Alternative Transportation Funding Report

Modal Committee Outreach, January 2026

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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
  - Jeramy 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

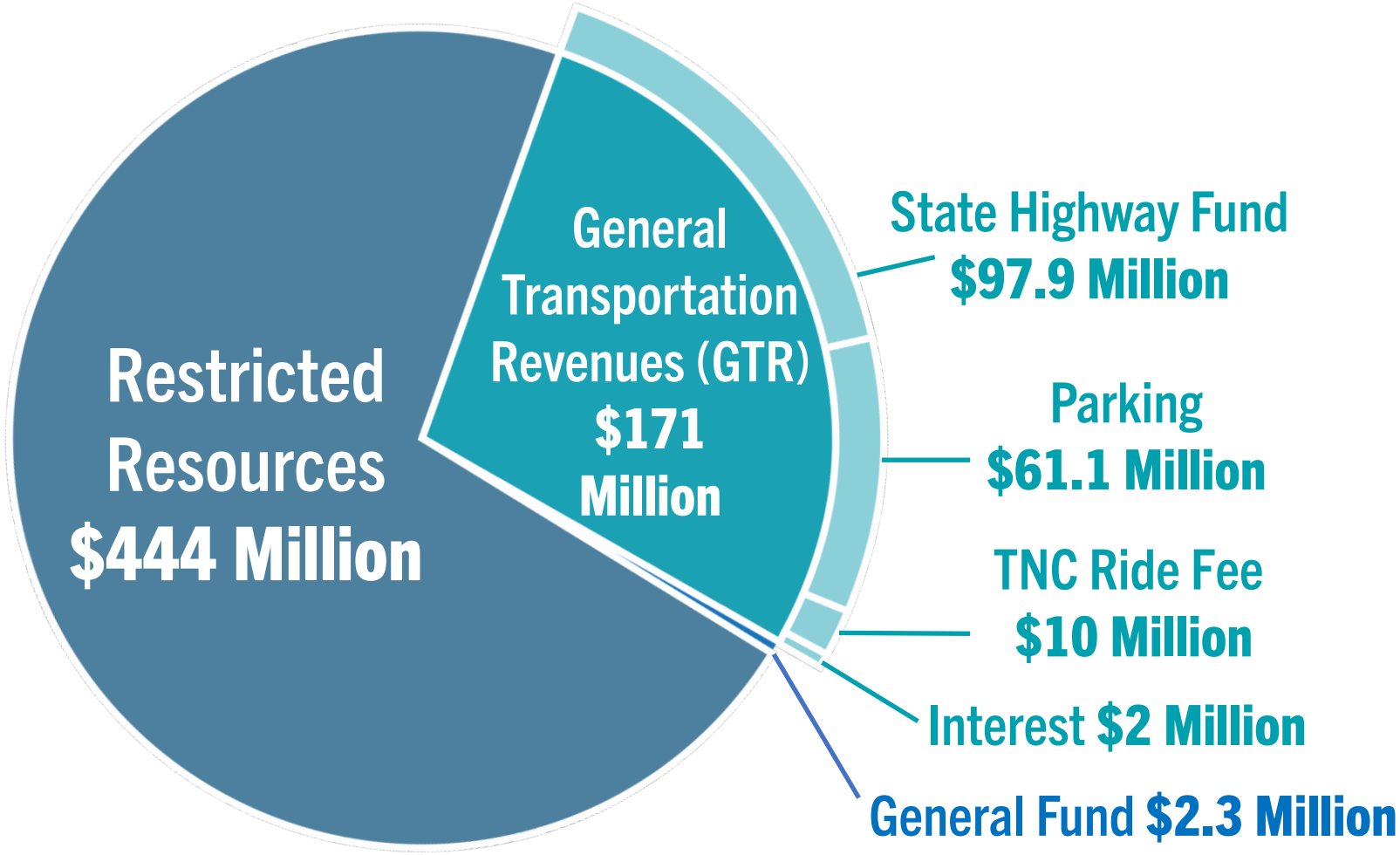
FY 19-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
• $0.9M GTR budget cut • Hiring freeze & furloughs • Non-rep COLA & merit eliminated • Reserve draw: $63M -> $24M	• $8.8M GTR budget cut • 39 FTEs cut • Reserve draw: $24M -> $16M	• $4.5M GTR budget cut • 7 FTEs cut • Reserve draw: $16M -> $9M • Parking permits to cost recovery	• $6.3M GTR budget cut • 16 FTEs cut • Reserve draw: $9M -> $0M • 20-cent meter increase	• $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:

