

# PBOT

PORTLAND BUREAU OF TRANSPORTATION

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## Local Transportation Infrastructure Charge (LTIC) Revenue and Expenditures Report December 2022

This report summarizes LTIC revenues collected since the effective date of the program in 2016, and describes past and proposed expenditures and uses of LTIC.

### Background

In April 2016, City Council adopted Ordinance 187681, establishing a Local Transportation Infrastructure Charge (LTIC), defined in Portland City Code 17.88.010 as, “a charge collected to fund improvements to the City's network of unimproved local streets and adjacent or related transportation facilities.” Effective July 1, 2016, LTIC is charged at time of building permit for development along unimproved local streets in residential zones RF, R20, R10, R7, R5, and R2.5. The charge is \$600 per lineal foot of unimproved property frontage, up to predetermined maximum values based on zoning. Exemptions are available for low-income households, affordable housing, accessory dwelling units, and other cases defined in code. More information about LTIC collection is available at:

<https://www.portland.gov/transportation/permitting/local-transportation-infrastructure-charge-ltic>

In April 2018, City Council adopted Ordinance 188891 which established an allocation methodology and investment strategy for LTIC proceeds while also making some adjustments to the charge. The allocation methodology prioritizes eligible street segments using three criteria:

- (1) **Equity** – as measured by an overlay of percentage of households that are low income, people of color, and rental, at the Census Block level.
- (2) **Effectiveness** – as measured by the presence of Safe Routes to School, bicycle routes, pedestrian routes, and nearby transit service, as defined in PBOT plans.
- (3) **Efficiency** – identified by inclusion in the study area of recent neighborhood street plans.

This methodology resulted in a selection of street segments for improvement, which were then bundled into three distinct PBOT capital projects by geography:

- [Cully Neighborhood Street Improvement Project \(T00723\)](#)
- [Division-Midway Neighborhood Street Improvement Project \(T00724\)](#)
- [Tryon-Stephens Neighborhood Street Improvement Project \(T00947\)](#)

More information about the allocation methodology is found at:

<https://www.portland.gov/transportation/permitting/litic-financed-improvements>



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## LTIC Revenues

At time of adoption, LTIC was expected to bring in approximately one million dollars annually. Actual amounts have varied (including a drop during the first two years of the Covid-19 pandemic), but revenue has averaged over \$1.1 million annually. LTIC revenues are as follows:

**Table 1: LTIC Revenue by Fiscal Year**

Fiscal Year	Revenue (dollars)
FY 16-17	1,610,583
FY 17-18	814,074
FY 18-19	1,481,626
FY 19-20	549,357
FY 20-21	968,193
FY 21-22	1,565,304
FY 22-23 YTD 12/16/22	258,000
Total through 12/16/22	7,247,137
Average through FY 21-22	1,164,856

## LTIC Expenditures

As of June 30, 2022, \$429,211 of LTIC proceeds were spent, all on design engineering for the selected three capital projects. Expenditures are expected to increase considerably over the next several years as the three projects reach construction stage. An expenditure forecast for LTIC is provided in Table 2 below, based on the proposed FY 23-24 PBOT Capital Improvement Program.

**Table 2: LTIC Expenditure Forecast**

	FY 16-17 thru FY 21-22 Actuals	FY 22-23 Forecast	FY 23-24 Proposed	FY 24-25 Proposed	FY 25-26 Proposed	TOTAL
<b>T00723 Cully (NE)</b>	-	852,183	2,089,091	3,289,680	-	6,230,954
<b>T00724 Division- Midway (SE)</b>	293,530	12,362	1,514,651	3,498,206	-	5,318,749
<b>T00947 Tryon- Stephens (SW)</b>	135,681	618,254	1,081,311	703,454	-	2,538,700
<b>T00595 SW Dolph Ct<sup>1</sup></b>	-	454,300	-	-	-	454,300
<b>T00717 NE 72<sup>nd</sup> Ave<sup>2</sup></b>	-	-	-	775,000	-	775,000
<b>TOTAL</b>	429,211	1,937,099	4,685,053	8,266,340	-	15,317,703

1. SW Dolph Ct: Capitol Hwy to 40<sup>th</sup> Ave is an eligible street in the Tryon-Stephens project area; construction is being delivered by the SW Capitol Highway: Multnomah Village – West Portland Project (T00595).

2. NE 72 Ave: Prescott to Lombard is an eligible street in the Cully project area; construction will be delivered by the NE 72<sup>nd</sup> Parkway Project (T00717).

Not included in Table 2 are other funds programmed to leverage the three LTIC capital projects, including \$2,188,021 in cumulative City General Fund allocations under the “Out of the Mud” line item, and \$4,339,100 from the Bureau of Environmental Services for stormwater management infrastructure on the projects. These leverage sources help stretch the impact of the LTIC proceeds.

