

PBOT

PORTLAND BUREAU OF TRANSPORTATION


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Jo Ann Hardesty Commissioner **Chris Warner** Director

March 17, 2022

TO: Jessica Kinard
City Budget Office

FROM: Chris Warner 
Portland Bureau of Transportation

SUBJECT: Portland Bureau of Transportation - FY 21-22 Spring Supplemental Budget Submittal

Attached is the FY 21-22 Spring Supplemental Budget submittal for the Portland Bureau of Transportation (PBOT). This submittal includes the following:

- Budget Amendment Request Report for six packages: (1) carryover adjustments; (2) technical adjustments that reallocate budget across the bureau; (3) contingency allocations to support urgent needs; (4) request for General Fund resources to support permitting costs in the Entertainment District; (5) General Fund resources for street design improvements at 72nd Ave and Woodstock; and, (6) the transfer of General Fund resources from the Bureau of Planning and Sustainability for the move and storage of cobblestones.
- Projection Report. This report provides detail on projected expenditures and revenues through year-end. Notably, on-street parking revenues are projected to be 85% of budget for the fiscal year, reflecting the impact of the Delta and Omicron waves on parking demand. These changes have been incorporated into the bureau's five-year forecast and FY 22-23 requested budget.
- Capital Program Status Update Report. Through February, 34% of the Capital Improvement Plan has been spent. Construction will begin for several projects in the coming months that will increase spending; however, construction on several projects will be delayed until FY 2022-23.
- Prior Year Budget Note Update. Updates were provided on the budget note, "Investigation of Alternative Revenue Sources."

If you have any questions, please contact Ryan Kinsella in the Bureau of Transportation at 503-823-7140.

cc: Commissioner Hardesty
Derek Bradley, Office of Commissioner Hardesty
Kristin Johnson, Office of Commissioner Hardesty
Ryan Kinsella, Portland Bureau of Transportation



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TR - Portland Bureau of Transportation DP Type Mid-Year Reduction

Request Name: 13452 -PBOT Program and Project Carryover

Package Description

Included within this request is various carryover adjustments for operating projects into FY 2022-23. These include the carryover of funding for the Transportation Justice Framework and staffing (\$185,750), Development and Permitting's Level of Service and Streets 2025 studies (\$96,000), Shop Sign Printer (\$50,000), Transportation Wallets (\$275,000), and carryover for various planning projects (\$190,000)

Service Impacts

These projects are well underway or under contract, and so discontinuing the work would have significant financial or service repercussions for the bureau. PBOT will recognize the carryover of funds into FY 2022-23 as part of the Proposed Budget.

Equity Impacts

Each project was initially reviewed and evaluated to determine the equity impacts prior to being funded.

Account Name	2021-22 SPRING Requested Adj
Expense	
Capital Outlay	-5,382,674
Contingency	7,818,154
External Materials and Services	-36,016
Internal Materials and Services	474,000
Personnel	340,382
Expense	Sum: 3,213,846

Account Name	2021-22 SPRING Requested Adj
Revenue	
Beginning Fund Balance	-936,418
Fund Transfers - Revenue	20,000
Intergovernmental	4,130,264
Miscellaneous Fund Allocation	0
Taxes	0
Revenue	Sum: 3,213,846

TR - Portland Bureau of Transportation DP Type Technical Adjustments

Request Name: 13453 -PBOT Technical Adjustments

Package Description

This package contains various technical adjustments that include the reallocation of budget across the bureau, the recognition of capital bond proceeds, interagency agreement changes, and various capital project true-ups. Also included within this package is a reduction of IA costs with the Bureau of Environmental Services (\$2,500,000); this adjustment will better align the IA budget with the anticipated spending in the Environmental Services Division.

Service Impacts

There are minimal service impacts within these technical adjustments.

Equity Impacts

The majority of these adjustments are technical, and so there are no equity impacts associated with these adjustments. For capital projects, each project received an equity score in the planning and project development phases. On a micro/individual level, the project managers use this information to help inform conversations with the community as they perform project-related Public Involvement tasks. As PBOT takes a systems-wide/macro approach, we use the equity matrix to help inform where projects will be implemented and when those projects will be installed.

