

# Building to the future

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## PBOT'S REVENUE STRATEGY



**PBOT**  
PORTLAND BUREAU OF TRANSPORTATION

# **1** Why we're here

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## **FY 21 Budget Note:** Investigate Alternative Revenue Sources

PBOT charged with identifying a new revenue strategy that:

- Reflects policy priorities and moves away from fossil fuel dependence
- Addresses structural deficits
- Provides resilience and flexibility for the investments we need



**PBOT works every day to deliver a transportation system that meets the needs of our community**





# WHY WE'RE HERE:

We need a revenue strategy that helps us  
**build to the future**

## **2** **Our current financial picture**

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# OUR CURRENT FINANCIAL PICTURE: HOW TRANSPORTATION IS FUNDED IN PORTLAND

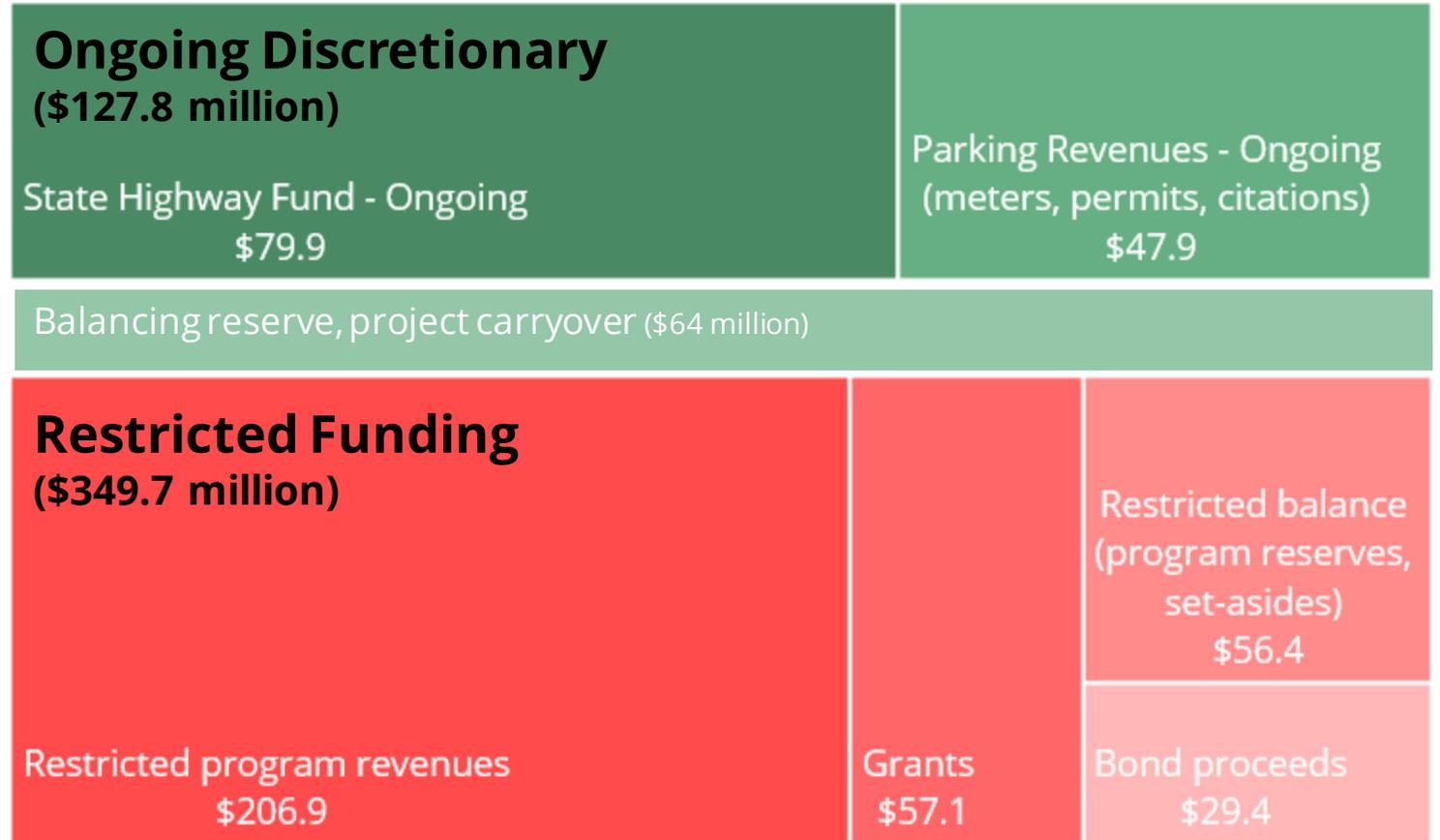
Two main types of revenue:

## DISCRETIONARY

(Flexible dollars that we can program as needed)

