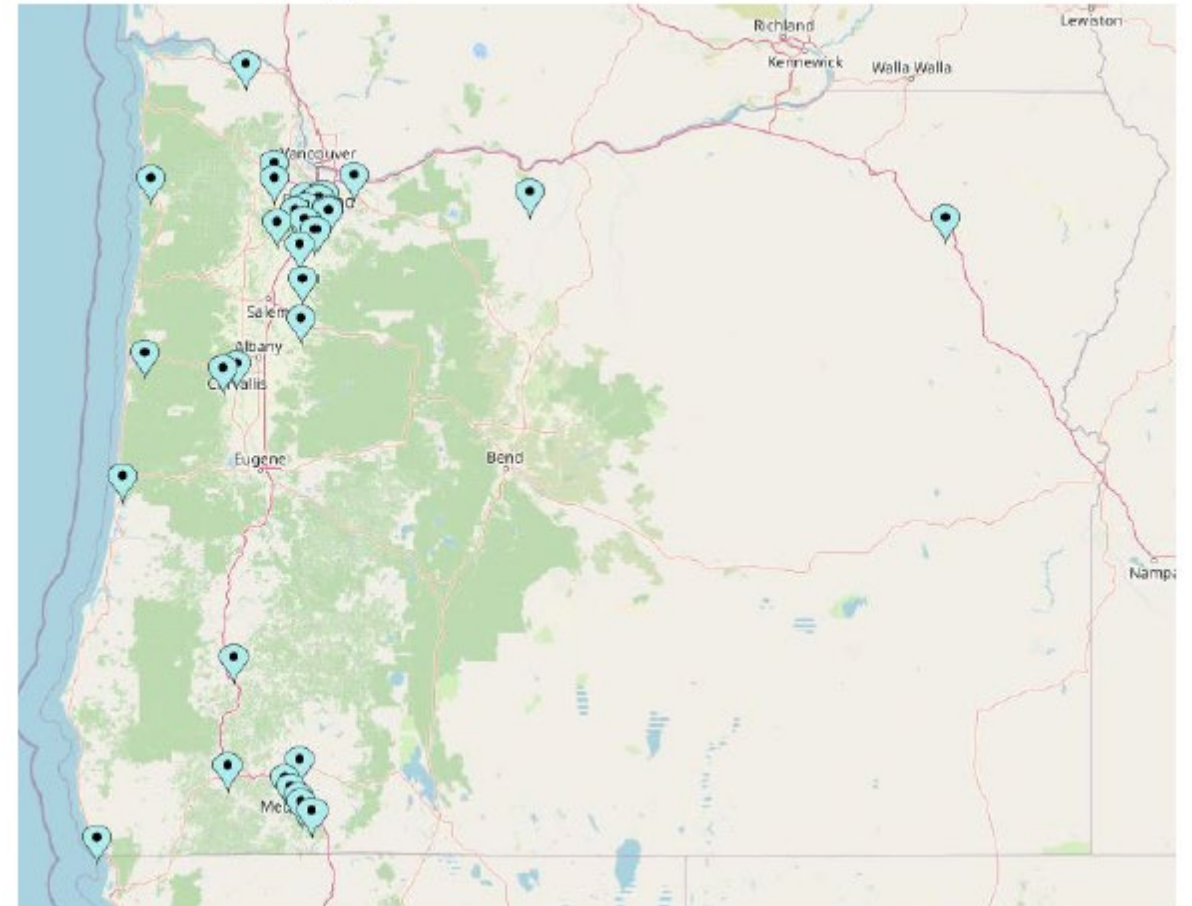
- Stable, proven, dedicated transportation funding source widely used in the Portland area and across Oregon (**over 30 jurisdictions**)
- Would **align PBOT with the other utility bureaus**, helping with charter reform
- Fees are **not tied to fossil fuel** consumption or driving, removing a barrier to achieving climate goals
- Fees are **less regressive**
- Broad application has the **potential to generate significant revenue** while remaining affordable and predictable

## Challenges

- Unsuccessful in previous years, largely due to **business concerns**

# Common Funding Tool in Oregon

- **>30 Oregon cities** have a Transportation Utility Fee
- Fee structure is **locally-determined**:
  - Residential
  - Non-Residential



# Transportation Utility Fees in Neighboring Cities – Residential Monthly Rates

	Single Family	Multifamily (per unit)	Implemented
Lake Oswego	\$16.24	\$11.48	2003
West Linn	\$16.01	\$15.17	2008
Oregon City	\$15.07	\$10.58	2006
Milwaukie	\$11.09	\$9.01	2007
<b>AVERAGE</b>	<b>\$10.88</b>	<b>\$8.13</b>	
Wilsonville	\$10.80	\$7.02	1997
Hillsboro	\$9.11	\$8.20	2008
Tigard	\$7.96	\$7.96	2003
Tualatin	\$6.22	\$5.63	1990
Newberg	\$5.40	\$3.43	2017

