

# Alternative Transportation Funding Report



*Modal Committee Outreach, January 2026*



**PUBLIC WORKS PBOT**  
PORTLAND BUREAU OF TRANSPORTATION

# Resolution No. 37712

## Phase 1:

- ✓ Public Works and Budget and Finance Service Areas urged to develop a comprehensive strategy to identify and evaluate viable alternative transportation funding sources
- ✓ Provide report to Council by December 2025

## Phase 2:

- Robust and inclusive community engagement about options

# Report Review

- Section 1: Background
  - Council direction
  - Transportation funding challenges
- Section 2: Initial Review of Revenue Mechanisms
  - Criteria
  - Review of other cities and scan of funding options
- Section 3: Additional Detail for Revenue Mechanisms
  - Short/Mid-Term Options
  - Other Mechanisms
- Section 4: Potential Next Steps

# Why are we talking about alternative funding?

## FEDERAL

- Federal gas tax hasn't been increased in 32 years
- Recent Trump administration efforts have resulted in rescinding Biden-era grants and grant opportunities
- Federal funding primarily limited to improvements – doesn't fund basic operations and maintenance

## STATE

- State transportation funding hasn't kept pace with inflation
- Recent transportation funding bill did not meet needs
- **Effort to refer increases to fees and taxes in recently passed transportation bill to Oregon voters was successful.**
- **PBOT can no longer count on receiving ~\$10.6M in FY25-26 and ~\$24M in FY26-27.**

## LOCAL

- PBOT receives very little General Fund Revenue
- Local revenue streams not keeping pace with inflation – 10-cent local gas est 2016
- Local operations, maintenance, and safety needs are far greater than local resources

# Project Team

- **Project Sponsors**
  - **Mayor Wilson & Councilor Clark**
- **Executive Project Team**
  - **Priya Dhanapal (Lead), DCA, Public Works Service Area**
  - **Jonas Biery (Lead), Chief Financial Officer**
  - **Millicent Williams, Director, PBOT**
  - **Shoshana Cohen, Chief of Staff, PBOT**
  - **Mark Lear, Policy, Resources & Partnerships Manager, PBOT**
  - **Jeremy Patton, Finance & Administration Deputy Director, PBOT**
  - **Thomas Lannom, Director, Revenue Division**
- **Project Core Team**
  - **Mark Lear, Sara Wright, Cynthia Castro, John Roble, Thomas Lannom, Peter Hulseman, Matthew Gierach, Don Jones, Project Subgroups**



# Transportation Funding Challenges: Impacts

# Actions Required to Balance Budget



## FY 19-21

- \$0.9M GTR budget cut
- Hiring freeze & furloughs
- Non-rep COLA & merit eliminated
- Reserve draw: \$63M -> \$24M

## FY 21-22

- \$8.8M GTR budget cut
- 39 FTEs cut
- Reserve draw: \$24M -> \$16M

## FY 22-23

- \$4.5M GTR budget cut
- 7 FTEs cut
- Reserve draw: \$16M -> \$9M
- Parking permits to cost recovery

## FY 23-24

- \$6.3M GTR budget cut
- 16 FTEs cut
- Reserve draw: \$9M -> \$0M
- 20-cent meter increase

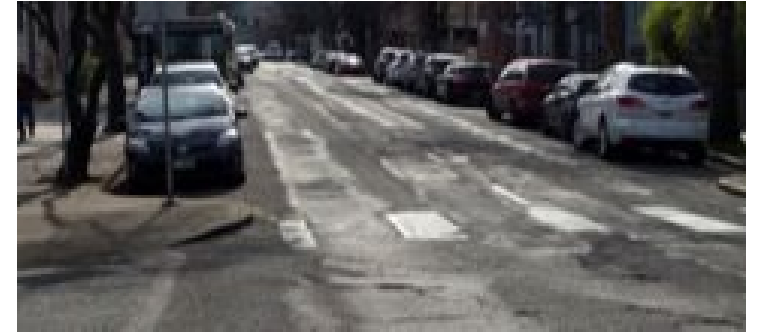
## FY 24-25

- \$21.7M GTR budget cut
- 4 FTEs cut
- 20-cent meter increase
- Allocation of FOS3 and PCEF to GTR programs