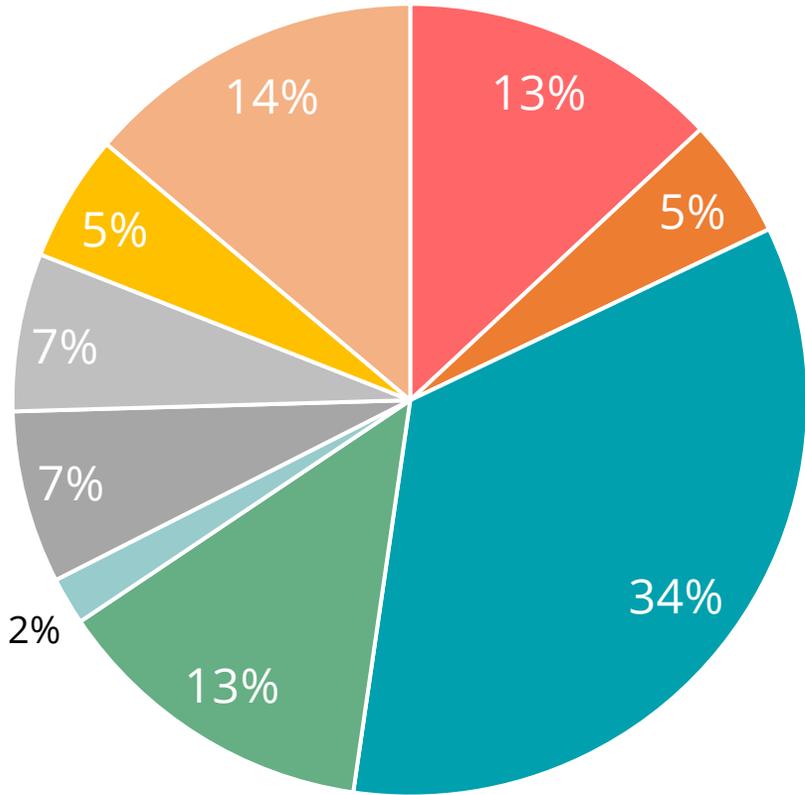
## RESTRICTED

(Dollars must be spent on prescribed uses only)



***Discretionary revenue – also known as General Transportation Revenue (GTR) – is critical for making investments that support our policy priorities***

# OUR CURRENT FINANCIAL PICTURE: WHAT WE SPEND OUR ONGOING GTR ON



## Program

## Example activities

<b>Maintenance and operations</b>
<b>Strategic oversight and bureau administration</b>
<b>Capital improvements for safety and mobility</b>
<b>Parking operations</b>
<b>Planning and engineering</b>
<b>Mobility and safety programs</b>
<b>Regulatory and permitting</b>
<b>City Obligations paid by PBOT</b>
<b>Other administration costs</b>

Asset maintenance (bridges and structures, green spaces, sewers, pavement, street cleaning, crossings and striping, streetlights, etc.); 823-SAFE; Emergency response (e.g., snow and ice removal)

Equity + inclusion; communications; intergovernmental relations; facilities; employee services; performance, data, technology

New crossings and safety improvements; ADA ramps; Sidewalk and lighting infill; Signal repair and replacement; Neighborhood greenways and bike infrastructure

Parking enforcement and operations; Abandoned auto/derelict RV towing

Area, corridor, and modal plan development; Project and traffic engineering design; Community engagement; Technical support for capital projects

Safe Routes to School; Transportation Wallet; BIKETOWN; Sunday Parkways; Streetcar; Other mobility programs

Healthy Business and other right-of-way permits; Coordination and compliance of right-of-way use

Sellwood Bridge and Milwaukie Light Rail

General Fund Overhead, PERS, Contingency

# WHY A NEW REVENUE STRATEGY? OUR MAIN REVENUE SOURCES HAVE BAKED-IN INSTABILITIES

## Primary discretionary revenue sources



### State Highway Fund (63% of flexible \$)

- Fuel taxes
- DMV fees
- Weight mile fees



## Issues and limitations

- Fuel taxes decreasing as cars become more fuel efficient
- Increases subject to state decisions; lack of local control
- Rates are not automatically indexed to inflation
- Fee structure is regressive



### Parking (35% of flexible \$)

- On-street meters
- Off-street City-owned garages
- Permits
- Citations



- No rate increases since 2016
- Subject to demand volatility
- Rates are not automatically indexed to inflation
- Fee structure is regressive

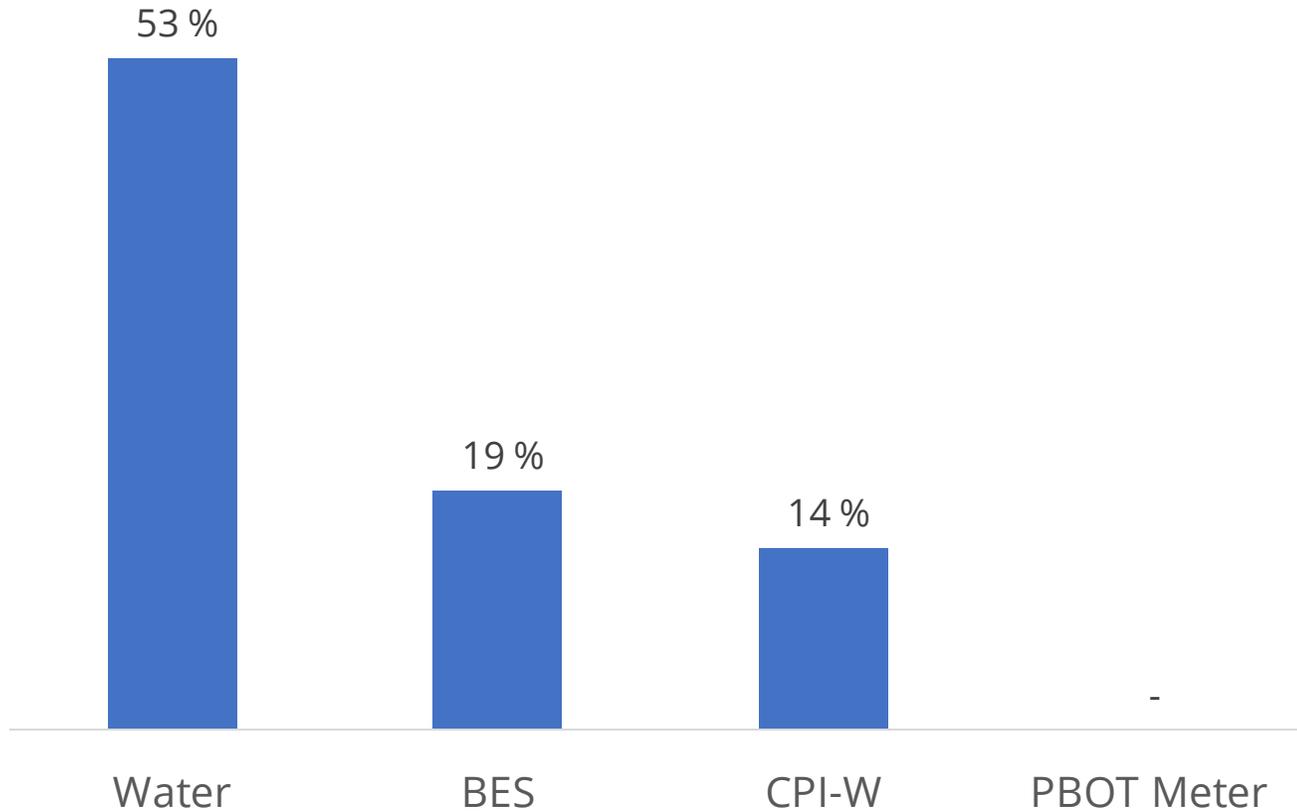
## What about Federal transportation funding?