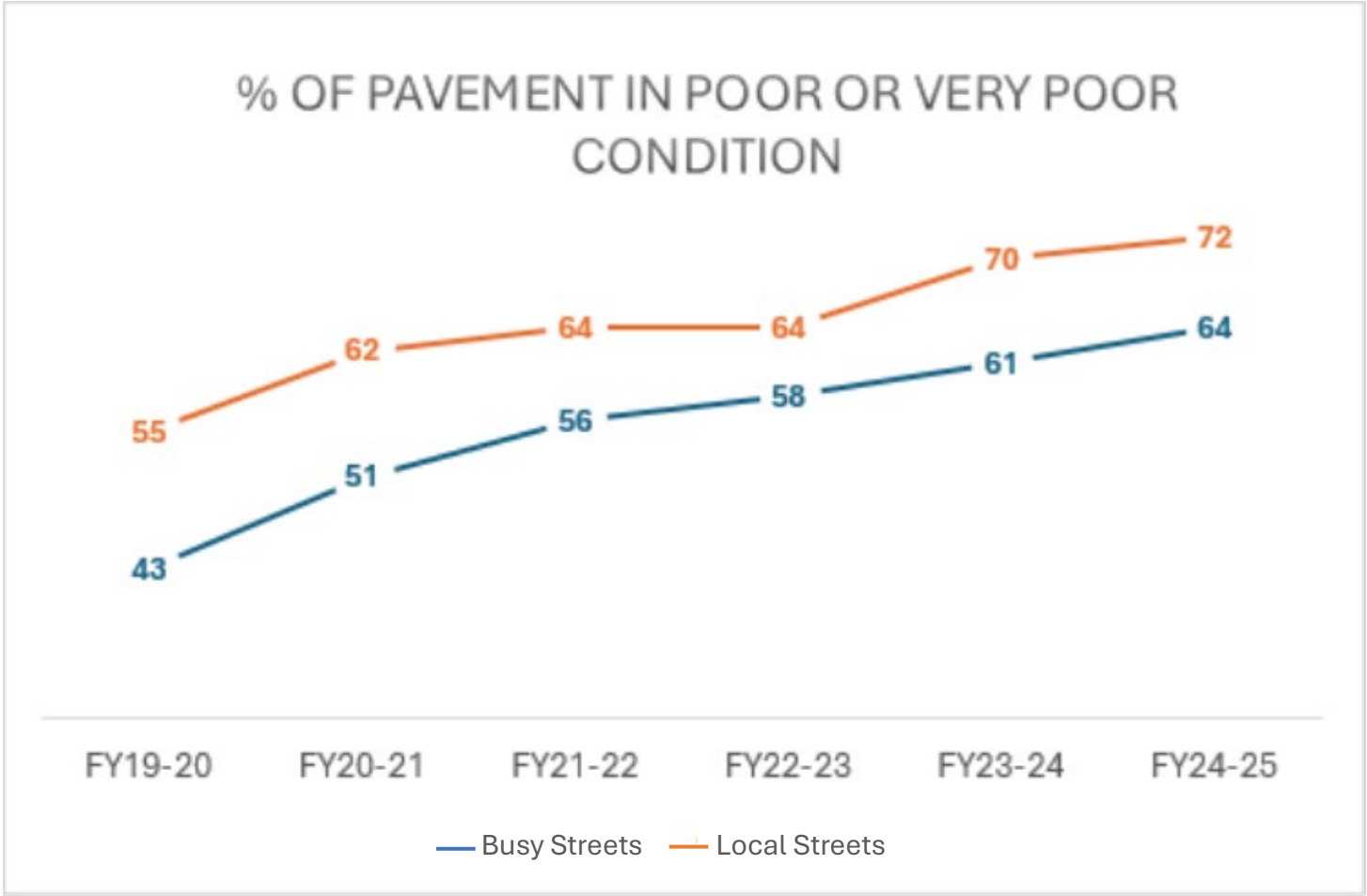
- $42M reduction to ongoing GTR-funded services
- $61M reduction in GTR reserves
- Elimination of 66 FTE and additional contracted projects/service