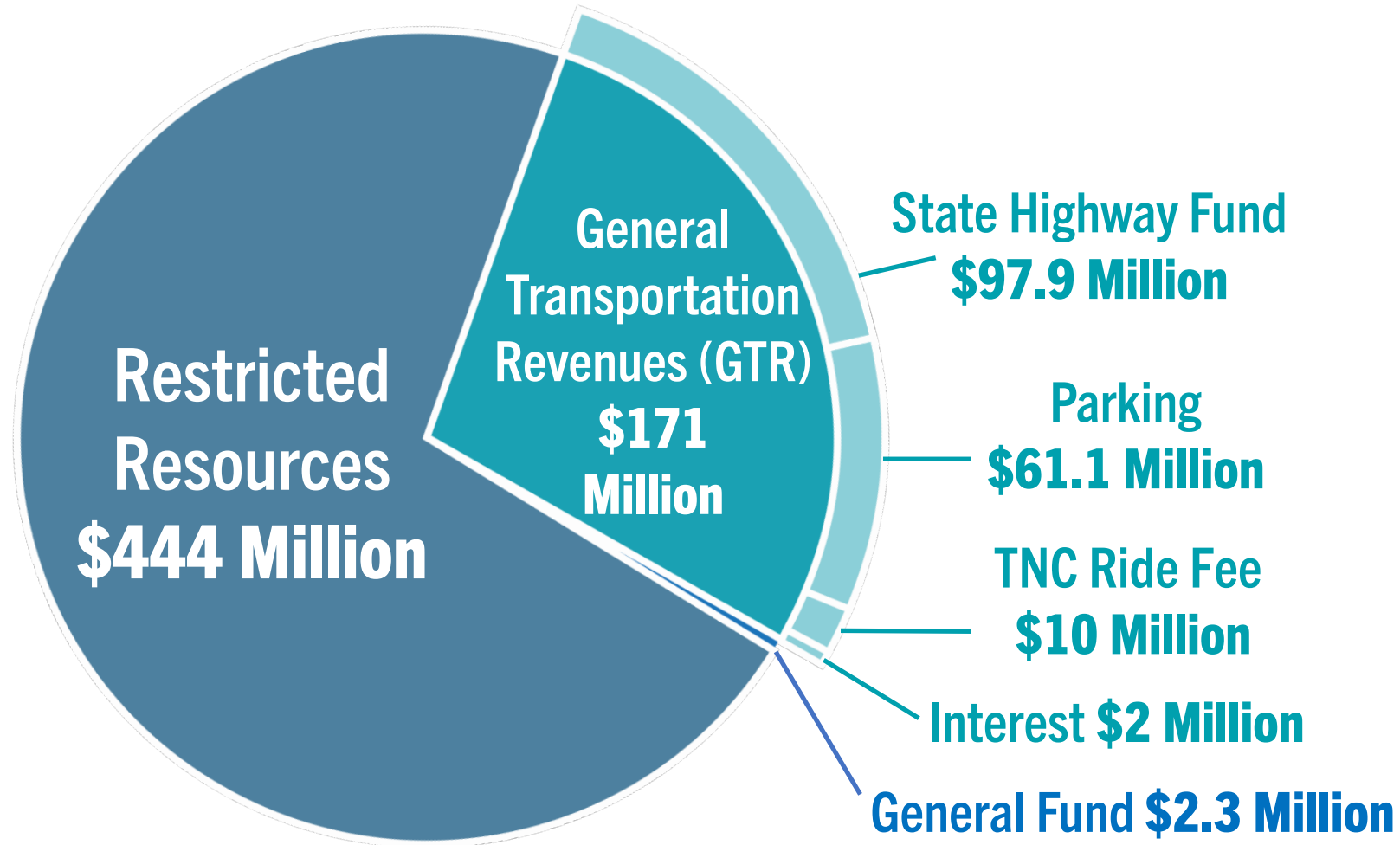
# Discretionary Revenues Not Keeping Up with Expenses

## Since FY 2019-20:

- \$42M reduction to ongoing GTR-funded services
- \$61M reduction in GTR reserves
- Elimination of 66 FTE and additional contracted projects/service

