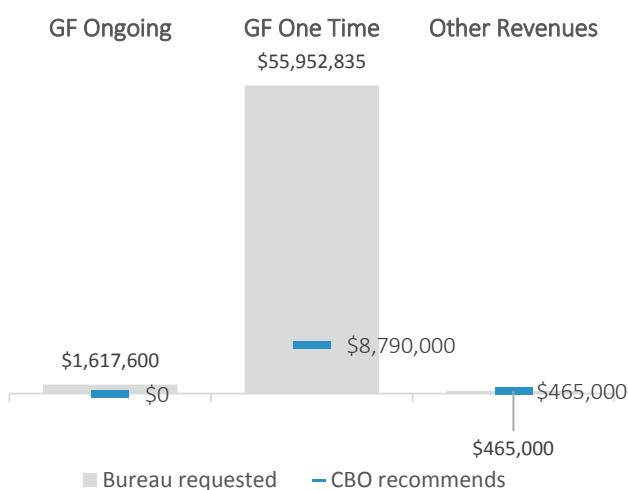


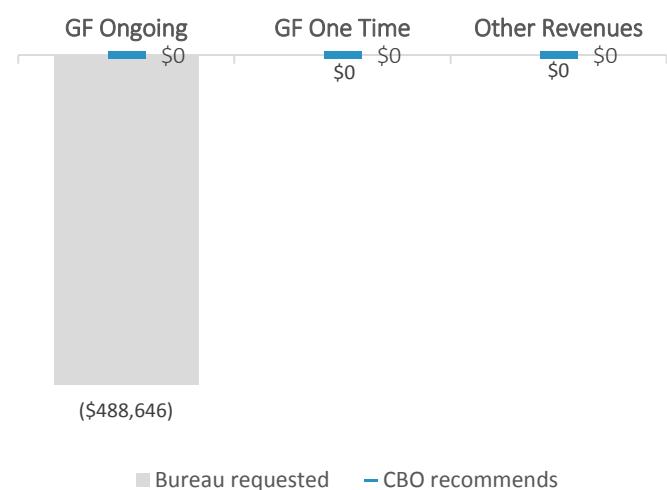
Portland Bureau of Transportation

In January 2017, the Portland Bureau of Transportation (PBOT) began collecting revenues from the four-year gas tax approved by voters for both maintenance and safety purposes, estimated to yield \$16 million/year in new revenue, while permit and parking revenues are projected to remain robust over PBOT's five-year forecast. The bureau continues to request significant funds (\$51.6 million) from the General Fund Capital Set-Aside to address the bureau's major maintenance backlog needs, including a \$5.0 million request to replace street corners with ADA-accessible curb ramps and avoid a potential lawsuit. PBOT is also requesting \$2.2 million from the General Fund for seven Vision Zero projects and \$2.8 million in General Fund dollars to support an expansion of response to future extreme winter events.

Adds



Reductions



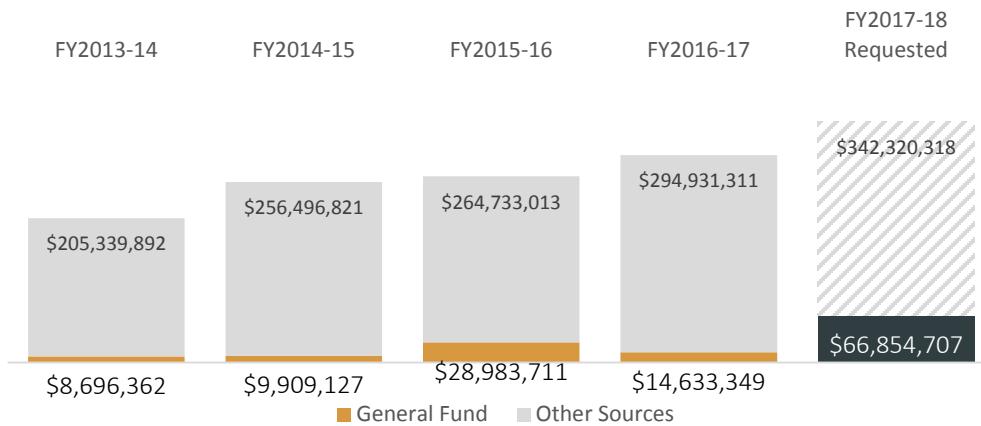
10.00 FTE Requested

5.00 FTE Recommended

(4.00) FTE Requested

(0.00) FTE Recommended

Adopted Budget Revenues - 5-Year look back



Decision
Packages &
Requested
Budget



- FY-17-18 Request Base
- FY17-18 Decision Packages

Key Issues

PBOT's Five-Year Financial Forecast, Maintenance Requirements, & Debt Service

PBOT's primary source of discretionary operating revenue or General Transportation Revenue (GTR) is the State Highway Trust Fund ("gas tax"). Because the tax's components are not indexed to inflation, and with vehicles becoming more fuel efficient, PBOT projects discretionary revenues to grow slowly (at about 0.8%/year) in future years despite the recent economic recovery. This is consistent with the Oregon Department of Transportation's forecast of a flattening in State Highway Fund revenues over the long-term.

By managing bureau resources and increasing parking revenues to reflect recent growth, PBOT's FY 2017-22 financial forecast is balanced and does not require reductions from the current year level. Major changes to the prior five-year forecast include an \$8.5 million increase due to additional parking permit revenues resulting from the addition of two permit zones and an expansion of five other ones. Moreover, parking revenues from FY 2015-16 ended that year higher than expected, and Multnomah County reimbursed PBOT for Sellwood Bridge services from the year before, providing the bureau with an additional \$8.0 million in FY 2016-17. However, higher inflation factors increased costs by \$3.0 million over the forecast.

