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37564

Resolution

## Accept the Bureau of Transportation's revenue strategy to achieve budget stabilization and advance policy goals and direct near-term revenue actions

Adopted

WHEREAS, City Council, in a FY 2021-22 budget note, directed the Portland Bureau of Transportation (PBOT) to develop new revenue sources that reflect the City's policy goals, address the bureau's structural deficit, and provide maximum fungibility to invest in our transportation system, and to present its recommended revenue proposals to Council during the FY 2022-23 budget development process; and

WHEREAS, PBOT works every day to deliver and maintain a transportation system that meets the needs of our community and advances our goals, which means a system that is equitable, safe, efficient and multimodal, well maintained, climate friendly, resilient, and supportive of our local economy; and

WHEREAS, PBOT has made significant investments and progress in all these areas, but significant challenges remain, including rising crash rates and growing traffic and personal safety concerns, worsening gridlock and car dependency, increasing transportation carbon emissions, crumbling infrastructure and an expanding maintenance backlog, as well as worsening racial disparities across all these areas; and

WHEREAS, as these service, infrastructure, and asset needs are growing, as well as the costs to meet those needs, PBOT's ability to meet those needs is not as expenses increase with inflation and revenues have not kept up;

WHEREAS, PBOT's primary discretionary revenue sources today are parking and the State Highway Fund; and

WHEREAS, unlike many other bureaus, PBOT's parking revenue does not annually adjust based on inflation; and

WHEREAS, parking meter rates have not increased since 2016; and

Introduced by

[Commissioner Jo Ann Hardesty](#)

Bureau

[Transportation](#)

Prepared by

Ryan Kinsella

Date Prepared

February 9, 2022

Requested Agenda Type

Time Certain

Date and Time Information

**Requested Council Date**

February 23, 2022

**Requested Start Time**

2:00 pm

**Time Requested**

1 hour

WHEREAS, the last rate increases in the State Highway Fund, set out in HB 2017, are scheduled for FY 2023-24; and

WHEREAS, other funding sources like grants and permitting fees are constrained to specific uses and cannot meet many transportation system needs; and

WHEREAS, because of these structural challenges, PBOT's deficit is growing at an unsustainable rate, which necessitates ongoing budget cuts and reduces our ability year over year to meet service expectations; and

WHEREAS, the Covid-19 pandemic has made this financial situation worse, and PBOT expects \$88M in lost revenue due to the pandemic compared to earlier forecasts; and

WHEREAS, at this time PBOT needs at least \$30M to balance its five-year forecast, taking into account a depletion of our existing reserves; and

WHEREAS, PBOT has had to make significant budget cuts in the past two budget cycles (9% and 42.5 FTE cuts between FY 2021-22 and 2022-23) because of this growing deficit in our forecast, cuts that are greater in magnitude than any other bureau; and

WHEREAS, PBOT's reliance on fuel taxes and parking as its two greatest sources of discretionary revenue poses conflicts with our policy priorities, which call for reductions in driving and fuel consumption in order to advance our climate, equity, safety, and mobility goals; and

WHEREAS, in [Resolution 37555](#), City Council directed PBOT to develop a suite of equitable mobility fees and investments based on the recommendations from the Pricing Options for Equitable Mobility (POEM) Task Force, which concluded that transportation pricing strategies can help create a more efficient, climate-friendly, healthy, safe and equitable transportation system if designed, implemented and adjusted with intention; and

WHEREAS, also in Resolution 37555, City Council directed PBOT to consider the role pricing strategies can play in addressing structural funding challenges and generating revenue that is aligned with policy goals; and

WHEREAS, PBOT has submitted decision packages through its FY 2022-23 Requested Budget, reflecting our work to respond to Council's direction in the FY 2021-22 budget note as well as an initial step toward implementing the direction in Resolution 37555 around pricing strategies; and

WHEREAS, to achieve long-term revenue stabilization and advance mobility, climate, safety and equity policy goals will take a three-part strategy of stabilizing revenues; sending stronger price signals to capture true costs and achieve shifts to safer, more sustainable modes; and moving away from revenue streams that are not tied to fossil fuel dependency.

NOW, THEREFORE, BE IT RESOLVED, that PBOT is directed to implement a series of near-term steps to stabilize revenues and begin to send price signals aligned with the recommendations from the POEM Task Force; and

BE IT FURTHER RESOLVED, that PBOT is directed to implement a \$0.20 cent per parking meter transaction climate and equitable mobility fee in summer 2022, to begin sending price signals about the system-wide costs of driving and to fund investments in transportation affordability programs and projects that help community members living on low-incomes ahead of future rate increases as well as other climate and equity work; and

BE IT FURTHER RESOLVED, that PBOT is directed to implement staggered increases to parking permit programs, beginning in 2022, to achieve cost recovery, including permits related to the Area Parking Permit Program, special event districts, and temporary street use permits; and

BE IT FURTHER RESOLVED, that PBOT is directed to implement Performance-Based Parking pricing in 2023, while bringing base meter rates up \$0.40 per hour to adjust for inflationary increases, and adjust rates moving forward according to demand and inflation; and

BE IT FURTHER RESOLVED, that PBOT is directed to further develop ideas for continued revenue stabilization, such as working with the state legislature to implement further state fuels tax increases; and

BE IT FURTHER RESOLVED, that as directed in Resolution 37555, PBOT should advance specific implementation plans for sending further price signals in line with the nearer-term recommendations from the POEM Community Task Force, and

BE IT FURTHER RESOLVED, that PBOT should develop revenue strategies that are not reliant on fossil fuel consumption, such as charging for use of the right-of-way rather than fuel consumption as well as broader strategies beyond fees/taxes on transportation use, such as general tax strategies used in other cities

BE IT FURTHER RESOLVED, that PBOT is directed to return to Council within a year with an update on these mid and longer-term revenue proposals.

## Impact Statement

 [Impact Statement](#) (41.23 Kb)

## Budget Office Financial Impact Analysis

These changes would include the implementation of Performance-Based Parking resulting in an increase in rates by \$0.40 in July 2023, which is expected to generate \$24M in gross revenues. PBOT would implement a phased approach to increases over four years to several parking permits so that fees cover program costs.

The resolution also directs PBOT to implement a parking meter climate and equitable mobility transaction fee beginning in July 2022. This \$0.20 fee per on-street parking transaction would generate approximately \$2.0M/year and be used to support investments such as expansion of the affordable housing transportation wallet.

PBOT would eventually return to Council with mid and longer-term revenue proposals that further stabilize bureau revenues, implement additional price signals in line with the recommendations from the Pricing Options for Equitable Mobility (POEM) Community Task Force, and move the bureau away from fossil fuel consumption for revenue needs.

## **Agenda Items**

### **139 Time Certain in [February 23-24, 2022 Council Agenda](#)**

Adopted

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea