

# Phase 2: Alternative Transportation Funding Report



*Transportation and Infrastructure Committee Meeting – January 26, 2026*

# Agenda

- Why we are here
- Committee Questions
- Community Engagement Plan
- Proposed Engagement Content
  - Needs
  - Revenue Scenarios
  - Investments
  - Accountability
- Discussion

# Resolution No. 37712

## Phase 2:

- Present rate/revenue scenarios for short-list of funding options
- Robust and inclusive community engagement

## Phase 1:

- ✓ Public Works and Budget and Finance Service Areas urged to develop a comprehensive strategy to identify and evaluate viable alternative transportation funding sources
- ✓ Provide report to Council by December 2025

# Why are we talking about alternative funding?

## FEDERAL

- Federal gas tax hasn't been increased in 32 years
- Recent Trump administration efforts have resulted in rescinding Biden-era grants and grant opportunities
- Federal funding primarily limited to improvements – doesn't fund basic operations and maintenance

## STATE

- State transportation funding hasn't kept pace with inflation
- Recent transportation funding bill did not meet needs
- **Transportation funding bill was partially referred to voters, suspending most tax and fee increases**
- **PBOT can no longer count on receiving ~\$10.6M in FY25-26 and ~\$24M in FY26-27**

## LOCAL

- PBOT receives very little General Fund Revenue
- Local revenue streams not keeping pace with inflation – **10-cent local gas tax now has half the buying power that it did when passed in 2016**
- Local operations, maintenance, and safety needs are far greater than local resources

# Committee Question – PBOT's Recent Reductions

## PBOT's principles used to guide decisions about reductions

- Minimize harm to the bureau's ability to carry out its mission and address its strategic goals.
- Strategic goals and values:
  - Asset Management/Maintenance
  - Mobility
  - Safety
  - Climate
  - Equity
  - Vibrancy of the right-of-way (i.e., street sweeping)
- Minimize lay-offs
- Preserve existing assets and make smaller safety and capacity improvements over larger capital investments
- Stop “thinning the soup”
- Find efficiencies in the work that we do

Work Group *	Position Reductions (FY21 – 25)
Support services	5
Development Permitting & Transit	5
Engineering & Traffic Systems	8
Maintenance Operations	26
Parking & Regulatory Services	19
Policy, Planning & Projects	3
<b>Total:</b>	<b>66</b>

About another 80 positions were reduced from GTR revenue and are now funded by other revenue sources including Fixing Our Streets and PCEF

\*reflects prior PBOT work groups at the time of reductions

# Committee Question – PBOT's Recent Reductions

## Reductions have included

- Decreased funding for small safety and active transportation projects.
- Reduced funding for planning, policy development, code update work and data and technical analysis – slower services throughout the bureau
- Eliminated residential street sweeping (taken in FY23-24).
  - Began efforts to restore residential street sweeping in FY 25-26
- Performed efficiency-driven fleet reductions.
- Reduced staffing and support for community events in the right-of-way.
- Eliminated microsurfacing program (pavement treatment)
- Reduced contract paving (deeper grind and pave) done through Fixing Our Streets (FOS) – when FOS began supporting in-house paving

# Committee Question: Efficiencies and Best Practices

## PBOT Efficiencies:

- **Pursuing American Public Works Association (APWA) accreditation**
  - A structured, peer-reviewed framework that helps agencies institutionalize best practices, strengthen accountability, and deliver consistently high-quality services to the public.
- **Instituted base repair/overlay treatment reducing costs and pothole occurrence**
- **Refined ADA curb ramp delivery process**
  - Organized all of the ADA curb ramp staff under one division and increased delivery efficiency and effectiveness
- **Modernized business processes through IT solutions**
  - Ex: Moved all utility permitting operations to a unified system (AMANDA) to better track, report, and manage all utility permitting



# Phase 2: Alternative Transportation Funding Report

# Community Engagement Activities

- Modal Committee Meetings
- District Coalition LUTC Meetings
- District Open Houses
- Organizational Outreach
- Project Website: resolution, report, events, updates



## PBOT Budget

Program Public Works

Information on budget challenges at PBOT. Relying only on parking revenue and gas taxes is not a sustainable way to run a modern transportation system. Operating costs continue to rise, assets continue to deteriorate. This requires new, ongoing and stable revenue sources to meet current demand.