Major Maintenance Backlog

Despite additional revenues from the new local gas and heavy vehicle taxes (see update below), existing resources are inadequate to maintain and operate the system, with maintenance backlogs growing annually under current funding levels. In its 2015 Citywide Assets Report, the bureau concluded that additional investments of \$197-\$213 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 \$132 million per year for a 10-year period is needed, and \$74 million are needed to maintain the current pavement conditions alone and prevent further deterioration of arterial and collector streets. The FY 2017-18 budget includes \$12.8 million of GTR for street maintenance - less than 10% of the bureau's target investment and 17% of the minimum level needed to maintain current pavement conditions. The new gas tax is expected to generate roughly \$16 million per year; however, 44% is planned to be spent on safety purposes, with 56% dedicated to street maintenance needs.

Bureau Debt Service

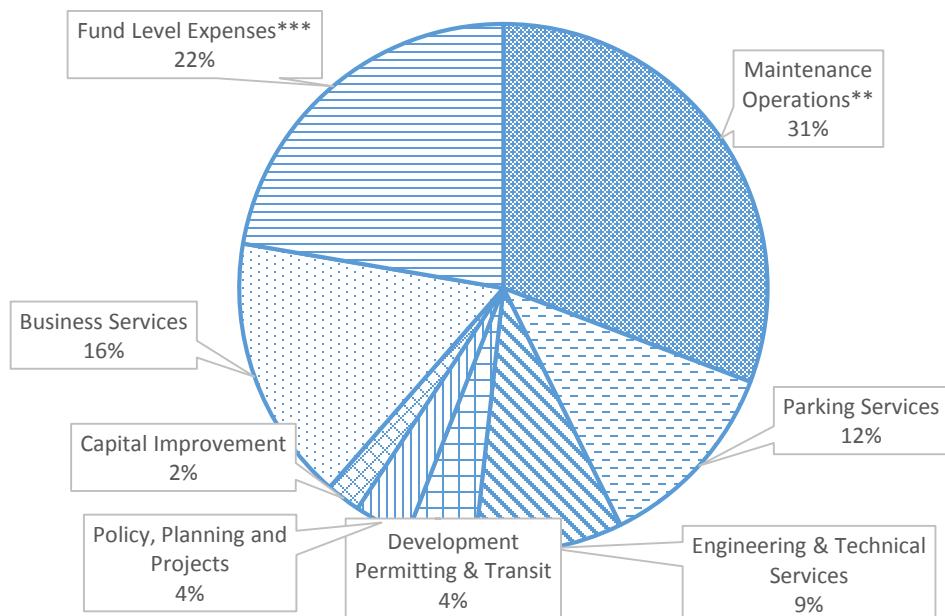
Another large bureau expenditure obligation is debt service: 13% of discretionary transportation revenue is dedicated to debt service on gas tax revenue bonds, limited tax revenue bonds, and a portion of the City's pension obligation bonds. Debt payments have increased as the bureau took on payments for bonds related to the Portland-Milwaukie Light Rail and the Sellwood Bridge Replacement projects; an estimated average of \$9.0 million/year will be spent on debt service for these projects over the life of the debts. The amount of

ongoing GTR dedicated for debt totals \$14.5 million in FY 2017-18, with the largest percentage (39%) allocated to the bureau's portion of the City's pension debt. 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 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 projects not core to the bureau's mission that would dedicate GTR to debt service payments for many years. While the FY 2017-18 Requested Budget does not include any General Fund requests for work on the Southwest Corridor High Capacity Transit Project, which was funded for three consecutive years, the construction of a light rail line is a distinct possibility. With the uncertainty of future federal funds for transportation infrastructure, local governments may have to self-fund in order to build the scoped project should the region decide to move forward with it.

The pie chart below illustrates how the bureau plans to spend ongoing GTR in FY 2017-18.

FY 2017-18 Expenses Backed by Ongoing General Transportation Revenues (GTR) Totaling \$129.7 Million*



*The amount of ongoing GTR needed is actually \$21.1 million lower (or about \$108.6 million) due to overhead recovery

** Includes \$12.8 million for street maintenance

***Includes the \$14.5 million in debt service discussed above

Trade-Offs in Utilization of Discretionary Revenues to Match Grants versus Rehabilitating Streets

The City's financial policies prioritize the maintenance of existing assets over the construction of new infrastructure during times of limited resources. Nevertheless, PBOT has devoted a portion of its discretionary resources – GTR - to the matching of outside grants to fund projects in its Capital Improvement Plan (CIP), while completely eliminating funds for contract paving. Data from PBOT indicate that over the last five years, from FY 2011-12 to FY 2015-16, the bureau devoted an average of \$1.85 million of GTR and about \$0.44 million of System Development Charges (SDC) each year to match an average of about \$4.4 million of grant funding annually. Thus, the amount of grant funding leveraged is about 240% of the GTR utilized.

Each year, as a part of the City's Capital Set-Aside process, PBOT submits some of its major paving projects to be considered for funding by General Fund one-time resources. These projects usually do not rank high in the Capital Set-Aside process that assesses the submitted projects by criteria heavily oriented towards the risks of failure, and the risks associated with the failure of pavement are relatively low compared to those associated with the failure of other City assets such as bridges and building roofs. During the FY 2016-17 budget development process, seven paving projects were ranked along with other City infrastructure maintenance projects, and the costs of these paving projects averaged \$2.0 million, ranging from a low of \$786,451 for surface treatment to a high of \$3,280,000 for a complete rebuilt. Thus, even if PBOT does utilize its GTR to fund a paving project instead of using it to match additional resources from outside entities, it would still only be able to fund a very limited number of such projects each year while foregoing any additional resources from granting entities such as the federal government or the State of Oregon.

