Analysis By: Yung Ouyang

PORTLAND BUREAU OF TRANSPORTATION

All Funds Budget Summary	Adopted FY 2015-16	Request Base FY 2016-17	Decision Pkgs FY 2016-17	Request Total FY 2016-17	Percent Change
Resources					
Budgeted Beginning Fund Balance	$61,255,957	$90,315,974	$0	$90,315,974	47.4%
Licenses & Permits	3,276,500	4,842,200	300,000	5,142,200	56.9%
Charges for Services	67,523,779	83,472,198	436,100	83,908,298	24.3%
Intergovernmental Revenues	97,203,939	100,603,756	140,000	100,743,756	3.6%
Interagency Revenue	30,632,978	31,905,016	0	31,905,016	4.2%
Fund Transfers - Revenue	38,896,613	18,296,431	37,348,161	55,644,592	43.1%
Bond and Note Proceeds	24,840,000	21,500,000	0	21,500,000	-13.4%
Miscellaneous Sources	2,359,204	4,173,430	0	4,173,430	76.9%
Total Resources	**$325,988,970**	**$355,109,005**	**$38,224,261**	**$393,333,266**	**20.7%**
Expenditures					
Personnel Services	$83,990,899	$89,012,237	$6,448,676	$95,460,913	13.7%
External Materials and Services	66,855,289	66,515,996	3,887,424	70,403,420	5.3%
Internal Materials and Services	31,022,974	32,309,292	0	32,309,292	4.1%
Capital Outlay	39,794,494	42,377,348	27,888,161	70,265,509	76.6%
Debt Service	17,550,908	18,476,425	0	18,476,425	5.3%
Fund Transfers - Expense	14,128,029	13,085,916	0	13,085,916	-7.4%
Contingency	70,963,916	91,658,744	0	91,658,744	29.2%
Unappropriated Fund Balance	1,682,461	1,673,047	0	1,673,047	-0.6%
Total Requirements	**$325,988,970**	**$355,109,005**	**$38,224,261**	**$393,333,266**	**20.7%**
Total Bureau FTE	**785.70**	**798.37**	**8.00**	**806.37**	**2.6%**

Percent Change is the change from FY 2015-16 Adopted Budget to FY 2016-17 Total Requested Budget.

Key Issues

PBOT's Five-Year Financial Forecast

PBOT's primary source of discretionary operating revenue or General Transportation Revenue (GTR) is the State Highway Trust Fund ("gas tax"). Because none of its components is indexed to inflation, and with vehicles becoming more fuel efficient and the lingering effects of the 2008 recession, PBOT projects discretionary revenues to grow slowly in future years despite the recent economic recovery, at about 2.0% per year over the five-year forecast.

Nearly all of the bureau's discretionary funding sources - the gas tax and parking revenues - rely on the city's continued dependence on automobile travel. Due to the steady increase in fuel efficiency, drivers pay less in gas taxes per vehicle mile traveled than in the past. In stable economic times, the variance in the growth of GTR compared to requirements creates an annual deficit of almost $2.0 million. As these costs outpace revenue growth, PBOT had previously been forced to make reductions to balance its budget and is not able to deliver the same level of services compared to prior years.

Recently, gas prices have been low, creating an expectation of an increase in gas consumption. Moreover, as the overall population in the city grows, the number of vehicles has also grown. However, in the

Portland area, this is offset with increasing density which results in a shift from vehicle travel towards transit, biking, and walking. As a result, PBOT notes that the growth reflected in the forecast is constrained.

In addition, population growth has led to increased demand for capital investments to expand the system. And as the system expands, operating and maintenance costs increase, creating further fiscal pressures on discretionary revenue. Existing resources are inadequate to maintain and operate the system, and maintenance backlogs grow annually under current funding levels. Last year, the bureau concluded that additional investments of $178-$191 million per year are required to halt the decline in system condition, improve the current condition of the assets, and allow PBOT to spend less to keep them in that condition. In order to meet the bureau's goal for the condition of street pavement, an investment of $119 million per year for a 10-year period is needed. $50 million alone are needed to maintain the current condition of the pavement and prevent further deterioration. This is in contrast to the $12.2 million of GTR the bureau is able to invest for street maintenance in FY 2016-17.

By managing bureau resources and increasing parking revenues, PBOT's FY 2016-21 financial forecast is balanced and does not require reductions from the current year level. Council approved an increase to parking rates for the Downtown Meter District, from $1.60 per hour to $2.00 per hour, effective in January 2016. The rate increase will generate an estimated $4.0 million in additional parking revenue annually. Furthermore, the bureau will also be implementing paid parking in the Northwest Parking District in February 2016 which will generate an estimated $3.0 million in new parking revenue annually.

In its FY 2016-17 Requested Budget, PBOT is adding an additional eight FTE and converting 19.0 FTE from limited term to ongoing. The positions are not funded by discretionary revenues but are mostly paid for through program specific cost recovery.

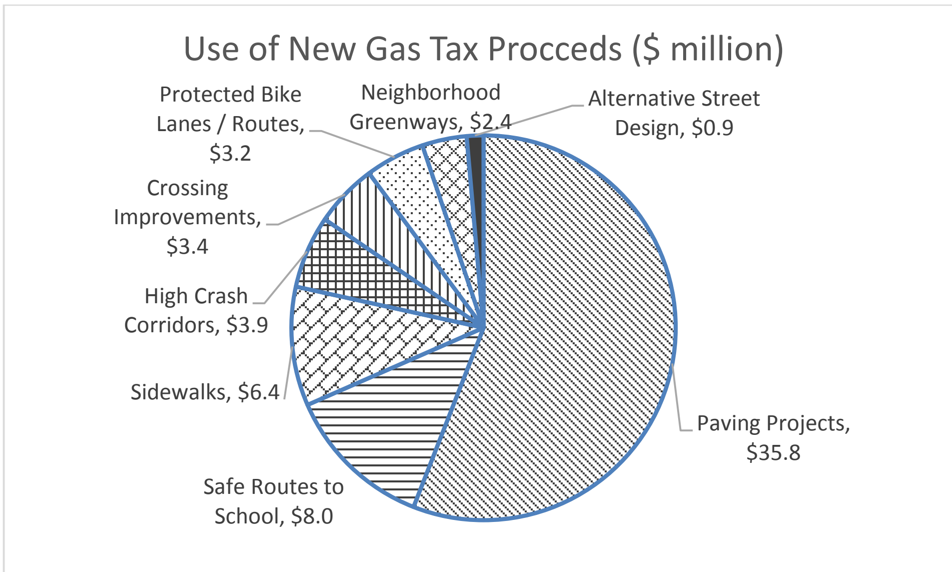
Potential New Gas Tax

Recently, City Council passed a resolution to refer a measure to voters for the May 2016 election authorizing the implementation of an additional, temporary, ten-cents per gallon tax on motor vehicle fuels for vehicles not subject to weight-mile tax. If passed by the voters, the tax will be collected no earlier than September 2016 and will expire four years after collection begins.

PBOT has conservatively, with moderate confidence, estimated the tax to generate net revenues of $16 million per year, or $64 million total, after factoring in elasticity effects, loss through lack of compliance, and administrative costs. The bureau's calculations begin with actual gas tax revenues from Multnomah County over the course of three years and then factor in the following assumptions from the Oregon Department of Transportation (ODOT): 10% for the percent of motor fuels revenue that comes from diesel, a 95% rate of compliance, and 3% of gross revenues for administration. In addition, working with ODOT and the City Economist for both a state and local perspective, PBOT assumed an elasticity factor of 92%; that is, there would be a conservative 8% reduction in the purchase of fuels in the city as a result of the new ten-cents per gallon tax.

If the tax is implemented, PBOT intends to create seven to eight full-time equivalent (FTE) positions for supporting the maintenance work and three to four FTE for project/contract management. The positions supporting the maintenance work would be doing mostly pavement base repairs. However, a majority of the maintenance work would be contracted out, with the work that is not contracted out projected to be about $8 million over the four years of the tax.

If 56% of the net proceeds from the new tax is spent on maintenance and 44% is spent on safety, the split would result in $35.8 million for maintenance projects and $28.2 million for safety projects. The bureau has submitted an approved list of projects that the proceeds from the new tax would be spent on. The following chart summarizes the amounts dedicated to various categories of projects, with Paving Projects comprising the maintenance component and all other categories making up the safety component:



As mentioned above, PBOT has estimated that it needs $119 million per year for a 10-year period in order to meet the bureau's goal for the condition of street pavement, not including other transportation assets such as bridges and traffic signals, and $50 million per year alone are needed to maintain the current condition of the pavement and prevent further deterioration. With the new tax projected to generate roughly $16 million each year for four years, and only 56% of the new revenue going towards maintenance, CBO continues to recommend that the bureau explore a variety of new sources of local revenues and advocate at the state level for legislation that generates more resources for local governments to spend on asset maintenance.

Moreover, CBO recommends Council consider revisiting whether General Transportation Revenue should continue to pay for non-core transportation services such as: subsidization of the costs of street lighting (most of which is paid for by the General Fund), special events such as the Rose Festival, and others. If Council determines that these are not goal uses of GTR, the revenues can be redirected to the maintenance of pavement and other transportation infrastructure.

Transportation System Development Charges Balance

By the end of FY 2014-15, PBOT had accumulated a balance of $39.0 million in Transportation System Development Charges (TSDCs) that it has not been able to spend due to the lack of matching funds, which include discretionary revenues (General Transportation Revenue) and grant funds. The bureau estimates that only about $18.8 million of TSDC funds will be spent on projects in its Five-Year Capital Improvement Plan starting in FY 2016-17.

Currently, the three sources or documents that determine the context and process of authorized expenditure of PBOT's TSDCs are: Oregon Revised Statutes (ORS); Portland City Code & Charter; and the Update of the Transportation SDCs report which was issued in July 2007. ORS states that the charges may be used only for capital improvements - specifically capacity increasing capital improvements - and that local governments shall prepare a plan that includes a list of the capital improvements that they intend to fund. In the City's case, this is the Transportation Systems Plan (TSP). Portland City Code & Charter states that the fees do not represent a means to fund the maintenance of existing roads or the elimination of existing deficiencies. Moreover, "the City specifically recognizes that the entire project list will likely not receive full funding from the proceeds of this SDC, and it is unlikely that every one of the projects listed will be constructed." City policy also states that it shall expend the revenues within ten years of receipt.

The 2007 report lays out in detail the processes the City should adopt to determine and spend the fees, including two screenings of projects in the TSP to determine if the projects meet certain criteria. One of the lower level criteria to determine if a project should be eligible for TSDC funding is "strong potential leverage," i.e., the amount and likelihood of potential funding from other sources which can pay for the non-capacity increasing aspects of the project. The report details the methodology and steps to calculate the growth or capacity increasing portions of a project, which are eligible to be funded by TSDCs, and the portions addressing maintenance and existing deficiencies, which must be paid for by other sources of revenue. The report limits the calculation of TSDCs by assuming that other revenues already found for the final projects on the list are spent first. Thus, in the case where the amount of the unfunded portion is less than the amount of the portion that is capacity increasing, TSDCs would not be used to pay for the entire capacity increasing portions. Finally, the report relates how a Citizens Advisory Committee reduced the number of projects on the list in an attempt to achieve geographic and modal equity.

When the methodology and process mentioned above were determined for the current ten-year cycle, the City was not aware of how wide the gap between the City's transportation maintenance needs and its discretionary revenues would eventually grow. For example, while gas tax revenues have grown steadily over the years, the City's transportation maintenance needs have grown at an even higher rate. Currently, any "extra" discretionary revenues are used to match grant funds, leaving a bare minimum for maintenance needs and very little to match TSDCs to spend on the portions of the projects on the TSDC list that address maintenance or deficiencies.