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



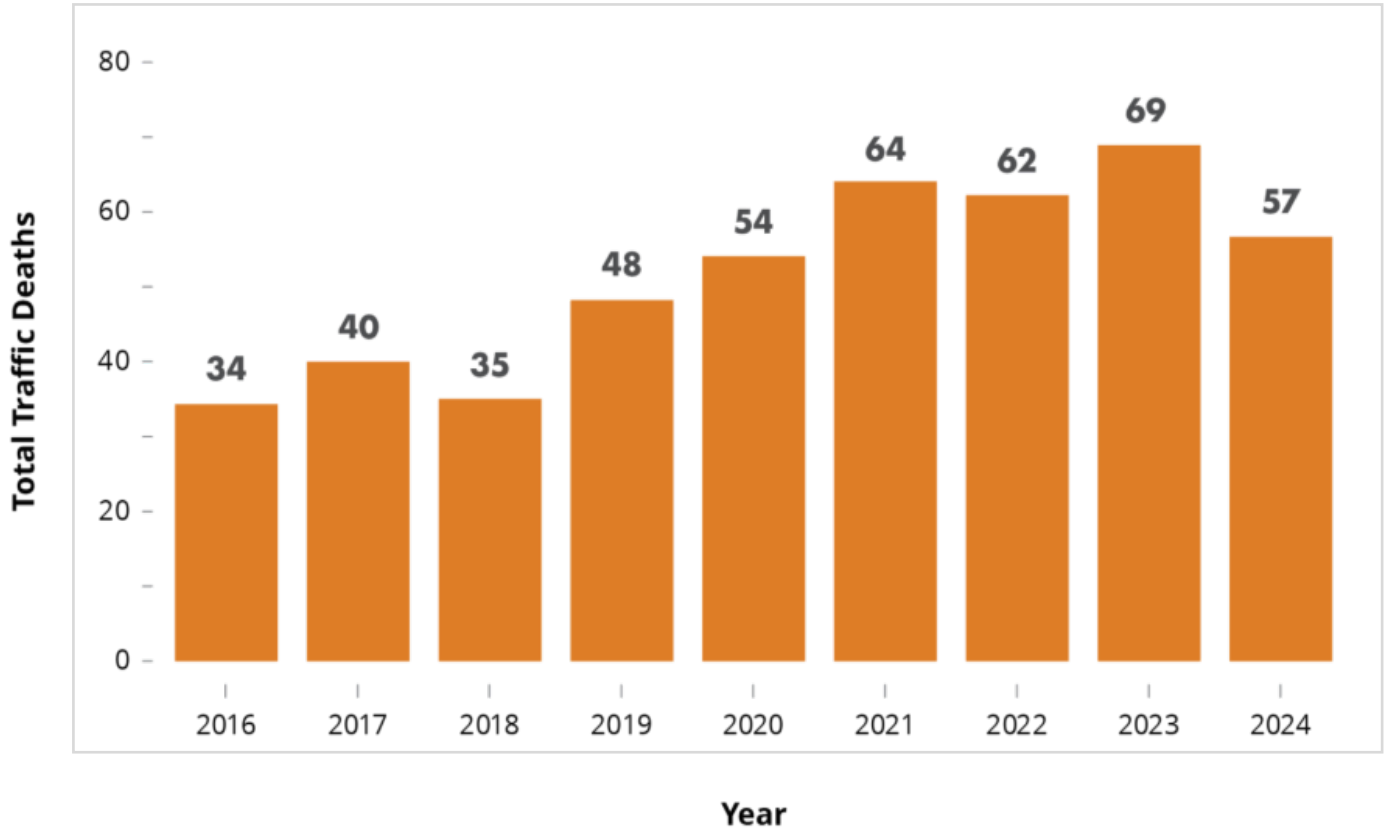
Worsening Condition of Roads

- 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
Sales Tax	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)
Transportation Utility Fee	No	No	No	**Yes**	**Yes (sidewalk fee paid on stormwater bill)**	No	**Yes (for snow removal & streetlights)**	No
General Fund	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	No	**Yes**
Parking Fees	**Yes**	**Yes**	**Yes**	No	**Yes**	No	**Yes**	No
State Gas Tax/Other State Revenues	**Yes**	**Yes**	**Yes**	No	**Yes**	**Yes**	**Yes**	**Yes**
Local Gas Tax	**Yes**	No	No	No	No	No	No	No
Street Damage Restoration Fee	No	No	**Yes**	**Yes**	No	No	No	No