It can also be argued that the City should continue to build new infrastructure to accommodate its projected growth. The Comprehensive Plan update approved by City Council last year predicted that about 260,000 more people will be living in Portland by 2035. The increase translates to potentially half a million more daily solo trips, adding to congestion despite the high utilization of bicycles and public transit. Therefore, it may be necessary for the City to continue to invest in new infrastructure that accommodates not only additional motor vehicles but also bicycles, pedestrians, and mass transit.

Finally, PBOT has indicated that the maintenance of existing assets can be a significant element of projects in its CIP. An example of a recently completed project that used GTR to match grants and accomplished major reconstruction of paving is the Division Streetscape project which focused on SE Division between 12th Avenue and Cesar E. Chavez Blvd. The project's milling, paving, and striping costs made up approximately 17% of the overall contract. During FY 2013-14 and FY 2014-15, \$1,011,347 of GTR was spent to match \$2,214,041 of grant funding for the project, so the GTR leveraged more than twice its amount in grant funds. However, it is usually difficult to obtain grant funding for projects with major reconstruction as a component.

There is a good case to be made for the way PBOT has prioritized its limited discretionary resources to match grants while foregoing utilization of such funds to rehabilitate some of its most damaged pavement. There is an opportunity cost to this decision, however, and CBO recommends that Council continue to be mindful of the trade-offs in devoting the bureau's GTR to maintenance of existing infrastructure versus the construction of new assets.

Update on New Gas Tax and Heavy Vehicle Use Tax

Collection of the new, temporary, four-year gas tax passed by voters and the heavy vehicle use tax passed by City Council began on January 1st, 2017. Per City Code, the January payments and motor fuels tax reports from the businesses required to collect the taxes are not due to the Oregon Department of Transportation (ODOT) until February 25th, and ODOT will not report to or pay the City this January collection until mid-March. PBOT projected annual revenues to be \$16 million for the gas tax and so is anticipating to end FY 2016-17 with \$7-8 million, accounting for declines in sales caused by the recent snow storms and the shorter month of February. The heavy vehicle use tax is expected to bring in \$2.5 million annually.

Although collection started in January, PBOT began work funded by the new revenues last year. Up to the end of January, the bureau has completed 23 base repair projects, which rebuild limited sections of pavement from the ground up to the surface pavement, and spent roughly \$561,000 on the efforts. PBOT anticipates completing at least 12 more such projects by year-end, with total spending on base repairs projected to be \$711,000 by the end of June.

Spending on capital projects (the Fixing Our Streets program or FOS) up to the end of January is \$805,168, with work started on 16 projects, with the largest amount spent on the Foster Road: 82nd – 90th Ave. SE project (\$445,872). Other FOS projects that the bureau has started work on include the Central City Multi-Modal Safety, Vermont: Oleson-Capitol SW, and the 50th:Division-Hawthorne SE projects. Bureau project work to date has predominantly consisted of public involvement, scoping, and design work. Some of the projects will be out for bid in the spring, with construction starting in the summer. No projects are anticipated to be finished by fiscal year end.

SoloPower Loan Guarantee

In 2011, the City dedicated \$5 million of PBOT's parking meter revenue to guarantee half of a \$10 million loan made by the Oregon Energy Department to SoloPower, a private start-up headquartered in California, in order to bring the company's manufacturing plant to Portland. The City has received a letter from the Attorney General on behalf of the Department of Energy calling on the guarantee by the City. Under the terms of the guarantee, PBOT will be required to pay monthly payments to the State. In a separate intergovernmental agreement with the Portland Development Commission (PDC), PDC has pledged urban renewal revenues to backstop the \$5 million guarantee. If the loan guarantee is called, PDC would "reimburse" PBOT by funding a PBOT project with \$5 million of tax increment financing. PDC has decided that it

would fund \$5 million of the costs of renovating the 10th and Yamhill Garage, the total cost of which is \$22.4 million, and PBOT would then not need to fund that portion with parking garage revenues. PDC is contributing to that project in order to meet its policy objectives, to meet project type and location eligibility requirements associated with its particular type of funding, as well as to meet its obligation to backfill the \$5 million loan guarantee. PBOT has included this \$5 million obligation its Five Year Forecast.

Bike Share Program Update

Portland's Bike Share Program (BikeTown) started operation in July 2016 with no financial dependence on PBOT's discretionary revenue source as one of its goals. With a FY 2016-17 budget of \$3.2 million, the program is funded with \$2.0 million from Nike and \$1.2 million in fees and other sponsorship revenues. Plan options for using the system include paying for single rides, day passes, and annual memberships. The bureau plans to continue its partnership with the Community Cycling Center to provide discounted memberships and cash membership options to low-income residents. PBOT has budgeted \$3.2 million to pay a private company, Motivate, to operate the program, and there is also a small amount of bankcard fees that the City has to pay. Up to the end of January 2017, the program has collected \$593,889 in membership fees, \$5,000 from Metro, as well as the \$2.0 million donation from Nike. As of the end of December 2016, PBOT has paid about \$1.2 million of its contract with Motivate and expects to pay up to \$2.7 million to the company by year-end. The program's budget for FY 2017-18 is expected to remain at \$3.2 million, with Nike once again contributing \$2.0 million. In December 2016, the company signed a five-year agreement with the City for a total of \$10.0 million. In mid-January, the bureau released a report on the accomplishments of the program as well as the results of a survey that the bureau says show that the program supported local businesses and tourism, as well as reduced car trips.

