

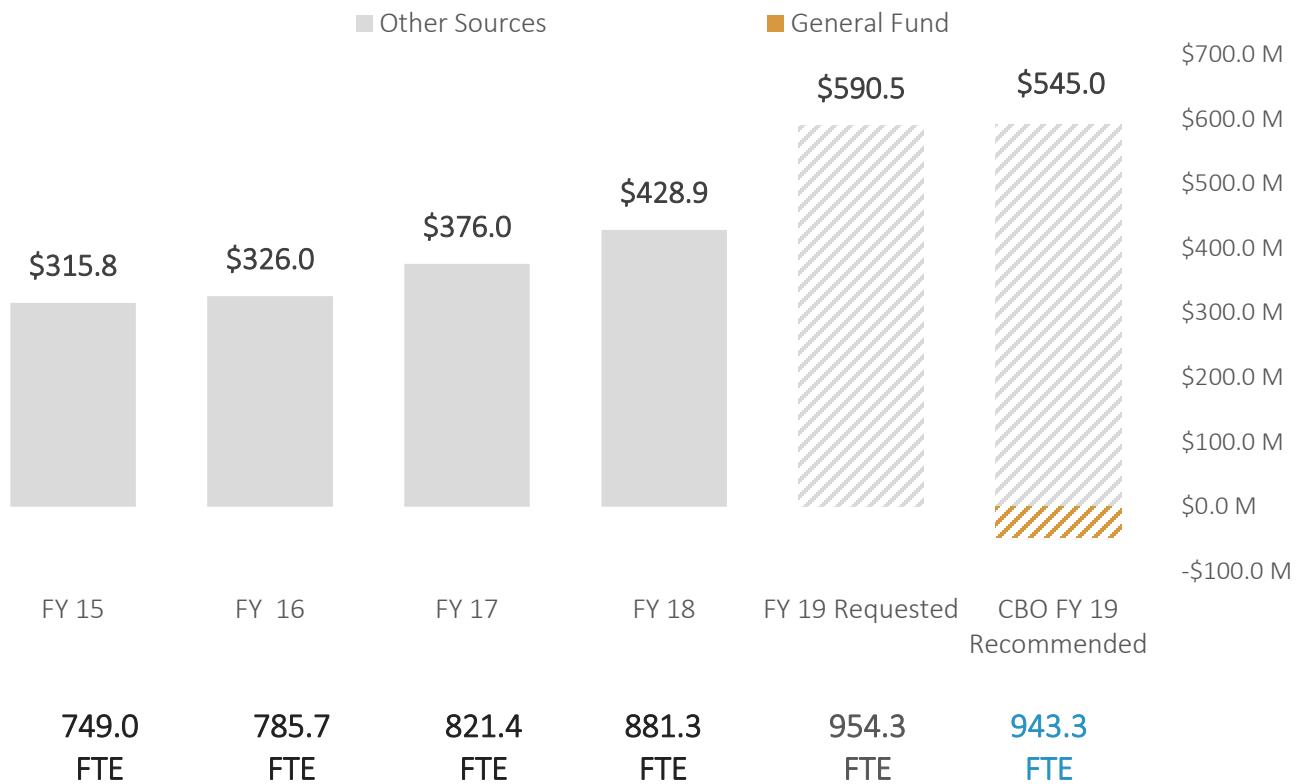


**City
Budget
Office**

Portland Bureau of Transportation

Analysis by Jessica Kinard & Kea Cannon

Adopted Budget Revenues - 5-Year Lookback



INTRODUCTION

The Portland Bureau of Transportation’s (PBOT’s) FY 2018-19 requested budget of \$589 million is 38% larger than the current year adopted budget of \$427 million. Record revenues - primarily due to recent local and State legislation and the strong economy - are driving bureau growth and greater service level expectations. Bureau decision packages include \$9.8 million in ongoing General Fund requests and the allocation of \$15 million in new transportation revenues, as well as \$41.4 million in one-time Capital Set Aside requests and \$3.6 million in one-time General Fund requests. As required by the Mayor’s budget guidance, PBOT submitted a 5% General Fund ongoing reduction package of \$441,601, reducing residential street

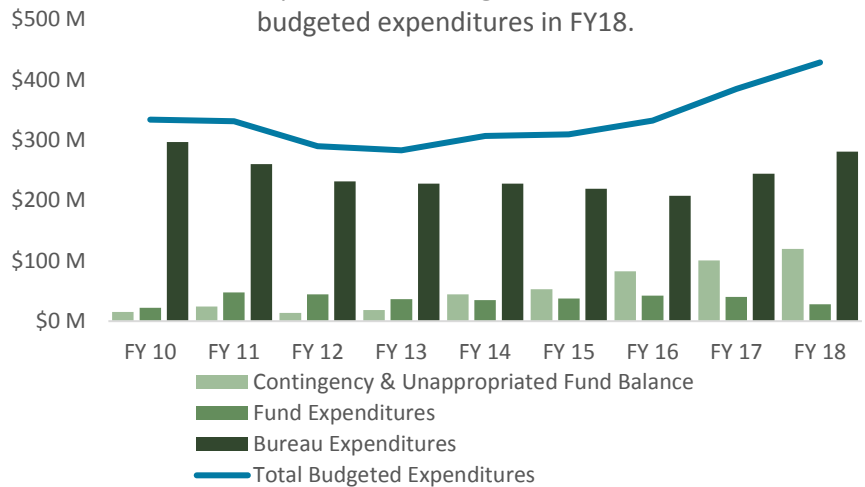
sweeping from twice to once annually and eliminating 3 maintenance positions.