Account Name	2021-22 SPRING Requested Adj
Expense	
Capital Outlay	830,000
Contingency	19,449,659
Debt Service	132,274
External Materials and Services	-1,860,542
Internal Materials and Services	68,969
Personnel	-1,393,969
Expense	Sum: 17,226,391

Account Name	2021-22 SPRING Requested Adj
Revenue	
Beginning Fund Balance	936,418
Bond & Note Proceeds	21,797,286
Charges for Services	-2,958,472
Fund Transfers - Revenue	900,000
Interagency Revenue	-2,358,166
Intergovernmental	53,000
Miscellaneous Fund Allocation	-1,143,675
Revenue	Sum: 17,226,391

TR - Portland Bureau of Transportation DP Type Contingency

Request Name: 13454 -PBOT Contingency Allocations

Package Description

Very few allocations of fund contingency were made due to PBOT's budget constraints. This package allocates \$190,000 to fund two items: \$100,000 to fund the Street Damage Research Project and \$90,000 to increase budget for PBOT's membership dues that was inadvertently omitted in the budget development process.

Service Impacts

The completion of the Street Damage Research Project will allow PBOT to better understand the impacts of how trench cuts in Portland streets impact the paving conditions, ultimately allowing the bureau to better plan for the preservation of streets. There are minimal service impacts within these adjustments.

Equity Impacts

Once the Street Damage Research Project is complete, it will inform the bureau's Capital Improvement Plan. For capital projects, each project received an equity score in the planning and project development phases. On a micro/individual level, the project managers use this information to help inform conversations with the community as they perform project-related Public Involvement tasks. As PBOT takes a systems-wide/macro approach, PBOT uses the equity matrix to help inform where projects will be implemented and when those projects will be installed.

Account Name	2021-22 SPRING Requested Adj
Expense	
Contingency	-190,000
External Materials and Services	190,000
Personnel	15,000
Expense	Sum: 15,000

Account Name	2021-22 SPRING Requested Adj
Revenue	
Interagency Revenue	15,000
Miscellaneous Fund Allocation	0
Revenue	Sum: 15,000

TR - Portland Bureau of Transportation DP Type New GF Request

Request Name: 13457 -Entertainment District Support

Package Description

PBOT requests \$35,495 of one-time General Fund resources to cover the costs associated with permitting work for street closures over 26 weekends of the entertainment district in Old Town Chinatown between February through July of 2022. City Council allocated General Fund resources in the Fall BMP to support permitting between August through November of 2021.

Service Impacts

Closure of the streets is an important component of the City's effort to revitalize downtown and promote economic recovery.

Equity Impacts

No equity impacts

Account Name		2021-22 SPRING Requested Adj
Expense	Personnel	35,495
Expense	Sum:	35,495

Account Name		2021-22 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	35,495
Revenue	Sum:	35,495

TR - Portland Bureau of Transportation DP Type Internal Transfer

Request Name: 13532 -Cobblestone Transfer

Package Description

This package receives \$40,000 of General Fund resources to cover the costs of moving and storing cobblestones from Chimney Park to PBOT's Sunderland Yard. These funds are provided by the Bureau of Planning and Sustainability.

Service Impacts

Equity Impacts

Account Name		2021-22 SPRING Requested Adj
Expense	External Materials and Services	40,000
Expense	Sum:	40,000

Account Name		2021-22 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	40,000
Revenue	Sum:	40,000

TR - Portland Bureau of Transportation DP Type New GF Request

Request Name: 13534 -72nd & Woodstock

Package Description

PBOT is requesting \$23,316 of General Fund resources to make design improvements to intersection of 72nd and Woodstock that addresses a number of community concerns. In response to the community concerns, PBOT's Livable Streets Program has worked with Commissioner Hardesty's Office to make design improvements that ultimately improve livability, business needs, and safety at this intersection.

General Fund resources will be used to make improvements to signs and street striping in addition to adding concrete planters.