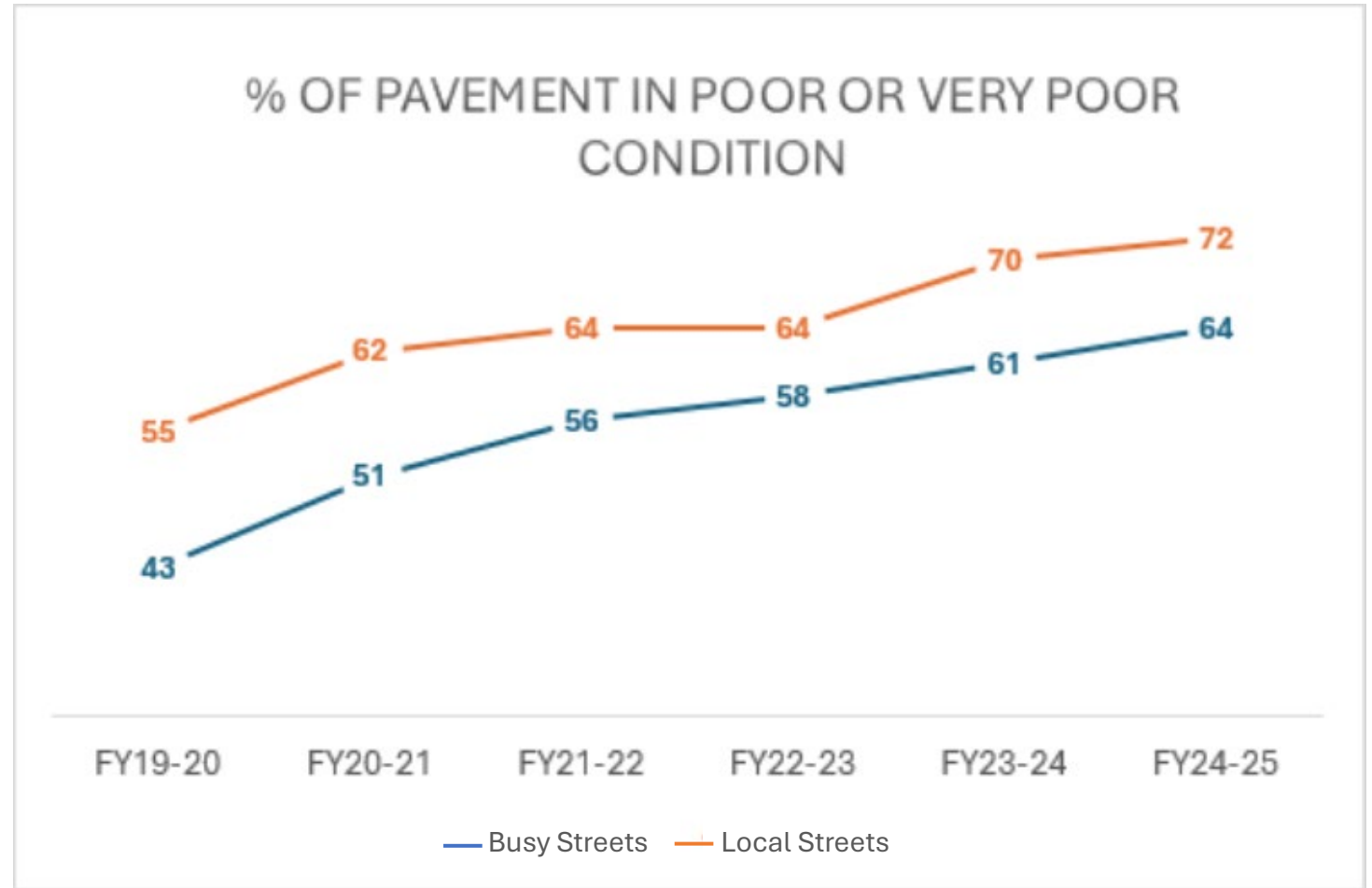


# Over 70% of PBOT's funding comes from restricted sources



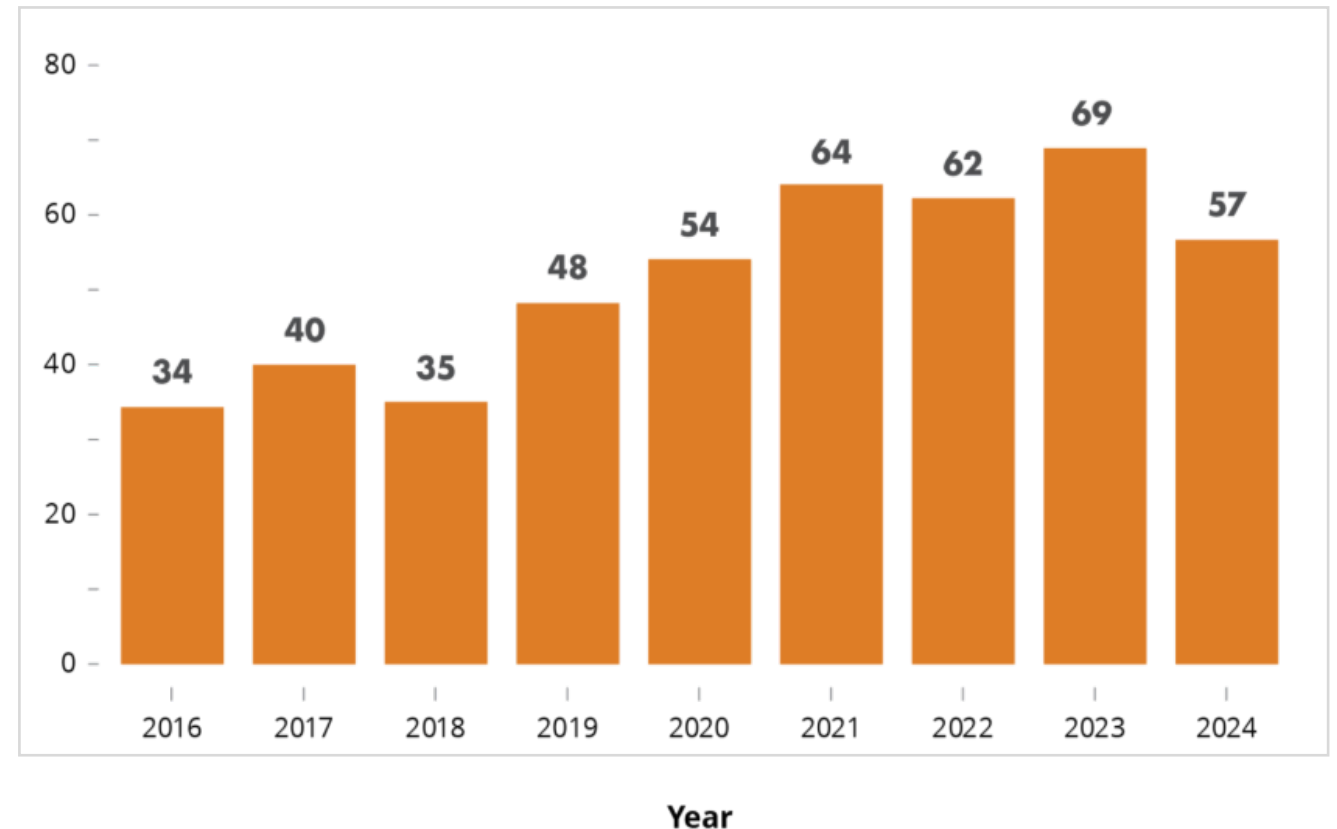
# Worsening Condition of Roads

- A growing percentage of roads, bridges, signals and other infrastructure are in disrepair.
- The longer we wait to repair these the more expensive and expansive the problems get.



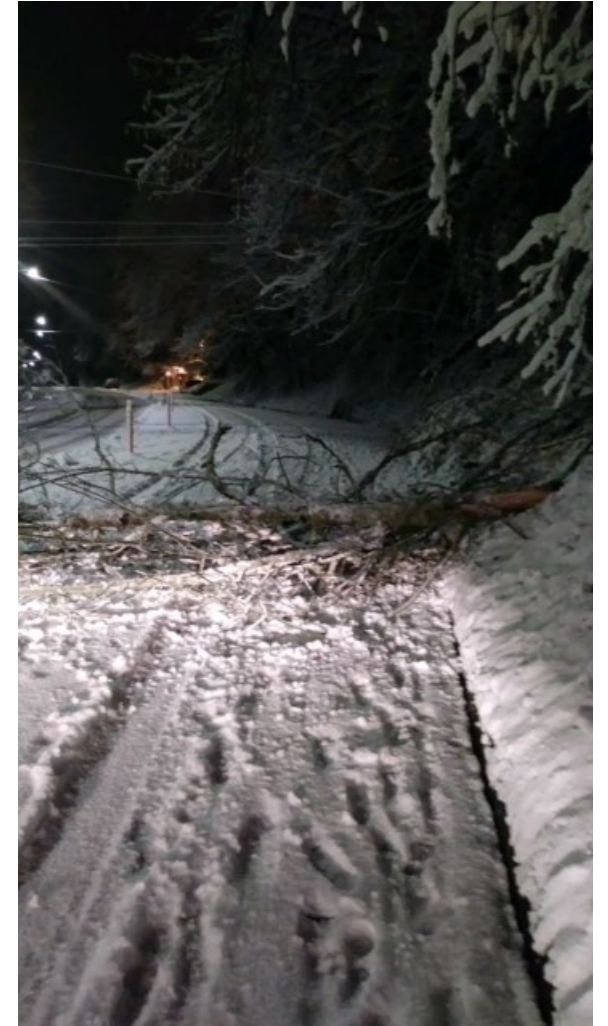
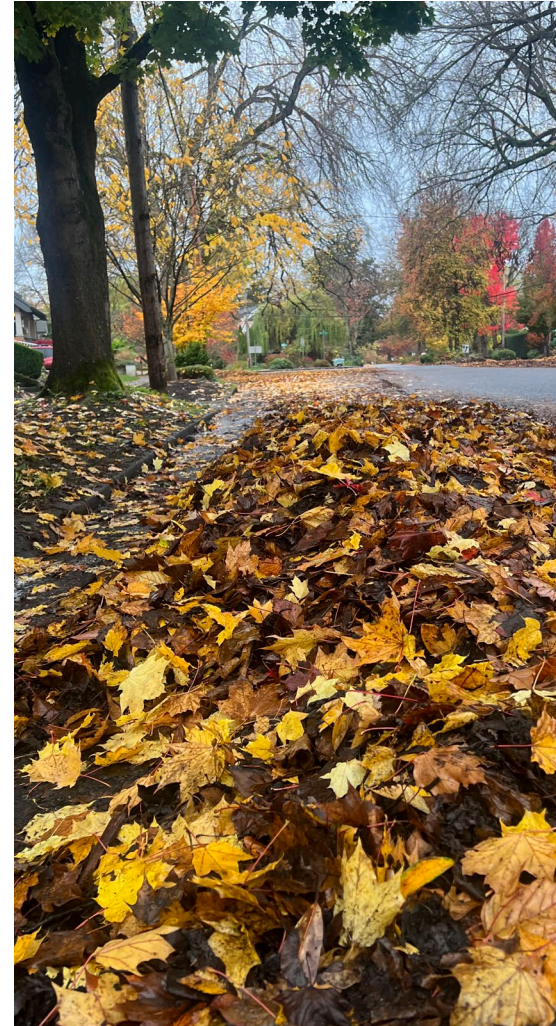
# Streets Less Safe

- Traffic fatalities & serious injuries are unacceptably high.
- PBOT lacks funding to fully implement safety improvements.
- Every year we receive requests we cannot fulfill to create a safer system through things like residential speed calming.



# Communities Less Livable

- Residential street sweeping and leaf pickup services are far below the level of demand.
- PBOT struggles to meet community expectations around basic cleanliness and services, including addressing increases in graffiti.
- Responding to increasingly extreme snow and ice events means diverting resources from other basic services.