KEY ISSUES

Growing Bureau Revenues and Capacity Challenges

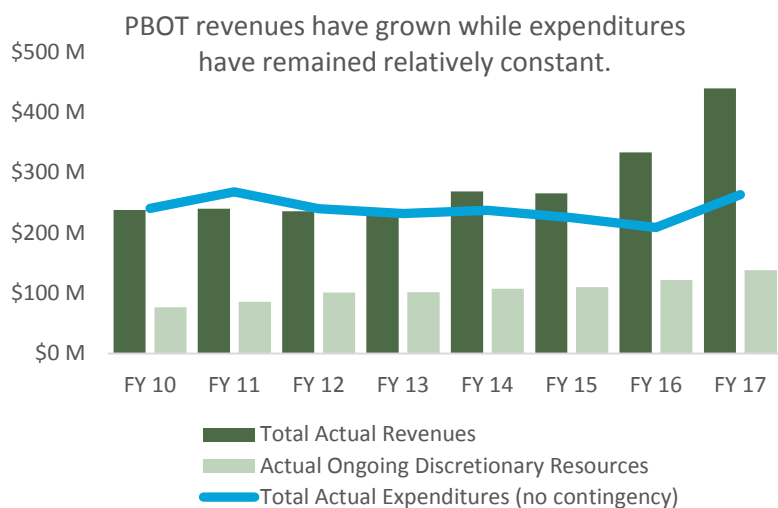
The size of PBOT's budget has fluctuated in the past eight years, but has experienced steady and significant growth in the past three years. While the budgets in fiscal year (FY) 2009-10 and FY 2010-11 included over \$60 million for three large capital projects (Streetcar, East Burnside, and Downtown Mall Light Rapid Transit construction), recent year budgets reflect more broadly spread operational growth. As shown in the chart

PBOT's total budget has fluctuated since FY10, but increased in recent years. Budgeted contingency and fund balance expenditures have grown to 28% of total budgeted expenditures in FY18.



to the right, budgeted contingency and ending balance have grown the most in the past three years (by \$67 million), followed by bureau expenditures at \$62 million.

PBOT's growing contingency and ending balance is primarily a result of the bureau's recent receipt of greater-than-budgeted revenues as well as recent underspending. The graph below illustrates this trend: actual bureau revenues have increased dramatically, while expenditures over the past several years have remained relatively constant. Although actual expenditures increased last year, they did not increase at the same rate as revenues.

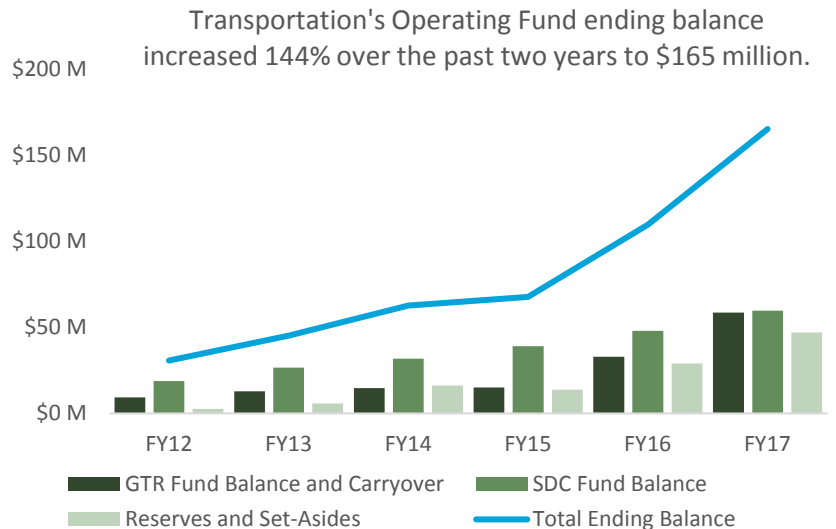


Over the past eight years, PBOT's actual receipt of revenues increased by \$202 million, or 86%. Growth occurred in both one-time revenues (\$115 million, 134% growth) and ongoing revenues (\$86 million, 57% growth); this growth took place in both bureau discretionary and non-discretionary revenues. Nearly all of the revenue

growth occurred in the past four years, with notable increases in System Development Charge (SDCs) and other service charge revenue, and parking

revenue. The majority of increased revenues are likely the result of a strong economy; however, the bureau has taken measures to maximize its collection of General Transportation Revenue through process improvements, technological efficiencies, and new practices in the parking services group. The bureau has also received new revenue streams, as with Fixing our Streets local gas tax beginning in FY 2016-17.

Beginning fund balance in the Transportation Operating Fund alone has increased from \$2 million in FY 2011-12 to \$165 million in the current year. The bureau has experienced growing SDC and discretionary (GTR) balances, and has set more money aside in reserves for the Streetcar and parking meter and fleet equipment replacement or maintenance.



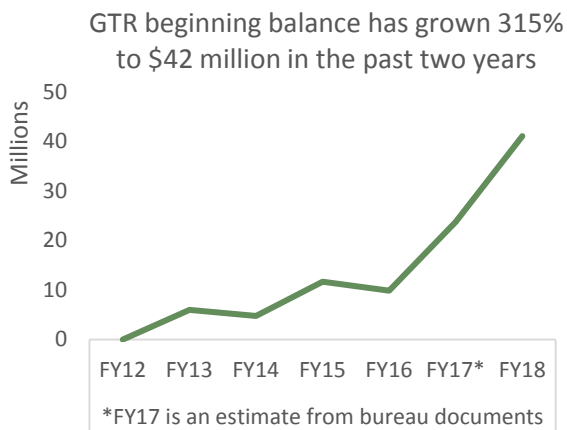
In the past four years, PBOT underspent budgeted expenditures by an average of 13%, or \$30 million per year.¹ Underspensing in personnel services, professional and miscellaneous services, and capital costs have driven overall underspending. Personnel services underspending has been most pronounced in PBOT’s Engineering and Development groups, which underspent personnel budgets by \$9.6 million in FY 2016-17. Personnel underspending appears to largely be related to position vacancies; a historical point-in-time analysis reveals that the bureau has had between 8% and 14% of regular, full time positions vacant (totaling between 58 and 119 positions) over the past four years. The Engineering Group manager cited challenges with hiring, specifically the need to compete with the private market for a limited number of specialized hires, as a key challenge to the group’s success. This challenge is not unique to PBOT - many bureaus experience challenges to quickly scale activities to changing resource availability – and is likely the result of several factors, including factors outside of bureau control. The City should investigate opportunities to assist the bureau in scaling up its activities.

Changes in Discretionary Funds

PBOT’s actual receipts of ongoing discretionary resources (primarily comprised of “General Transportation Revenue” or “GTR”) has grown by \$61.5 million, or 80%, since FY 2009-10. This includes \$15.6 million in General Fund and local gas tax that are dedicated to specific programs or projects - omitting these ‘dedicated’ discretionary revenues results in a 63% increase of GTR since FY 2010. Relatedly,

¹ Using revised budget and actual year-end figures from each year, and excluding contingency.

GTR non-carryover beginning balance has grown significantly, from \$0 in FY 2011-12 to \$42.4 million in the current year, equating to one third of total GTR budgeted expenditures in the current year.



The bureau budgeted just under \$7 million in beginning balance in the current year to support budgeted expenditures. The bureau has also had significant levels of GTR and General Fund carryover in the past two years, which does not contribute to beginning balance figures. The bureau assumes it will require all projected GTR fund balance to sustain the current level of service over the next ten years.

Although the bureau may need the fund balance to create a ten-year balanced budget, the bureau’s ability to spend down fund balance will depend on the bureau’s ability to scale up its operational capacity.

Managing Competing Priorities for Resources

PBOT is the steward of 1/5 of the land area in Portland,² and managing the competing interests on and below the land is a complex and significant task. City Council and/or the bureau have adopted 24 plans with over 650 policy goals and action items related to providing a complete transportation system for Portlanders.³ These policies and actions primarily focus on safety, accommodating growth, active transportation, connectivity and public access, design and development, reducing vehicle miles traveled, and equity. PBOT has worked to incorporate all individual planning documents into the Transportation System Plan (the transportation section of the City’s Comprehensive Plan) for continuity. Additionally, PBOT has developed two-year strategic plans (Portland Progress Plan I and Plan II) which highlight specific near-term action items.

The number of policies and actions present an implementation challenge for the City and for PBOT. According to PBOT’s most recent asset status and condition report, meeting the bureau’s asset management and capacity gap, including safety and equity goals, would require an additional \$3.63 billion over the next ten years; this includes addressing the bureau’s asset management backlog of \$2.23 billion over the next ten years.⁴ If the City were to eliminate its two largest General Fund

² PBOT Portland Progress II Plan, Wisely Manage City Resources goal description: <https://www.portlandoregon.gov/transportation/article/637885>.

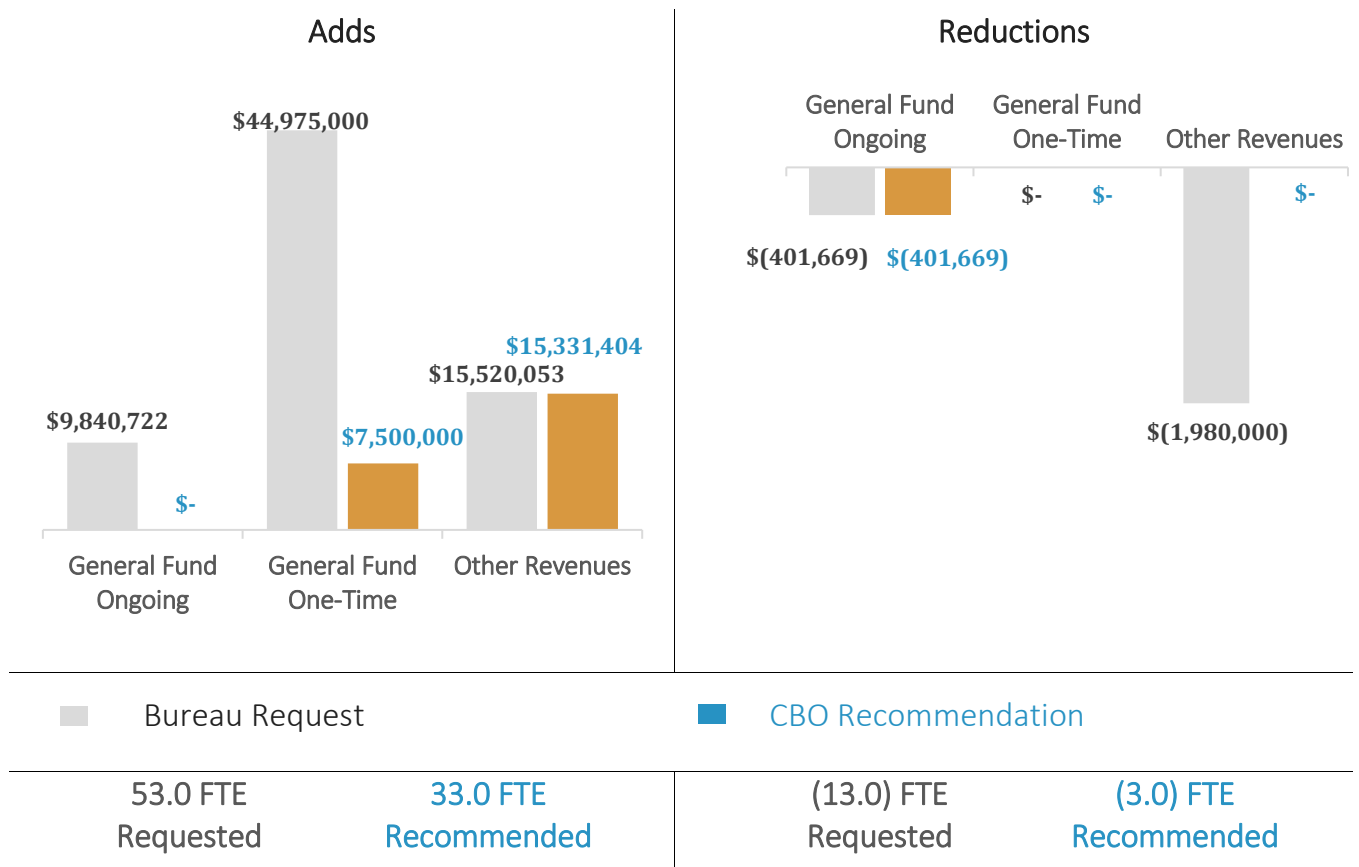
³ CBO reviewed both citywide plans and bureau specific planning documents to gather a sense of the magnitude of PBOTs requirements and considerations as it provides services. These do not include the various federal, state or regional policy documents, nor is this a complete list of policy documents.