As the current ten-year cycle is coming to an end in 2017, there is not much that can be done for the current TSDC project list beyond examining individual projects to review the split between the capacity increasing portion and the maintenance/deficiency portion to determine if more aspects of the project can be TSDC eligible than previously determined. Portland State University (PSU) has also produced a critique of the current process, and PBOT will soon be issuing an RFP to engage a consultant to work on developing the process for the next ten-year cycle. CBO recommends that the consultant be tasked with incorporating the lessons learned from the current cycle to ensure that PBOT will be able to maximize the utilization of its TSDCs in conjunction with other limited revenues. Possible changes include ensuring that better measures for "deficiency" are utilized and developing ways to make the process more flexible over the ten-year cycle.

Debt Service

Discretionary transportation revenues pay the debt service on gas tax revenue bonds, some limited tax revenue bonds, and a portion of the City's pension obligation bonds. Debt payments increased each year from FY 2008-09 up to FY 2014-15, as the bureau took on payments for bonds related to the Portland-Milwaukie Light Rail and the Sellwood Bridge Replacement projects. PBOT estimates that an average of $9.0 million will be spent each year on debt service for these two projects over the life of the debts. It should be noted, however, that the PMLR debt service is intended to be funded by SDC revenues, primarily from the North Macadam and Innovative Quadrant SDC overlay districts. However, with the recession period starting 2008, SDC funds from these quadrants were insufficient to fully service the PMLR debt, and GTR made up the difference. With the economy rebounding, SDC revenues have been contributing to the debt service. The current financial forecast assumes an average of $0.5 million each year in SDC offset over the forecast. It is expected that SDC revenues will fund the full amount of the PMLR debt over time.

The amount of ongoing GTR dedicated for debt totals $15.9 million in FY 2016-17, with the largest percentage (33%) allocated to the bureau's portion of the City's pension debt. Other large, specifically transportation-related debt service items include:

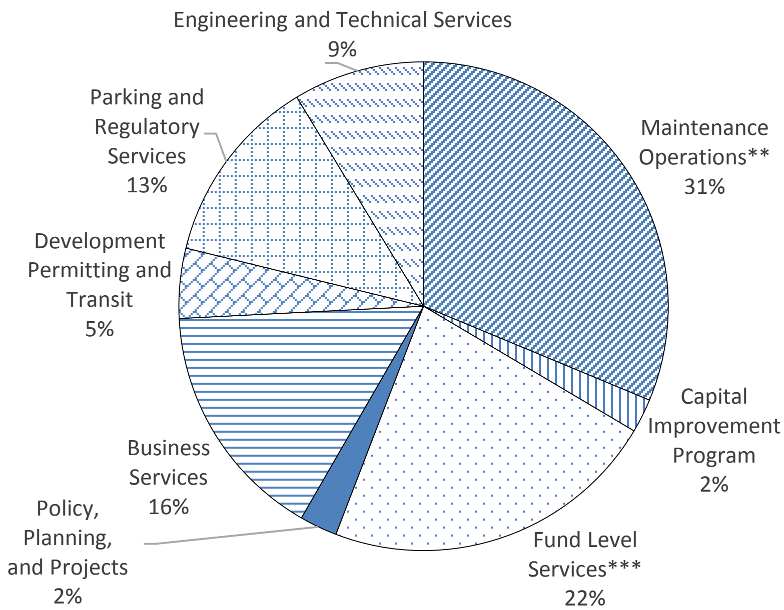
- $3.8 million for the match payment for Sellwood Bridge replacement;
- $2.5 million for the match payment for the Portland-Milwaukie Light Rail Project;
- $2.1 million for the match payment for the Transit Mall Revitalization Project; and
- $1.7 million for multiple GTR capital projects.

The bureau's total GTR-funded debt service in FY 2016-17 is 3% less than FY 2015-16, mostly due to not having to make payments for the gas tax revenue bonds related to Oregon Arena & Lloyd District transportation improvements. Note that the figures presented in this section are from mid-January and may not represent the actual amounts in the bureau's Requested Budget.

Debt service in FY 2016-17 also comprises a substantial percentage (15%) of discretionary revenue. The pie chart below illustrates the breakdown of how the bureau projects to spend GTR in FY 2016-17. The City does not have a formal debt limit for debt paid by PBOT resources, but OMF-Debt Management has indicated that PBOT is well above its minimum debt coverage target of annual revenues equal to or greater than three times annual debt service. Debt service payments after FY 2016-17 will drop somewhat because the bureau is making its last payment for the Transit Mall Revitalization Project in that year.

Debt obligations limit the bureau's financial flexibility for near and medium-term discretionary projects. CBO recommends PBOT and City Council continue to be mindful of the trade-offs between bond financing versus the pay-as-you-go approach to project financing, as well as committing the bureau to large, non-core projects that would dedicate GTR to debt service payments for many years. The FY 2016-17 Requested Budget includes a request for $420,000 of General Fund resources for the third year of work on the Southwest Corridor High Capacity Transit Project–Draft Environmental Impact Statement. At this point, it is too early to know what may come out of the effort, but light rail may be a possibility, and with the uncertainty of future federal funds for transportation infrastructure, local governments may have to come up with the resources to build the scoped project should the region decide to move forward.

FY 2016-17 Expenses Backed by Ongoing General Transportation Revenues (GTR) Totaling $121.7 Million* (January 19, 2016)



*The amount of ongoing GTR revenues needed is actually $15.1 million lower (or about $106.5 million) due to overhead recovery

** Includes $12.2 million for street maintenance

***Includes the $15.9 million in debt service discussed above

Decision Package Analysis & Recommendations

Major Maintenance & Infrastructure Replacement, TR_01, $35,948,232

In accordance with the City policy to dedicate at least one-half of one-time discretionary resources to infrastructure maintenance or replacement projects, PBOT submitted requests totaling $35.9 million for 15 maintenance projects classified as: paving preservation; bridges and overpasses; signals and streetlights; parking garage; and attenuator replacements. Along with projects submitted by other bureaus, PBOT's projects were ranked based on overall risk to the City. CBO recommends funding those projects that received high rankings, while also considering the limited amount of funds available during this budget development process. The bureau submitted one new project, with the other 14 having previously been considered and ranked either during last year's budget development process or during the recent Fall 2015 Supplemental Budget process.