# Portland Transportation Utility Fee

## Potential parameters for consideration

### Residential & non-residential contributions

#### Per Month Contributions:

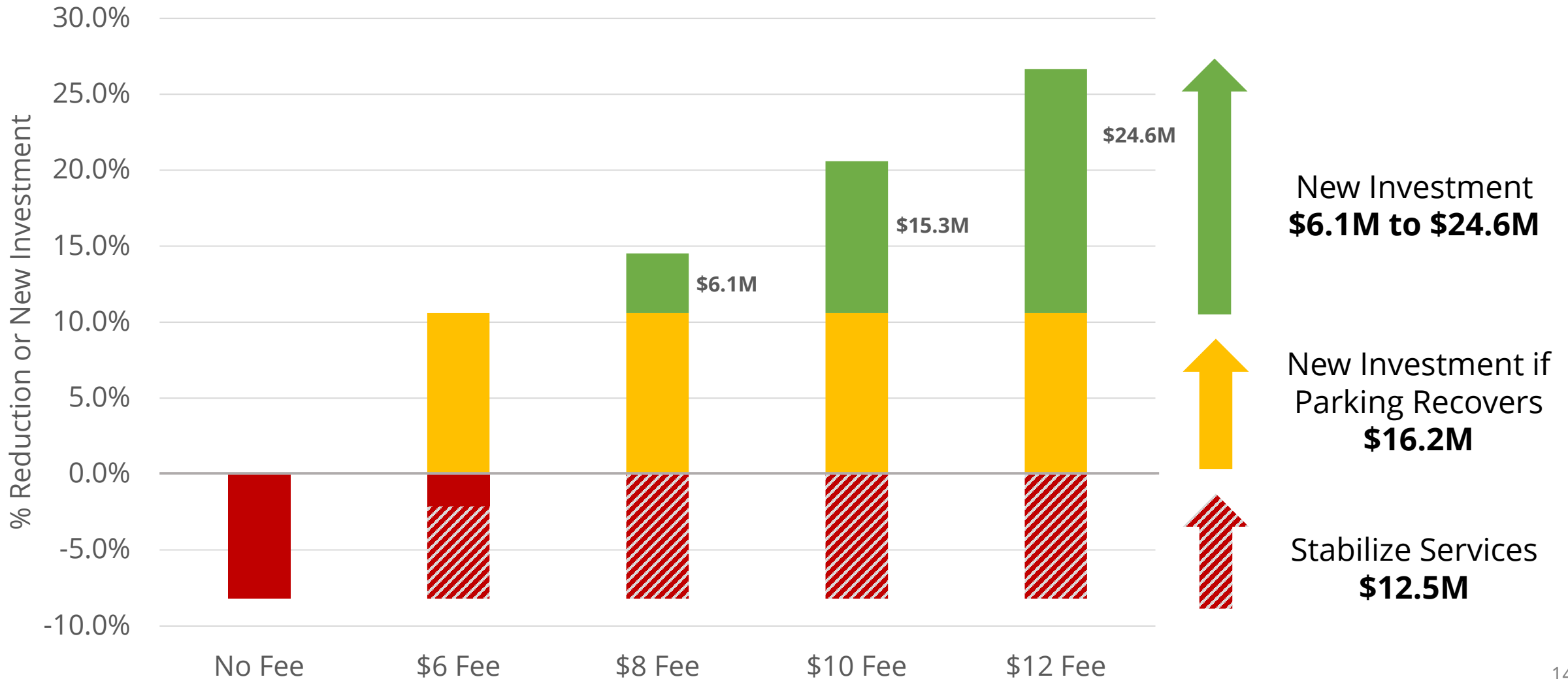
#### Residential: Include multifamily rates and low-income discounts

- Stay below regional average for residential rates
  - \$8 single family - 74% of regional average
- Multifamily pays 70% of single family rate because they generate fewer trips
  - \$5.60 multifamily - 69% regional average
- Apply existing low-income discounts from Water/BES

#### Non-residential: Simple collection process with cap on maximum fees

- Business Flat Fee – 4 categories with small, medium, large flat fee based size
  - Commitment to cap rates *for business categories at 60% of regional average*
  - Set minimum business fee at household rate \$8
    - Limit small restaurants/retail \$15, medium restaurants/retail \$30
  - Set a maximum fee of \$200

# What happens in FY 2024-25 if we do act?



# What does the revenue buy?

- **Preservation & Maintenance**
  - *Investments toward our asset needs*
- **Operations**
  - *Operating a safe system that gets people where they need to go*
- **Safety**
  - *Investments and programming to prevent fatalities & serious injuries*
- **Mobility/Livability**
  - *Strategic investments supporting Portland as it grows and recovers*