News Documents

## Featured content



PBOT budget overview



Asset management at PBOT



FY 2025-26 Adopted Budget

# Transportation Needs

## Actions Required to Balance Budget



### FY 19-21

- \$0.9M GTR budget cut
- Hiring freeze & furloughs
- Non-rep COLA & merit eliminated
- Reserve draw: \$63M -> \$24M

### FY 21-22

- \$8.8M GTR budget cut
- 39 FTEs cut
- Reserve draw: \$24M -> \$16M

### FY 22-23

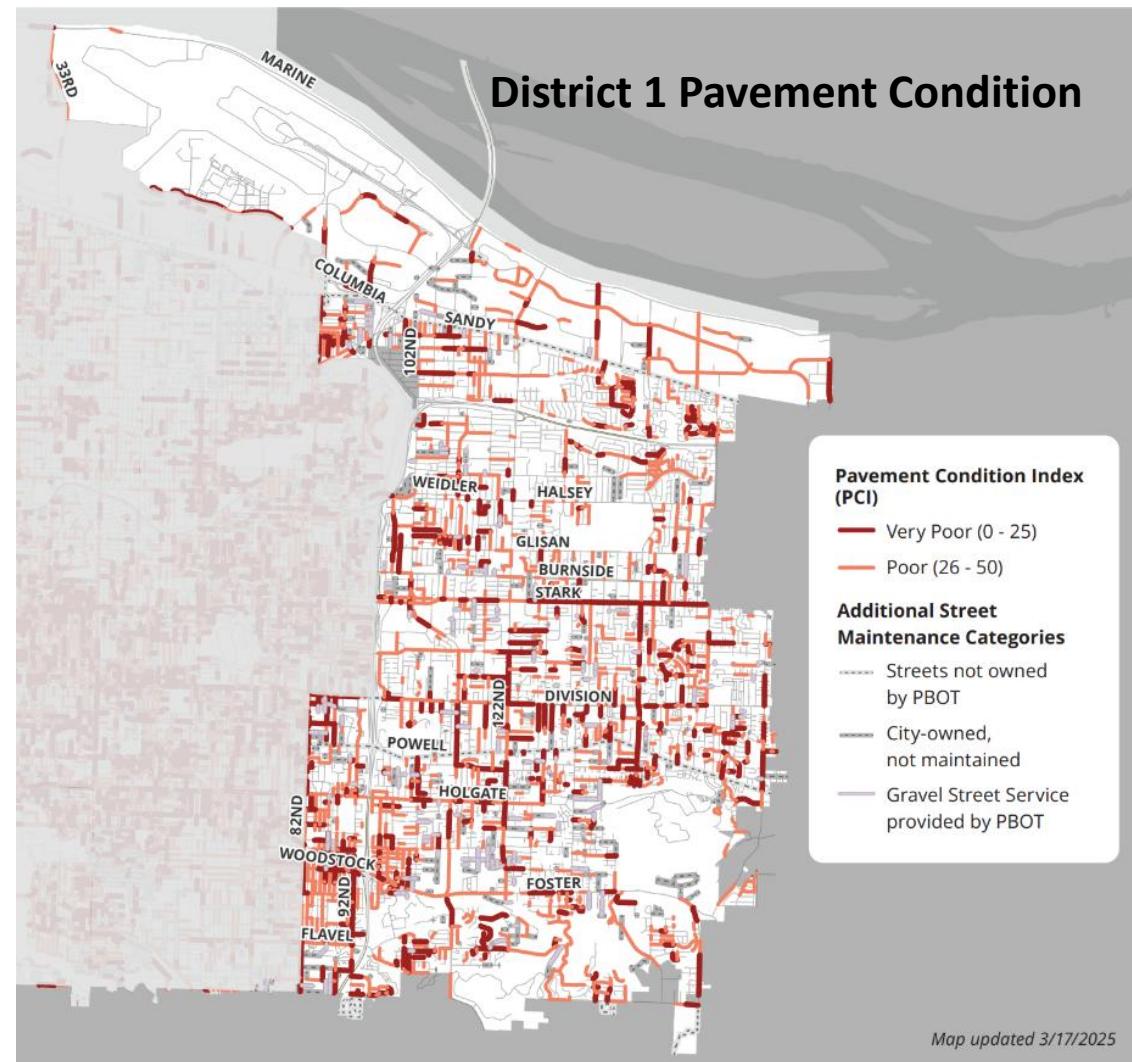
- \$4.5M GTR budget cut
- 7 FTEs cut
- Reserve draw: \$16M -> \$9M
- Parking permits to cost recovery