- Federal Transportation Funds go primarily to the state. There are limited opportunities to apply for grants for specific projects, but requirements for "match" mean we must have flexible funding to access these grants.
- Non-flexible (can only be used for specific purposes) and will not provide discretionary revenue for ongoing bureau needs.

# OUR CURRENT FINANCIAL PICTURE: **PBOT IS IN A UNIQUE POSITION**

## Rate changes vs. inflation

(Historical and forecast revenues: FY17 through FY26)

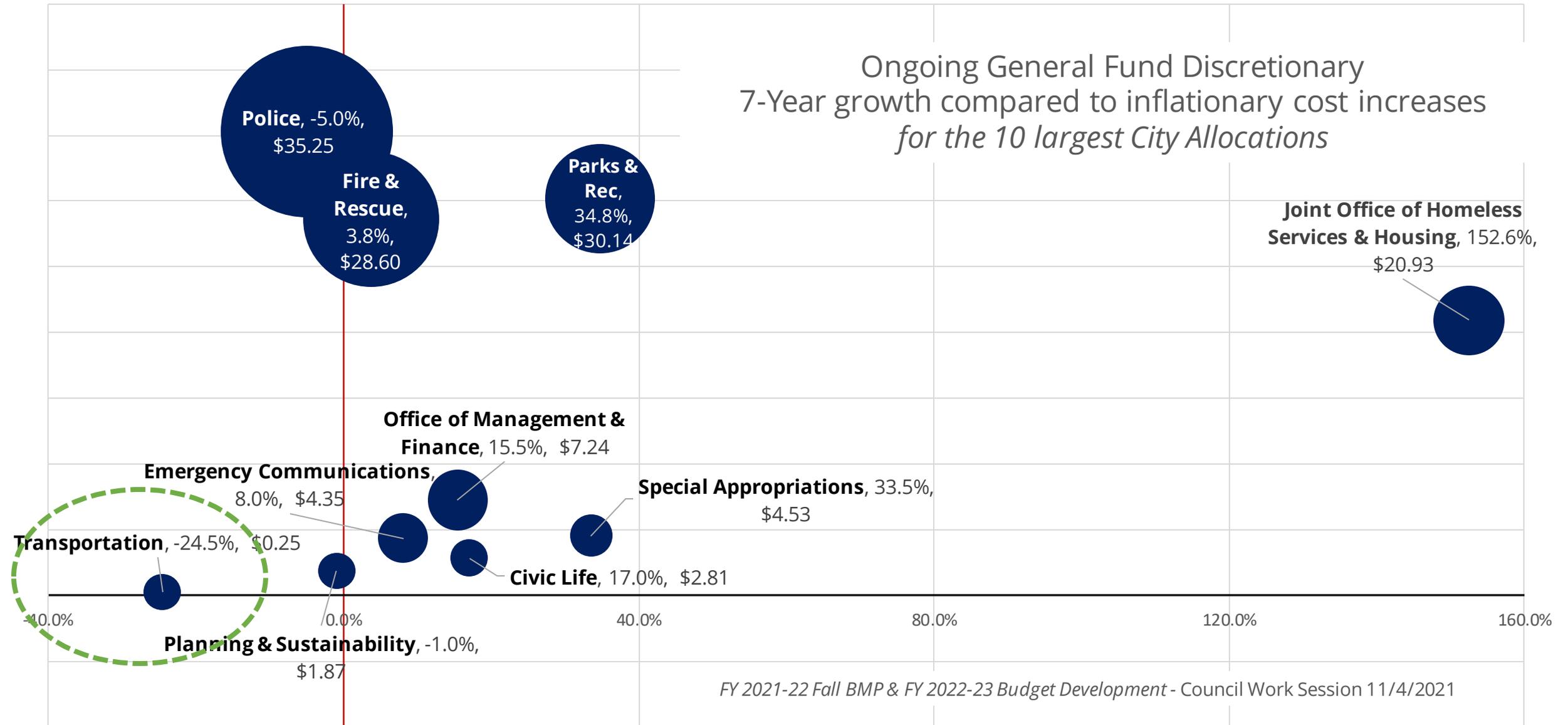


**PBOT does not regularly increase meter rates with inflation**

**Water and BES regularly increase rates to cover inflationary costs and also address their critical asset needs**

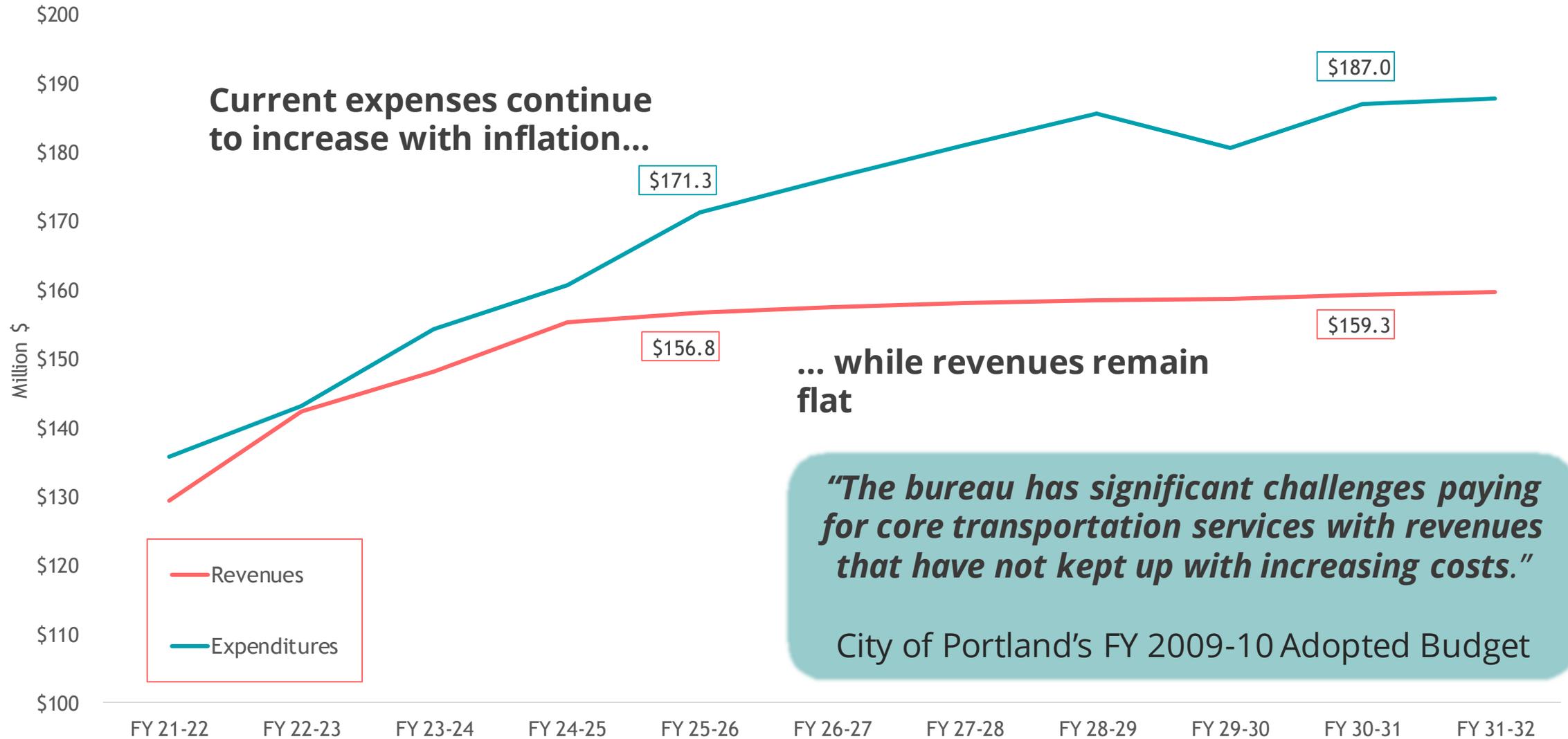
OUR CURRENT FINANCIAL PICTURE: PBOT RECEIVES ONLY A SMALL PORTION OF GENERAL FUND RESOURCES

Ongoing General Fund Discretionary  
7-Year growth compared to inflationary cost increases  
*for the 10 largest City Allocations*