⁴ PBOT Asset Status and Condition Report FY 15-16, p5:

strongest it has ever been.

Given this fact, Council and PBOT should not lose sight of the impressive body of work that the bureau will do with its existing and forthcoming resources, and continue to focus on prioritizing goals and maximizing the utility of all resources. PBOT is making investments to bolster its internal capacity to deliver increased services and projects as a critical first step in ensuring these new funds will be delivered effectively. Moving forward, CBO recommends the bureau and the City critically assess the tradeoffs of each new investment to ensure the utility of these dollars are maximized.

DECISION PACKAGE ANALYSIS AND RECOMMENDATIONS



Reinstate ULF Funding

TR_01, TR_17, (\$0)

During the FY 2017-18 budget development process, \$1,980,000 in ongoing General Fund resources associated with Utility License Fees was realigned from PBOT's budget to fund the beginning of the Build Portland initiative. PBOT was provided \$1,980,000 in one-time resources in FY 2017-18 as bridge funding. PBOT submitted the TR_01 cut package to demonstrate the impact of the loss of funding, and has separately (TR_17) asked for the return of the \$1.98 million in General Fund ongoing resources to restore the work in the cut package.

The cut package proposes eliminating 10 maintenance positions and materials and services for the construction of ADA ramps at a total savings of \$1.5 million, and eliminating \$480,000 in materials and services for signal and streetlight major maintenance. This cut would reduce the annual construction of new ADA ramps from the 500 currently funded in the base budget to an estimated 200-250 and reduce the number of streetlights repaired from an estimated 130 to 80.

Initial Build Portland (BP) project rankings include \$34 million for PBOT projects, of which \$14 million is for ADA ramps and signal and streetlight major maintenance. This \$14 million would be sufficient to support the work in this package for seven years. Assuming BP recommendations, no additional funds are necessary.

CBO Recommendation: \$0.00, 0.00 FTE

Additional ADA Ramp Funding

TR_02, TR_04, \$10,000,000

PBOT is requesting \$5 million in ongoing General Fund resources and \$5 million in one-time Capital Set-Aside resources to construct ADA curb ramps as identified by the Civil Rights Education and Enforcement Center (CREEC). For each \$5 million, the bureau estimates it can construct 750 ramps, in addition to the 500 ramps supported in the bureau's base with GTR and Build Portland recommended resources. The city has 38,035 corners, which often have more than one ramp, and the exact number of ramps requiring construction or upgrades is currently unknown. PBOT prioritizes improvements by looking at corners presenting mobility barriers and safety hazards in 1) high pedestrian crash locations; 2) high pedestrian use areas; 3) places with higher concentrations of people with disabilities; 4) key locations within identified pedestrian networks; and 5) racially and geographically underserved locations.

PBOT's base budget includes \$2.3 million for the construction of ADA ramps; additionally, the bureau has allocated \$331,034 in Fixing our Streets funding for ADA compliant curb ramps in select locations, and PBOT received \$5 million in one-time, Capital Set-Aside dollars in the current year to construct 1,000 ramps associated with the CREEC settlement. CREEC alleges 1,200 missing ramps. The settlement will determine the City's legal requirements to construct ramps not constructed during eleven years of paving projects, and bureau requirements to bring other ramps up to ADA compliance. To achieve equity and asset management goals, the bureau aims to build 700-1,000 ADA-compliant ramps each year,⁶ and the CREEC settlement will likely require additional upgrades. As such, there is likely an ongoing need for this work.

Because the CREEC lawsuit has not yet been settled, the bureau has not spent any of the \$5 million in General Fund Capital Set-Aside funding. After the lawsuit is

⁶ PBOT 2016 Asset Status and Condition Report. P43.
<https://www.portlandoregon.gov/transportation/article/666967>

settled (expected mid-2018), PBOT will conduct an inventory of citywide ramp conditions to inform ramp construction and rehabilitation prioritization. The bureau has dedicated \$2.3 million in annual base budget funding towards needed ramp construction to demonstrate to CREEC a good-faith effort to address the need during lawsuit deliberations. The \$5 million allocated in the current year will enable the bureau to significantly address the alleged 1,200 ramps first. CBO recommends prioritizing currently available General Fund and Capital Set-Aside resources for other high-priority or high-risk projects that need immediate attention, and revisiting ramp funding requirements once the lawsuit is settled.

CBO Recommendation: \$0.00, 0.00 FTE

Capital Set-Aside Requests

TR_04, TR_16, \$41,363,409

Capital Set Aside Projects

PBOT originally submitted 12 projects totaling \$41,350,000 for General Fund Capital Set-Aside funding consideration. The top ranked projects include:

- **ADA accessible sidewalks and Traffic Signal Reconstruction Program - \$6.5 million.** As discussed in the review of TR_01, \$14 million in Build Portland funding has been prioritized for this work, which will replace PBOT's base budget funding for these efforts for seven years. The bureau requests additional Capital Set-Aside funds for these projects as the number of ramps and traffic signals requiring reconstruction exceeds what will be constructed using base budget resources. Available funding should be prioritized for highly-ranked projects that may be immediately addressed. As discussed above, PBOT has \$5 million in unspent Capital Set-Aside funding for ADA ramps from the current year, and CBO recommends waiting to provide additional ADA ramp funding until the CREEC settlement is finalized. ADA ramps ranked 2nd among 36 projects, and will likely be eligible to receive more Capital Set-Aside funding in future budget processes. Due to the high Capital Set-Aside ranking for the traffic signal reconstruction program (ranked 3rd out of 36), CBO recommends the \$1.5 million for this program. This allocation will address 3 signals; CBO notes that the cost per signal has more than doubled due to ADA accessibility requirements associated with the projects.
- **NE 42nd Avenue Bridge - \$3 million.** This project requested \$7,270,822 and received \$4,924,084 in Capital Set-Aside funding in the 2017-18 Fall BMP. The bureau has requested an additional \$3 million to complete the project via Build Portland or through Capital Set-Aside (the Capital Set Aside request is slightly less). This project has consistently ranked highly due to health and safety impacts of the bridge. The bridge provides a critical pathway to 24,000 jobs located in the Airport district. The project includes required safety improvements and added pedestrian and bicycle use upgrades for 0.4 miles

leading up to and off the bridge as the bureau strives to enable multi-modal transportation options to this employment hub. This is in line with a key bureau goal to have 70% of commuting trips be by walking, biking, or public transit. However, 55% (\$7.7 million) of the total \$14 million project cost is dedicated to pedestrian and bicycle use of the bridge, and the bureau does not currently have estimates on the number of people that currently – or would, given improvements – walk or bike to work over the bridge. The bridge does provide an essential link to a complete cyclist path being developed through the 47th avenue Local Improvement District project. Even so, CBO questions whether a \$7.7 million investment in pedestrian and bicycle improvements in this location would maximize achievement of citywide goals. Build Portland funding has been recommended for this project; however, CBO recommends the bureau and Council consider whether it would be more advantageous for bureau and City goals to reallocate some of the project funds to other needed projects.

- **Halsey Corridor Traffic Signal Replacement - \$3,000,000.** Ranking 4th, this project will reconstruct or replace traffic signals at 5 intersections between NE 47th and NE 74th on NE Halsey street. Work will enhance safety on this high crash corridor and also benefit neighborhood greenways. The total project budget is \$9 million (medium confidence) and includes \$6 million in System Development Charge (SDC) and new HB 2017 revenues. Due to the high project ranking, CBO recommends this request.
- **Traffic Signal Upgrades Supporting Economic Development - \$3,000,000.** Ranking 5th, this project will provide upgrades to traffic signal hardware, wiring and poles, and software, including preventative maintenance work. PBOT will partner with private developers to maximize the utility of these resources. Due to the high project ranking, CBO recommends this request.

Ongoing Operations and Maintenance Costs

City Policy recommends that bureaus include maintenance costs in ongoing bureau operations when updating or adding infrastructure. PBOT traditionally has not budgeted these costs, which has contributed to the bureau's current need for \$2.23 billion to bring all assets to fair or better condition. PBOT requests General Fund ongoing resources to support maintenance for the North Greeley Multi-Use Path Project, funded with Capital Set-Aside funds in the FY 2017-18 Adopted Budget. CBO supports the bureau's efforts to ensure ongoing funds are available for asset maintenance. However, PBOT's primary ongoing revenue source is GTR, and ongoing maintenance for PBOT assets should be built into the bureau's internal base budget allocation.

CBO Recommendation: \$7,500,000, 0.00 FTE

Expanded Work with New Revenue

TR_02, TR_06, TR_07, TR_10, \$14,995,250, 34.10 FTE

As a result of the State's passage of House Bill 2017 (HB 2017), PBOT projects a sustained increase in gas tax revenue: from \$16.6 million in FY 2018-19 to \$35.1 million in FY 2027-28.

HB 2017 will provide a projected \$283 million over the next ten years. However, PBOT estimates that \$3.6 billion is required over the next ten years to bring current assets into fair or better condition, complete the transportation system, and meet bureau Vision Zero and equity goals. As such, it is critical these resources be delivered as cost-effectively as possible to meet City and bureau goals. To this end, CBO recommends the bureau consider trade-offs for each project component to maximize the impact of available resources. These tradeoffs are discussed in each package group, below.

New Capital Projects

PBOT proposes to invest \$9.2 million towards the following capital-related expenditures:

- Selling bonds at a cost of \$2 million/year for 15 years to generate \$20 million in capital project funds for specified projects;
- \$1 million for Naito parkway multi-modal improvements;
- \$4.4 million for safety projects on SE Division, and citywide Vision Zero and Safe Routes to School projects;
- Seven new positions, including four positions to work on ADA ramp design, two signal and streetlight electricians, and one position and \$500,000 in contract resources to provide initial planning and design efforts on prospective projects; and
- \$500,000 to leverage outside resources to fund greater street improvements.

CBO recommends these investments, but recommends the bureau and Council consider:

1. Bureau bonding of HB 2017 revenue streams is estimated to cost \$10 million in debt service payments over 15 years. If the bureau is able to structure and deliver the planned projects through a pay-as-you-go campaign, the savings could be re-deployed towards other needs and/or protect against future revenue uncertainties. PBOT finance often appropriately weighs project timeline needs with the potential to save money through a pay-as-you-go campaign. Given that the projects will not be construction-ready for 3-5 years, and given total HB 2017 revenues and ending balance figures are projected to increase over the next several years, the bureau may be able to plan its resource allocation through a pay-as-you-go campaign with minimal setbacks to timeline.
2. This package includes \$765,000 to support a nighttime operations pavement markings crew included in a separate package. As discussed below, the bureau's existing striping efforts meet bureau goals, while the bureau lags behind goals in

pavement maintenance. Spending \$765,000 on pavement maintenance instead of striping could save \$600,000 in future paving needs. See review of maintenance investments below for more information on this request.

Expanded Maintenance Investments

PBOT proposes to invest \$5.2 million in ongoing GTR and 20 additional FTE to the following maintenance activities:

- \$860,000 and six FTE to fill 15-20 more potholes per day, and meet the City’s 30-day repair goal;⁷
- \$2 million for preventative pavement maintenance through micro-surfacing and slurry-seal treatment, potentially saving a net of \$1.6 million in what would otherwise be deferred maintenance costs;
- \$1 million and four FTE to grade and gravel 20 lane-miles of unimproved streets annually, providing maintenance work on 36% of all unimproved streets per year;
- \$500,000 and nine FTE for a night maintenance crew to increase volume of pavement striping and marking (position funds are also part of the capital project package);
- \$844,300 and one electrician for several projects including: preventative bridge maintenance, tunnel lining replacement, guardrail maintenance, and asset inspections and assessments.