One unexpected problem has been the performance of the GPS on the bicycles which often does not reliably show the location of the bike, particularly when it is parked next to buildings. The program has partially mitigated the issue with design features, including the density and number of stations, a financial deterrent to park outside of a station, and a reward to users to bring the bike back to a station. Technological solutions are also being tried and evaluated. The bicycles' supplier has reported that 18% of trips ended outside one of the stations, but users rebalanced 55% of these bikes without the need for vehicle pickup, reducing the cost and carbon footprint of Motivate staff to rebalance the bikes with vans.

With regard to utilization rates, the bike share industry uses a metric that PBOT believes to be imperfect, that of trips per bike per day. For Portland's system, the calculation for the last six months of 2016 for this measure is 1 trip per bike per day, which is comparable to the first calendar year figures for cities of comparable land-use densities. However, PBOT believes that the figure for its system is under-reported versus those of comparable cities because of a shorter fair weather window and the fact that BikeTown's pricing plan does not artificially

create separate trips. The bureau expects usage of the program to grow in 2017 as it is still a relatively new service and more people are becoming familiar with this transportation option. PBOT staff plan to continue its review of ridership demographics, looking for opportunities to encourage more residents to use the system and bring it to new neighborhoods.

Decision Package Analysis & Recommendations

Major Maintenance and Asset Replacement, TR 01, \$51,571,835

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 \$51.6 million for 15 maintenance projects. Along with projects submitted by other bureaus, PBOT's projects were scored and ranked by the City's Capital Set-Aside validation committee based on several criteria, including the risk and consequence of failure. CBO recommends funding projects that received the highest scores, while also considering the limited amount of funds available during this budget development process. As a result of project scoring, CBO recommends \$7.2 million in funding for the following five PBOT projects:

- The replacement of corners with ADA-accessible curb ramps totaling 1,000 ramps (\$5.0 million). These ramps were not installed when the roads were improved between 2001 and 2014. Fixing the curb ramps will avoid a potentially expensive lawsuit;
- The repair and improvement of 26 Rectangular Rapid Flashing Beacons, mostly in outer East Portland (\$100,000);
- The rebuilding or replacement of up to five traffic signals subject to failure (\$950,000);
- The upgrade or replacement of the 20 most deficient guardrail sites in the city (\$500,000); and
- The construction of a multi-use pathway on N. Greeley Avenue to enable safe usage by bicyclists and pedestrians (\$650,000).

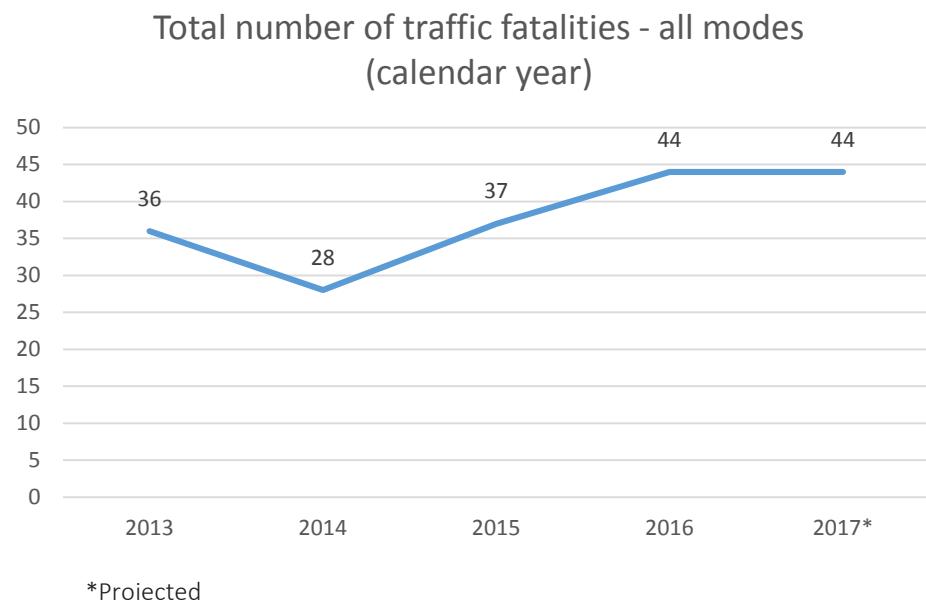
Funding for these projects comprise 73% of the total Citywide Capital Set-Aside allocation.

Although the funding of Capital-Set Aside requested projects may impact two of PBOT's Key Performance Measures (KPMs) in the medium- to long-term ('percentage of PBOT-owned bridges in non-distressed condition' and 'percentage of "busy" (collector/arterial) streets in fair or better condition'), these measures would likely not be impacted by funding in FY 2017-18 as it typically takes multiple years for projects to be completed. CBO also notes that pavement projects tend not to score highly in the ranking process because of the relatively low risk associated with failure of the pavement.

CBO Recommendation: \$7,200,000

Vision Zero, TR 02, \$2.2 million

There are seven components to this request for one-time General Fund resources focused on improving transportation safety in the city, with three dedicated to capital improvements and changing street design, three on public engagement and education, and one on improving data analysis. The components focused on infrastructure improvements cost more to implement but are scalable. Although PBOT has not provided requested information on how each component of the request would improve the bureau's safety performance measures, the bureau has noted that changing street design is important in reducing crashes, and that street redesign is most effective when paired with other actions. PBOT's Requested Budget anticipates a decline of two traffic fatalities (from 44 to 42) in 2018, provided all \$2.2 million in requested additional funding is granted. This reduced level would still be higher than in the three years before 2016 (see chart below).