Service Impacts

Equity Impacts

Account Name		2021-22 SPRING Requested Adj
Expense	Personnel	23,316
Expense	Sum:	23,316

Account Name		2021-22 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	23,316
Revenue	Sum:	23,316

Business Area Projection Report

Portland Bureau of Transportation - Fund 200

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$106,148,520	\$23,180,609	\$34,467,552	32%
Contingency	\$153,126,476	\$0	\$255,946,113	167%
Debt Service	\$17,824,883	\$4,361,000	\$17,824,883	100%
External Materials and Services	\$75,478,273	\$29,938,569	\$46,192,685	61%
Fund Transfers - Expense	\$11,042,328	\$7,319,548	\$11,042,348	100%
Internal Materials and Services	\$34,299,473	\$23,537,830	\$33,798,930	99%
Personnel	\$123,582,151	\$74,268,791	\$112,587,383	91%
Sum:	\$521,502,104	\$162,606,348	\$511,859,894	98%

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$166,183,410	\$0	\$166,703,408	100%
Bond & Note Proceeds	\$71,433,457	\$71,433,457	\$71,433,457	100%
Charges for Services	\$65,670,422	\$37,757,923	\$60,876,648	93%
Fund Transfers - Revenue	\$49,783,541	\$20,077,498	\$48,740,225	98%
General Fund Discretionary	\$0	\$0	\$0	
Interagency Revenue	\$32,258,205	\$15,176,824	\$22,765,236	71%
Intergovernmental	\$102,633,166	\$46,720,041	\$103,499,880	101%
Licenses & Permits	\$11,981,243	\$9,956,540	\$14,623,011	122%
Miscellaneous	\$1,408,660	\$2,205,863	\$3,163,010	225%
Miscellaneous Fund Allocation	\$0	\$0	\$0	
Taxes	\$20,150,000	\$10,897,124	\$20,055,000	100%
Sum:	\$521,502,104	\$214,225,270	\$511,859,875	98%

Revenue Discussion

Business Area Projection Report

Beginning Fund Balance matches the FY 2020-21 ending fund balance as reported in the ACFR.

Taxes revenues are projected to be within ten percent of budget. Receipts from the City's 10-cent local gas tax have largely recovered to pre-COVID levels.

License and Permit revenues are projected to be 122% of budget. Higher than budgeted revenues reflect improvement in certain business areas, including private for-hire transportation and utility permits and temporary street use permitting. Also impacting License and Permit revenues are pre-paid multimodal incentives for new construction. These restricted revenues are not currently budgeted and are held in contingency until redeemed by the participating buildings.

Charges for Services are projected to be within ten percent of budget.

On-street parking revenues are projected to be 85% of budget for the fiscal year, reflecting the impact of the Delta and Omicron waves on parking demand. The forecast anticipates recovery accelerating in the spring as restrictions are dropped and activity, including office occupancy, increases in the downtown core. However, the forecast continues to assume that recovery will be a lengthy process, with demand not reaching pre-pandemic levels until the end of the five-year forecast window.

Permit parking revenues, including both parking permits and temporary street use permits (TSUPs), are projected to be 87% of budget. The variance reflects slower recovery due to the Delta and Omicron waves. Similarly, parking citation revenues are projected to be 52% of budget. Citation revenues have been impacted by a combination of reduced parking demand, staff turnover and vacancies, and reallocation of officers to the abandoned autos program.

Partially offsetting this underperformance are development-related fees, particularly System Development Charges (SDC) and Local Transportation Infrastructure Charges (LTIC). To date, both have outperformed their relatively conservative FY 21-22 budgets.

Intergovernmental revenues are projected to be within ten percent of budget. Revenue from the State Highway Fund has returned to pre-COVID projections, buoyed by both an increase in auto travel as well as heavy truck traffic. These trends are incorporated into ODOT's State Highway Fund forecast as well as PBOT's five-year financial plan.

Interagency revenues are projected to be 70% of budget. Revenues were impacted in part by winter storms, which redirected crews in Maintenance Operations from billable activities to emergency response, and higher than average vacancies. An adjustment has been made in the Spring BMP to reflect lower projected sewer cleaning and maintenance costs.

Fund Transfers- Revenue are projected to be within ten percent of budget.

Bond and Note Proceeds are projected to be on budget. The FY 21-22 budget has been adjusted to reflect the actual proceeds from PBOT's 2022 LTRB Series A bonds, which were issued in January 2022. These funds will be drawn down over the next three years to complete capital projects.

Miscellaneous revenues are projected to be 225% of budget. The variance is primarily due to interest income earned on non-discretionary fund balances.

Revenue Risks

PBOT's revenue projections are highly dependent on continued recovery from the COVID-19 pandemic, particularly for parking revenues.

Expenditure Discussion

Total Personnel Services are projected to be within ten percent of budget. Personnel projections include the impacts of the City's settlement with DCTU, including one-time bonuses of \$3,000 to be paid to union members before the end of the fiscal year.