Two of PBOT's Key Performance Measures (KPMs) are impacted by this request:

- Percentage of PBOT-owned bridges in non-distressed condition – If both of the bridge projects are funded, 86% of the bridges would be considered non-distressed, up from 85% if neither is funded. The estimated year-end percentage for FY 2015-16 is 84%.
- Percentage of "busy" (collector/arterial) streets in fair or better condition – If all seven pavement projects are funded, 61% of such streets would be in fair or better condition, up from 57% if none are funded. CBO notes that pavement projects tend not to score high in the ranking process because of the relatively low level of risk associated with failure of the pavement. The year-end estimate for FY 2015-16 is 56% considered to be in fair or better condition.

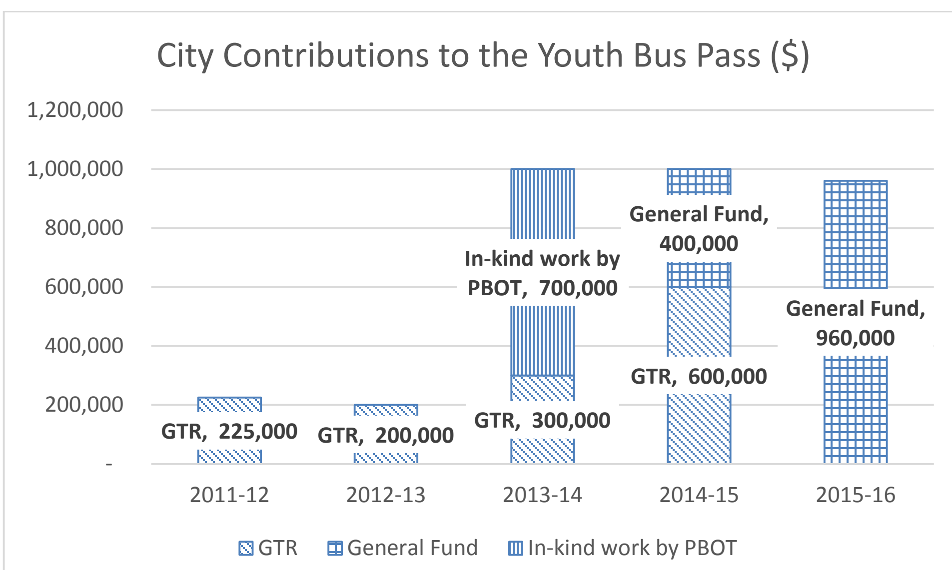
The recommended list contains two PBOT projects that ranked first and third for overall risk, totaling $1.84 million. The PBOT projects recommended to be funded are:

- The repair, rebuilding, or replacement of up to five traffic signals subject to failure; and
- The replacement of a seismically deficient bridge, located alongside a jet fuel pipeline, that has serious scouring issues.

CBO Recommendation: $1,840,000

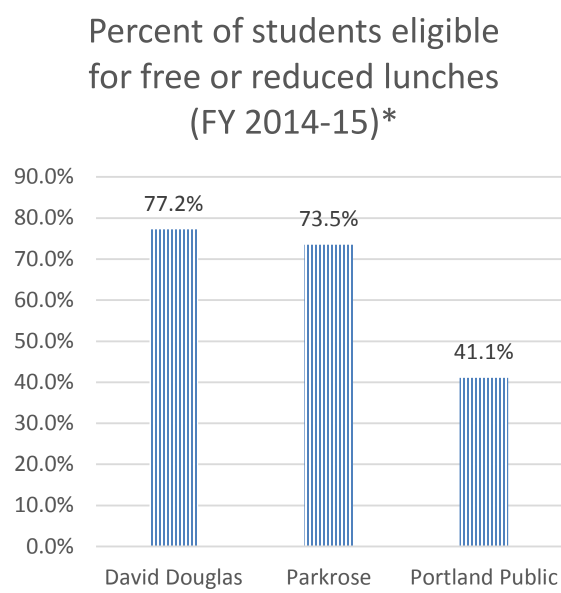
Youth Bus Pass, TR_02, $1,000,000

The City has been funding a portion of the costs of the Youth Bus Pass program for high school students in the Portland Public School (PPS) district since FY 2011-12 (see the following chart below for amounts and sources of funding). As with last year, PBOT is requesting that the FY 2016-17 contribution of $1.0 million come from the General Fund. Prior to FY 2011-12, the passes were funded by Oregon State's Business Energy Tax Credit program and Portland Public Schools. The $1.0 million contribution is one-third of the costs of the entire program as designated by TriMet, with the school district and TriMet each also paying for a third of the costs. PBOT states that despite repeated requests, TriMet has not provided an explanation of how it calculated the $3.0 million figure for the total cost of the program.



Last year, TriMet sought a solution to this issue from the State with the City's support. There was a proposal to modify the school funding allocation to provide funds to districts that do not have a yellow bus system for high school students, but the effort did not result in a resolution. No action is being taken during the current short legislative session.

CBO does not recommend committing any City funds, either from the General Fund or General Transportation Revenue, to the Youth Bus Pass. If the City once again funds one-third of the costs of the program, either with General Fund resources or General Transportation Revenues, it may be perpetuating an inequity since David Douglas and Parkrose School District students generally experience a higher level of poverty (see chart below). Instead, CBO recommends that the City encourage PPS to financially prioritize the transportation needs of its students. The City should also encourage PPS to address whatever imbalances may exist within the district's finances so that the district can fulfill its responsibilities to provide for the transportation and other needs of its students.



**Source: Oregon Department of Education*

CBO Recommendation: $0

Safety and Education (Vision Zero), TR_03, $500,000

PBOT requests $500,000 in one-time General Fund resources to implement infrastructure and public education efforts to make progress on its Vision Zero safety goals. The request consists of three components, two education related ($100,000 for Dangerous Behaviors and $100,000 for Young Portlanders/Safe Routes to School) and one focused on design and infrastructure ($300,000 for Safer Crossings). The bureau has provided CBO with a cost breakdown of each of the nine projects in the two educational components, as well as the costs of the three projects in the Safer Crossings component. One of the bureau's Key Performance Measures is the total number of serious, incapacitating traffic injuries and fatalities citywide. PBOT estimates the number to be 240 this fiscal year at year-end and has indicated that the figure would drop down to 220 next year if its requests for additional resources are granted. Even without additional funding, the number of injuries and fatalities is estimated to decline slightly to 230.