# Benefits of New Stable Revenue Sources for Transportation

## Stabilize workforce



## Stabilize services



## Address critical needs



# Review of Revenue Mechanisms

1. Reviewed past work
2. Researched revenue mechanisms used in other cities
3. Evaluated revenue mechanisms
4. Created list of short to mid-term options

# Takeaways from City Comparison

- All cities are struggling to address critical transportation funding needs.
- Other cities have tools that are not available to Portland, such as sales tax.
- Transportation utility fee is a common tool used both in Oregon and in cities in other states
- All cities have a broad-based approach to funding transportation operations and maintenance, relying on multiple revenue mechanisms.

# Transportation Revenue Approaches in Other Cities

	Portland	Sacramento	San Diego	Austin	Denver	Seattle	Milwaukee	Minneapolis
<b>Sales Tax</b>	No	Yes (regional half-cent tax)	Yes (regional half-cent tax)	No (though sales tax funds public transit)	No (though sales tax funds public transit)	No (though sales tax funds public transit)	No	No (though regional sales tax funds public transit)
<b>Transportation Utility Fee</b>	No	No	No	Yes	Yes (sidewalk fee paid on stormwater bill)	No	Yes (for snow removal & streetlights)	No
<b>General Fund</b>	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
<b>Parking Fees</b>	Yes	Yes	Yes	No	Yes	No	Yes	No
<b>State Gas Tax/Other State Revenues</b>	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
<b>Local Gas Tax</b>	Yes	No	No	No	No	No	No	No
<b>Street Damage Restoration Fee</b>	No	No	Yes	Yes	No	No	No	No
<b>GO Bonds/Levies for Capital Projects</b>	No	No	No	Yes	Yes	Yes (safety, maintenance)	No	Yes
<b>Other</b>					Sales tax on vehicle purchase, ownership tax	\$50 annual vehicle license fee, commercial parking tax	\$30 annual vehicle registration fee	Property special assessment levy

# Transportation Revenue Approaches in Oregon Cities

Funding Mechanism for transportation	Portland	Eugene	Bend	Hillsboro	Milwaukie
Sales Tax	No	No	No	No	No
Transportation Utility Fee	No	No	Yes	Yes	Yes
General Fund	Yes	No	Yes	No	No
Parking fees	Yes	No	No	No	No
State gas tax/ other state revenues	Yes	Yes	Yes	Yes	Yes
Local gas tax	Yes	Yes	No	Yes	Yes
GO Bonds/Levies	No	Yes (capital)	Yes (capital)	No	No
Street Damage Restoration Fee	No	No	No	No	No

# Evaluation Criteria for Revenue Mechanisms

## Revenue Capacity (Adequacy)

- Generates significant revenue
- Long-term sustainable funding

## Connection to Use/Benefit (Logic)

- Logical — Fee based on use
- Broad-based — Everybody benefits/pays

## Ease of Implementation

- Proven
- Legal Authority
- Efficient Collection

## Low-Income and Business Impacts

- Low-Income Discounts
- Acknowledge broader tax environment for businesses

## Dependence on Fossil Fuels

- Not dependent on fossil fuels

# Review of Revenue Mechanisms

- Scanned broader list of revenue mechanisms:

## General Fees/Taxes

- Transportation Utility Fee
- Street Damage Restoration Fee
- Delivery Fees
- Sales Tax
- Utility License Fee
- Franchise Fees
- Local Transportation Levy
- Vehicle Property/Ownership Tax
- Business License Tax Surcharge
- TNC Ride Fee
- Transportation Impact Fees on Vacation Rentals
- Vehicle Purchase Fee
- Charging Fee

## User/Damage Fees

- Carbon Fee
- Congestion Pricing
- Studded Tire Fee
- Vehicle Registration Fee (weight)

## Parking

- Meter rate increases
- Area permits/expansion of on-street meters
- Garage rate increases
- Fee for off-street parking
- Fee for commercial parking
- Curb Management

- Narrowed down to a list of revenue mechanisms with viability in the short/mid-term