PBOT currently has over 425 service requests for pothole repair; each on average involves filling five potholes. This request level is approximately 325% over bureau targets; as a result of the backlog, PBOT currently estimates pothole repairs to take twice as long as their target time of 30 days. While filling potholes does not prevent further road deterioration or address pavement condition, it is important for safety and livability purposes.

Pavement Treatments	Avg cost per lane mile	Pavement Condition
Micro-surfacing or Slurry Seal	\$ 167,000	Fair to Poor
2-inch grind and pave	\$ 300,000	Poor

Micro-surfacing is typically applied to pavement in fair condition, bringing the condition to very good,

and extending the life of the pavement by 8 years. Micro-surfacing and slurry seal treatments are estimated to cost 44% less than the 2-inch grind and pave treatments required to obtain very good pavement condition once pavement has deteriorated to poor condition. This \$2 million investment thus saves up to \$1.6 million in future costs.

Portland has roughly 1,840 pass miles of striping, and the City has a goal to paint

⁷ The bureau strives to fill all potholes requested for service within 30 days.

each lane mile and marking 2-3 times a year to ensure visibility. In FY 2016-17, the bureau met striping goals by painting 4,229 lane miles. The proposal to add a night maintenance crew would add efficiency – it is easier to paint when there is less traffic – and would facilitate a durable marking program which involves paint that takes longer to dry but could last years instead of months.

CBO recommends all investments proposed in this package; however, CBO also recommends the bureau continue to meet its goal of painting each marking 2-3 times through increased night work and durable markings, and reallocate existing daytime painting resources towards preventative paving. According to the 2016 Asset Status and Condition report, the City has over 300 arterial/collector road lane miles in fair condition; the \$2 million in this package supports preventative treatment for 12 lane miles annually, and placing more resources towards this effort would further defray future costs.

Additional Support Services

With anticipated new indirect resources generated from HB 2017 projects, the bureau proposes funding eleven new support services positions and additional required office space, including:

- Two positions to focus on community outreach and involvement in implementing new projects;
- One legislative analyst to move projects and policies forward, and develop and maintain State transportation funding;
- Two positions to further equity goals: one assisting with the implementation of the bureau's equity plan, and the other to facilitate outreach to the Minority, Women, & Emerging Small Business (MWESB) community and managing existing contracts;
- One position to coordinate the existing modal planners and coordinators working in the Complete Streets Planning section;
- Two senior public works supervisors and one Business Operations Manager in the Maintenance group; and
- One human resources coordinator and two management analysts in business operations.

These packages would enhance bureau efforts around community engagement, equity and inclusion, and process improvement goals, but the measurable impact of these efforts is unknown. A compelling argument can be made for each of these positions, but each should be considered in direct opposition to providing other needed bureau services. CBO notes that it might be possible for the coordination of the modal coordinators to be done by the modal coordinators themselves, and for outreach to be conducted by one instead of two new FTE. The funds from these two positions could be redeployed to support other bureau priorities in their budget request such as the construction of 30 more ADA ramps annually or 3 new

maintenance workers for snow/ice removal and other maintenance needs.

Additionally, the bureau has processed seven GTR-funded position reclassifications in the current year and requests two additional reclassifications in this budget at an estimated total additional cost of up to \$275,000 in annual GTR. These funds could instead construct 36 more ADA ramps annually, or fund a significant portion of the Vision Zero Citywide Awareness Campaign as discussed in TR_19. CBO does not recommend against any of the requested positions, but encourages Council and the bureau to consider these trade-offs with each new position.

Additional Engineering Positions

Funded through Fixing our Streets and capital improvement plan projects, PBOT proposes adding three new engineering positions and converting one part time position to full time. Fixing our Streets local gas tax resources are expected to provide \$64 million over four years for an identified list of projects. CBO recommends these positions.

CBO Recommendation: \$14,995,250, 34.10 FTE

NW Streetcar Extension

TR_05, \$370,000

PBOT requests one-time General Fund resources for public involvement, design, and initial project management to expand the Portland Streetcar 2.3 miles in NW Portland. This package will support PBOT, Portland Streetcar Inc., TriMet and other City bureaus, in collaborating with the community in deciding between two possible alignments. Both options - NW 18th/19th streets and NW Wilson/York or NW Raleigh – currently have moderate access to public transportation.⁸ According to PBOT's equity matrix,⁹ these project areas have low-moderate equity scores, depending on which route is selected. Presently, there are no plans for low-income housing development in this area, however the bureau suggests that this expansion will serve other low-income housing developments in other areas of Portland by connecting those residents to NW Portland.

The estimated total project cost is between \$46 - \$49 million depending on the route selected. Ongoing maintenance costs for this addition are estimated at \$4.7 million, to be split 50/50 with TriMet. Eventually TriMet will contribute up to 85% towards annual operating costs.

Expanding the Streetcar would enhance livability for this area of Portland and increase the percentage of trips made by people walking, biking, or transit, through additional public transportation options, and reduce carbon emissions – meeting the Mayor's budget guidance and various City goals. However, the project

⁸ TriMet Trip Planner. Interactive Map: <https://ride.trimet.org/?tool=routes#/>

⁹ Portland Bureau of Transportation Equity Matrix: <https://pdx.maps.arcgis.com/apps/MapSeries/index.html?appid=2e2252af23ed4be3a666f780cbaddfc5>

may not serve the communities most in need of public transportation. The relatively low equity matrix scores indicate that there may be other project opportunities the bureau could implement that better serve communities of concern. Given the limited availability of General Fund resources, CBO does not recommend this request.