CBO recommends the $300,000 of funding for Safer Crossings because these are engineering and infrastructure efforts, while not recommending the two components focused on education. CBO notes that Vision Zero, as it was originally conceived and has successfully been implemented in places such as Sweden, seeks to achieve its safety goals through engineering, infrastructure design, technology, and enforcement, and not through education. Vision Zero assumes that people will make mistakes but seeks to minimize the negative effects of those mistakes. In addition, CBO believes that in order for public education to be successful in producing changes in behavior, an ongoing effort is needed requiring ongoing funding, and that one-time efforts will reach a small number of people and have limited impact. While the bureau cites the example of how a one-time investment in an educational campaign has led to Oregon having one of the highest seat belt compliance rates in the country, in its "How States Achieve High Seat Belt Use Rates" report issued in August 2008, the National Highway Traffic Safety Administration notes that Oregon's success is due to continuous law enforcement and publicity campaigns that are ongoing, and not one-time (pages C-53 to C-60).

The Safer Crossings component seeks to install rapid flashing beacons at two intersections in East Portland, an area of the city which has traditionally been underserved. PBOT uses data to determine which locations of the city have the highest number of accidents involving pedestrians. As noted by the bureau, the beacons have been proven to be effective in improving safety. The average cost of installing a beacon at a pedestrian crossing with an existing median refuge island, which both of the proposed locations already feature, is $75,000. In addition, PBOT seeks to implement a crossing strategy involving a cohesive evaluation of a series of existing marked crossings on NE MLK Blvd. Expecting to cost $150,000, this effort involves traffic engineering and an assessment of existing conditions and community priorities. While PBOT's request for General Fund resources for Safer Crossings is one-time, CBO is recommending an ongoing allocation dedicated to pedestrian safety infrastructure due to the scale of the problem and the high costs of maintaining the rapid flashing beacons.

CBO Recommendation: $300,000

SW Corridor Plan – Year 3, SA_18, $420,000

PBOT is requesting $420,000 in one-time General Fund resources to continue developing a plan for high capacity transit on the Southwest Corridor. The bureau had already received a total of $1.35 million in FY 2014-15 and FY 2015-16 for the effort, with $1.05 million (or 78%) of that amount transferred to Metro as match payments. Because Metro has committed to not requesting additional funds from the City beyond the $1.05 million already dedicated, none of the funds for FY 2016-17 would be utilized as a match payment but would instead be completely applied to City staff and paid consultants, with 58% of the amount to be spent on PBOT staff, 13% for other City staff, and 29% to be paid to consultants.

The efforts in FY 2015-16 are leading into a technical Draft Environmental Impact Statement (EIS) analysis in FY 2016-17 that is required as a part of the evaluation of the impacts of the various alternatives. A status report from Metro on project activities summarizing accomplishments is due in March of 2016, including a number of technical reports evaluating 11 alignment options leading to their elimination and six alignment options that have received further study. Outreach has been performed to several dozen community and advocacy groups and hundreds of individuals over the course of two years. The status update from Metro will include information on budget drawdown and accomplishments. PBOT believes that about 60% of Metro's total $9 million budget remains and that technical analyses performed to date are a part of the Draft EIS effort, so the matching funds were spent in accordance with funding intention.

PBOT states that the work plan through FY 2017-18 would include completion of the Draft EIS and confirmation of the Locally Preferred Alternative (LPA) by all of the SW Corridor Plan's regional partners. The bureau states that all of the project partners are actively working to identify alternative sources to fund the EIS/LPA work, and if funding is not found, it is possible that there would be another request for General Fund resources for FY 2017-18 to pay for City staff time to complete their work. A part of the requested funds for consulting work in FY 2016-17 would be spent on a funding strategist to secure additional financial planning expertise.

In regards to future construction costs, sources for the entirety of the City's share of local match for the project are unknown at this time. Historically, the City has utilized GTR and TSDCs, tax increment financing from the Portland Development Commission, funding from Local Improvement Districts, and in-kind property for its local match contribution. As noted above, this special appropriation request includes budget to hire a funding strategist to develop alternatives. Additionally, PBOT anticipates evaluating the SW Corridor Plan for elements that could be eligible for specific funding as part of the future TSDC update.

Due to the limited amount of discretionary funds and the need to address other important and urgent priorities such as the housing and homelessness crisis, CBO does not recommend additional General Fund resources for the SW Corridor effort for FY 2016-17 but recommends that PBOT reprioritize spending with the bureau's existing resources if it is a priority for the bureau to continue work on the plan. The bureau is continuing to utilize GTR to pay more than $2.5 million each year until 2033 (or an additional $42.6 million above the amount already paid up to FY 2015-16) to service debt resulting from the Portland Milwaukie Light Rail Project (PMLRP). If the City's experience with PMLRP is any indication of the financial arrangements it may end up committing to as a result of the SW Corridor Plan, devoting GTR to pay for work on the plan would begin to prepare the bureau for the reduced service levels it may have to provide if it needs to service additional debt. Council should also keep in mind that in addition to the possibility of servicing new debt resulting in less resources for maintenance, utilization of high capacity transit would result in less driving and hence, less discretionary revenues (less gas tax, less meter revenue) for the bureau. Moreover, if the resulting high capacity transit mode is bus instead of rail, PBOT would also need to spend more to maintain the pavement due to the disproportionate amount of damage buses do to the roads compared to automobiles. Thus, the benefits of a high capacity transit project may not accrue to the bureau, while many of the costs would.

CBO Recommendation: $0

Street Plan Connectivity in Growing Centers, TR_04, $150,000

Seeking to develop a future access/circulation plan for two Comprehensive Plan designated centers in East Portland to serve as the model for improving connectivity in centers citywide, PBOT requests $150,000 in one-time General Fund resources. The bureau notes that the project will set the stage for anticipated growth by determining the alignment of future street connections within centers as well as safe routes to the centers from adjacent neighborhoods to facilitate necessary improvements as development occurs.