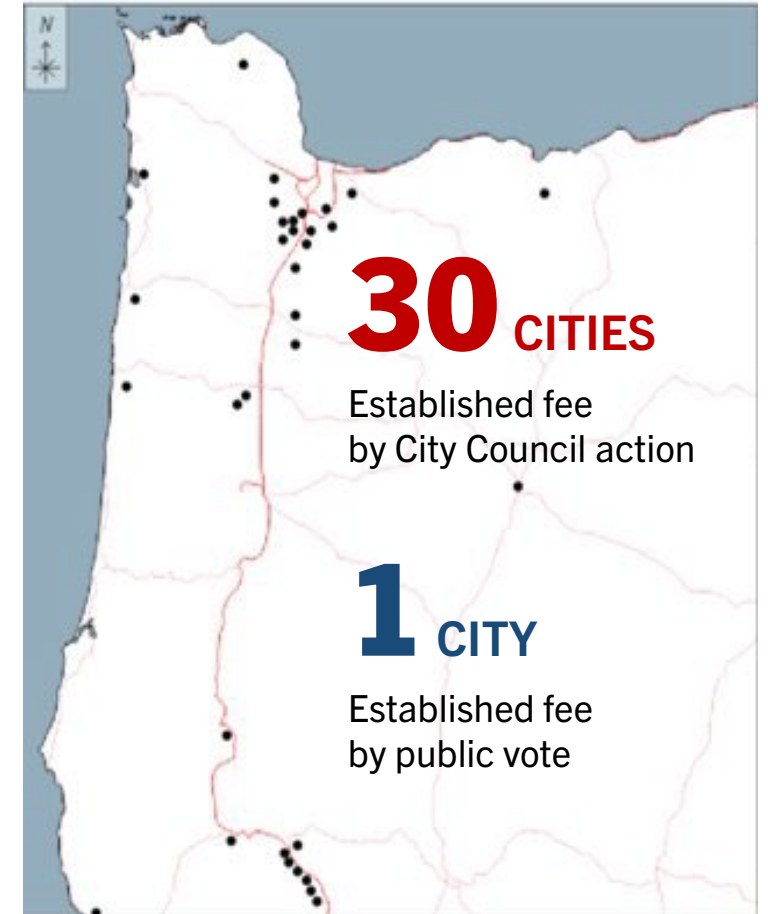
# Short/Mid-Term Revenue Options

● HIGH ● MEDIUM ● LOW

	Generate Significant Revenue	Long-Term Sustainable Funding	ADEQUACY	Logical - Fee Based on Use	Broad-based - Everybody Benefits/Pays	LOGIC	Proven	Legal Authority	Efficient Collection	IMPLEMENT	Low-Income Discounts	Economic Competitiveness	SENSITIVE	NOT FOSSIL FUEL BASED
TRANSPORTATION UTILITY FEE (TUF)	●	●	●	●	●	●	●	●	●	●	●	●	●	●
STREET DAMAGE RESTORATION FEE	●	●	●	●	●	●	●	●	●	●	●	●	●	●
RETAIL DELIVERY FEE	●	●	●	●	●	●	●	●	●	●	●	●	●	●
THIRD-PARTY FOOD DELIVERY FEE	●	●	●	●	●	●	●	●	●	●	●	●	●	●

# Transportation Utility Fee

- **Logical Connection** – based generally on trips produced by property type
- **Broad-based** – everyone with a utility account pays
- **Sensitive** – low-income discount structure established
- **Implementable** – proven in other cities, can leverage process for changes in utility billing
- **Sustainable** – not dependent on fossil fuel use
- **Adequate** – Potential to produce substantial, stable revenue stream



# Cities with Transportation Utility Fee

City	Year TUF Implemented	Single Family Home Monthly Fee	Multifamily Monthly Fee (per unit)
Newberg	2017	\$6.60	\$3.79
Tualatin	1990	\$7.74	\$6.46
Tigard	2003	\$9.11	\$8.92
Hillsboro	2008	\$10.10	\$9.09
Bend	2024	\$10.50 (\$5.60 in Year 1)	\$7.75 (\$4.15 in Year 1)
Wilsonville	1997	\$11.24	\$7.30
Milwaukie	2007	\$12.13	\$9.86
Oregon City	2006	\$16.47	\$11.23
Lake Oswego	2003	\$16.80	\$12.01
West Linn	2008	\$18.53	\$16.73
Austin, TX	1992	\$21.70	\$16.49

# Street Damage Restoration Fee

A cost-recovery fee assessed on utility companies, contractors, or other entities that excavate in public rights-of-way.

- In Portland, over the last 3 years, 53.1 miles of trenching (1,412 blocks)
- Reduce useful life by over 60% - street needs repaving in 5 years vs 15 years
- Other cities, like Los Angeles, have implemented street damage restoration fees