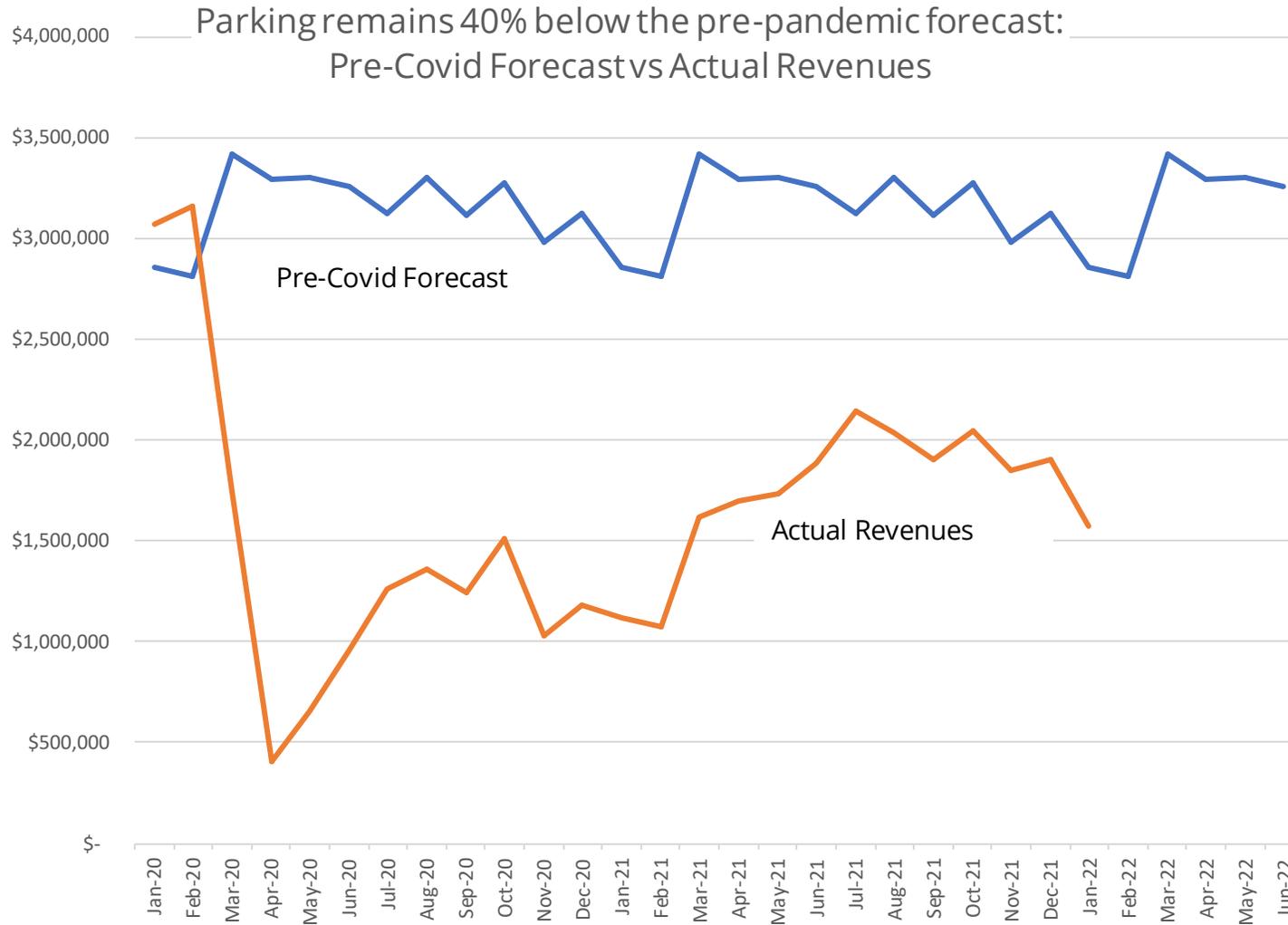


FY 2021-22 Fall BMP & FY 2022-23 Budget Development - Council Work Session 11/4/2021

# OUR CURRENT FINANCIAL PICTURE: Expenditures outpacing revenues, leading to growing deficit



# OUR CURRENT FINANCIAL PICTURE: PANDEMIC EXACERBATED CHALLENGES



This was a big problem before 2020.

The pandemic made it worse.

- Expecting \$88M in lost revenue due to the pandemic compared to earlier forecasted expectations

PBOT needs \$30M+ to balance five-year forecast and \$130M+ to balance the ten-year forecast

## OUR CURRENT FINANCIAL PICTURE: WE'RE IN CONFLICT WITH OUR POLICY PRIORITIES

To meet our climate, equity, safety, and mobility goals, **we need driving trips and fuel consumption to decrease significantly...**



...but we're reliant on **fuel taxes and parking** to fund our work, so when driving declines, we can't deliver what Portlanders expect.

# WE'VE REDUCED AND DELAYED SERVICE WHERE POSSIBLE, BUT WE NEED A LONG-TERM STRATEGY

## FY 21-22 (Last budget):

- **7% budget reduction** across the bureau
- Cut **39.5 FTE positions**

