

# Portland Bureau of Transportation

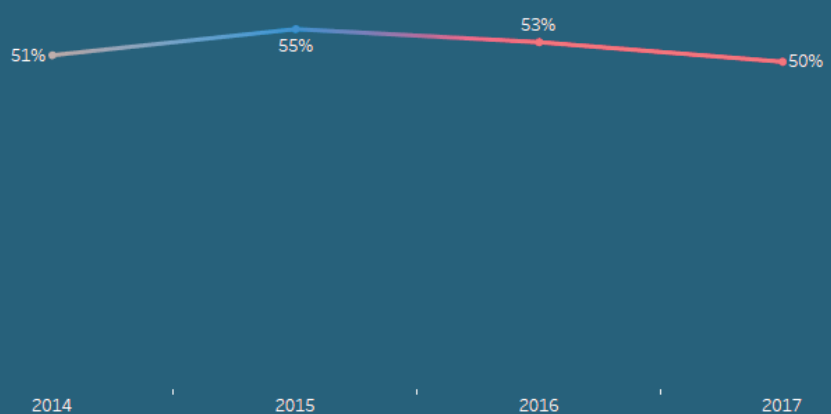
Analysis by Yung Ouyang

In FY 2016-17, as in prior years, , PBOT collected more revenue in many of its funding streams than budgeted due to conservative budgeting in a time of economic expansion. The bureau also significantly underspent its Capital budget at year-end despite reductions in budget during the Spring Supplemental due to project delays and schedule revisions. There are no concerns with variances between budget and actuals, although CBO recommends that PBOT continue its efforts to develop more realistic budgets for its revenues in the future. Two issues significantly affected the bureau’s spending and its performance for the year: 1) the winter snow storms and a wetter than normal spring, and 2) difficulties in recruiting and filling positions.

## Bureau Performance

<b>Bureau of Transportation</b>	Total number of traffic fatalities citywide (calendar year)	44
	Annual streetcar ridership	4,720,474
	Percentage of "busy" (collector/arterial) streets in fair or better condition	50%
	Percentage of local streets in fair or better condition	36%
	Percentage of PBOT-owned bridges in non-distressed condition	85%
	Percentage of trips made by people walking and bicycling, including to transit (calendar year)	25%

Percentage of "busy" (collector/arterial) streets in fair or better condition



Bureau: Bureau of Transportation  
 Program: Maintenance  
 Current Value: 50%  
 Strategic Target:

<https://www.portlandoregon.gov/cbo/article/655039>

### Asset Condition

Three of PBOT’s Key Performance Measures (KPMs) pertain to the maintenance of capital assets.

- Percentage of PBOT-owned bridges in non-distressed condition (85%): The bureau almost met its target for the year (86%) and remained level with the FY 2015-16 figure. To replace the City’s bridges, the bureau is highly dependent on funding from the General Fund capital set-aside. While

\$890,000 was allocated to the Sunderland Bridge in FY 2016-17, the project is still in the scoping phase, with construction anticipated in 2019. In FY 2015-16, \$975,800 from the set-aside was allocated for the NE Glisan at 90th Ave bridge. This project is substantially completed, but until final completion, PBOT will not consider it as being in non-distressed condition.

- Percentage of “busy” (collector/arterial) streets in fair or better condition (50%): Performance on this measure has been on the decline since at least FY 2014-15 (55%). PBOT was also not able to meet its Adopted Budget goal of 57%, noting that its Fixing Our Streets capital projects are currently in progress, with those accomplishments to be reflected in FY 2017-18.
- Percent of local streets in fair or better condition (36%): Performance for this indicator has also declined steadily since at least FY 2014-15 (43%), and PBOT was not able to meet its target of 41% for last year. The bureau attributes this inability to meet its goal to the paving program being largely weather dependent and having to shift to repair twice as many potholes as normal and removing/repairing landslides due to the damages from the snow and ice storms.

PBOT eliminated discretionary funding for contracted paving years ago. About \$12.8 million of ongoing discretionary resources is dedicated to pavement maintenance in the bureau’s FY 2017-18 Requested Budget, but these funds are used to ensure that the assets are usable up to the end of their useful lives and do not extend the assets' useful lives, which major maintenance aims to do. In its FY 2017-18 Adopted Budget, PBOT has devoted only \$723,685 of discretionary funds for major maintenance and is using these resources for the maintenance of traffic signals and street lighting, as well as for bridge inspections.

With the bureau’s limited discretionary resources dedicated to matching outside grant revenues and the implementation of the City’s Capital Set-Aside policy and process, the bureau has requested General Fund resources to improve the conditions of its assets over the last several years and will continue to do so. It should be noted, however, that paving projects generally do not score high in the ranking process for accessing Capital Set-Aside funds due to the low level of risk associated with the failure of paving assets. Passage of the new gas tax by voters and the new heavy vehicle use tax by City Council is providing the bureau with additional resources that will help it to improve both its assets maintenance and its safety performance goals. However, results from the Fixing Our Streets (FOS) initiative will take a couple of years to be realized, as the pavement condition data from FY 2016-17 shows.

### **Safety**

PBOT is implementing its Vision Zero initiative which aims to reduce the number of traffic fatalities to zero by 2025, and one of its KPMs is the total number of traffic fatalities citywide. The city ended FY 2016-17 with 44 fatalities, 19% above the FY 2015-16 number of 37. The number of fatalities has been trending upward since at least FY 2014-15. PBOT has set 42 fatalities as the target for FY 2017-18. Similar to pavement condition, improvements to safety resulting from FOS will take time to materialize as the projects are multi-year ones. During this FY 2017-18 Fall Supplemental, PBOT is

ramping up the program with staff additions and equipment purchases. Furthermore, Council recently allocated \$1.5 million of ongoing funding from the Recreational Marijuana Tax for Vision Zero purposes during the FY 2017-18 budget development process. Again, it may take a couple of years for the results from this additional funding to be realized due to the multi-year nature of capital projects.

CBO notes that the City's transportation infrastructure will need significant upgrades to meet the mobility needs of Portland's growing population, and PBOT's continued prioritization of the safety issue should be supported by additional resources. However, it should also be noted that the Safety program of the bureau's CIP underspent its budget by \$19.8 million in FY 2016-17, or 51%. One of the projects which contributed to the underspending was the Traffic Signal Rehabilitation and Reconstruction project. The bid for the project occurred late in the fiscal year, and construction was shifted to FY 2017-18.

### ***Active Transportation***

Another KPM seeks to measure progress on one of the bureau's major initiatives, that of increasing the percentage of trips made by people walking and bicycling, including to transit. At 25%, PBOT was unable to meet its FY 2016-17 goal of 27% and also performed below the FY 2015-16 level of 26%. Despite this, PBOT has 28% as the target for FY 2017-18. In the past, the bureau attributed improvements in this measure to ongoing investments in walking, biking, and transit infrastructure, as well as transportation demand management programs. The decrease last year was attributed to a large increase in new commuters to the city, the majority of which opted to drive to work. Another possible explanation is that people could be driving more because of relatively low gas prices amidst an expanding economy. TriMet has recently reported that ridership has declined from the prior year.

### ***Other Measures***

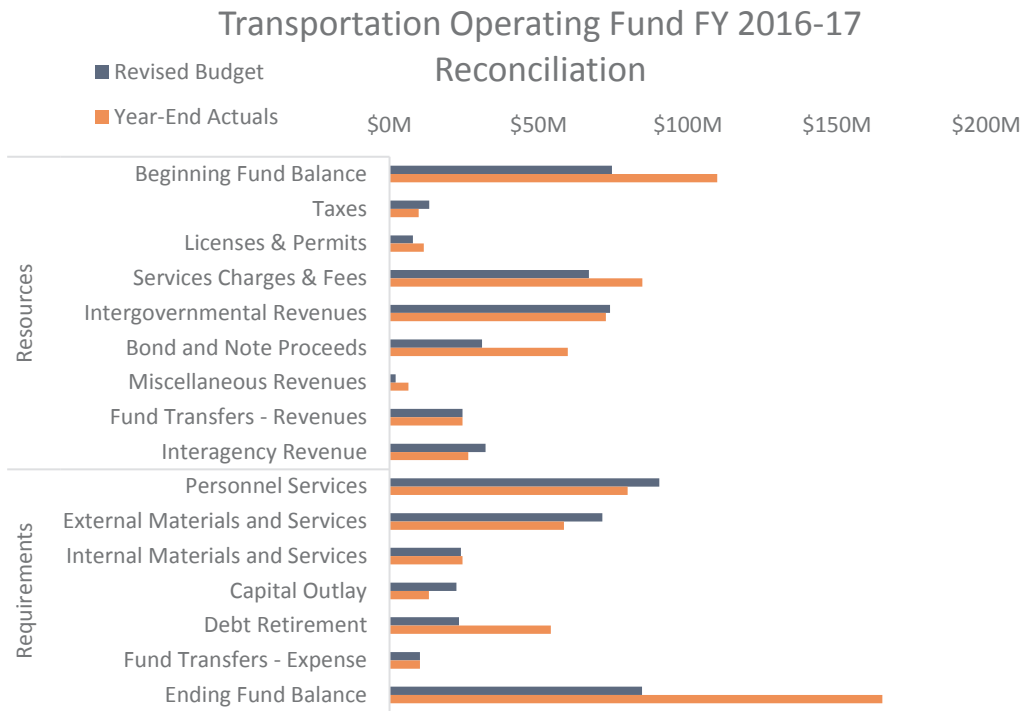
Another reflection of people driving more is that on-street parking expenses as a percentage of revenues have been on the decline since at least FY 2014-15, ending FY 2016-17 at only 23% and far surpassing the goal of 31%. On-street parking revenues have increased over the years as the economy has expanded, and this revenue is one of the core-components of PBOT's discretionary revenues - General Transportation Revenues (GTR).

