Budget Update

12-15-22

PBOT
PORTLAND BUREAU OF TRANSPORTATION

Revenue losses to date: FY 19-20 through 21-22

(Loss in $M)	FY 20	FY 21	FY 22	Loss to Date
State Highway Fund	5.0	4.9	1.2	**$ 11.1**
On-Street Parking	8.9	21.4	14.9	**$ 45.2**
Parking Citations	2.3	6.4	5.4	**$ 14.1**
Parking Permits	1.8	3.6	3.3	**$ 8.7**
Total Losses	**18.0**	**36.4**	**24.7**	**$ 79.2**

Nearly **$80M** in discretionary revenue losses to date compared to January 2020 forecast

Largest revenue hit from on-street parking: $45M below pre-pandemic forecast over past three fiscal years

Losses amount to 18% of anticipated General Transportation Revenues over past three years

Federal relief funding that we received during this time was for specific new programming, like Healthy Business, and not able to be used to sustain core services.

Transportation revenue was uniquely impacted by the pandemic

Transportation was uniquely exposed to changing travel patterns during the pandemic

- **Compared to other major City revenue sources, PBOT's discretionary revenues were hit harder and have recovered less**
- With the exception of lodging taxes, revenue from the largest General Fund taxes and fees (business license, utility license, property taxes) have all increased since the pandemic started
- Water and Sewer fee revenues have also increased
- **GTR sources (State Highway Fund + parking) remain below pre-pandemic levels**

Reductions are required to balance our General Transportation Revenue (GTR) forecast.

- Over the past two years we have been forced to cut 10.5% of our GTR budget and 43.5 FTE
- This year's proposed reductions total $6.4 million (4.3%) and 16 FTE
- In order to balance our 5-year forecast, we will need to make another 4.5%+ (potentially more) of cuts next year unless we find alternative revenue sources

Reminder: General Transportation Revenues are the discretionary revenues that we use for a variety of basic bureau operations and maintenance activities: such as paving, street cleaning, striping, small capital improvement projects, planning, data management and more.

How we approached reductions

- Avoided layoffs by only eliminating vacant positions
- Focused on larger, programmatic reductions
  - Stop thinning the soup and expecting staff to do more with less
- Minimized impacts to our strategic and transportation justice goals
  - Analyzed reductions through the lenses of asset maintenance, safety, mobility, climate, equity, community expectations, impacts to staff, and revenue generation
- Don't "pass the buck" to partner groups within the bureau
  - Reduction options in one group should not have a significant impact on the ability of another group to maintain staffing and service levels
- We approached reduction options strategically, getting away from across-the-board reduction targets
- All reductions are subject to change once we are assigned a new Commissioner-in-Charge

Budget guidance from the Mayor

- Reductions to General Fund supported programs are not required
  - Streetlighting - $7.2 million
  - ADA curb ramps - $1.1 million
  - Street Cleaning - $0.5 million
  - Out of the Mud - $0.6 million
  - Other - $0.3 million

- Bureaus are not allowed to request new General Fund resources in the Requested Budget

- Requests for General Fund resources, Capital Set-Aside, and Cannabis Tax resources must be submitted by Commissioner-in-Charge in early March

Summary of reductions by group

	Ongoing Reductions	Percent Reduction	Position Reductions
Bureau-wide & Fund Level	($1,250,000)		0
Development, Permitting & Transit	($246,960)	-6.6%	(2.00)
Engineering Services	($100,255)	-1.2%	(1.00)
Maintenance Operations	($2,061,441)	-3.9%	(10.00)
Parking & Regulatory Services	($987,000)	-5.1%	(3.00)
Policy, Planning & Projects	($1,530,000)	-8.9%	0
Traffic Systems & Operations	($210,000)	-1.8%	0
TOTAL	**($6,385,656)**	**-4.3%**	**(16.00)**

Reductions: Major programmatic cuts

- **$1,475,000 – small capital projects**: reduces the yearly funding available for small capital project investments in sidewalks, crossings, bike safety improvements, freight wayfinding, improvements based on 823-SAFE calls, slow streets programming, and plazas.

- **$500,000 - residential street sweeping**: eliminates residential street sweeping except for those streets in the leaf districts. Staff will shift to vegetation management. Savings captured through vehicle removal and debris disposal costs.

- **$196,594 - support for community events**: ceases support for special events with minor exceptions. Eliminates two positions and the production, storage, setup, and pickup of street closure barricades and onsite support for bike rides, runs, parades, and other festivals.

- **$250,000 - meter replacement**: reduces funding for replacement of parking meters to the minimum level. Will require alternative future funding or changes in payment technology that allow the removal of meters.