### *Service impacts include:*

- Reduced funding for active transportation projects
- Reduced electrical, street, and asset maintenance
- Reduced capacity for 823-SAFE program
- Reduced parking meter maintenance capacity

## FY 22-23 (This budget):

- **3.5% budget reduction** across the bureau
- Cut **4 FTE positions (net)**

### *Service impacts include:*

- Reduced ability to respond to derelict RV complaints
- Delayed safety analysis and policy work
- Reduced funding for Sunday Parkways
- Reduced ability for preventative maintenance
- Reduced budget for Streetcar maintenance

**Not addressing our revenue shortfall means more cuts in the future**

### *Future risks:*

- Further impacts to current service levels
- Maintenance backlog grows
- Reduced ability to make new investments that support policy priorities

\$75 million was cut from PBOT's five-year budget over the past two years.

**PBOT is the only bureau that has had to take cuts of this magnitude.**

# **3 Building to the future**

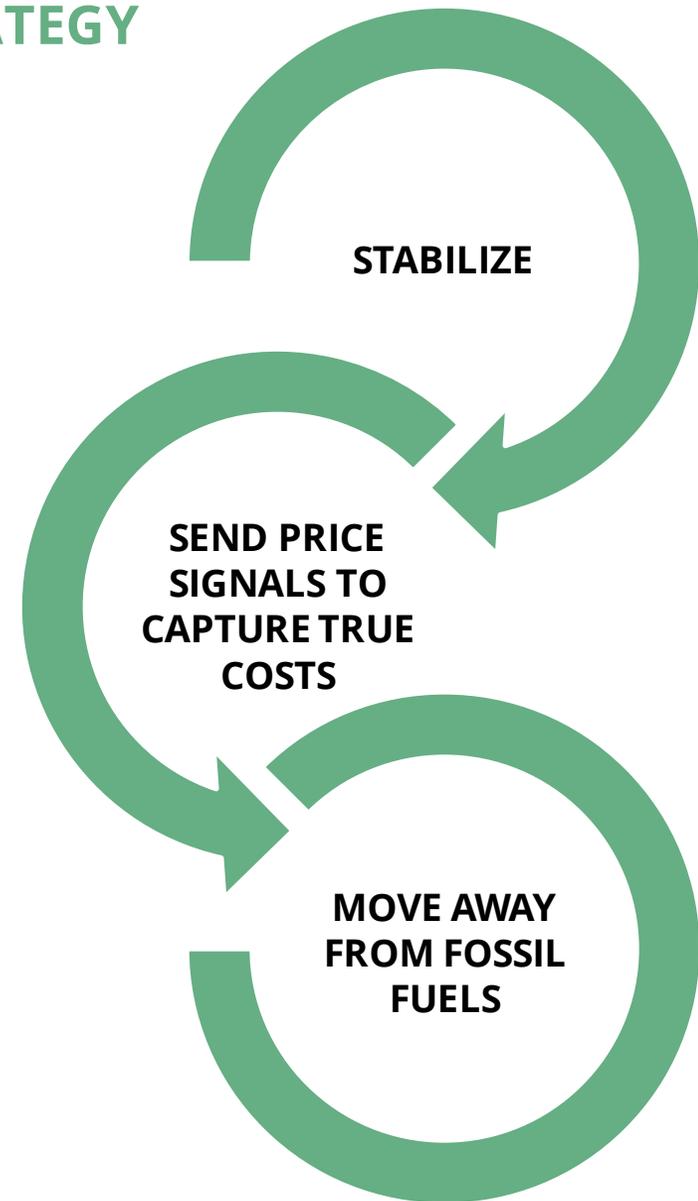
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## BUILDING TO THE FUTURE: A THREE-PART REVENUE STRATEGY