### FY 23-24

- \$6.3M GTR budget cut
- 16 FTEs cut
- Reserve draw: \$9M -> \$0M
- 20-cent meter increase
- Allocation of FOS3 and PCEF to GTR programs

### FY 24-25

- \$21.7M GTR budget cut
- 4 FTEs cut
- Reserve draw: \$9M -> \$0M
- 20-cent meter increase
- Allocation of FOS3 and PCEF to GTR programs



# Street Damage Restoration Fee (SDRF)

## What is it?

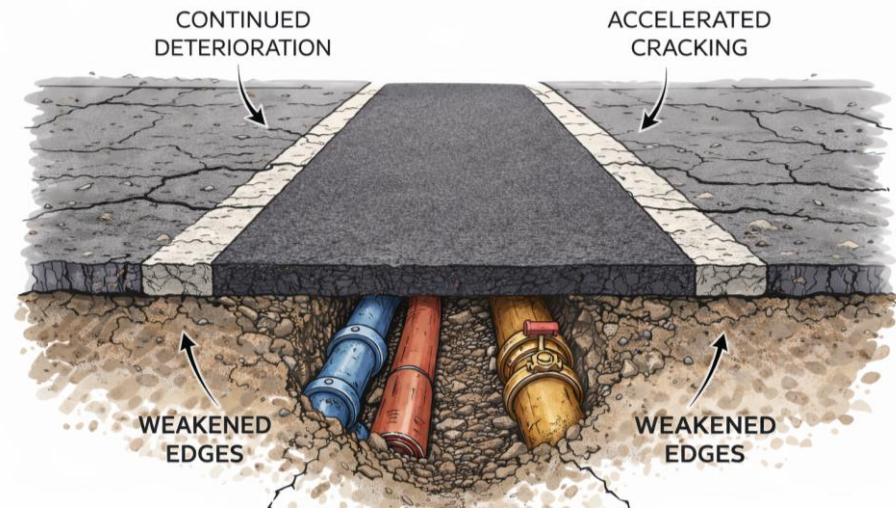
- A loss of asset life fee assessed on utility companies, contractors, or other entities that excavate in public rights-of-way.
- Over the last 3 years, over 50 miles of trenching (1,400 blocks)
- Reduce useful life by over 60% - need to repave in 5 yrs vs 15 yrs
- Other cities, like Los Angeles, have implemented SDRFs

## How does it work?

- Could modify the existing permit structure for Street Opening Permits to include an SDRF
- Utilities request Street Opening Permits to install, repair, or maintain underground infrastructure like water, sewer, gas, electrical, telecom operations, etc.

## What are the benefits?

- Recover loss of asset life costs (e.g., pavement deterioration)
- Incentivize utilities to better coordinate cuts with scheduled street work, reducing disruption to the transportation system



Restored trench opening on N Fowler, North of Lombard

# Street Damage Restoration Fee - Stakeholders

**Who benefits:** All transportation users, including motorists, pedestrians, bicyclists, transit riders, emergency responders, and freight

**Who pays:**

- City and non-city utilities performing street cuts. Much of the fee will likely be passed on to a broad base of people paying utility bills.

**Stakeholders to engage:**

- City and non-city utilities

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## Top 7 Utility Agencies

Utility	Avg. LF Cut Annually	% of Total
Portland Water Bureau	38,622	31%
Environmental Services	28,515	23%
MCI Metro	14,003	11%
Astound Broadband	11,857	9%
Comcast	7,941	6%
Northwest Natural Gas	7,244	6%
PGE	3,754	3%

# Street Damage Restoration Fee Scenarios

Fee Model Options	25% Damage Recovery	50% Damage Recovery	75% Damage Recovery
Anticipated Permits	3,500	3,500	3,500
Cost per SF	\$3.46 per SF	\$6.92 per SF	\$10.38 per SF
Avg. Permit Costs	\$2,114	\$4,228	\$6,342
Est. Net Revenue	<b>\$7,399,210</b>	<b>\$14,798,420</b>	<b>\$22,197,630</b>

**PBOT currently only charges a permit fee to cover administrative costs.  
Minimum trenching fees start at \$722 per permit.**