Total External Material & Services are projected to be 62% of budget. Spending shortfalls are driven by delays to capital projects.

Total Internal Material & Services are projected to be within ten percent of budget.

Total Capital Outlay is projected to be 32% of budget. Due to the bureau's internal contract encumbrance practices, capital budgets are not adjusted for underspending. Unspent funds will be reconciled and carried over in the Fall BMP. Additionally, similar to the City's capital programs, the current contracting environment and labor shortages have created challenges in moving forward projects. As a result, PBOT has experienced noticeable delays in capital expenditures.

Fund Transfer – Expense is projected to be within ten percent of budget.

Debt Service is projected to be within ten percent of budget.

Unappropriated Ending Fund Balance is projected to be \$255,946,113. This is \$102.8 million above the revised budget and reflects delays to capital projects as well as the bureau's January debt issue (2022 LTRB Series A), both of which are committed to projects in the five-year CIP and will be carried over to FY 22-23.

Expenditure Risks

Business Area Projection Report

Pandemic-induced supply chain issues and inflation continue to pose risks for the bureau, both delaying project expenditures and increasing the cost of both labor and materials.

Other Notes

Business Area Projection Report

Portland Bureau of Transportation - Fund 212

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$9,968,547	\$0	\$9,963,979	100%
Sum:	\$9,968,547	\$0	\$9,963,979	100%

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$9,220,773	\$0	\$9,220,773	100%
Fund Transfers - Revenue	\$700,000	\$700,000	\$700,000	100%
Miscellaneous	\$47,774	\$33,218	\$43,206	90%
Sum:	\$9,968,547	\$733,218	\$9,963,979	100%

Revenue Discussion

Beginning Fund Balance is projected to be on budget.

Miscellaneous revenues are projected to be \$4,568 lower than budget due to interest earnings.

Fund Transfers – Revenue is projected to be on budget.

Revenue Risks

None. Funds have been transferred.

Expenditure Discussion

Requirements are projected to be unspent. FY 2021-22 Ending Fund Balance is projected to be \$9,963,979, which is \$4,568 lower than budgeted. The decrease in balance is due to lower than budgeted interest earnings.

Expenditure Risks

No draws on reserve funds are anticipated.

Other Notes

Business Area Projection Report

Portland Bureau of Transportation - Fund 308

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Miscellaneous	\$0	\$37	\$0	#DIV/0
Sum:	\$0	\$37	\$0	#DIV/0

Revenue Discussion

Revenues are projected to be zero. No current debt service exists within this fund.

Revenue Risks

Expenditure Discussion

Expenditures are projected to be zero. No current debt service exists within this fund.

Expenditure Risks

Other Notes

Business Area Projection Report

Portland Bureau of Transportation - Fund 606

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$60,000	\$60,504	\$60,000	100%
Contingency	\$1,115,997	\$0	\$1,184,432	106%
Debt Service	\$1,770,500	\$1,770,500	\$1,770,500	100%
External Materials and Services	\$6,289,868	\$2,817,389	\$6,284,168	100%
Fund Transfers - Expense	\$598,145	\$177,784	\$598,145	100%
Internal Materials and Services	\$3,317,699	\$1,359,124	\$3,259,199	98%
Personnel	\$734,955	\$419,377	\$730,755	99%
Sum:	\$13,887,164	\$6,604,678	\$13,887,199	100%

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$3,686,719	\$0	\$3,686,719	100%
Charges for Services	\$8,068,793	\$4,871,366	\$8,067,793	100%
Fund Transfers - Revenue	\$750,000	\$0	\$750,000	100%
Interagency Revenue	\$1,281,652	\$850,944	\$1,281,687	100%
Licenses & Permits	\$0	\$29,831	\$0	
Miscellaneous	\$100,000	\$11,255	\$101,000	101%
Sum:	\$13,887,164	\$5,763,396	\$13,887,199	100%

Revenue Discussion

Revenue from parking fees has been running about 50% below pre-COVID expectations. As restrictions are lifting and people start to work downtown, we expect revenue to start ticking up and reach 75% of pre-COVID levels by June of 2022.

Rental revenue for the commercial space in the garages is down 80% from pre-pandemic levels mostly due to rent abatements. Market conditions are making it difficult to attract new tenants without significant concessions.