CBO notes that the plan has an equity component as East Portland has traditionally been underserved, and the plan seeks to create more equitable service levels where street connectivity is deficient. In addition, one of the effort's tasks is to assess the potential of sites or parcels to redevelop and result in new street or pathway connections based on various factors, including parcel relationship to gaps in the street grid, location of existing built structures, and the degree to which the blocks do not meet street and pathway spacing standards. If funded, one of the bureau's plans with the effort is to assess the redevelopment potential of the two centers in general, and case parcels specifically, that are either vacant or underdeveloped relative to their potential (e.g. existing uses are of a lower density than allowed, existing buildings which have passed or still have economic life). Furthermore, to address potential gentrification in East Portland, a Public Involvement Plan would be developed for the East Portland focus area to identify all impacted stakeholders, to understand the full range of impacts (both positive and negative), and to locate the primary destinations for all residents, particularly communities of color and immigrant and refugee communities.

While CBO believes that this project has many merits, including a focus on an underserved area of the city and a strategy that seeks to address redevelopment potential and gentrification, it does not recommend funding in FY 2016-17 due to the need to focus on other important and urgent priorities such as the housing and homelessness crisis. If the project is of significant priority to PBOT, CBO recommends that the bureau either reprioritize spending with its existing resources or request the funding again during the next budget development cycle.

CBO Recommendation: $0

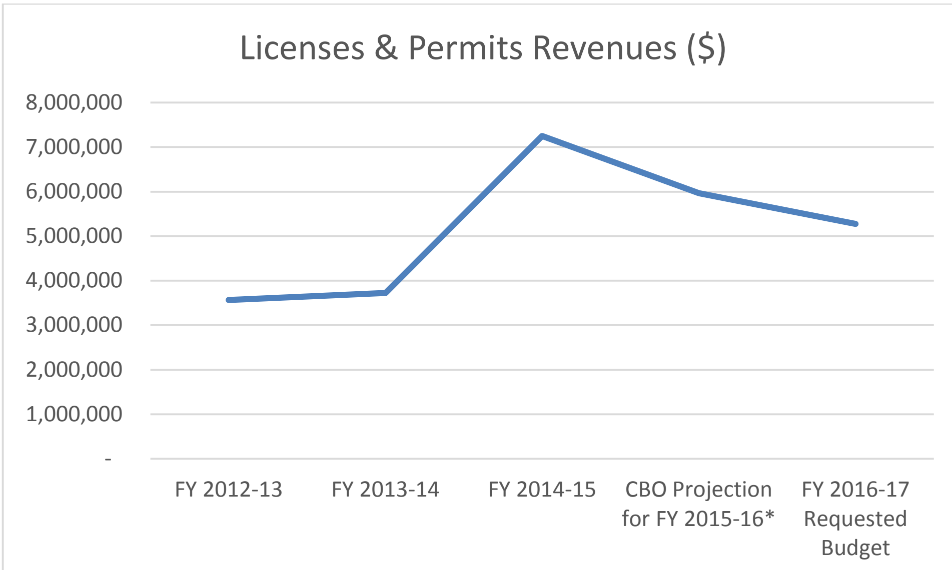
Development Review – Add Position, TR_05, $116,300, 1.00 FTE

CBO recommends the addition of an Engineering Associate position funded by development fees to assist in the review of development applications, building plan reviews, traffic studies, and occasional assistance for public works permits to ensure timely response and good customer service. CBO notes that the economy has been improving over the last several years resulting in an increase in development fee revenues. Recent CBO projections for year-end collection of Charges for Services revenues indicate that the bureau may end FY 2015-16 at $8.6 million (or 16%) above budget in the Transportation Operating Fund. However, about 87% of the budget for Charges for Services is made up of parking fees, parking fines, and SDCS, with only a small portion consisting of development fees.

CBO Recommendation: $116,300, 1.00 FTE

Utility Construction and Inspection – Add Positions, TR_06, $136,000, 1.00 FTE

CBO recommends the addition of a Development Supervisor position funded by utility permits to implement an inspection process utilizing mobile and technology solutions, serve as the point person for two IT projects, and act as the supervisor for Public Works Inspectors. CBO notes that the economy has been improving over the last several years resulting in an increase in license and permit revenues, which PBOT has traditionally under-budgeted due to conservative budgeting. CBO projections for year-end collection of license and permit revenues indicate that the bureau may end FY 2015-16 at 82% above budget. The graph below shows the actual amounts collected for the last three years, CBO's conservative projection for this year, and the bureau's Requested Budget amount for FY 2016-17. Permit fees are priced for cost recovery and do not contribute to the bureau's discretionary resources.



*Conservatively projected using the prior year pattern and the actual amount collected as of AP 6. PBOT's Revised Budget for this category is currently almost $3.3 million.

CBO Recommendation: $136,000, 1.00 FTE

Regulatory Operations – Add Positions, TR_07, $300,000, 3.00 FTE

In the current year, PBOT added several limited-term positions in response to an increased workload in the Regulatory Operations program, particularly in regards to private-for-hire vehicles, and the bureau is requesting to convert these four positions (equivalent to 3.00 FTE) to ongoing in FY 2016-17. Earlier this fiscal year, Council passed an ordinance to replace the code pertaining to private-for-hire transportation services. With the code update, fees for companies operating limousines and shuttles remained the same, while taxi companies and Transportation Network Companies (TNCs) are being charged $0.50 per ride. PBOT estimates the program to cost $2.2 million a year, which includes materials & services costs and the costs of nine FTEs, with seven of the positions doing a set number of field inspections regardless of the total number of actual taxi/TNC rides. The $0.50 per ride fee is used to help recover the costs of the program and is derived from the estimated number of total taxi/TNC rides (3.6 million) after the fees from companies operating limousines and shuttles are taken into account. PBOT may adjust the estimated costs and the associated fees in the future after some experience operating under this structure.