# Transportation Utility Fee

## What is it?

- Monthly fee charged to residents and businesses to pay for basic road maintenance and safety improvements like fixing potholes
- Successfully implemented in cities in Oregon (31 cities) and in other states (Austin and Denver)

## How does it work?

- Typically collected using existing public utility billing systems

## What are the benefits?

- Broad collection base allows for substantial revenue generation at relatively low cost for each payer
- Implementation is low-cost because it uses existing billing systems
- Revenue is not tied to fossil fuel consumption or driving single-occupancy vehicles
- Provides stable revenue that does not shift with transportation behavior changes



# Metro Area Cities with a Transportation Utility Fee

City	Year TUF Implemented	Single Family Home Monthly Fee	Multifamily Monthly Fee (per unit)
Newberg	2017	\$6.60	\$3.79
Tualatin	1990	\$7.74	\$6.46
Tigard	2003	\$9.11	\$8.92
Hillsboro	2008	\$10.10	\$9.09
Wilsonville	1997	\$11.24	\$7.30
<b>Regional Average (2026)</b>		<b>\$12.08</b>	<b>\$9.49</b>
Milwaukie	2007	\$12.13	\$9.86
Oregon City	2006	\$16.47	\$11.23
Lake Oswego	2003	\$16.80	\$12.01
West Linn	2008	\$18.53	\$16.73

# Transportation Utility Fee Scenarios

(Residential rate per dwelling unit / Commercial rate % of utility bill)

	50% Regional Avg	75% Regional Avg	100% Regional Avg
Single Family (per month)	\$6	\$9	\$12
Multi-Family (per month)	\$4.20	\$6.34	\$8.40
% Commercial Utility Bill	2.2%	3.3%	4.3%
Avg Commercial Cost (per month)	\$31	\$46	\$61
<b>Est. Annual Revenue:</b>			
Residential (70%)	\$17,168,893	\$25,753,340	\$34,337,787
Commercial (30%)	\$7,350,282	\$11,025,423	\$14,700,564
<b>Est. Net Revenue:</b>	<b>\$22,627,633</b>	<b>\$34,698,066</b>	<b>\$46,749,584</b>

A low-income discount for households could be administered through existing low-income discount programs available on the water, sewer, and stormwater bill.

# Existing Low-Income Utility Discount Program

- **Financial Assistance**
  - Available to single-household residential accounts
  - Apply every 2 years
  - Proof of income required
  - 2 tiers of relief
- **Regulated Affordable Multifamily Assistance Program (RAMP)**
  - Applies to multifamily properties approved for City's Nonprofit Low-Income Housing Limited Tax Exemption (NPLTE) Program



# Transportation Utility Fee – Stakeholders

**Who benefits:** All transportation users, including motorists, pedestrians, bicyclists, transit riders, emergency responders, and freight

## **Who pays:**

- Based on estimated trips by property type – 70% of fee paid by residential properties and 30% of fee paid by non-residential properties. Multi-family properties pay 70% of residential rate. Low-income properties pay discounted rate based on existing discount programs.

## **Stakeholders to engage:**

- Portland residents and businesses, organizations representing low-income individuals, organizations with interest in transportation maintenance and safety

# Transportation Utility Fee – Potential Transition

- Within 2 years of implementation of a Transportation Utility Fee, City staff will present a potential proposal for Council consideration that more closely ties rates to estimated transportation impact based on nationally collected trip data
- The proposal could be designed to generate 30% of total Transportation Utility Fee based on business share of total trips
- City staff will engage with the business community to develop the potential proposal based on best practices used by other cities and Portland's current fee/tax environment

# Retail Delivery Fee (Concept)

## What is it?

- A **Retail Delivery Fee** would apply to most retail goods delivered to a Portland address. A per-transaction fee would appear to consumers at point of sale and be remitted to the City by qualified retailers.
- Two states, Colorado and Minnesota, have implemented retail delivery fees. While some cities have explored the concept, **no city has implemented one yet**.
- **Portland lacks an existing point of sale collection system, so implementing would be complex.**

## How does it work?

- Retailers collect the fee at the point-of-sale for users who opt-in for delivery.

## What are the benefits?

- Contributes to the cost of maintaining the transportation system that supports these services.
- May help level the playing field for brick-and-mortar businesses.
- Exemptions could be applied to specific categories of goods (i.e., groceries and medicine) or to reduce administrative burdens of collection for businesses below certain revenue thresholds.