Another notable performance measure is the percentage of public works permits completed within PBOT's set of interim timelines from the beginning to the end of the permitting process. At 80% at year-end, this measure fell far short of the Adopted Budget target of 95%, and far below the 94% level reached in FY 2015-16. The bureau attributes this decrease to being understaffed and notes that it has a staffing plan in place to address the high volume of permitting activity. One of the bureau's requests during this current Fall Supplemental is to formalize an Interagency Agreement with the Bureau of Human Resources to provide additional staff capacity in administering the recruitment processes for vacant positions within PBOT, including outreach and establishing eligible lists.

## Transportation Operating Fund

### Revenues

In FY 2016-17, the Transportation Operating Fund received \$18.2 million from the General Fund; this figure is made up of its ongoing allocation as well as one-time additions, including those for major maintenance projects. The FY 2017-18 Adopted Budget amount for transfers from the General Fund is \$17.7 million, but it should be noted that this figure does not include carryovers of General Fund resources from prior years. During this Fall Supplemental, the bureau is carrying over \$12.2 million of General Fund resources from prior years.



Tax revenues, consisting of the both the temporary 10-cent gas tax and the heavy vehicle use tax, ended last year at only 74% of budget due to the Oregon Department of Transportation’s three-month delay in implementing the collection. Only six months of revenue were collected, instead of the nine months initially budgeted. However, if the initial budget was adjusted to six-months’ worth using the initial assumptions and not adjusting for seasonality, the bureau would have over-collected by 11%. This may be a reflection of the expanding economy and the inelasticity of gas prices.

PBOT’s collection of Licenses & Permits revenues ended the year at 47% over the budgeted amount mostly due to an expanding economy. \$2.5 million of the \$3.7 million in variance is attributed to Private-For-Hire activity, while \$1.0 million is due to additional construction permits. Although the bureau has stated that it has adjusted the FY 2017-18 budget for Private-For-Hire revenues to reflect more realistic collection amounts, the total budget for Licenses & Permits after Fall Supplemental adjustments is still 14.5% lower than the actuals realized in FY 2016-17. CBO continues to

recommend that PBOT work to improve revenue forecasts for this category. Permit fees are priced for cost recovery and do not contribute to the bureau's discretionary resources.

Additional parking revenues is one of the primary reasons why Charges for Services ended the year at 27% above budget, although System Development Charges (SDCs) were also above budget due to the robust development activity. Again, although PBOT has stated that its FY 2017-18 budget for this category reflects the additional revenues, CBO notes that the FY 2017-18 Adopted Budget figure for this revenue is 16% lower than the FY 2016-17 Actual.

PBOT attributes the collection of only 82% of the budget for Interagency Revenues to the various winter storms during which its Maintenance crews were used to address weather-related events instead of providing services to the Bureau of Environmental Services.

In contrast, Bond and Note revenues ended the year at almost twice the budgeted amount due to additional bond sales to take out two lines of credit – LED Lighting Efficiency and the Sellwood Bridge Replacement project.

### ***Expenses***

Personnel Services was underspent by 12% due to difficulties in recruiting and filling newly created positions funded by cost recovery revenues and the temporary gas tax. See the last paragraph in the Performance section above for more details.

Most of the underspending in External Materials & Services can be attributed to two causes: 1) the bureau not being invoiced for an expected local match payment, which it will now pay in FY 2017-18, and 2) underspending in materials used for street preservation due to the excessively rainy spring.