CBO Recommendation: $300,000, 3.00 FTE

Photo Radar – Add Position, TR_08, $100,000, 1.00 FTE

CBO recommends the addition of a Program Manager position funded by traffic fines to provide oversight, outreach and public involvement, and intergovernmental coordination for the Photo Radar Program. The program results from a 2015 update to Oregon Revised States which allows fixed cameras in high-crash corridors. PBOT plans to pilot the program in July of 2016 by placing two cameras on two roads. An RFP with the City's existing vendor will be amended, and PBOT plans to present an MOU with the Police Bureau before the Council in the spring of 2016. As part of the MOU, the parties have agreed that all revenue will be directed to the High Crash Corridor Program at PBOT. At this time, PBOT is projecting approximately $1.5 million in total traffic fines. In the first several years, the amount will cover the cost of administration, with capital costs higher in the first few years. The bureau also expects increased litigation in the first couple of years. Depending on how often it moves the cameras, in year three, the bureau may realize $500,000 to $1.0 million in revenues going to the High Crash Corridor program.

CBO Recommendation: $100,000, 1.00 FTE

Capital Program – Add Position, TR_09, $140,000, 1.00 FTE

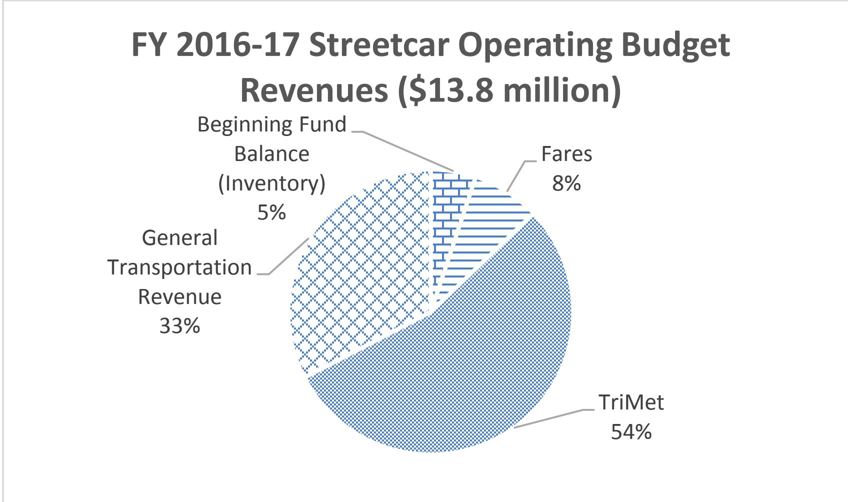
CBO recommends the addition of a Capital Program Manager position funded by grant revenues in anticipation of the bureau receiving $10 million in federal grants for transportation safety improvements over the next five years. The bureau states that it is working aggressively to coordinate and prioritize the safety projects to be funded by the temporary gas tax (if authorized by voters) which are geared primarily towards concrete/asphalt projects, with the federally funded safety projects which are geared more towards signal projects. Even though the federal program is for five years, the bureau is requesting to create an ongoing position in anticipation of the renewal of the program in the future. In a Status and Condition Report issued in 2014, PBOT estimates that $2.0 billion are needed to bring the transportation system network up to a safe and efficient standard, as described in the current update of the TSP.

CBO Recommendation: $140,000, 1.00 FTE

Streetcar – Add Position, TR_10, $83,800, 1.00 FTE

CBO recommends the addition of a Utility Worker position to clean platforms and vehicles for the Streetcar system due to an increase in service. The FY 2016-17 budget for the system is primarily financed by revenues from TriMet (54.5%) and GTR (32.6%), with fare revenues budgeted at 7.7%. The change in total budgeted revenues from FY 2015-16 to FY 2016-17 is only $107,390 or less than 1%. CBO notes that the percentage of budgeted revenues coming from GTR is increasing by 3% from FY 2015-16 to FY 2016-17, while the percentage coming from fares is declining by about 2%.

One of the bureau's KPMs is annual streetcar ridership, which is estimated to be 5.0 million in FY 2016-17, up 19% from the FY 2015-16 year-end estimate of 4.2 million. Actual ridership in FY 2014-15 was more than 4.6 million but declined in the current year due to a seven-week closure across the Broadway Bridge for repainting purposes and other construction leading up to the opening of Tilikum Crossing.



CBO Recommendation: $83,800, 1.00 FTE

Out of the Mud, TR_11, ($250,071)

In the FY 2015-16 Adopted Budget, PBOT received $1.2 million in ongoing General Fund resources to work on unpaved or unimproved streets ("Out of the Mud"). In response to the directive to bureaus to submit proposals reducing their ongoing General Fund appropriation by 5%, PBOT proposes to reduce its Out of the Mud allocation by $250,071. The bureau's total allocation of ongoing General Fund resources for FY 2016-17 is $10,326,349, and a 5% reduction would be $516,318. However, the bureau received a $266,247 credit for the amount it is paying to OMF-Facilities for coordinated cleanup at the homeless campsite located on PBOT property. If the reduction is approved, the bureau's ongoing appropriation for Out of the Mud would be reduced by 21%, down to $952,664.

Currently, at a cost of $421,000, PBOT is working on a test project on SW 19th Ave, testing a street design with the Bureau of Environmental Services (BES), with construction scheduled for May to August of 2016. The new design is estimated to cost about $25,000 per property, in contrast to the traditional standard which ranges in cost between $40,000 and $80,000 per property, depending on the property's storm water needs. Even with the lower cost of the new street design, the $25,000 charge may still be beyond the ability of most affected homeowners to afford.

In addition to the SW 19th Ave project, the bureau held discussions with the Errol Heights community regarding a demonstration project and a larger Local Improvement District (LID) in that neighborhood. Design on that project is scheduled for March of 2016 to March of 2017, with construction in FY 2017-18. Total costs for the Errol Heights project is estimated to be about $4.5 million. PBOT and BES plan to directly subsidize the LID by writing down the cost utilizing existing funding. While LID projects often rely on public subsidies to make projects affordable to the benefiting property owners, there is currently no other funding available to subsidize new LIDs. Additionally, PBOT intends to offer a deferral to property owners who are lower income or on a fixed income, in which the lien is assessed but not paid until the sale of the home. To do this, PBOT will bond a portion of the General Fund allocation and will be reimbursed as the payments come in. The bureau anticipates bonding by the end of this fiscal year.