CBO Recommendation: \$0.00 | 0.00 FTE

Congestion Pricing System-Wide Modeling

TR_08, \$350,000

This request would support technical analysis and system-wide modeling to evaluate potential congestion pricing scenarios and complementary multimodal improvements. This project is related to Oregon Department of Transportation's (ODOT) "value" pricing of I-5 and I-205 project.

In November 2017, PBOT sought City Council approval to collaborate with ODOT on their value pricing project and to coordinate with the Bureau of Planning and Sustainability (BPS) and regional partners to evaluate broad congestion pricing best practices (Resolution 37334).¹⁰ The financial impact statement (FIS) presented to Council stated that project work would "be completed by existing staff with existing budgets." PBOT has since realized that to complete a supplemental modeling with more comprehensive regional-wide approach to ODOT's, it would need more funding. Area partners would contribute \$300,000 - \$400,000 towards this analysis.

This project is aligned with Mayoral budget guidance in that it may increase revenues, however it is currently unknown how revenues would accrue or what restrictions would be applied to the use of those funds. The request also aligns with City goals around increasing mode share and reducing carbon emissions. PBOT is currently projected to underspend its current year general transportation revenue budget by over \$2 million, which may provide a one-time funding source for this project. Due to limited available General Fund resources, CBO does not recommend General Fund support for this request.

CBO Recommendation: \$0.00 | 0.00 FTE

Columbia Blvd Crossing Design Funding

TR_09, \$650,000, 0.00 FTE

State House Bill 2017 includes \$1.5 million to provide a safer crossing at North Columbia Boulevard near George Middle School; however, the State will not make the funding for this project available until 2019. The crossing has been the site of several serious injury crashes, including a near fatal crash of a student in 2016. PBOT seeks \$650,000 in one-time General Fund resources for project development

¹⁰ City Auditor's Office: <http://efiles.portlandoregon.gov/Record/11443602/>

and design to enhance the safety of the project and meet construction deadlines. CBO recommends PBOT discuss the impact of the delayed State allocation with the State to see if earlier funding allocation is possible. Due to limited General Fund resources, CBO does not recommend additional funding for this request.

CBO Recommendation: \$0.00 | 0.00 FTE

Derelict RV Enforcement

TR_11, \$1,715,962, 6.00 FTE

PBOT manages the Abandoned Autos program,¹¹ including responding to the increasing complaints of derelict RVs across Portland, as part of meeting the bureau's responsibility of keeping a clear and accessible public right-of-way.¹² The bureau is requesting \$1.5 million in ongoing General Fund resources to support six positions and programmatic materials and services to effectively manage this program.

Since 2012, abandoned auto calls have increased 266% - from 8,200 to over 30,000. The bureau believes this increase is linked to the homelessness and housing crisis. The increasing complaints have resulted in the bureau moving six positions away from revenue-generating work within its parking enforcement division to address abandoned RVs. The average response time is one week from the time of the complaint to investigation.

PBOT estimates program costs including cleaning, noticing, removing and disposing of an unoccupied RV averages to \$2,540 per vehicle. The 2018 estimated total RV tows is 400, for a total materials and services cost of \$1 million. The total program cost - including 6 FTE - is \$1.7 million, which is partially offset by \$189,000 in revenue from towing fees. PBOT estimates that parking enforcement has lost \$900,000 (at \$150,000/officer) in annual revenue by having existing officers prioritize abandoned vehicle work. If abandoned RVs are not disposed of, they may be recycled back into the community and create more complaints and unsafe/unstable living conditions.

PBOT's Vehicle Inspection Team responds to complaints in person, assessing whether the abandoned vehicle is inhabited or truly abandoned. Staff coordinate daily with the Joint Office of Homeless Services (JOHS) for training and issue education, coordination of efforts to engage social service providers, and guidance on interrelated work. PBOT also coordinates with the Portland Police Bureau (PPB) and with Campsite Cleanup as appropriate. The coordinating approach that the bureau has undertaken is a model which should be emulated by all City bureaus responding to the housing and homelessness crisis. This program thus meets the

¹¹ Portland Bureau of Transportation. Abandoned Autos Program: <https://www.portlandoregon.gov/transportation/73520>

¹² City of Portland Charter, Code, and Policies. Chapter 16.20 Public Right-of-Way. Section 16.20.120 Prohibited Parking or Stopping of a Vehicle. <https://www.portlandoregon.gov/citycode/article/16044>

bureau's mandate to maintain the right-of-way while also meeting Mayor's budget guidance and City goals of increasing the number of people helped through homelessness preventive services.

The safe access to the public right-of-way is one of the bureau's core responsibilities, allowing ease of access for all modes of transportation and to facilitate the movement of goods and services. PBOT's need to invest in this effort will mean that the bureau will be able to perform less work in other priority areas. Through coordinated efforts systemwide, and through the City's investments in long-term solutions to homelessness, these costs should decline in future years. Current year parking revenues are on track to exceed budgeted levels despite the fact that parking enforcement staff have been taken from revenue generating activities to work on this program. This indicates that additional funds to support the positions in this package may not be necessary, but that additional parking enforcement staff may further increase bureau revenues.

Due to limited available General Fund resources, CBO does not recommend this request, but recommends that the bureau continue its current efforts with internal resources due to the positive impact on Mayoral priorities and on bureau responsibilities and goals. CBO highlights that these resources, were they allocated towards other priorities, could build 200 additional ADA ramps or defray \$800,000 in future pavement rehabilitation costs if put towards pavement maintenance. CBO notes that the bureau is also investing increased GTR funds (at \$1 million total) for campsite cleanup.

CBO Recommendation: \$0.00 | 0.00 FTE

Regulatory – Background Checks

TR_12, \$417,548, 5.00 FTE

CBO recommends adding the five regulatory specialist positions to conduct background checks for private-for-hire drivers, funded through existing service charges and fees. Most private-for-hire-transportation companies choose to have the City conduct background checks at a cost of \$75.00 per check. Alternatively, Transportation Network Companies (TNC) utilize third parties to process background checks. The proposed change will require TNCs to provide data and documentation from background checks to PBOT for review. This change will serve to ensure an equitable and accessible onboarding process for private-for-hire drivers. PBOT estimates processing 26,200 background checks each year.