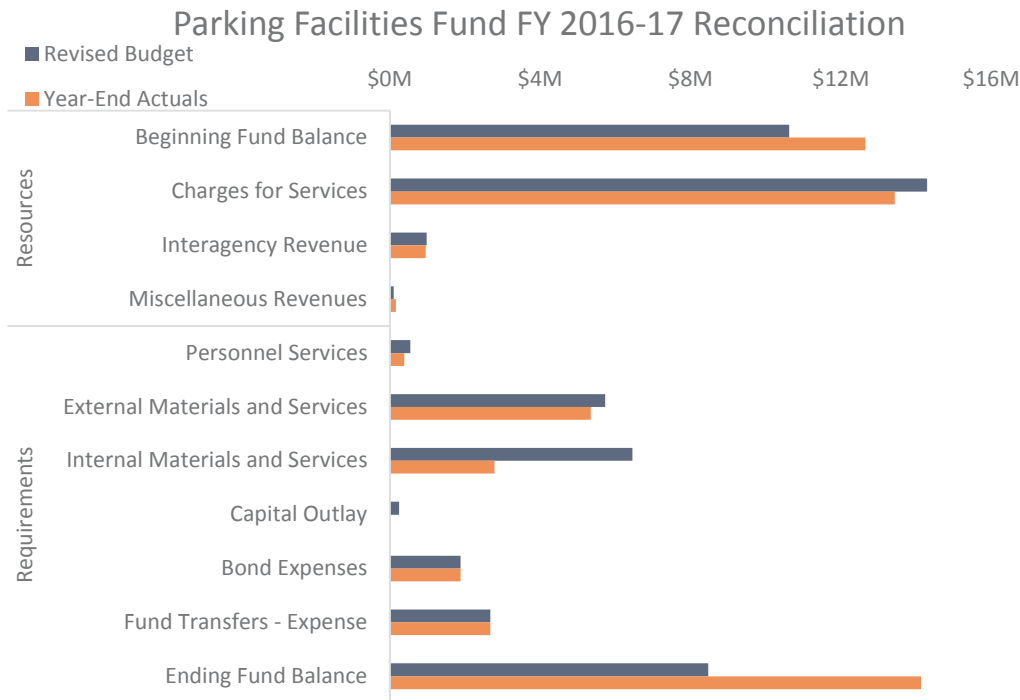
Typical for the bureau, PBOT underspent its capital outlay budget by 41% due to delays in the schedules of capital projects, with the unspent funds carried over into FY 2017-18. The bureau has noted that three projects are the main drivers for the variance: the Traffic Signal Reconstruction, the Bond: Gibbs-River Parkway, and the NW 20th Ave: Raleigh-Upshur LID projects.

A little over half of the ending balance (\$87.4 million out of \$165.2 million) is constrained by Oregon Revised Statutes, City policy, or contract provisions, with \$64.1 million of that made up of revenues restricted to use on Council-approved SDC projects. Another 14% of the balance is devoted to funding appropriations for operations during FY 2017-18. About 33% of the ending balance is used to balance the bureau's financial forecast over five years, and this includes about \$2.8 million intended for contingency purposes.

### **Parking Facilities Fund**

Most operations-related expenditure categories show major underspending. Personnel Services ended the year at 30% under budget due to position vacancies. Internal Materials & Services were underspent by 57% due to delays in major maintenance by OMF-Facilities at the parking garages, while Capital Outlay was not spent at all due to a delay in the construction phase of the 10th & Yamhill Garage reconstruction project.

About \$10.3 million of the \$14.1 million in ending balance is set-aside for the 10th & Yamhill Garage rehabilitation project, with \$7.2 million intended for project spending and \$3.1 million in reserves. About \$700,000 of the ending balance is dedicated as an Equipment Replacement reserve for parking paystations, electronics, etc. About \$1.1 million serves as general contingency. The amount meets the required target set by policy. The remaining \$2.0 million funds the Facilities maintenance interagency carryover in the Fall Supplemental.



## Grants Fund

As with prior years, PBOT continued to significantly underspend its budget in the Grants Fund in FY 2016-17 even after reductions during the Spring Supplemental. This is typical and is due to delays in work on capital projects, as well as the true-ing up of project budgets once the bureau gets a better understanding of their actual costs. In FY 2016-17, PBOT only named one of the projects involved in creating the variance - SE Foster: Powell to 90th. The bureau notes that schedule changes for the project was responsible for \$2.7 million of the variance.