GO Bonds/Levies for Capital Projects	No	No	No	**Yes**	**Yes**	**Yes (safety, maintenance)**	No	**Yes**
Other					**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)	Connection to Use/Benefit (Logic)	Ease of Implementation	Low-Income and Business Impacts	Dependence on Fossil Fuels
• Generates significant revenue • Long-term sustainable funding	• Logical — Fee based on use • Broad-based — Everybody benefits/pays	• Proven • Legal Authority • Efficient Collection	• Low-Income Discounts • Acknowledge broader tax environment for businesses	• 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

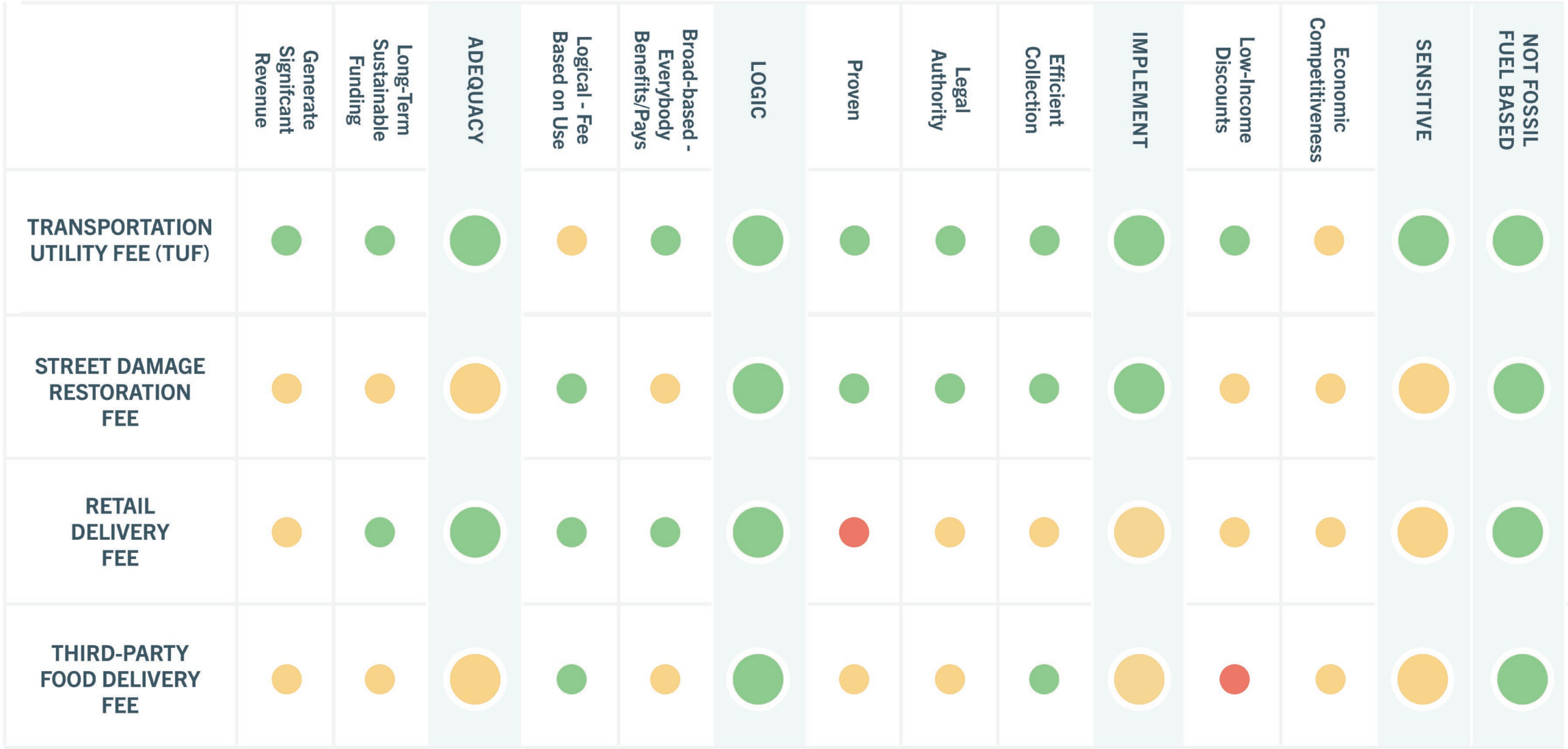
- Carbon Fee
- Congestion Pricing
- Studded Tire Fee
- Vehicle Registration Fee (weight)