Component SD1: Intersection safety improvements at High Crash Corridors (\$650,000)

This component has an estimated cost of \$1 million (\$350,000 from non-General Fund sources), and will improve safety at the top five most dangerous intersections in Portland and construct improvements on two corridors. PBOT has provided data from San Francisco's transportation authority which shows the percentage reduction in collisions resulting from the implementation of specific engineering solutions that the bureau wants to implement with this component. For example, HAWK beacons reduced collisions by 69%, while pedestrian refuge islands resulted in a 56% decrease in collisions. CBO recommends funding this component because capital safety improvements implementing street redesigns have been shown to improve safety, and the additional General Fund resources complement other funding that has already been identified, including \$1.3 million of General Fund for safety improvements on Outer Halsey and Outer

Division, funds identified for Outer Glisan from the new gas/heavy vehicle taxes, a federal grant, and the bureau's own discretionary resources, as well as grant funding from Oregon's Highway Safety Implementation Program.

Component SD7: Improve access to transit stops along key bus routes (\$320,000)

In addition to improving safety, the implementation of this component may improve PBOT's Key Performance Measure on the *percentage of trips made by people walking and bicycling, including to transit*, although the bureau has not indicated that there would be any perceptible improvement in that measure as a result of funding this package. The costs of this component can be broken down into: \$20,000 to identify locations and design suggested improvements, \$15,000 to manage and conduct outreach for each of three priority transit stops projects, and \$85,000 to build safety enhancements at each of the three projects. To evaluate locations, PBOT would analyze crash data; on-boarding and off-boarding data; and lack of sidewalk, lighting, and other features at transit stops. CBO recommends funding this component as it may improve not only the bureau's performance of its safety metrics but also its active transportation measure.

Component S3: Change street design to support reductions in speed limits (\$500,000)

PBOT intends to implement improvements on four to six streets at a cost of \$500,000, or an average of \$100,000 per street, which includes some staff time to manage the project. While the bureau has not detailed the estimated costs of the components of work on each street, it has provided CBO with a spreadsheet of construction cost estimates that lists the average cost of various safety improvements (e.g., a stop sign or a standard curb extension). Thus, it can be concluded that improvements on each street have different costs depending on differences in their current configurations and the specific improvements needed. PBOT has indicated that an evaluation of past road diet efforts has indicated that they have on average resulted in a 37% reduction in crashes, and lane reductions is one of the tools that this component may use to supplement reductions in speed. CBO recommends funding this component since street redesigns have proven to be an effective means to improve safety, working along with reductions in speed limits. However, CBO also recommends that Council consider the other impacts of road diet efforts, including the effects of increased congestion on businesses.

Component EA1: Education campaigns to build public awareness (\$200,000)

CBO does not recommend funding this component because of the one-time nature of the public education effort. As noted in prior reviews of similar requests, CBO believes that one-time efforts will have limited impact as only a relatively small number of persons will be reached by the campaign, and for only a short amount of time. While PBOT has provided survey data from an evaluation of an advertising campaign conducted in San Francisco that shows that the ads had a positive effect on driving and other behaviors, CBO is concerned that any benefits from a one-time education campaign will be short-lived. If this is a priority intervention, CBO

recommends that the bureau secure ongoing funding for public education efforts to have a continuous impact.

Component EA3: Targeted efforts to engage middle and high school students (\$200,000)

PBOT notes that its Safe Routes to School program reaches approximately 40,000 students every year and believes that the program has been effective in teaching children how to safely walk and bike to school, although the bureau has not provided data to support this. As with the recommendation for component EA1, CBO does not recommend a one-time expansion of the program as it will reach only a limited cohort of students. If the intervention is deemed effective, PBOT should attempt to secure ongoing funding that would reach many more future cohorts as well.

Component EA7: Community grant program to support a variety of safety-related efforts (\$210,000)

Approximately \$25,000 of the request would be used for personnel and materials to manage the program, with the rest dedicated to small grants that range from \$10,000 to \$30,000. PBOT has listed five criteria with which to evaluate the effectiveness of the granting program, including ability to reach Communities of Concern and estimated reduction in traffic fatalities and all crashes. Accountability efforts will include requiring the grantee to provide performance measures related to safety, clear objectives consistent with the Vision Zero Action Plan adopted by Council, and outreach to underserved communities in different languages. While CBO appreciates the bureau's effort to incorporate culturally-specific outreach, education, and design opportunities in its work to improve safety in Communities of Concern, funding is not recommended at this time due to the limited amount of one-time resources available. Available funds have been recommended for capital improvements that are proven to be effective in reducing fatalities and injuries.