# Retail Delivery Fee - Stakeholders

## Who benefits:

- Motorists, pedestrians, bicyclists, transit riders, emergency responders, and freight and anyone else using Portland streets.

U.S. Census Bureau estimates

**38% growth**

in e-commerce since 2019

## Who pays:

- Consumers and businesses receiving retail goods delivered to Portland addresses.
- The major retailers driving this growth include Amazon, Walmart, Home Depot, Target, and eBay among others.



## Stakeholders to engage:

- Residents who get items delivered, Portland businesses, and major retailers who will collect the fee.

# Retail Delivery Fee Scenarios

## Assumptions:

(Portland adult population (2024 Census): ~444,000)

42 average orders per person per year (based on WA State Analysis)

Total estimated orders per year = 18.7 million

<b>Delivery Fee</b>	\$0.25	\$0.50
<b>Estimated Annual Revenue</b>	\$4.7 million	\$9.3 million
<b>Estimated Annual Impact to Individual</b>	\$10.50	\$21.00

Exemptions could potentially be applied to specific categories of goods (e.g. groceries and medicine) or to reduce administrative burdens of collection for businesses below certain revenue thresholds.

# Third-Party Food Delivery Fee (Concept)

## What is it?

- Per-order fee applied to prepared food deliveries to help address the growing impacts these services have on our transportation system including congestion, wear and tear on the roads, and safety.

## How does it work?

- Like the per-trip TNC fee, a fee would be added at the point of sale and collected by third-party food delivery platforms.
- Implemented by expanding PBOT's Private For-Hire regulations over taxis, limousines, and Transportation Network Companies (i.e., Uber/Lyft) to cover entities like Uber Eats, DoorDash, or Grubhub, etc.

## What are the benefits?

- Fee would help pay for impacts to the transportation system that supports these services. Users can avoid the fee by picking up or dining in-person.

# Third-Party Food Delivery Fee - Stakeholders

## Who benefits:

- Motorists, pedestrians, bicyclists, transit riders, emergency responders, and freight and anyone else using Portland streets.

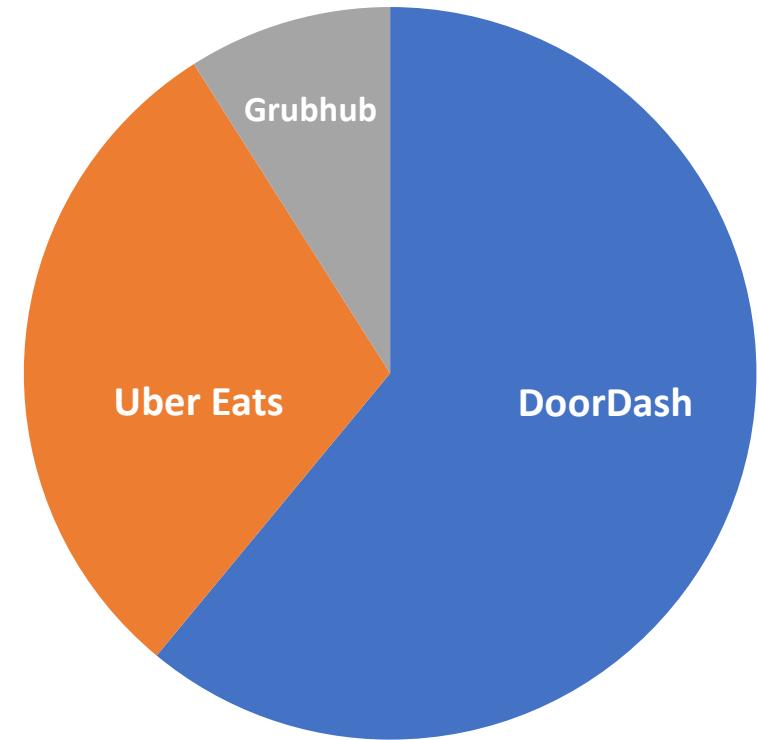
## Who pays:

- Consumers who choose to have prepared food delivered by a third-party platform.

## Stakeholders to engage:

- Residents who get prepared food delivered, the Oregon Restaurant and Lodging Association, independent restaurants, and the delivery platforms.