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



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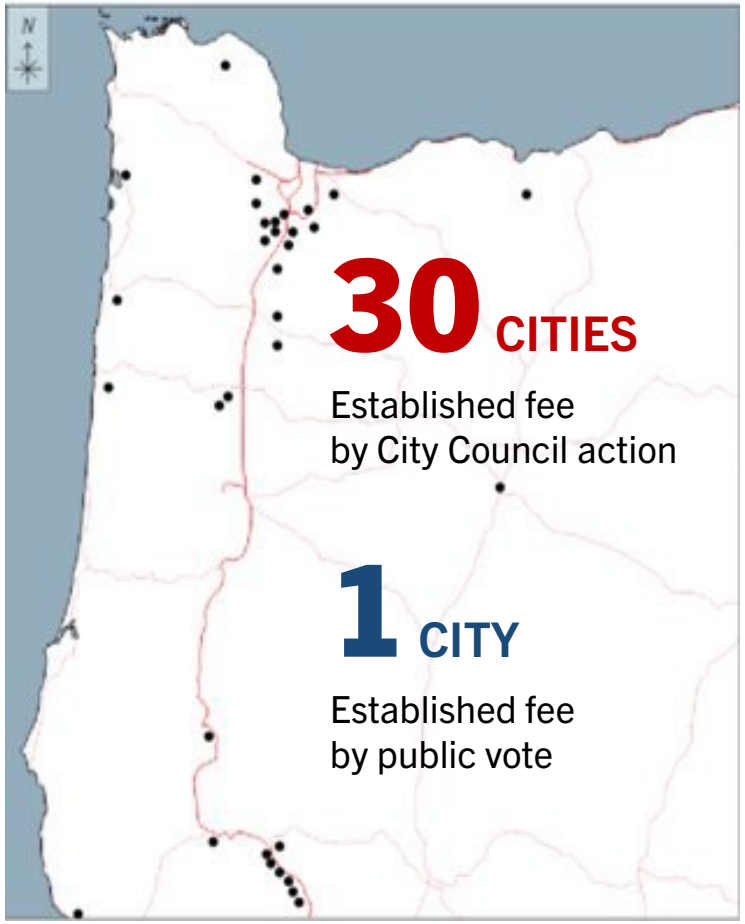
Transportation Utility Fee

- **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 26th 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.