Component EA5: Eliminate deficiencies in PBOT's understanding of street safety through improved data collection and analysis (\$120,000)

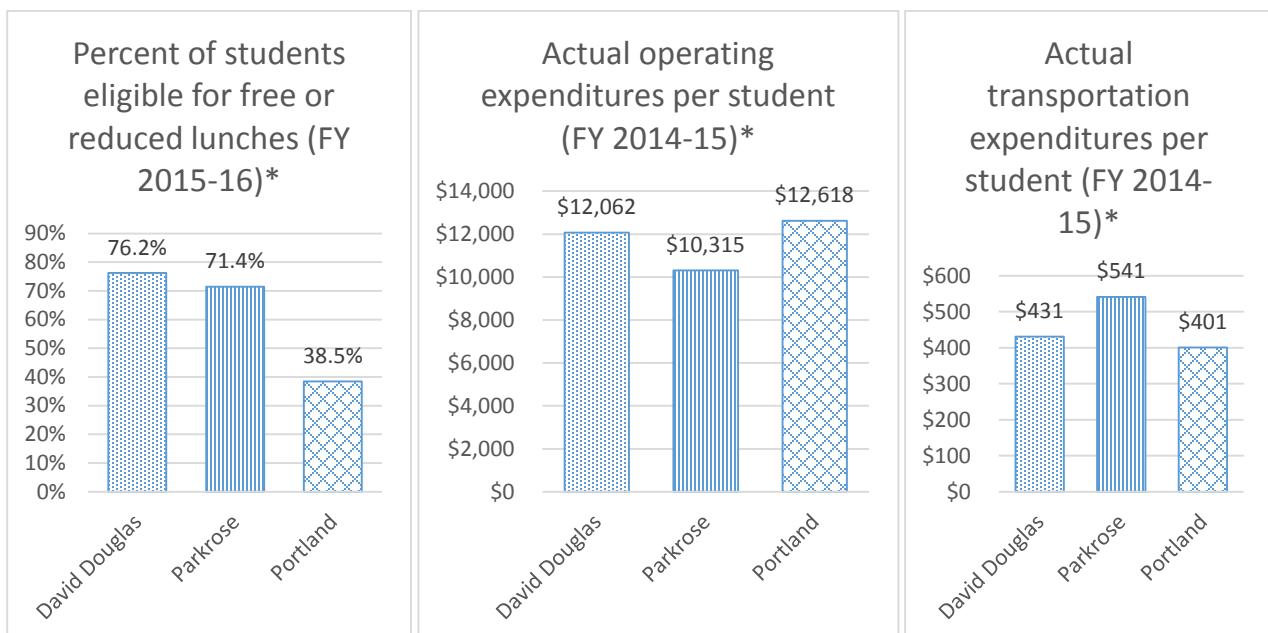
PBOT claims that it lacks the necessary staff to perform analyses on crash data, with only a single Senior Traffic Engineer currently devoted to the effort. The position is in high-demand and is also assigned to many Fixing Our Streets projects. Thus, the bureau is requesting funding to contract out analysis work and/or hire a limited term position to complete its studies. The funding would provide additional analyses on the application of countermeasures including road diets, medians/crossing islands, and roundabouts, by following Best Engineering Practices. The bureau's goal is to perform a detailed analysis of each of the High Crash Corridors and estimate the costs and benefits of various interventions. As CBO advocates the use of data and metrics in decision-making processes and PBOT would otherwise have to reduce services elsewhere to fund the effort itself, it is recommending funding for this component.

CBO Recommendation: \$1,590,000

Youth Bus Pass, TR 03, \$967,000

The City has funded 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. As with last year, PBOT is requesting that the FY 2017-18 contribution of \$967,000 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 \$967,000 contribution is one-third of the costs of the entire program as designated by TriMet, with the school district and TriMet each also paying a third of the costs. TriMet has, in the past, not provided an explanation of how it calculated the \$3.0 million figure for the total cost of the program.

CBO does not recommend committing any City funds, either from the General Fund or General Transportation Revenue, to the Youth Bus Pass, as funding student transportation is not a core service of the City. In addition, by funding this proposal, the City may be perpetuating an inequity since David Douglas and Parkrose School District students generally experience a higher level of poverty than PPS students and do not qualify for the passes. In contrast, PPS is able to spend more on its students while less of that spending is for transportation purposes than the other two districts (see charts below). CBO also discourages the use of "serial one-time" allocations for services that are known to be ongoing.



*Source: Oregon Department of Education

CBO Recommendation: \$0

Snow and Ice Weather Response, TR_04, \$2,831,600, 5.00 FTE

PBOT requests \$1,617,600 of ongoing General Fund and \$1,214,000 of one-time General Fund resources to add five new positions and purchase equipment and contract services to significantly expand its ability to respond to snow and ice events. Of the ongoing funds, \$300,000 would be placed in contingency to be used to pay private companies for snow removal if their services are needed. Of the \$1.2 million devoted to equipment purchases, the components of the largest dollar amounts are: \$342,000 for a grader, \$200,000 for eight sanders/salters, \$150,000 for two storage tanks, \$150,000 for six new plow blades, \$120,000 for eight portable electronic message signs, and \$100,000 for four fixed electronic message signs. The bureau states that throughout the year when there are no such snow or ice events, the new positions would “create the nucleus of a shoulder maintenance program” that would result in streets being less susceptible to undermining from debris accumulation and water runoff, and hence reduce maintenance costs. Furthermore, the bureau has year-round plans for some of the equipment, for example, the grader can be used for pavement base repair.

PBOT estimates that it has spent at least \$4.0 million responding to the extreme snow and ice events this winter, including \$2.2 million on labor, \$1.6 million on materials, equipment, and repairs, as well as over \$100,000 for Seattle’s help in snow removal. This is a preliminary estimate as the bureau continues to perform recovery work, including fixing potholes, sweeping sand, and replacing pavement markings. PBOT also notes that much of the regular work that it had previously scheduled was disrupted due to having to respond to the events, including paving work. Furthermore, the bureau estimates that it has lost about \$770,000 of parking meter revenue and \$290,000 of citation revenue. The bureau states that some of the costs and lost revenue were assumed in its budget, but the events of this winter may also impact the funding of future Vision Zero CIP projects in its Five Year Forecast. With regard to possible reimbursements from FEMA, the bureau reported \$2.2 million as its estimated costs, but it is still too early to know whether FEMA will reimburse any of the expenses.

