

Establish a new Transportation Utility Fee to help fund basic maintenance and safety of the City's transportation system (add Code Chapter 17.20) (Ordinance)

Document number 2026-113

The City of Portland ordains.

Section 1. The Council finds:

1. The Portland Bureau of Transportation (PBOT), like transportation agencies across the nation, is facing a financial crisis that has been building for years, driven by a combination of stagnant or declining revenue sources, while costs continue to increase significantly.
2. Over 70% of PBOT's funding comes from restricted sources, which are tied to specific expenses, such as grants for specific capital improvement projects. The limited pool of unrestricted funding that can be used flexibly for things like basic maintenance and operations is known as General Transportation Revenue (GTR).
3. Since Fiscal Year (FY) 2019-20, PBOT has experienced \$42 million in reductions to discretionary GTR-funded programs and services such as paving, residential street sweeping, and the 823-SAFE community response line for traffic calming and safety improvements. During this same period, the bureau drew down GTR reserves by \$63 million and eliminated 66 full-time-equivalent positions.
4. PBOT's financial outlook has continued to worsen as federal grants or grant opportunities were rescinded or shut off by the current administration. The ballot referral of the 2025 state transportation bill has also meant \$10.6 million less revenue for PBOT this fiscal year (2025-26) and likely \$24 million less next fiscal year (2026-27).
5. At the same time, many roads, bridges, signals and other infrastructure are in disrepair. Over the last five years, the percentage of streets in poor condition has increased significantly – from 43% to 64% on busy streets and from 55% to 72% on local streets. Almost half of the bridges PBOT maintains are at or past their expected asset life and 20% are weight-restricted. The longer the City waits to repair our system, the more expensive it is to fix.

6. The City is committed to Vision Zero, the goal to eliminate traffic deaths and serious injuries. However, limited funding continues to hinder the City's ability to implement safety improvements, even on our most dangerous streets. In 2023, Portland experienced a tragic record of 69 traffic deaths. Although fatalities have declined somewhat since then, traffic deaths and serious injuries remain far too common.

7. A functioning transportation system is vital to Portland's economic prosperity, contributing to housing production, jobs creation, and climate resilience. Without additional, ongoing, and stable system maintenance funding, the City cannot meet community expectations for safety, reliability, and equitable access.

~~7.8.~~ On May 7, 2025, the Council passed Resolution 37705 directing PBOT to construct and maintain sidewalks while addressing pavement maintenance deficiencies throughout Portland, improving safety and accessibility for all residents through the Sidewalk Improvement and Paving Program

~~8.9.~~ On July 16, 2025, the Council passed Resolution 37712 directing the Public Works Service Area and Budget and Finance Service Area (now the Office of the Chief Financial Officer) to develop a comprehensive strategy to identify and evaluate viable alternative transportation funding options.

~~9.10.~~ On December 15th, 2025, PBOT presented a report to the Transportation and Infrastructure Committee detailing the Bureau's review of alternative transportation revenue mechanisms, scan of transportation funding models implemented in other cities, and a narrowed list of four revenue options for further vetting, including a transportation utility fee.

~~10.11.~~ On January 12, 2026, PBOT returned to the Transportation and Infrastructure Committee to present different rate scenarios and estimated revenue amounts for a transportation utility fee, street damage restoration fee, retail delivery fee concept, and third-party food delivery fee concept as well as the Bureau's plan to share this information with the community and gather input about the revenue options, priorities for investing new revenue, and accountability.

~~11.12.~~ Between January and March, PBOT implemented a robust public engagement plan that included: presentations to PBOT Modal Committees and District Land Use/Transportation Committees, drop-in open houses in each of the four Council Districts, an online open house, and outreach to various organizations representing labor, businesses, workforce equity, utilities, culturally

specific programs, neighborhood associations, affordable housing, economic development, transportation policy, and environmental advocacy.

~~12-13.~~ 13. On March 9, 2026, PBOT provided a report to the Transportation and Infrastructure Committee on the feedback the Bureau gathered through its public engagement process. PBOT received over 600 responses about the transportation utility fee from the Council District open houses and the online feedback form. Approximately 78% of those responses supported a transportation fee. Portlanders also shared a preference for new revenue to pay for basic maintenance and safety improvements.

~~13-14.~~ 14. A transportation utility fee is a monthly fee charged to residents and businesses based on their use of the transportation system. Based on trip-generation modeling, the City estimates that 70% of trips in Portland are generated by residential properties and 30% by non-residential/commercial properties.

~~14-15.~~ 15. There is a strong connection between the transportation system maintenance, operations, and safety costs and the number of trips generated by properties that use the public right-of-way. The Transportation Utility Fee allocates a portion of these costs among properties based on their estimated generation of trips and corresponding use of the transportation system.

~~15-16.~~ 16. Cities across the U.S., including 31 in Oregon, have implemented a transportation utility fee to pay for basic road maintenance and safety improvements. For the Portland Metro Area, the current regional average monthly transportation utility fee is \$12.08 for a single-family property and \$9.49 for a multifamily property, per dwelling unit. Fees for multifamily properties are generally lower than for single-family properties because, on average, multifamily properties generate fewer trips.

