

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
Total:	66

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

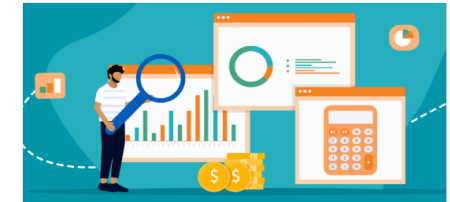
- Modal Committee Meetings
- District Coalition LUTC Meetings
- District Open Houses
- Organizational Outreach
- **Project Website:** resolution, report, events, updates



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.

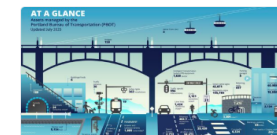


News Documents

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

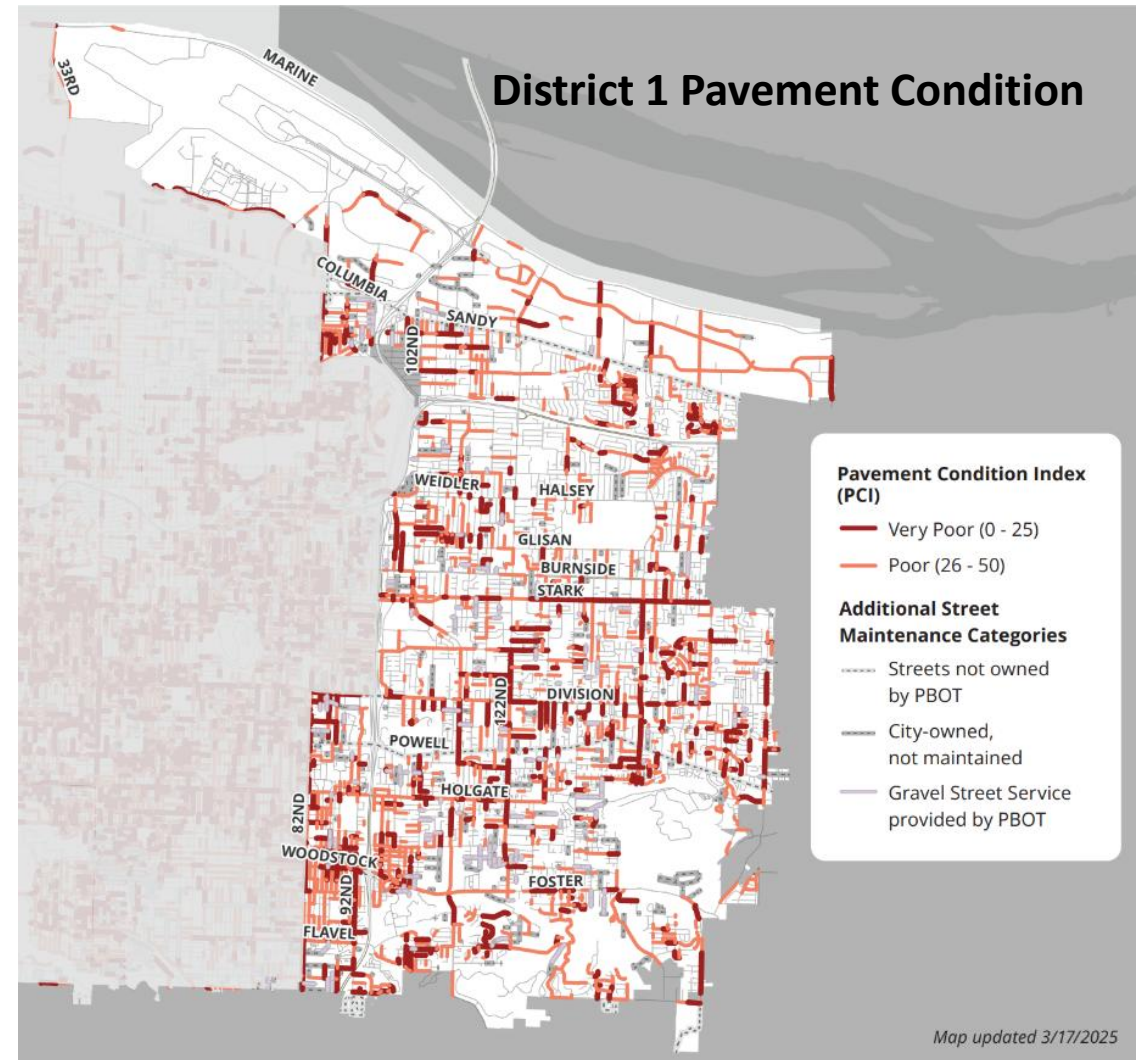
FY 23-24

- \$6.3M GTR budget cut
- 16 FTEs cut
- Reserve draw: \$9M -> \$0M
- 20-cent meter increase

FY 24-25

- \$21.7M GTR budget cut
- 4 FTEs cut
- 20-cent meter increase
- Allocation of FOS3 and PCEF to GTR programs

District 1 Pavement Condition



Street Damage Restoration Fee (SDRF)

What is it?

