

Building to the Future: PBOT's Proposed Revenue Strategy

February 2022

Why is PBOT exploring new revenue streams?

PBOT works every day to deliver and maintain a transportation system that meets the needs of our community and supports our goals. But while we've made big strides and major investments to deliver on this vision, significant challenges remain. And these challenges are getting bigger: rising crash rates and growing traffic & personal safety concerns; growing gridlock and car dependency; increasing transportation carbon emissions; crumbling infrastructure; more frequent and extreme weather emergencies; significant pandemic economic recovery needs; and persistent and worsening racial disparities in all these areas

While these critical needs grow, the resources PBOT has available to meet them have not, for several structural reasons:

- **Revenues remain flat while expenses grow with inflation:** Our major sources of discretionary transportation revenue—fuel taxes and parking—do not regularly adjust based on inflation, while our costs are continually increasing, leaving us with an ever-increasing gap between costs and revenue.
- **Limited flexible revenue streams:** Other sources of funding, such as federal transportation dollars, are only available to us for particular projects or programs, and do not provide us with discretionary revenue to meet our many ongoing maintenance, safety and operational needs.
- **Conflict with policy priorities:** To meet our climate, safety, and mobility goals, we need driving trips and fuel consumption to decrease significantly, but we're reliant on fuel consumption and parking to fund our work.

Because of this, we face a growing deficit and unsustainable financial future. The pandemic made this even worse.

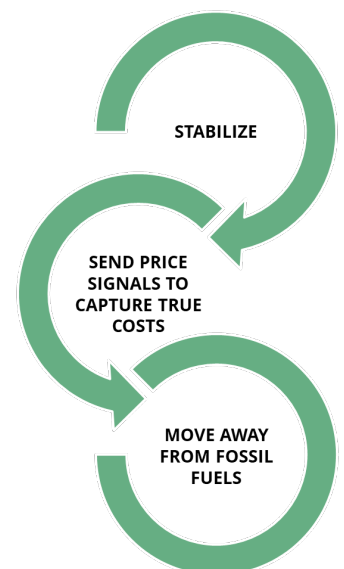
In the last two budget cycles, PBOT has taken cuts equal to 9% of our discretionary revenues as a result of this reality. This has reduced our capacity to deliver critical services and make progress in creating a safer, more equitable and more climate friendly transportation system. If we do not address our revenue shortfall, we will have to take more cuts in the future, further impacting service levels.

In 2021, City Council directed PBOT to identify new revenue sources that reflect the City's policy goals, address the bureau's structural deficit, and provide maximum flexibility to invest in our transportation system, and to present its recommended revenue proposals to Council during the FY 2022-23 budget development process. PBOT submitted decision packages as part of its FY 2022-23 proposed budget responding to this direction and will present the strategy to Council this winter.

A three-part strategy to build to the future

Building to an equitable, safe, and climate-resilient mobility future requires a new strategy aligned with our policy goals. This means:

- **Stabilizing** now and into the future so we can stop immediate cuts and keep delivering on our promise to Portlanders
- **Sending price signals to capture true costs** of parking and driving and support expanded, affordable multimodal options (in line with [POEM recommendations](#))
- **Moving away from a reliance on fossil fuel-based revenue sources** long-term



First moves: Near-term “bridge to the future” funding proposals to stabilize and begin sending price signals

Parking pricing is one of the Bureau’s most important flexible funding sources, supporting many critical activities that keep our transportation system working and advance our system goals. Through the Pricing Options for Equitable Mobility (POEM) Task Force process, we also heard strong interest in urgently implementing parking pricing strategies that advance equitable mobility and are designed to protect drivers living on low incomes.

The City has not raised parking rates since 2016, and rates are currently far below where they would have been had they kept up with inflation since 2016. The pandemic has also had a big impact on parking revenue—we’ve lost \$55 million in discretionary revenue over the last two years and anticipate losing \$88 million in total revenue due to the pandemic.

PBOT has developed a draft proposal to both stabilize our current revenue situation to limit budget cuts and also begin to send additional price signals in line with the principles recommended by the POEM Task Force.

- **In summer 2022, implement a climate and equitable mobility fee on each parking meter transaction.** This small fee (\$0.20 per transaction) would send a price signal about the costs of driving while supporting investments that advance our climate and equity goals and align with POEM recommendations. Funds would be particularly focused on building out transportation affordability programs, something we have heard from stakeholders is critically important as we raise parking prices. The transaction fee will allow PBOT to expand distribution of its affordable housing Transportation Wallet program (which provides households living on low incomes with credits and passes to be used for a variety of transportation options) and support the BIKETOWN for All program (PBOT’s discounted bike-share membership program). PBOT will also increase outreach around existing affordability programs, such as the SmartPark swing shift reduced rates. Other investments may include quick build multimodal infrastructure projects and investments in research and policy development to inform additional affordability programs in advance of future rates increases.
- **Beginning in 2022, implement staggered parking permit program rate increases to achieve cost recovery.** This includes increases to area parking, special event, and temporary street use permits. Current fees cover approximately 60% of program administration costs.
- **In 2023, implement [Performance Based Parking](#) (already adopted City policy) while bringing base meter rates up on par with inflation,** so rates will be adjusted in the future related to both parking demand and inflationary increases.

These changes will help to begin to capture more of the costs of driving and parking and help to stabilize our budget in the near-term while we work to pivot from fossil fuel-dependent revenue sources and further implement the POEM Task Force recommendations moving forward.

Looking ahead: Mid- and longer-term revenue ideas

As we look to the future, PBOT will continue exploring additional opportunities within each phase of the revenue strategy, including:

- **Continued stabilization now and into the future**
- **Sending stronger price signals to capture costs and encourage shifts to safer, more sustainable modes**
- **Seeking new revenue sources that help shift away from a dependency on fossil fuel consumption**