CBO does not recommend funding this request. On average, the city experiences one major storm per winter, and there is insufficient data to determine how often the extreme weather experienced this winter will be repeated in the future. Furthermore, PBOT has recently announced an expansion of its snow and ice response plan, with the bureau expecting to pre-treat and/or plow 1,100 to 1,600 lane miles of streets, including an additional 340 lane miles on the routes allowing children to get to school. PBOT notes that depending on the intensity, duration, and the type of precipitation, plows can traverse their assigned routes two to three times in 12 hours. The bureau typically budgets \$750,000 each year for such emergencies and assumes these funds would be used, but it also has \$2.5 million in operating contingency for cost-of-living-adjustments and other purposes that are often not utilized but would need to be replenished if spent; these resources should be sufficient to address most winter needs.

CBO Recommendation: \$0, 0.00 FTE

General Fund Cut – Residential Street Cleaning 1 & 2, TR_05 & TR_06, (\$488,646), (4.00) FTE

TR_05 and TR_06 propose to reduce the PBOT's ongoing General Fund allocation by 1% and 4%, respectively, and both involve cutting the program to clean residential streets. A 1% reduction in the bureau's General Fund allocation translates to a 10% overall reduction in service and the elimination of a sweeper position. The bureau states that this scenario would result in at least a 10% reduction in the amount of debris removed, and it would take the remaining two sweepers longer to clean the streets and a more than 10% decrease in total curb miles cleaned.

If both reductions are implemented, resulting in the elimination of three more positions, the bureau states that the reduction of sweeping to only once a year is ineffective and would then recommend that all residential street cleaning be eliminated. PBOT would then assign the remaining sweeper to street preservation, as such work depends on debris removal to ensure the longevity of the preservation. Staff reductions, though, would only be accomplished through attrition, with no layoffs, and existing staff would be transferred to positions that are vacant.

Prior to the bureau's recent commitment to expand snow and ice storm response, the elimination of these positions would have had a minimal impact on such functions. With the expansion, however, PBOT states that the 1% reduction would result in the loss of an operator with anti-icing/de-icing responsibilities and that one de-icer can pretreat 70 to 80 lane miles in eight hours. A 5% reduction in the bureau's General Fund allocation would eliminate three operators with ice-related responsibilities. The likelihood that some areas would not be treated prior to a storm increases as more positions are eliminated, and pre-treatment of pavement prior to an event is considered a best practice, according to the bureau. Nevertheless, CBO notes that the skills needed to perform the anti-icing/de-icing functions would still be retained within the bureau as it has committed to no layoffs, with transfers of staff to other positions if the reductions in PBOT's General Fund allocation are realized.

CBO does not recommend any reductions in street cleaning for the following reasons: 1) with the expansion in the bureau's response to snow and ice events, eliminating the street cleaning positions that also perform anti-icing or de-icing functions may result in some areas of the city not being treated prior to a storm; and 2) the loss of street cleaning may create unsafe conditions for drivers and bicyclists in the form of large pools of water and piles of debris; and 3) with the passage of the new gas tax by voters that the City has only begun collecting, reducing any services provided by PBOT would send the wrong message regarding the City's commitment to working with its residents and voters to provide for the city's transportation needs.

CBO Recommendation: \$0, 0.00 FTE

PW Permitting, TR 07, \$200,000, 2.00 FTE

CBO recommends this request to add two positions funded by permit fees to review and inspect construction work due to increased development permitting activities. PBOT has a counter-cyclical reserve for its permitting program. Funded at \$4.0 million, the reserve would help the bureau sustain the program and avoid layoffs through a short-term economic downturn.

CBO Recommendation: \$200,000, 2.00 FTE

Streetcar – Add Positions, TR 08, \$183,000, 2.00 FTE

This request to add two Streetcar positions - one to address training and documentation of preventive maintenance processes and the other for field support - is funded by additional fare revenues and funds from TriMet. PBOT expects total streetcar ridership to end FY 2016-17 at 5.0 million, a 16% increase over the prior year. The large increase is due to completion of maintenance work on the Broadway Bridge during FY 2015-16. CBO recommends this request.

CBO Recommendation: \$183,000, 2.00 FTE

Regulatory Operations – Add Position, TR 09, \$82,000, 1.00 FTE

CBO recommends this proposal to add a Regulatory Program Specialist funded by \$82,000 in penalty fees as requested. In response to an increase in workload, the position would review applications and provide investigations and audits of towing contractors. The number of tows increased from 24,698 in 2015 to 27,251 in 2016, while revenues increased from \$235,912 in FY 2014-15 to \$253,300 in FY 2015-16. PBOT is considering a fee increase, which would be brought forward to Council in May this year for implementation in FY 2017-18.

CBO Recommendation: \$82,000, 1.00 FTE

Realignment Packages Converting Positions to Permanent, TR 10-13, \$0

CBO recommends PBOT's four realignment packages to convert 17.8 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. Five positions (4.80 FTEs) funded by Private-for-Hire fees in the Private-for-Hire Towing program to provide regulatory services due to dramatic growth in the Transportation Networking Companies industry (\$227,976);
2. Nine positions created to address increases in permitting activities due to the continuing uptrend in workload related to permit applications and inspections (\$535,708);
3. One position to provide parking management services and customer support for on-street parking (\$73,932); and

4. Three positions funded by traffic fine revenues and GTR that provide transportation demand services (\$257,976).

CBO Recommendation: \$0

Other Realignment Packages, TR 14-17, \$0, 2.50 FTE

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

1. Adding a Management Analyst position authorized during the FY 2016-17 Fall Supplemental Budget but inadvertently left out of the City's budget system (\$95,334);
2. Adding a Public Works Supervisor to manage swing shift staff (\$95,334);
3. Add two positions in the Traffic Investigation program to respond to inquiries about safety concerns and work on visibility complaints (\$163,700);
4. Eliminate 1.50 FTE in the Parking Operations program and move the funding to materials and services to support meter operations (\$114,100).

