

IMPACT STATEMENT

Legislation title: Accept the Bureau of Transportation's revenue strategy to achieve budget stabilization and advance policy goals and direct near-term revenue actions (Resolution)

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Purpose of proposed legislation and background information:

This resolution responds to Council's direction via FY21-22 budget note to develop new revenue sources that reflect the City's policy goals, address the bureau's structural deficit, and provide maximum flexibility to invest in our transportation system. As an initial step towards stabilizing revenues, this resolution directs PBOT to include several increases to its annual fee schedule, the revenues of which will be used to address shortfalls in the bureau's budget, allowing the bureau to lessen budget cuts. PBOT's FY22-23 forecast includes a deficit of over \$30 million in the five-year forecast and over \$130 million in the ten-year forecast. Reductions proposed in PBOT's FY23 requested budget would address approximately half of the five-year deficit.

Financial and budgetary impacts:

These changes would include the implementation of Performance-Based Parking, as directed in the Performance Based Parking Management Manual, while increasing base parking meter rates to reflect inflation since 2016, the last time rates were adjusted. The resolution also directs PBOT to adjust rates moving forward according to inflation, as well as demand. This would increase rates by \$0.40 in July 2023, and would result in \$24 million in gross revenues (\$21 million after accounting for additional net meter revenue shared with eligible parking districts) over the bureau's five-year forecast, depending upon the demand for parking during the economic recovery. Additionally, the resolution directs PBOT to phase-in increases over four years to several parking permits so that fees cover program costs. As an example, this would result in approximately a \$10 increase per year to the Area Parking Permit program, which would provide this program with \$3 million of additional resources over the five-year forecast.

This resolution also directs PBOT to implement a parking meter climate and equitable mobility transaction fee beginning in July 2022. This fee would send a signal to drivers about the cost of driving—particularly as travel behaviors continue to shift due to the pandemic—and generate revenue that would be dedicated to support climate and equity priorities with a particular emphasis on transportation affordability and access. As proposed, this \$0.20 fee per on-street parking transaction would generate approximately \$2.0 million per year and be used to support investments such as expansion of the affordable housing transportation wallet, which provides households on low-incomes with passes and credits to be used for a variety of transportation options.

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

Community impacts and community involvement:

In the past two years, PBOT has made tough decisions to balance our budget, including ongoing reductions of \$12.6 million. These reductions have been aimed at preserving core services while minimizing impacts to vulnerable communities and the City's policy goals. However, service reductions that have considerable impacts on community members have been unavoidable. Between last year's ongoing reductions and the reductions proposed in this year's budget, PBOT will have cut its ongoing service delivery by nearly 10%.

These reductions span many of our service areas and include less funding for critical safety upgrades to our infrastructure, things like new crosswalks and sidewalks, or a safer bike network. They will also impact ongoing maintenance, as well as programs that support mobility such as Safe Routes to School. We also have reductions related to PBOT's emergency response to landslides, snow and ice, or other extreme events. Investments at this scale will have impacts to community members who will see less programming and investments to maintain and create a safer transportation system.

Without the proposed new revenues, PBOT would need to find additional reductions of \$15 mil over 5 years to balance the 5-year forecast, further impacting PBOT's ability to make streets safer, maintain our assets, move people and goods, and advance our equity and climate work. These reductions would have additional far reaching community impacts throughout our city.

Outreach

PBOT's Bureau Budget Advisory Committee (BBAC) has been briefed on the bureau's financial status as part of the FY22-23 budget development process. The BBAC has been asked for their input in balancing budget reductions and development of new revenues, and where to pursue new revenues. The revenue proposal included in this resolution was strongly supported by BBAC, as noted in their letter to Council included in PBOT's requested budget.

The proposal for the parking meter climate and equitable mobility transaction fee was informed significantly by the Pricing Options for Equitable Mobility (POEM) Task Force. The Task Force's charge was to inform PBOT and Bureau of Planning & Sustainability as they consider if and how new pricing strategies could potentially be used more intentionally to improve mobility, address the climate crisis, and advance equity. Between January 2020 and July 2021, the POEM Task Force— comprised of 19 community members representing diverse perspectives, interests and expertise from across Portland— met monthly and voted on recommendations to the City in mid-2021.

The Task Force 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 recommended the City urgently implement pricing for equitable mobility policies, including changes to parking. In Resolution 3755, City Council directed PBOT to develop a suite of equitable mobility fees and investments based on the recommendations from the Task Force and to consider the role pricing strategies can play in addressing structural funding challenges and generating revenue that is aligned with policy goals.

The transaction fee, while small, will send a price signal that can help drivers consider the impact of their transportation choices and represents a first step toward implementing the POEM recommendations. The funds will allow PBOT to expand distribution of its affordable housing Transportation Wallet program, which provides households on lower incomes with passes and credits that can be used for transit, BIKETOWN, scooter-share, taxis, Uber and Lyft, and other options. It will also help support the BIKETOWN for All program that provides discounted bike-share memberships for Portlanders living on a low income. The fee will also advance research and policy development to inform more robust affordability protections in advance of future rates increases, as well as outreach around existing affordability programs, such as the SmartPark swing shift reduced rates for people living on low incomes.

PBOT also conducted outreach during the development of the Way to Go Plan and heard from representatives of Portland-based organizations that serve people living in affordable housing, communities of color, people living on low-incomes, and people with disabilities that cost is one of the biggest barriers to using non-driving transportation options and that financial incentives are critical to increase access and use. This feedback also informed the investment priorities for the parking meter climate and equitable mobility transaction fee.

Budgetary Impact Worksheet

Does this action change appropriations?

- ☐ **YES:** Please complete the information below.
- ☒ **NO:** Skip this section