~~16-17.~~ 17. A transportation utility fee is typically collected on existing public utility billing systems, lowering administrative costs and providing opportunities to address affordability for low-income residents through existing discount programs.

~~17-18.~~ 18. A transportation utility fee is a revenue source not tied to fossil fuel consumption. The adoption of a transportation utility fee, therefore, aligns with the City's [2022-2025 Climate Emergency Workplan](#), which calls for decoupling transportation funding from fossil fuels in order to avoid conflicts between

revenue needs and climate goals.

~~18~~.19. Adopting a transportation utility fee for non-residential/commercial properties calculated as a percentage of the total charges on the utility bill as an initial approach would allow for low-cost and efficient collection and would provide additional time to further examine the transportation utility fee methodology for non-residential/commercial properties.

~~19~~.20. PBOT has demonstrated the ability to effectively manage local transportation funding. For example, PBOT's Fixing Our Streets Program, funded by the local 10-cent gas tax, was approved by Portland voters in 2016 (54% approval) and renewed in 2020 (74% approval) and again in 2024 (72% approval) to pay for basic maintenance and safety improvements. Fixing Our Streets' robust accountability structure, which includes annual reporting to the Council and an oversight committee, has been key for the program's success and continued public support.

NOW, THEREFORE, the Council directs:

- A. The Transportation Utility Fee is created and will be collected by the Public Works Service Area on the utility bill on or after January 1, 2027, according to the methodology shown in Exhibit A.
- B. Add City Code Chapter 17.20 as shown in Exhibit B.
- C. Create TRN-3.450 Transportation Fee Schedule Exhibit H to add the new Transportation Utility Fee to the Transportation Fee Schedule as shown in Exhibit C, attached to this Ordinance. Exhibit C includes rates for Fiscal Year (FY) 2026-27. Exhibit C is binding City policy.
- D. Financial assistance available to water, sewer, and stormwater accounts also applies to the Transportation Utility Fee.
- E. The revenue generated from the Transportation Utility Fee must be deposited into a dedicated account in the City's Transportation Operating Fund and must be used consistent with the purposes of that fund, including for transportation system maintenance and operations.
- F. Transportation Utility Fee revenues may help stabilize the Portland Bureau of Transportation's (PBOT) current service level shortfall. ~~Additional revenue will be prioritized for~~ by prioritizing basic maintenance, safety improvements, and operations as outlined below. Funding may also be used to service debt.
- G. ~~No less than~~ 75% of annual Transportation Utility Fee revenues shall be expended on activities that maintain or preserve existing transportation

infrastructure, including maintenance activities that help the City achieve Vision Zero goals and that align with the Sidewalk Improvement and Paving Program objectives.

- a. Eligible maintenance and preservation activities include, but are not limited to:
 - i. Pavement preservation, crack sealing and resurfacing
 - ii. Pothole and base repair
 - iii. Traffic signal and streetlight maintenance
 - iv. Pavement markings and signage replacement
 - v. Bicycle and pedestrian facility maintenance
 - vi. Sidewalk and curb repair
 - vii. ADA accessibility improvements associated with maintenance
 - viii. Bridge and culvert maintenance
 - ix. Street sweeping and drainage maintenance within rights-of-way
 - x. Transportation asset management and condition monitoring
- H. ~~Additional~~ 12.5% of annual Transportation Utility Fee revenues ~~shall~~ may be used for Vision Zero programming and shall not be used for major roadway or 'capital' projects except when directly associated with maintenance, safety, or preservation of existing infrastructure including:
 - a. Vision Zero improvements
 - ~~a.~~b. Bike lane sweeping and cleaning
 - ~~b.~~c. Bicycle or pedestrian safety improvements within existing right-of-way
 - ~~c.~~d. Intersection safety modifications that do not add general purpose travel lanes
 - ~~d.~~e. Safety improvements associated with resurfacing projects
 - ~~e.~~f. ADA upgrades required during sidewalk repair
- I. 12.5% of annual Transportation Utility Fee revenues shall be used for Sidewalk Improvement and Paving Program construction project delivery.
- ~~I.~~J. PBOT shall make maintenance and safety investments across the city based on asset and infrastructure data about critical maintenance and safety needs necessary to maintain the network. Investments will also be prioritized in areas that have historically experienced disinvestment and have high concentrations of low-income households.
- ~~J.~~K. PBOT, in consultation with the Revenue Division, will continue to engage the business community and other key stakeholders to further examine the Transportation Utility Fee methodology for non-residential/commercial properties and provide recommendations for the methodology to the Council by October 31, 2028.

~~K.L.~~ _____ PBOT will propose rate adjustments, including inflationary increases, to the Council through the City's annual budget process.

~~L.M.~~ _____ PBOT will ensure accountability for the Transportation Utility Fee by utilizing the same structure and process, including use of the existing Fixing Our Streets Oversight Committee, as is currently used with the Fixing Our Streets Program. This structure includes:

- a. Funding allocated to clearly defined programs/services
- b. Annual reports to the Council
- c. Annual external audits
- d. A community committee to provide guidance and oversight

~~M.N.~~ _____ The City Administrator will update procedures and administrative rules as necessary.