Revenue Risks

Revenue budgets and projections incorporate the best available information but remain subject to considerable uncertainty. Current projections assume more frequent trips to downtown including workers returning to office buildings. External factors such as a breakout of another COVID-19 variant is a significant risk to the forecast.

Expenditure Discussion

To match the reduction in revenue, expenses are being reduced mostly by delaying major maintenance and capital improvement projects. Most of this reduction will be in external materials and services where expenses are expected to be 25% below the Fall BMP budgeted amount.

Expenditure Risks

Additional deterioration of the garages due to the delay of major maintenance work could lead to higher-than-expected expenses. Additional civil unrest downtown could lead to more damage to the garages along with increased insurance premiums.

Additional sanitation practices that have been incorporated may need to be scaled up as more customers enter the garages.

Other Notes

FY 2021-22 Budget Note Update Portland Bureau of Transportation

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: Investigation of Alternative Revenue Sources

Budget Note Language: Council recognizes that the Portland Bureau of Transportation faces serious financial challenges as existing revenue sources are not sufficient to maintain service levels in future years or address the bureau's asset maintenance needs. Furthermore, existing revenue sources are dependent on fossil fuel consumption which is in direct conflict with our climate action goal of reducing carbon emissions by 40% before 2030. As the City implements initiatives to reach its climate action goals, the bureau will see a corresponding reduction in resources necessary to fund these initiatives. To ensure fiscal resiliency of the bureau moving forward, Council directs the Portland Bureau of Transportation to work with various stakeholders 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. The bureau shall present its recommended revenue proposals to Council during the FY 2022-23 budget development process.

Summary Status: Complete

Budget Note Update: March 17th, 2020

Through this FY 20-1-22 budget note, City Council directed PBOT 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. In response, PBOT filed a council resolution in February outlining near-term increases to fees and rates to achieve cost recovery and catch up with inflation as a bridge funding proposal to maintain core services as we work to identify longer-term funding solutions that are also consistent with city core values around climate and equity.

One part of PBOT's bridge funding proposal is to increase parking permit fees on a staggered basis until revenues match the cost to administer the program. The second part of the bridge funding proposal is to implement Performance-Based Parking in 2023, while bringing base meter rates up on par with inflation since meter rates have not changed since at least 2016.

Informed by recommendations from the Pricing Options for Equitable Mobility (POEM) Task Force, PBOT also proposed a new fee on parking transactions to begin this summer. This fee will send a signal 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 we look to the future, Council directed PBOT will continue to explore and develop proposals for mid- and longer-term revenue options that meet these goals.

- **Continued stabilization now and into the future**
- **Sending stronger price signals to capture costs and encourage shifts to safer, more sustainable modes**
- **Seeking new revenue sources that help shift away from a dependency on fossil fuel consumption**

The resolution directed PBOT to return to Council w within a year with an update on these mid- and longer-term proposals.

Capital Program Status Report

Office of Transportation

CIP Program Name	2020-21 Adopted Budget	2020-21 Revised Budget	2020-21 Actuals	PY Variance	PY Percent of Actuals to Revised	2021-22 Adopted Budget	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Asset Management	165,173,797	116,751,468	62,226,377	-54,525,091	53.3%	175,303,409	183,620,161	41,889,393	8,316,752	4.53%
Economic Vitality	0	2,607,572	1,928,820	-678,752	73.97%	0	123,500	115,900	123,500	
Health & Livability	26,925	26,925	534,731	507,806	1,986%	0	1,489,616	372,646	1,489,616	
Sum:	165,200,722	119,385,965	64,689,928	-54,696,037	-45.81%	175,303,409	185,233,277	42,377,939	9,929,868	

Current Year Variance Description

Through February, PBOT spent 34% of the CIP. A few projects went out to bid and expected to be in construction in the spring.

Due to the bureau's internal contract encumbrance practices, capital budgets are not adjusted for underspending. Unspent funds will be reconciled and carried over in the Fall BMP.

Additionally, similar to the City's capital programs, the current contracting environment and labor shortages have created challenges in moving forward projects. As a result, PBOT has experienced noticeable delays in capital expenditures.

Several projects were delayed, and construction will shift to next fiscal year.

- Streetcar Vehicle Purchase
- Suttle Road, N
- 60th/Halsey Area Improvement, NE
- 46th & Bryant, N
- 4th Ave: Lincoln – Burnside, SW
- Foster/Woodstock Couplet: 96th – 101st, SE

Capital Program Status Report

Other Notes