*Image of NE 26<sup>th</sup> Ave between Clackamas and Halsey*

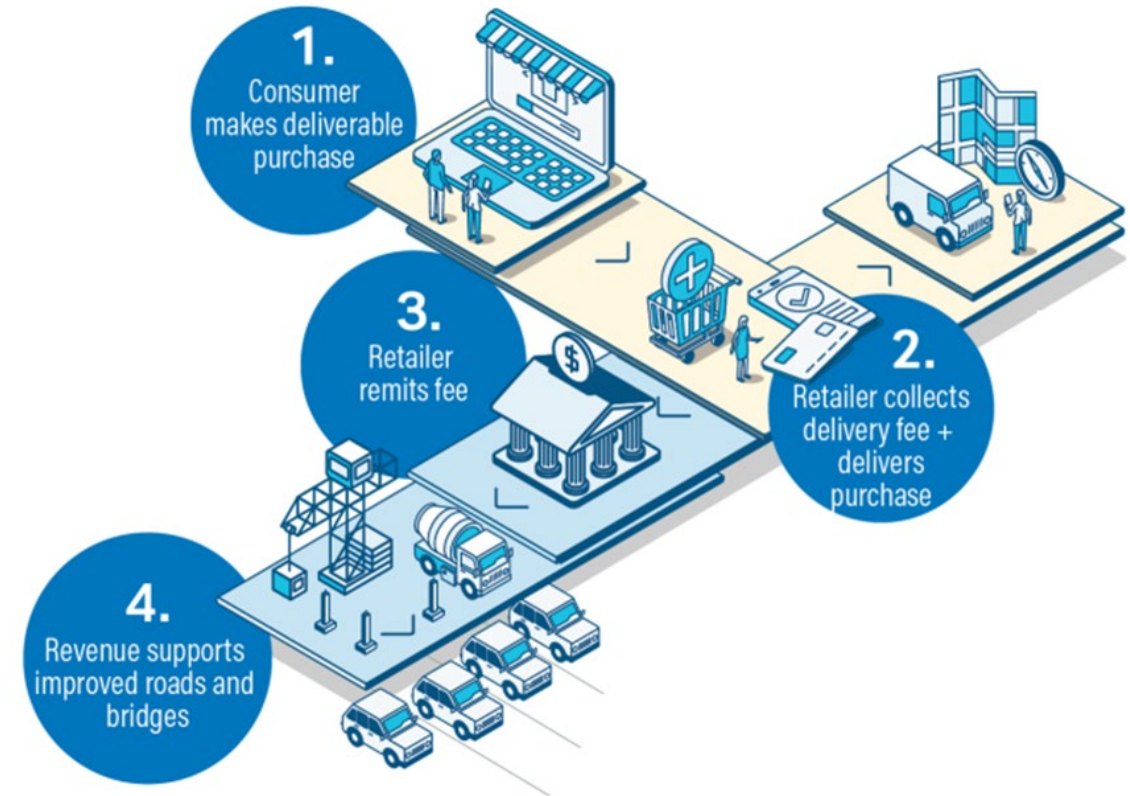
# Third-Party Food Delivery Fee

- Food delivery apps have exploded, and more gig-workers are driving on the street as consumers pay for convenience. Users relying on apps like Uber Eats do not pay for ROW impacts, unlike their ride-hail counterparts.
- **Concept:** a delivery fee in Portland could be implemented through an expansion of PBOT's Private For-Hire regulations.
- Washington, D.C. and the City of Boston have begun rulemaking to bring third-party food delivery under city regulations.



# Retail Delivery Fee

- Rise in e-commerce results in more vehicle trips, creating **safety and maintenance impacts on Portland's streets**. Delivery vehicles generally do not pay industry taxes like HVUT.
- E-commerce may **compete with people visiting small businesses** and could contribute to a lack of vibrancy surrounding the businesses.
- **A retail delivery fee requires retailers to levy fee at point-of-sale for users who opt for delivery**
  - Could make exemptions on certain products and for sustainable practices
  - No cities have implemented delivery fees - Colorado and Minnesota have delivery fees



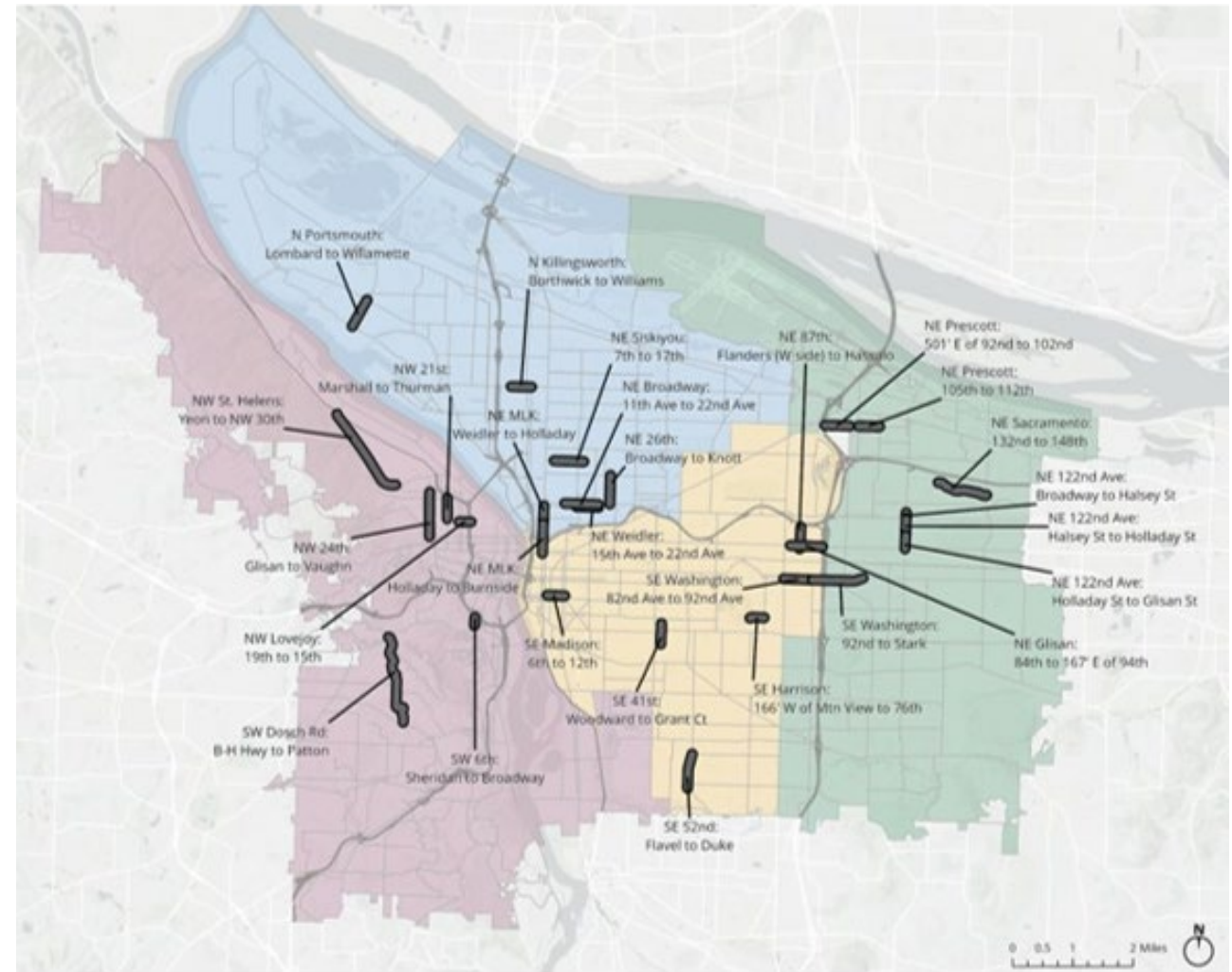
Source: Washington State Retail Delivery Fee Analysis, 2024