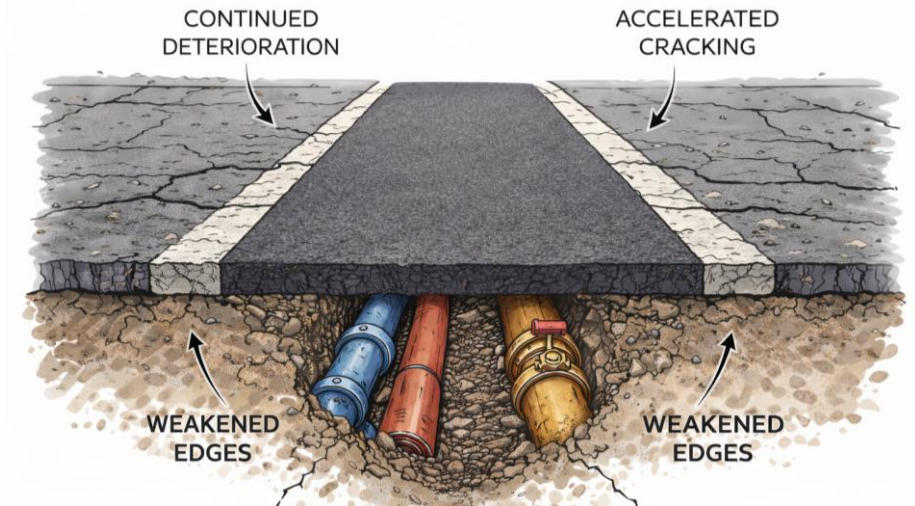
- A loss of asset life fee assessed on utility companies, contractors, or other entities that excavate in public rights-of-way.
- Over the last 3 years, over 50 miles of trenching (1,400 blocks)
- Reduce useful life by over 60% - need to repave in 5 yrs vs 15 yrs
- Other cities, like Los Angeles, have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

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	\$7,399,210	\$14,798,420	\$22,197,630

**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?

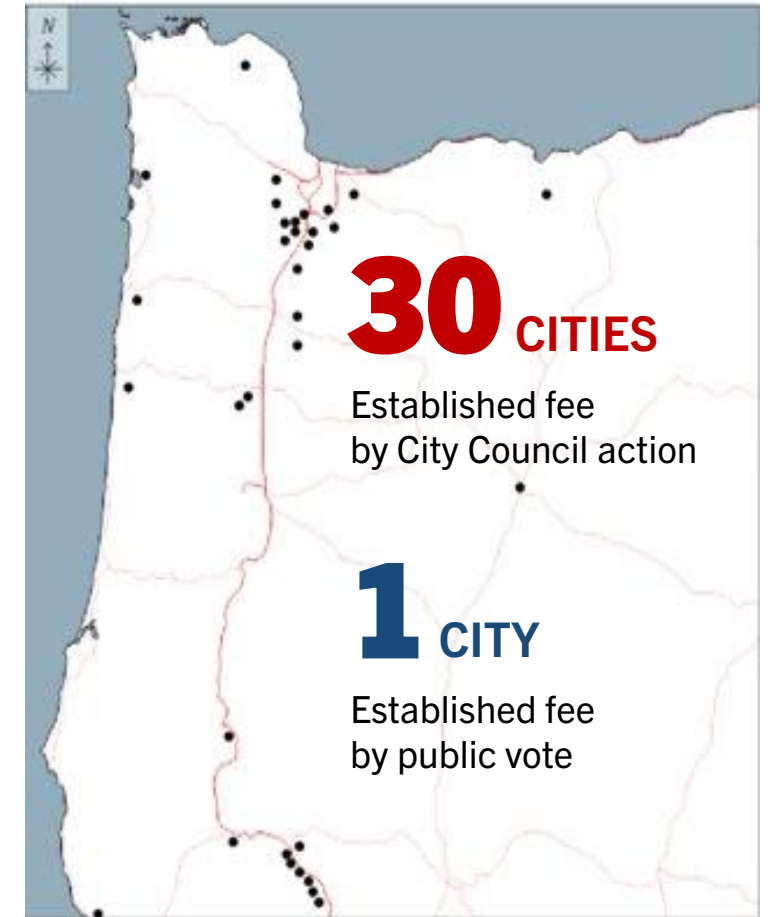
- Monthly fee charged to residents and businesses to pay for basic road maintenance and safety improvements like fixing potholes
- Successfully implemented in cities in Oregon (31 cities) and in other states (Austin and Denver)

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
Regional Average (2026)		\$12.08	\$9.49
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

Est. Annual Revenue:

Residential (70%)	\$17,168,893	\$25,753,340	\$34,337,787
Commercial (30%)	\$7,350,282	\$11,025,423	\$14,700,564

Est. Net Revenue:	\$22,627,633	\$34,698,066	\$46,749,584
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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.