Building to an equitable, safe, and climate-resilient mobility future requires a new strategy aligned with our policy goals.

This means:

- **Stabilizing** now and into the future so we can stop immediate cuts and keep delivering on our promise to Portlanders
- **Sending price signals** to capture true costs of parking and driving and support expanded, affordable multimodal options (in line with POEM recommendations)
- **Moving away from a reliance on fossil fuel-based revenue** sources long-term so we can make even more investments in the future we want



# BUILDING TO THE FUTURE: NEAR-TERM “BRIDGE TO THE FUTURE” FUNDING PROPOSAL

Package of near-term moves to help **stabilize PBOT’s budget in the immediate term** and take a **first step toward implementing price signals** in line with POEM recommendations

*In summer 2022*

**Implement a climate and equitable mobility fee on each on-street parking transaction**

*Starting in 2022*

**Staggered parking permit program rate increases to achieve cost recovery**

*In 2023*

**Implement Performance-Based Parking while bringing base meter rates up on par with inflation**

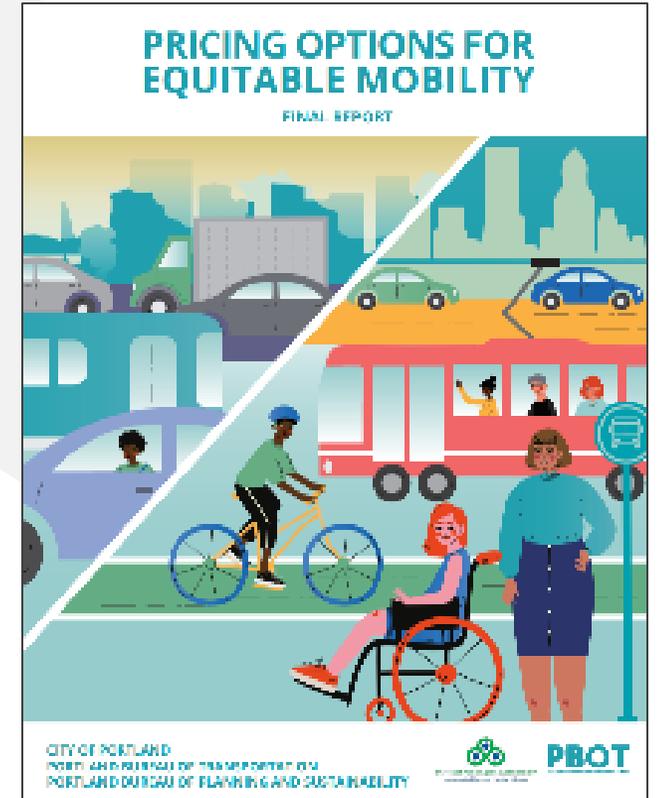
## ***What this achieves:***

- Helps limit future budget cuts (if forecast holds)
- Stabilizes bureau in near-term while we develop longer-term revenue strategies and further implement POEM recommendations

*In summer 2022*

## Implement a climate and equitable mobility fee on each on-street parking transaction

- Send price signal (\$0.20 per transaction) to drivers about the costs of driving
- Fee would support investments in transportation affordability and access in advance of future rate increases, in alignment with Pricing Options for Equitable Mobility (POEM) recommendations. Proposed investments include:
  - Expanding affordable housing Transportation Wallet
  - BIKETOWN for ALL
  - Increased outreach around existing affordability programs
  - Quick build multimodal infrastructure projects
  - Research and policy development to inform additional affordability programs