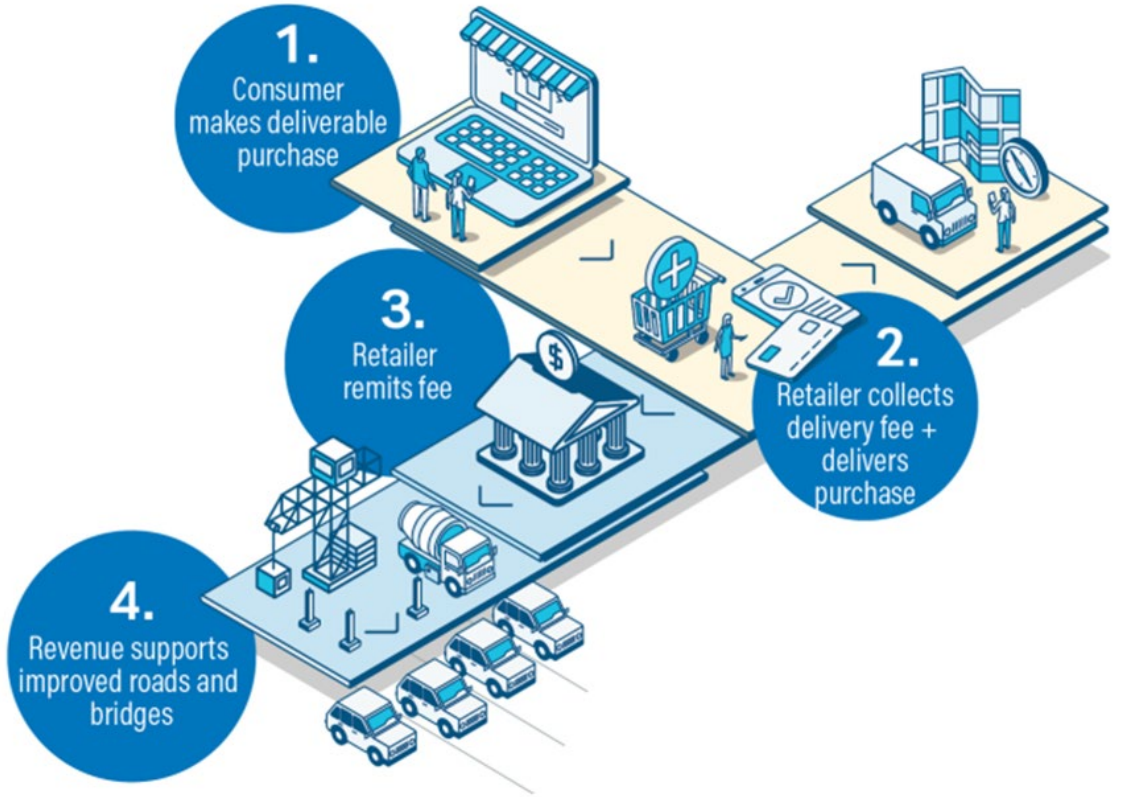
- Washington, D.C. and the City of Boston have begun rulemaking to bring third-party food delivery under city regulations.