# Accountability Structures

Map of FOS Smoother Streets (Paving) Projects by District

## Fixing Our Streets Model

- Funding dedicated to basic safety and maintenance
- Oversight Committee
- Reporting/Auditing



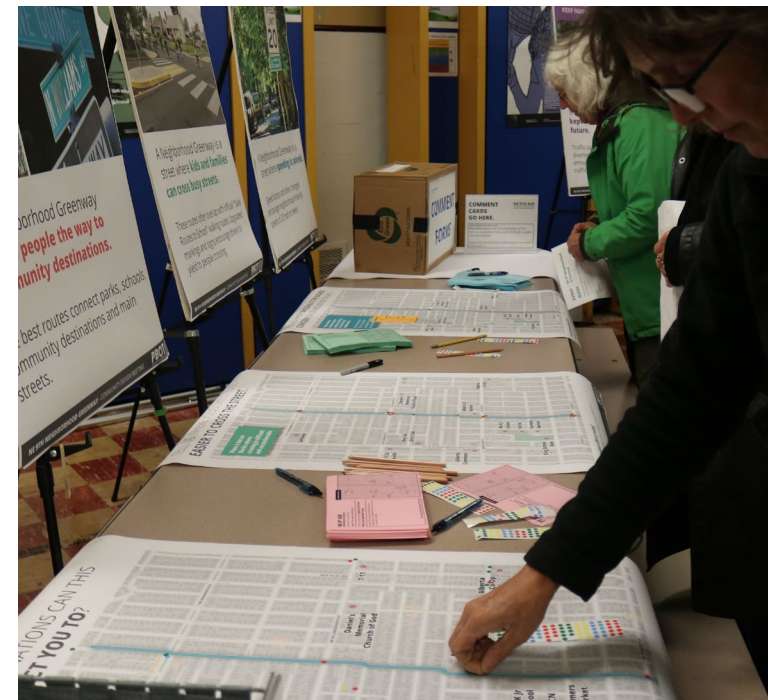
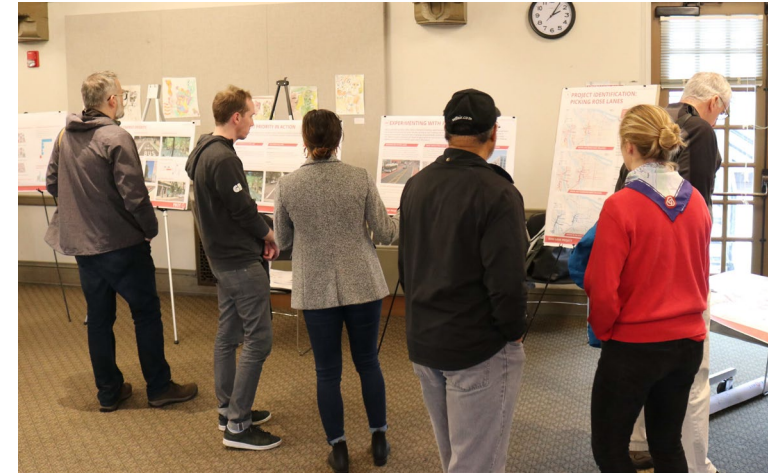
# Next Steps: Phase 2 Public Outreach

## Timeline

- Jan: Modal Committee Meetings
- Jan/Feb: District Coalition LUTC Meetings
- Feb/March: District Open Houses
- TBD: Public Utility Board Meetings

## Topics of Outreach

- Transportation needs
- Revenue mechanisms
- Accountability/investment structures



# Thanks!