*Starting in 2022*

## Staggered parking permit program rate increases to achieve cost recovery

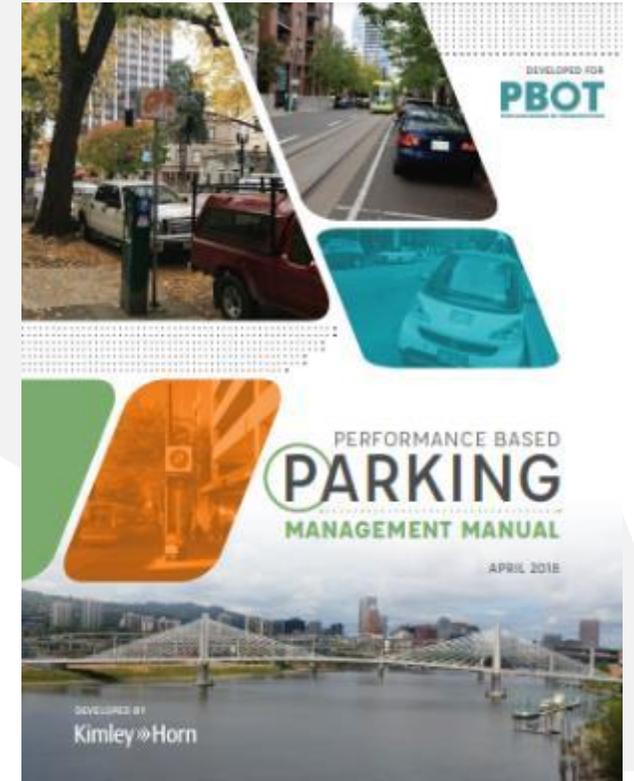
- Includes increases to area parking, special event, and temporary street use permits
- Rates today cover only about 60% of program administration costs
- Phased in over four years
- Exploring program designs to reduce impacts on drivers living on low incomes



*In 2023*

## Implement Performance-Based Parking while bringing base meter rates up on par with inflation

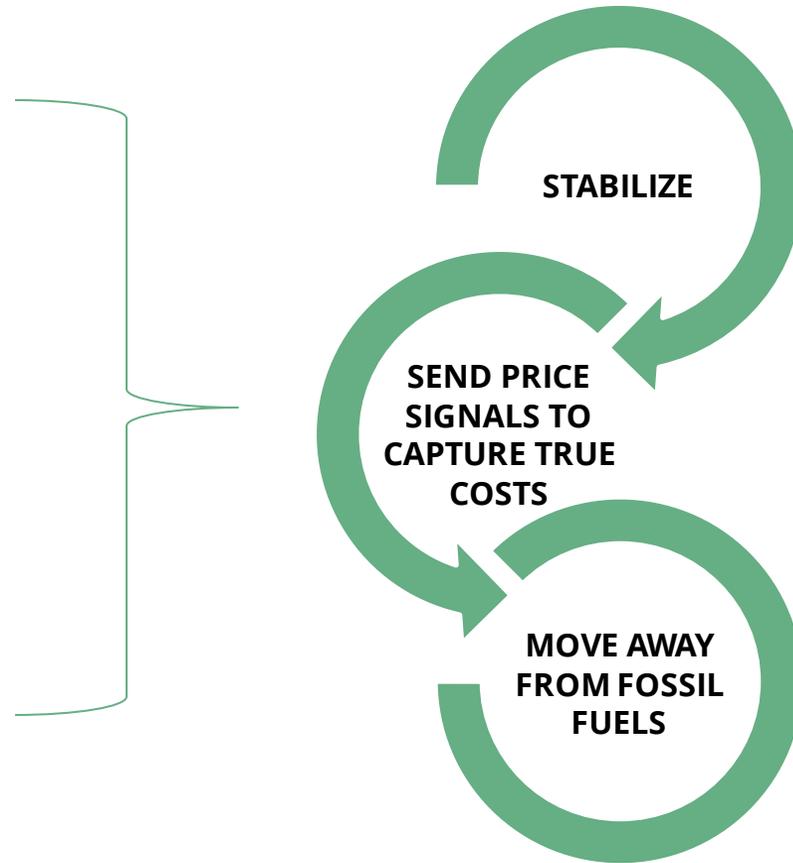
- Performance-Based Parking already adopted city policy
- Proposal would adjust rates based on demand and increase base rates up on par with inflation (likely \$0.40 increase per hour)
- Moving forward, rates will adjust according to both demand and inflationary increases



## BUILDING TO THE FUTURE: MID AND LONGER-TERM IDEAS

Looking to the future, PBOT will continue exploring additional opportunities across each part of our revenue strategy:

*Many mid and longer-term revenue options may support multiple parts of this strategy – they are not mutually exclusive.*

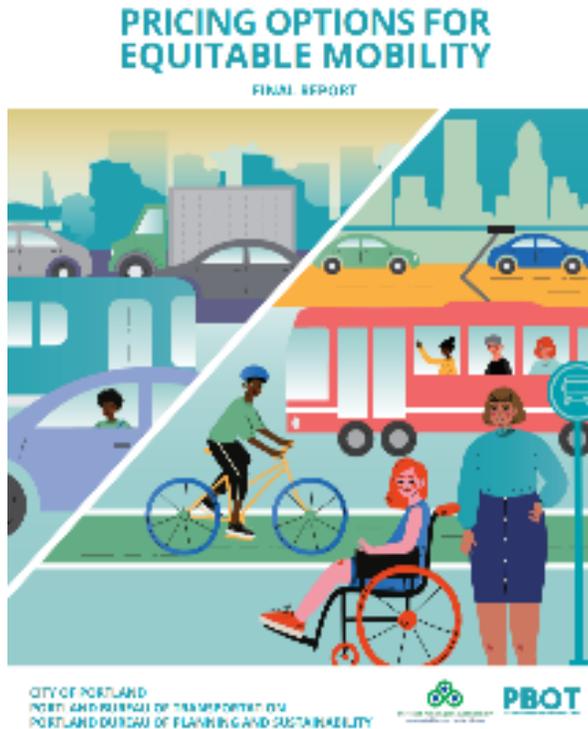


This strategy is not only about **meeting the needs of today.**

It also prepares us to **be ready for the investments needed to build to the future.**



**Sending stronger price signals** to capture costs and encourage shifts to safer, more sustainable modes



## Develop further pricing and complementary strategies in line with POEM recommendations

- Design pricing to advance mobility, climate and equity goals
- Invest revenue in climate, equity and mobility projects and programs that provide robust multimodal transportation options
- Limit impacts to and focus programs for households living on low-incomes