## Other Funds

PBOT also administers the Transportation Reserve Fund and the Gas Tax Bond Redemption Fund. There were no notable variances between budget and actual spending in these funds.

## Capital

During the Fall Supplemental of last year, PBOT increased its Capital Improvement Plan (CIP) budget by roughly 12% from the Adopted Budget. About 28.7% of the adjustment is carryover of General Transportation Revenue (GTR) funding from the prior year due to planned project work shifting from FY 2015-16 to FY 2016-17. Funding was carried over for more than two dozen projects, the largest of

which include: Neighborhood Transportation, Safety, & Livability (\$636,910); Immediate Opportunity Safety Grant (\$460,000); Sidewalk Infill Projects (\$425,927); and the Highway Safety Improvement Program (\$407,305) projects. Carryover of resources for General Fund-supported projects amounted to 43.2% of the total increase in CIP budget. The largest amounts were for the Out of the Mud (\$1,012,711), NE 122nd Ave: I-84 Ramp-Skidmore (\$863,601), Traffic Signal Reconstruction (\$757,064), and the SW Corridor Light Rail (\$595,232) projects.

	CIP Budget	Percentage Change
Adopted	\$91,142,849	Inapplicable
Fall Revised	\$102,275,656	12.2%
Spring Revised	\$85,723,096	-16.2%
Year-End Revised	\$85,723,096	0.0%

Further substantial changes to the CIP budget were made during the Spring Supplemental, decreasing it by 16% from the Fall Revised amount. The Spring Supplemental is normally a time when PBOT reduces its CIP budget in order to sync up budgets with actual spending and revised construction timelines. The bureau did reduce budgets for many projects in both its Operating Fund, the Parking Facilities Fund, and the Grants Fund, the largest of which includes: \$5.0 million for the 10th & Yamhill Parking Garage; \$2.3 million for the Highway Safety Improvement Program; \$2.3 million for East Portland Access to Transit; \$2.0 million for 122nd Ave. Safety Improvements; and \$1.75 million for 47th Ave: Columbia-Cornfoot, NE.

However, there were also increases in funding for capital projects during the Spring Supplemental, with the largest including: \$3.0 million for the 20s Bikeway: Harney-Lombard; \$1.65 million for Bike Share Development; \$825,000 for Foster Road: 82nd-90th Ave; \$525,000 for Foster: Powell-90th; and \$500,000 for East Portland in Motion (Outer Division).

The only change made to the bureau’s capital budget during the Over-Expenditure Ordinance involved a \$500,000 draw from contingency to cover professional services for work on the 10th & Yamhill Parking Garage project in order to match anticipated expenditures.

***Budget to Actual Variances in Capital Program Spending***

In regards to actual expenditures, PBOT ended the year spending only about 58% of its Revised CIP budget, with a variance of \$33.4 million between budget and actual expenditures, despite the reductions in budget during the Spring BMP. Several projects had their construction schedules revised. These projects were bid on late in the fiscal year while actual construction shifted to FY 2017-18. These include the SW Bond: Gibbs-River Parkway, SE Foster: Powell-90th, the Traffic Signal Rehabilitation & Reconstruction, and the NE Halsey/Weidler: 103rd-113th projects. Most of the under-expenditure is in the bureau’s Safety CIP program. Furthermore, a \$5.7 million local match contribution for the Sellwood Bridge Replacement Project that was scheduled for payment to Multnomah County in FY 2016-17 was delayed until FY 2017-18.

Delays in project schedules for three projects in the Transportation Operating Fund are the primary reason for the large underspending in capital outlay in that fund: the Traffic Signal Reconstruction,

SW Bond: Gibbs-River Parkway, and the NW 20th Ave: Raleigh-Upshur LID projects. The underspending was due to a lag in project schedules, with project savings re-budgeted, or to be re-budgeted, in FY 2017-18. In the Parking Facilities Fund, none of the Capital Outlay budget was spent due to a delay in the construction phase of the 10th & Yamhill Parking Garage project. A high percentage of the variances between budget and actuals in the Grants Fund resulted from changes in project schedules, particularly for the SE Foster: Powell-90th project (\$2.7 million).

In terms of the CIP program, Safety projects showed the greatest variance between budget and actual spending, at \$19.8 million, or underspending of 51%. Large variances also occurred for the Asset Management (\$5.3 million or 25%), Economic Vitality (\$4.7 million or 52%), and the Health & Livability (\$2.1 million or 23%) programs.