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.

U.S. Census Bureau estimates

38% growth

in e-commerce since 2019



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

Delivery Fee	\$0.25	\$0.50
Estimated Annual Revenue	\$4.7 million	\$9.3 million
Estimated Annual Impact to Individual	\$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.

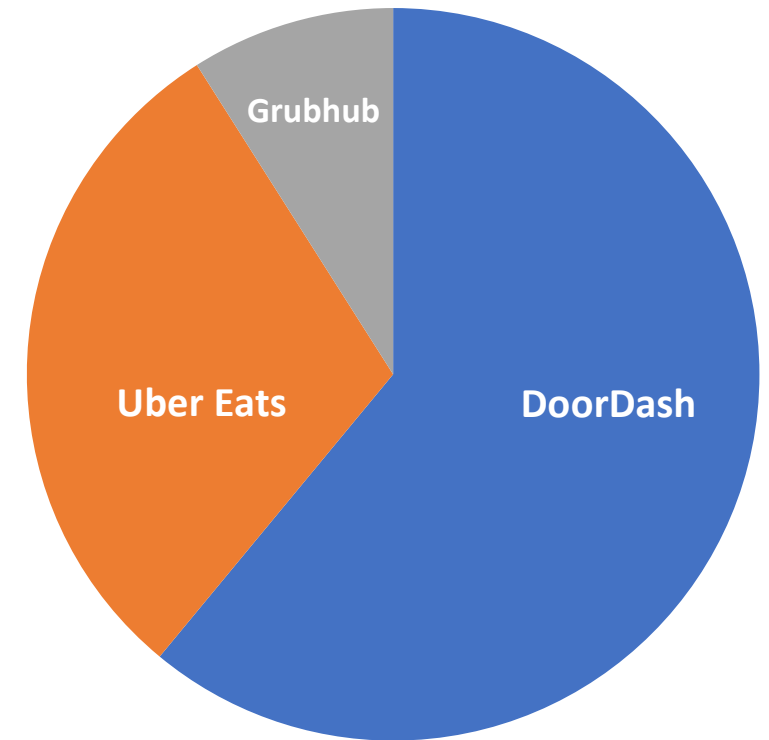
Who pays:

- 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

Delivery Fee	\$0.25	\$0.50
Estimated Annual Revenue	\$2.1 million	\$4.2 million
Estimated Annual Impact to Individual	\$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
Subtotal	\$23.5 Million



Paving on Busy Streets and Neighborhood Greenways	\$19 Million
Paving on Local Streets	\$4.5 Million
Subtotal	\$23.5 Million



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

Benefits of New Stable Revenue Sources for Transportation

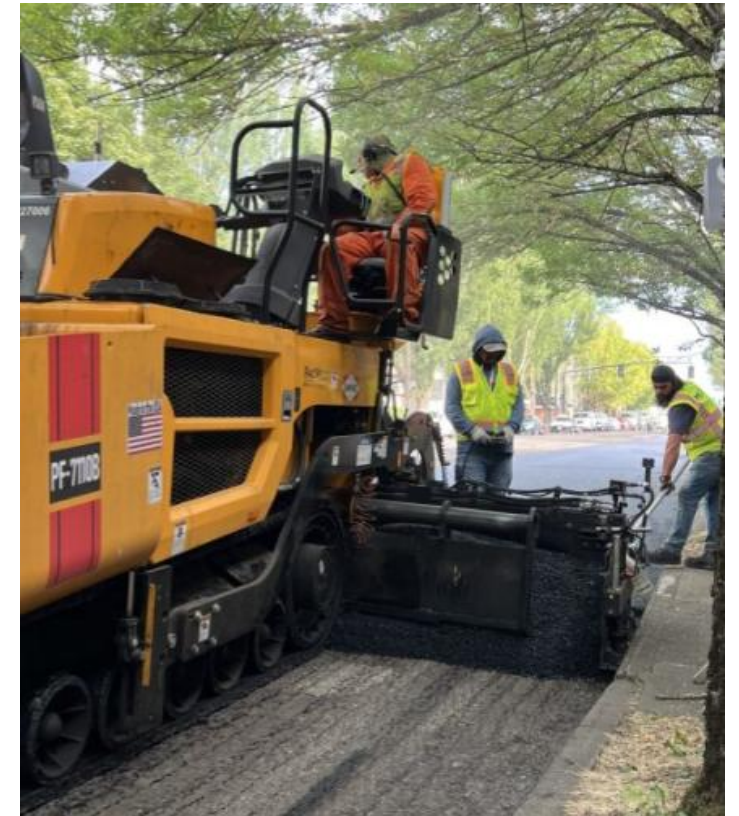
Stabilize workforce



Stabilize services



Address critical needs



Discussion