# BUILDING TO THE FUTURE: MID AND LONGER-TERM IDEAS

Structuring revenue sources around **uses and benefits from the right-of-way**, rather than fuel consumption



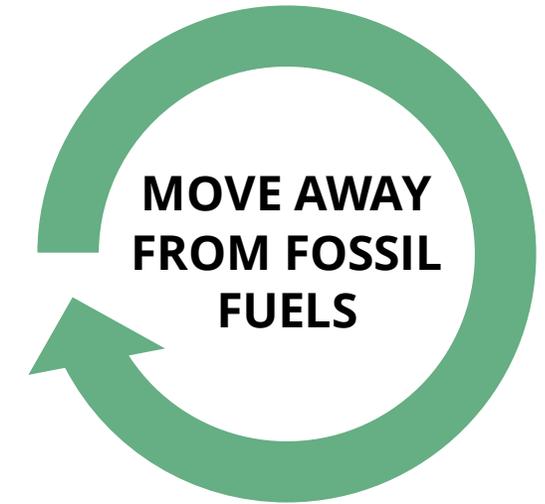
Development impacts in the right-of-way



Commercial uses of the right-of-way



VMT-based charges that are not fuel dependent

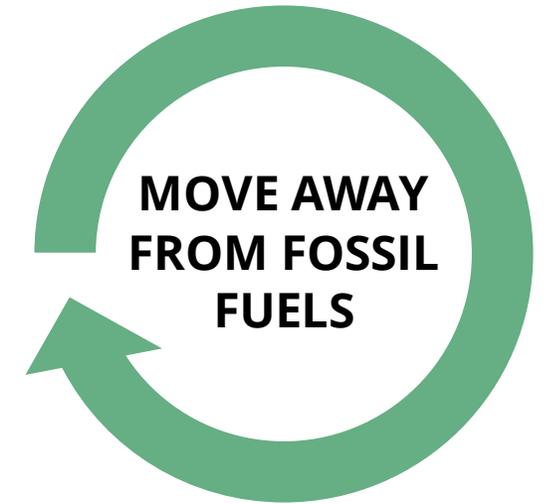


*While still tied to use of the right-of-way, these ideas are not dependent on fuel consumption, supporting necessary decarbonization of transportation*

## BUILDING TO THE FUTURE: MID AND LONGER-TERM IDEAS

Other ideas for generating revenue not tied to transportation or right-of-way use

- Sales taxes
- Property taxes
- Payroll or employer taxes



### ***SDOT (Seattle) – Property Tax***

- 30% of funding comes from the “Levy to Move Seattle,” passed in 2015



### ***TransNet (San Diego) – Sales Tax***

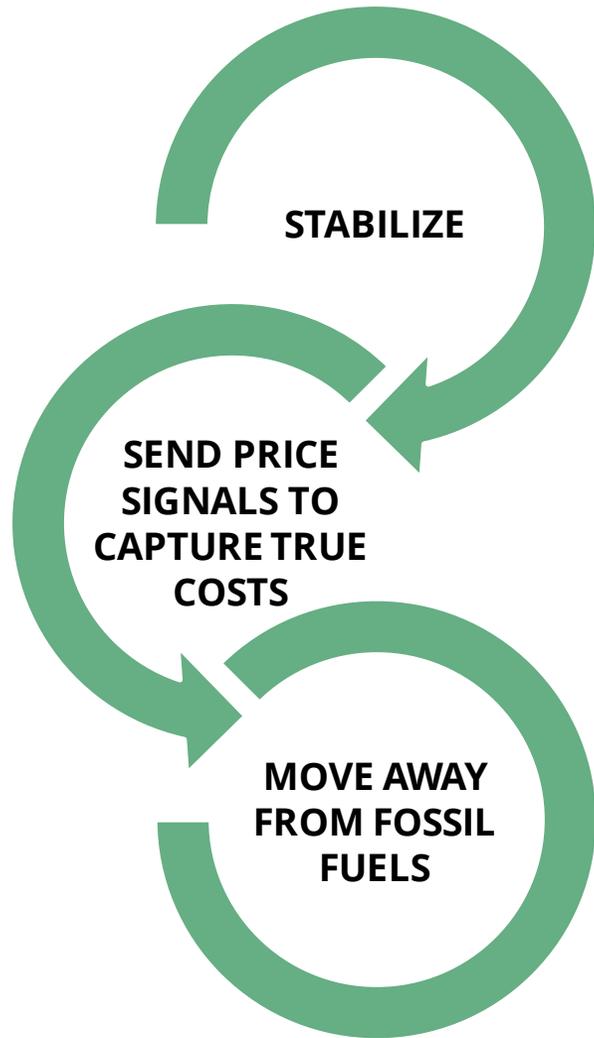
- Half-cent sales tax in San Diego County to fund local transportation projects, passed in 1987 and extended in 2004



### ***SFMTA (San Francisco) – General Fund***

- 34% of SFMTA’s operating revenues come from General Fund transfers

# OUR ASK OF YOU: PARTNER WITH US TO BUILD TO THE FUTURE



- Support near-term bridge to the future proposal:
  - Parking climate and equitable mobility transaction fee (2022)
  - Staggered parking permit increases (beginning in 2022)
  - Performance-based parking and inflationary rate increases (starting 2023)
- Direct PBOT to further explore and develop proposals for mid and longer-term revenue options
- Direct PBOT to return to Council within a year with an update on these mid and longer-term proposals



# PBOT: RESILIENT AND READY FOR THE FUTURE



**COVID SAFE  
PORTLAND STRONG**



**Thank you!**