Estimated Market Share



# Third-Party Food Delivery Scenarios

## Assumptions:

(Portland adult population (2024 Census): ~444,000)

19 average orders per person per year (based on preliminary estimate)

Total estimated orders per year = 8.4 million

<b>Delivery Fee</b>	\$0.25	\$0.50
<b>Estimated Annual Revenue</b>	\$2.1 million	\$4.2 million
<b>Estimated Annual Impact to Individual</b>	\$4.75	\$9.50

Exemptions could include businesses that do their own prepared food deliveries (i.e. pizza restaurants).

# Investments of New Funding – Interactive Activity

Solicit community feedback on the types of work people want to see prioritized. Provide examples of work under the below categories (below are just examples):

- ***Maintenance***
  - Preventative paving maintenance
  - Preserve bridges to prevent further deterioration
- ***Safety***
  - Traffic calming near schools, parks, and other destinations
  - Increase intersection safety by improving visibility at corners and adding no turn on red, protected left turns
- ***Citywide Services***
  - Street sweeping and leaf pick-up
  - Graffiti clean-up and vegetation management

# Accountability Model

## Lessons learned from Fixing Our Streets Program:

- Guidance for funding allocation
- Annual audits
- Annual reporting to Council
- Fixing Our Streets Oversight Committee

### Public Support

- 2016: 54%
- 2020: 74%
- 2024: 72%



# Accountability Model

## Fixing Our Streets allocation approach



Potholes	\$5.5 Million
Signals & Lighting Maintenance	\$3.5 Million
Gravel Street Service	\$4 Million
Base Repair	\$4 Million
Safer Intersections	\$2 Million
Pedestrian, Bicycle, and Public Space Retrofits	\$2.5 Million
Traffic Calming	\$2 Million
<b>Subtotal</b>	<b>\$23.5 Million</b>



Paving on Busy Streets and Neighborhood Greenways	\$19 Million
Paving on Local Streets	\$4.5 Million
<b>Subtotal</b>	<b>\$23.5 Million</b>



Safety on Busy Streets	\$9 Million
Safety on Neighborhood Streets	\$6 Million
Safe Routes to School	\$6 Million
Additional Safety Enhancements	\$2.5 Million
<b>Subtotal</b>	<b>\$23.5 Million</b>

# Benefits of New Stable Revenue Sources for Transportation

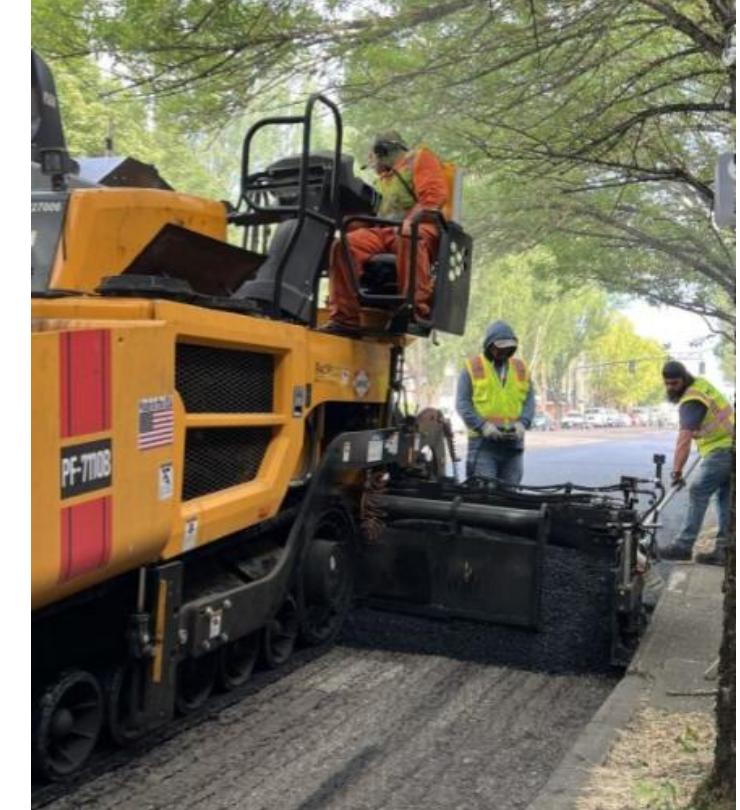
## Stabilize workforce



## Stabilize services



## Address critical needs



# Discussion