CBO Recommendation: \$0, 2.50 FTE

Bureau Budget Summary – Request and Recommendations

Below is a summary of PBOT's operating budget.

	Adopted FY 2016-17	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	\$ 81,109,640	\$ 133,550,379	\$ -	\$ -	\$ 133,550,379
Taxes		18,500,000	-	-	18,500,000
Licenses & Permits	7,831,200	9,681,300	82,000	-	9,763,300
Charges for Services	80,596,478	84,932,519	200,000	-	85,132,519
Intergovernmental Revenues	116,793,756	110,823,712	183,000	-	111,006,712
Interagency Revenue	31,933,016	31,916,212	-	-	31,916,212
Fund Transfers - Revenue	22,603,431	19,590,833	57,081,789	(48,291,789)	28,980,833
Bond and Note	31,000,000	7,124,506	-	-	7,124,506
Miscellaneous	4,173,430	2,204,447	-	-	2,204,447
Total Resources	\$376,040,951	\$418,323,908	\$57,546,789	(\$48,291,789)	\$428,178,908
Requirements					
Personnel Services	\$ 92,411,566	\$ 98,863,882	\$ 6,631,670	\$ (4,971,770)	\$ 100,623,782
External Materials and Services	72,100,078	63,458,637	8,753,284	(7,208,184)	65,003,737
Internal Materials and Services	34,110,533	32,646,322	-	-	32,646,322
Capital Outlay	49,900,829	74,721,760	42,161,835	(36,111,835)	81,271,760
Bond Expenses	14,873,775	15,980,592	-	-	15,980,592
Fund Transfers - Expense	12,828,819	10,180,939	-	-	10,180,939
Contingency	98,142,304	120,798,729	-	-	120,798,729
Unappropriated Fund Balance	1,673,047	1,673,047	-	-	1,673,047
Total Requirements	\$376,040,951	\$418,323,908	\$57,546,789	(\$48,291,789)	\$428,178,908

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested				CBO Analyst Recommendations					
		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_02 - Vision Zero	01	0.00	0	2,200,000	0	2,200,000	0.00	0	1,590,000	0	1,590,000
TR_04 - Snow and Ice Weather Response	02	5.00	1,617,600	1,214,000	0	2,831,600	0.00	0	0	0	0
TR_01 - Major Maintenance and Asset Replacement	03	0.00	0	51,571,835	0	51,571,835	0.00	0	7,200,000	0	7,200,000
TR_03 - Youth Bus Pass	04	0.00	0	967,000	0	967,000	0.00	0	0	0	0
TR_07 - PW Permitting - Add Positions	05	2.00	0	0	200,000	200,000	2.00	0	0	200,000	200,000
TR_08 - Streetcar - Add Positions	06	2.00	0	0	183,000	183,000	2.00	0	0	183,000	183,000
TR_09 - Regulatory Operations - Add Position	07	1.00	0	0	82,000	82,000	1.00	0	0	82,000	82,000
<i>Total Adds</i>		<i>10.00</i>	<i>1,617,600</i>	<i>55,952,835</i>	<i>465,000</i>	<i>58,035,435</i>	<i>5.00</i>	<i>0</i>	<i>8,790,000</i>	<i>465,000</i>	<i>9,255,000</i>
<u>Reductions</u>											
TR_05 - General Fund Cut - Residential Street Cleanir	01	(1.00)	(97,729)	0	0	(97,729)	0.00	0	0	0	0
TR_06 - General Fund Cut - Residential Street Cleanir	02	(3.00)	(390,917)	0	0	(390,917)	0.00	0	0	0	0
<i>Total Reductions</i>		<i>(4.00)</i>	<i>(488,646)</i>		<i>0</i>	<i>0</i>	<i>(488,646)</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>
<u>Realignments</u>											
TR_16 - Traffic Investigations - Add Positions	01	2.00	0	0	0	0	2.00	0	0	0	0
TR_15 - Environmental Services - Add Position	02	1.00	0	0	0	0	1.00	0	0	0	0
TR_10 - Regulatory Operations - Convert LT to Perma	03	0.00	0	0	0	0	0.00	0	0	0	0
TR_11 - Development Services - Convert LT to Permai	04	0.00	0	0	0	0	0.00	0	0	0	0
TR_12 - Parking Operations - Convert LT to Permanent	05	0.00	0	0	0	0	0.00	0	0	0	0
TR_13 - Active Transportation - Convert LT to Permanent	06	0.00	0	0	0	0	0.00	0	0	0	0
TR_14 - Parking Operations - Position from Fall 2016 I	07	1.00	0	0	0	0	1.00	0	0	0	0
TR_17 - Parking Operations - Cut Vacant Positions	08	(1.50)	0	0	0	0	(1.50)	0	0	0	0
<i>Total Realignments</i>		<i>2.50</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2.50</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Bureau of Transportation		8.50	1,128,954	55,952,835	465,000	57,546,789	7.50	0	8,790,000	465,000	9,255,000