## Finance Strategy

With past and forecast LTIC collections totaling approximately \$11 million through FY 25-26, and proposed expenditures exceeding \$15 million, financing will be necessary for adequate cash flow starting in FY 24-25. PBOT intends to use a bond issue or loan product for this purpose, with repayment through ongoing LTIC proceeds. Five or ten-year financing is anticipated. At this time, no new LTIC projects or other new LTIC expenditures are planned after the completion of the three initial capital projects. Planning for the future of LTIC will occur in concert with planning of the next tranche of PBOT’s Transportation System Development Charge, which will become effective in 2027.

## LTIC Capital Project Status

Details and updates on each of the three LTIC capital projects are provided below:

**Cully Neighborhood Street Improvement Project (T00723):** This project will improve the street grid in the center of this Northeast Portland neighborhood, including paving several north-south gravel streets, adding sidewalks to east-west paved streets, providing stormwater management, and adding street lights. The project reached a 95% design milestone in November 2022 and is entering a right-of-way and utility relocation phase that will last through summer 2023. The project will then go to bid for construction, with construction occurring fall 2023 through summer 2024. Project segments include the following:

- NE 62<sup>nd</sup> Ave (Prescott-Cully): pave gravel street
- NE 64<sup>th</sup> Ave (Prescott-Wygant): pave gravel street
- NE 66<sup>th</sup> Ave (Prescott-Sumner): pave gravel street, add sidewalk on east side
- NE 68<sup>th</sup> Ave (Going-Sumner): pave gravel street
- NE 70<sup>th</sup> Ave (Wygant-Sumner): pave gravel street and path
- NE 72<sup>nd</sup> Ave (Prescott-Lombard): add multi-use path on west side (T00717)
- NE 73<sup>rd</sup> Ave (Wygant-Lombard): add sidewalk on west side
- NE Going St (62<sup>nd</sup>-72<sup>nd</sup>): add sidewalk on north side
- NE Alberta St (Cully-73<sup>rd</sup>): add sidewalk on south side

Total project cost estimate: \$9,795,000, including \$7,006,000 LTIC.

**Division-Midway Neighborhood Street Improvement Project:** This project will add sidewalks, repair pavement, manage stormwater, and add street lighting on key routes leading to schools, parks, and transit in the Powellhurst-Gilbert neighborhood and Division-Midway business district in Southeast Portland. The project is scheduled to complete 30% design in April 2023, with construction starting in fall 2024 and lasting through summer 2025. Project segments include the following:

- SE 115<sup>th</sup> Ave (Brooklyn-Division): add sidewalk on east side
- SE 117<sup>th</sup> Ave (Division-Market): add sidewalk on one side
- SE 130<sup>th</sup> Ave (Holgate-Powell): add sidewalk on west side
- SE 132<sup>nd</sup> Ave (Center-Powell): add sidewalk, repair pavement
- SE Center St (130<sup>th</sup>-132<sup>nd</sup>): add sidewalk on one side

- SE Rhone St (129<sup>th</sup>-130<sup>th</sup>): pave gravel street
- SE Kelly St (122<sup>nd</sup>-127<sup>th</sup>): add sidewalk on one side
- SE Brooklyn St (115<sup>th</sup>-116<sup>th</sup>): add sidewalk on north side
- SE Woodward St (112<sup>th</sup>-115<sup>th</sup>): pave gravel street, add sidewalk on one side

Total project cost estimate: \$6,857,000, including \$5,319,000 LTIC.

**Tryon-Stephens Neighborhood Street Improvement Project:** This project will add sidewalks, repair pavement, manage stormwater, and add street lighting on key routes leading to schools, parks, and transit in the Tryon Creek and Stephens Creek watersheds in Southwest Portland. The project has completed topographic survey and will begin design in January 2023, with construction in 2025. Project segments include the following:

- SW Capitol Hill Rd (Barbur-Bertha): sidewalk infill and uphill bike lanes
- SW Galeburn St (Capitol-41<sup>st</sup>): add sidewalk on south side, repair pavement
- SW Dolph Ct (Capitol-40<sup>th</sup>): add sidewalk on south side (T00595, LTIC eligible)
- SW Troy/Canby St (30<sup>th</sup>-Capitol Hill): sidewalk infill, traffic calming

Total project cost estimate: \$4,875,000, including \$3,175,000 LTIC.



*The Division-Midway Neighborhood Street Improvement Project will provide asphalt paving and a sidewalk on SE 132<sup>nd</sup> Avenue south of SE Powell Boulevard in the Powellhurst-Gilbert neighborhood.*