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



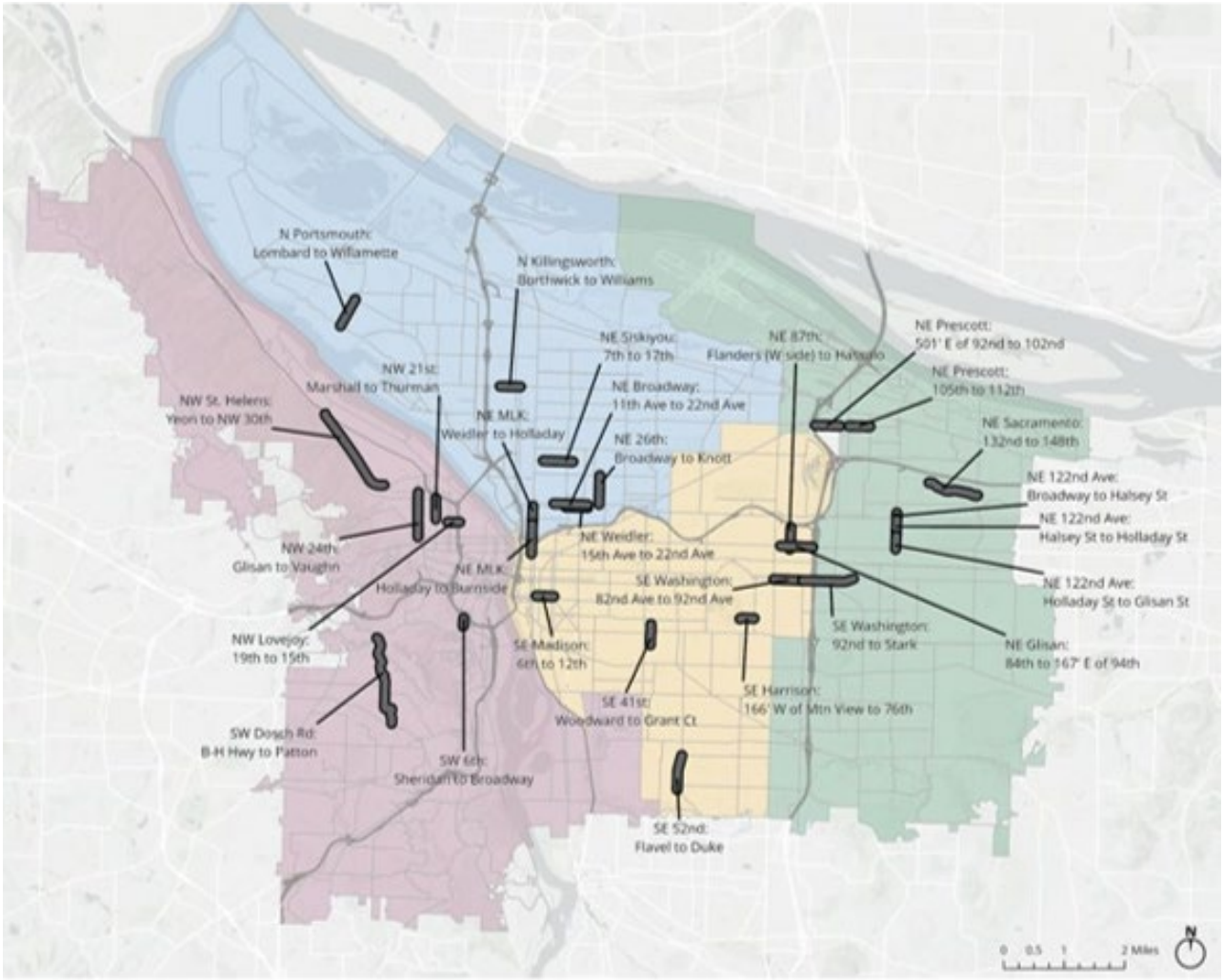
Source: Washington State Retail Delivery Fee Analysis, 2024

Accountability Structures

Fixing Our Streets Model

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

Map of FOS Smoother Streets (Paving) Projects by District



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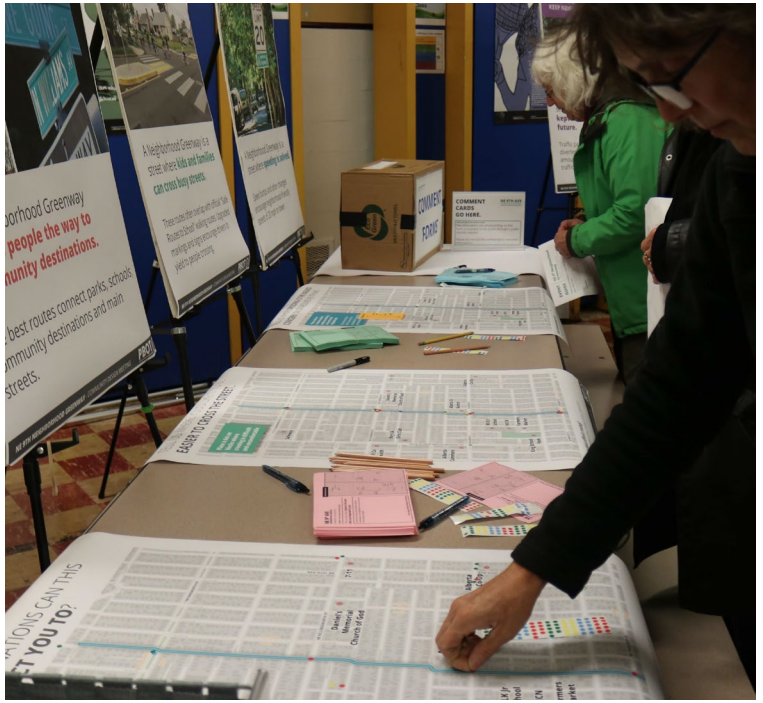
Next Steps: Phase 2 Public Outreach

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!