Reductions: Asset maintenance and parking

- **$100,255 – pavement preservation:** eliminates one position and reduces capacity for construction support.
- **$741,172 – staff support and fleet costs**: eliminates three positions in street maintenance and sidewalks and reduces vehicles from our fleet inventory. Our fleet inventory was due for rightsizing based on prior year staffing reductions within the bureau.
- **$200,000 – parking enforcement officers**: eliminates two parking enforcement officer positions thereby reducing parking enforcement capacity in metered and non-metered areas.
- **$270,000 – parking consulting & vehicles**: reduces funding for the North Portland Parking District plan and reduces funding for rental vehicles to support Derelict RV program.

Reductions: Policy & administrative support

- **$130,000 – planning staffing**: eliminates one position that supports the Regional Transportation Plan, updates to the Transportation System Plan, and provides guidance to other groups implementing transportation policy.

- **$246,960 - administrative & policy support positions**: eliminates two administrative & policy support positions. Reduces capacity to collect, catalogue, and update City code and policies that staff rely on to enforce Development Review requirements and capital design decisions.

- **$135,000 reduction from Traffic Systems for staff and contracting:** allocates 75% of a traffic engineer position to work on capital funded projects and reduces contracting dollars for staff support services

- **$167,000 - technology position**: eliminates one position that provides technical support for parking, including analysis of pay station and Parking Kitty transaction data.

Reductions: Efficiencies and alternative revenues

- **$100,000 - land lines**: eliminates land line phones for employees who also have a cell phone. Reduction should not impact employees' ability to provide services.

- **$600,000 - mobile technology fee**: reallocates fee resources to existing technology needs.

- **$350,000 – towing and bank card fees reductions:** reduces bank fees due to less parking transactions; redirects towing fees, may delay technology and personnel support.

- **$300,000 – streetcar replacement**: replaces annual Streetcar vehicle capital reserve amount with a larger annual contribution made possible by state (HB 2017) transit funding received via agreement with TriMet.

- **$623,675 - dispatch services**: transfer dispatch services to the City's 311 system (includes 5 positions).

General Fund: ADA curb ramps

Original Budget Assumptions
- Avg cost per ramp: $5,500
- Total costs over 12 Years: $113.5 million
- PBOT share: $60.5 million (53%)
- General Fund share: $53.0 million (47%)

Current Budget Assumptions
- Avg cost per ramp: $15,000
- Total costs over 12 Years: $292.9 million
- PBOT share: $228.8 million (78%)
- General Fund share: $64.1 million (22%)

The original funding agreement approved by Council assumed the continuation of General Fund support through the life of the program. These resources are critical to ensure that the 1,500 ramps per year requirement is met.

- **Ongoing General Fund allocation - $1.1 million per year, $8.9 million through FY 29-30**
  - No reductions are required by Council per budget guidance
- **General Fund Capital Set-Aside - $1.8 million per year, $14.1 million through FY 29-30**
  - Requests for Capital Set-Aside need to be made by the Commissioner in Charge in March. No requests for General Fund resources are allowed in the Requested Budget.
- **Future Build Portland resources - $12.3 million through FY 29-30**
  - There are no currently no funds allocated or planned by Council for the continuation of the Build Portland program.

Non-PBOT/core expenditures

PBOT spends significant General Transportation Resources on items outside of our core responsibilities and assets. A request to fund these items with other City resources would allow us to redirect our resources to PBOT assets and programs.

Non-PBOT Assets

- Sellwood Bridge - $5.7 million per year (14 years left of debt payments)
- Portland-Milwaukie Light Rail - $2.5 million per year (10 years left of debt payments)

Rising costs of houselessness crisis

- Derelict RV Removal - $3.0 million per year for staffing, towing, and disposal costs related to the removal of derelict RVs from city streets.
- Campsite Cleanup - $1.3 million per year for houselessness camp cleanups on PBOT owned property

Meter increase

- Council passed Resolution 37564 on February 23, 2022
  - *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*

- This increase is already assumed in our 5-year financial plan; however, Council still needs to approve the increase in our adopted fee schedule in May 2023
  - The increase generates approximately $4 million per year or $20 million over the 5-year forecast.
  - Without these resources, we would be required to take another 2.7% ongoing reduction this year.

We need your help!

The letter from the BBAC is an important communication tool to ensure that PBOT's budgetary needs are heard and addressed by City Council. We would appreciate you support in these areas:

- Implementation of the 40-cent parking meter increase
- Severity of revenue challenges/Importance of future alternative revenue sources
- ADA curb ramp funding from General Fund
- Moving non-PBOT expenditures to the General Fund
- Moving non-core expenditures to the General Fund
- Meet with our new Commissioner and Council to help them understand our revenue challenges

Other opportunities to engage Council and support PBOT on these key items include attending and speaking at budget hearings, calling Commissioners directly, or speaking at our budget work session in March.