Potential future projects which the bureau is currently preparing packages of improvements for this year include areas in inner NE Cully and outer SE Division-Midway. PBOT states that if the reduction is realized, it would not have the resources to move forward with one of these projects in FY 2016-17. The bureau's current estimate for the cost of each of these projects is about $3.5 million. PBOT has also identified a number of other projects that would not move forward until funding is identified and secured. The bureau believes that the reduction would disproportionately impact lower income census tracts with higher percentages of minority residents. CBO notes that at 2.9% of its streets being unpaved, East Portland is only slightly above the citywide average of 2.8%.

While the reduction would slow down and scale back the work that PBOT has planned to address this longstanding problem, CBO recommends the reduction because of the need to secure resources to address other important and urgent priorities such as the housing and homelessness crisis.

CBO Recommendation: ($250,071)

Realignment Packages Converting Positions to Permanent, TR_13-19, $0

CBO recommends PBOT's seven realignment packages to convert 19.0 FTE positions to permanent status because the various revenue sources funding the positions will continue to be robust in the near future and the needs are ongoing.

1) A GIS Technician to support ongoing mapping and data editing functions due to increased permitting activity, work orders, and construction activities ($86,784);
2) Four positions to provide engineering and technical support to provide quicker turn-around review time for customers due to increases in utility and development permitting ($630,648);
3) Six positions to maintain and operate additional street lights as a part of the LED conversion which added an additional 44,000 street lights to the system ($262,338);
4) Two positions to manage the parking meter shop and support paystation operations ($222,426);
5) Three positions (a Program Manager and two Transportation Demand Assistants) to support the Safe Routes to School, SmartTrips, and Sunday Parkways programs ($261,348);
6) Three positions in Transportation Planning to provide planning services and help meet the goals set out in various City plans ($285,618).

CBO Recommendation: $0

Other Realignment Packages, TR_12, TR_20, TR_21, $0

CBO recommends PBOT's three realignment packages affecting various positions:

1) Adding a Program Manager Analyst to increase staff capacity for safety and training and to perform emergency management functions ($132,756);
2) Eliminating a Parking Paystation Technician position that has never been filled and moving the funding to the budget for paystation bankcard processing (-$77,424);
3) Converting two part-time Parking Code Enforcement Officers into one full-time position to enable the bureau to meet scheduling needs ($66,192).

CBO Recommendation: $0

City of Portland

Decision Package Recommendations

(Includes Contingency and Ending Balance)

		Bureau Requested					CBO Analyst Recommendations				
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Bureau of Transportation											
<u>*Adds*</u>											
TR_01 - Major Maintenance and Infrastructure Replac	01	0.00	0	35,948,232	0	35,948,232	0.00	0	1,840,000	0	1,840,000
TR_02 - Youth Bus Pass	02	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
TR_03 - Safety and Education (Vision Zero)	03	0.00	0	500,000	0	500,000	0.00	300,000	0	0	300,000
TR_04 - Streetplan Connectivity in Growing Centers	04	0.00	0	150,000	0	150,000	0.00	0	0	0	0
TR_05 - Development Review - Add Position	05	1.00	0	0	116,300	116,300	1.00	0	0	116,300	116,300
TR_06 - Utility Construction & Inspection - Add Positio	06	1.00	0	0	136,000	136,000	1.00	0	0	136,000	136,000
TR_07 - Regulatory Operations - Add Positions	07	3.00	0	0	300,000	300,000	3.00	0	0	300,000	300,000
TR_08 - Photo Radar - Add Position	08	1.00	0	0	100,000	100,000	1.00	0	0	100,000	100,000
TR_09 - Capital Program - Add Position	09	1.00	0	0	140,000	140,000	1.00	0	0	140,000	140,000
TR_10 - Streetcar - Add Position	10	1.00	0	0	83,800	83,800	1.00	0	0	83,800	83,800
Total Adds		*8.00*	*0*	*37,598,232*	*876,100*	*38,474,332*	*8.00*	*300,000*	*1,840,000*	*876,100*	*3,016,100*
<u>*Reductions*</u>											
TR_11 - Out of the Mud	01	0.00	(250,071)	0	0	(250,071)	0.00	(250,071)	0	0	(250,071)
Total Reductions		*0.00*	*(250,071)*	*0*	*0*	*(250,071)*	*0.00*	*(250,071)*	*0*	*0*	*(250,071)*
<u>*Realignments*</u>											
TR_12 - Safety and Training - Add Position	01	1.00	0	0	0	0	1.00	0	0	0	0
TR_13 - Business Technology - Convert LT to Perman	02	0.00	0	0	0	0	0.00	0	0	0	0
TR_14 - Utility Constr&Inspec - Convert LT to Perman	03	0.00	0	0	0	0	0.00	0	0	0	0
TR_15 - Signals&Streetlighting - Convert LT to Perma	04	0.00	0	0	0	0	0.00	0	0	0	0
TR_16 - Electrical Maintenance - Convert LT to Perma	05	0.00	0	0	0	0	0.00	0	0	0	0
TR_17 - Parking Operations - Convert LT to Permane	06	0.00	0	0	0	0	0.00	0	0	0	0
TR_18 - Active Transportation - Convert LT to Perman	07	0.00	0	0	0	0	0.00	0	0	0	0
TR_19 - TransportationPlanning - Convert LT to Perma	08	0.00	0	0	0	0	0.00	0	0	0	0
TR_20 - Parking Operations - Cut Position & Add M&S	09	(1.00)	0	0	0	0	(1.00)	0	0	0	0
TR_21 - Parking Enforcement - Convert PT to FT	10	0.00	0	0	0	0	0.00	0	0	0	0
Total Realignments		*0.00*	*0*	*0*	*0*	*0*	*0.00*	*0*	*0*	*0*	*0*
Total Portland Bureau of Transportation		**8.00**	**(250,071)**	**37,598,232**	**876,100**	**38,224,261**	**8.00**	**49,929**	**1,840,000**	**876,100**	**2,766,029**