CBO Recommendation: \$417,548 | 5.00 FTE

Resiliency Plan

TR_13, \$500,000

PBOT is requesting one-time support of \$500,000 to create a Transportation Resiliency Plan to increase the City's response recovery and resiliency after a

disaster. During a recent two-day Resilient Infrastructure Planning Exercise (RIPE) workshop, it was identified that all infrastructure bureaus are dependent on the resiliency and recovery of the transportation system. This two-year project will utilize casual staff to create the plan and will build off the 2016 Mitigation Action Plan and the Comprehensive Plan 2035. Additionally, the plan will update the City's emergency transportation routes (ETRs) to current policies and plans and will establish a process for ETRs to be regularly updated. This project complements the City's Continuity of Operations Planning (COOP) program implemented by the Portland Bureau of Emergency Management, and the Bloomberg Mayor's Challenge, "Building Community Resilience Through Open Streets", project submitted by the City in October 2017.

This project is important for maintaining the City's critical infrastructure and ensuring public safety after a disaster strikes and is aligned with Mayoral budget guidance. The bureau plans to realign its planning-to-construction pipeline prioritizing resiliency projects along ETRs and to develop a plan to address long-term solutions to its facilities that are highly vulnerable to events.

The creation of a Transportation Resiliency Plan will include recommendations for ongoing funding and staffing needs to support a continuing resiliency program in the future. PBOT estimated the costs for developing this plan based off recent, similar resiliency plans created by the Bureau of Environmental Services and the Water Bureau. Just as the utility bureaus internally prioritized resources to produce their plans, so could PBOT as the bureau has four planning FTEs within its Policy & Regional Planning subgroup. The bureau anticipates its General Transportation Revenues (GTR) to increase by \$25 million – or 20% - over the next five years. CBO agrees that incorporating resiliency planning into PBOT's project decision making and prioritization is critical, and recommends the bureau consider the importance of this package in relation to other new activities funded with the budgeted \$15 million in HB 2017 revenues. Due to limited available General Fund resources, CBO does not recommend General Fund dollars for this request.

CBO Recommendation: \$0.00 | 0.00 FTE

First Mile/Last Mile Microtransit Strategy

TR_14, \$200,000, 0.00 FTE

This package seeks to address the need for public transit options in East Portland by exploring demand and opportunity for microtransit – small scale, on-demand public transit service. The East Portland Action Plan¹³ includes a goal of improving transit service throughout East Portland, and TriMet's Eastside Service Enhancement Plan¹⁴ has a goal of improving service to East Portland through more

¹³ East Portland Action Plan.

<http://eastportlandactionplan.org/sites/default/files/2011.03.10%20Abbreviated%20EPAP.pdf>

¹⁴ TriMet's Eastside Service Enhancement Plan. <https://trimet.org/future/pdf/eastside-final-report.pdf>

North-South bus service and other access to opportunities. However, there remains a need for transit options during off-days and times where demand isn't sufficient for regular bus service. Other cities, such as Los Angeles¹⁵ and Lone Tree, Colorado¹⁶ have piloted microtransit to offer flexible transit options by utilizing technology through partnerships with private companies such as Uber.

PBOT is in the process of developing a microtransit pilot with Metro and TriMet which would identify future roles for each partner. This transit strategy would seek to expand transit service to underserved communities currently lacking service. As such, this package may provide a promising solution to one of the City's primary service inequities. Due to limited available General Fund resources, CBO does not recommend this package at this time. CBO notes that the bureau currently projects over \$2 million in GTR underspending; CBO recommends the bureau assess if any of these funds may be carried forward for this purpose.

CBO Recommendation: \$0.00 | 0.00 FTE

South Portland Address Project

TR_15, \$305,000, 0.00 FTE

Several Portland city blocks located between SW Naito Parkway and the Willamette River have numerical addresses that begin with zero. This creates confusion for address databases, for wayfinding, and for first responders. PBOT proposes to rename this area "South" and remove the leading zero from the address. This package would fund the sign replacements necessary to implement this change. This change would directly benefit visitors and residents of the area, and benefit bureaus with address databases that currently require work-arounds or special training for dealing with these unusual addresses. As such, this package aligns with Mayoral priorities to pursue efficiencies. This package does not directly serve historically underserved communities; however, it is possible that benefits would be felt systemwide if BOEC experiences reduced call time as a result of required triage work related to these addresses. The Fire bureau supports this package and would prioritize it over some of their own capital and infrastructure requests.

While this project incurs benefits Citywide, the replacement of street signs falls within the responsibility of the Bureau of Transportation and would be an appropriate use of General Transportation Revenue. Due to limited availability of General Fund resources, CBO recommends that the bureau internally fund this project. The bureau currently projects it will underspend its General Transportation Revenue budget by over \$2 million; the bureau may thus be able to redeploy current year underspending towards this effort.

¹⁵ Los Angeles, California MicroTransit Pilot Project. <https://www.metro.net/projects/microtransit/>

¹⁶ Lone Tree, Colorado. Launches Link on Demand.

http://cityoflonetree.com/news/what_s_new/city_of_lone_tree_partners_with_uber_to_launch_lin

CBO Recommendation: \$0.00 | 0.00 FTE

Vision Zero Requests

TR_18, TR_19, \$1,250,000

Strategic Lighting Infill

PBOT has been implementing various Vision Zero projects across Portland since City Council adopted the Vision Zero Resolution 37130 in June 2015.¹⁷ Presently the bureau is conducting an analysis and inventory of the City's lighting deficiencies. This work will be completed in June 2018, at which time the bureau would implement this one-time add package for lighting infill projects that aim to reduce pedestrian deaths from traffic related accidents. This request would fund the installation of 80-350 new streetlights based off the pending analysis.

Communities of concern - which the bureau defines as including people of color, low-income households, older adults and youth, people with disabilities, people with limited English proficiency, and households with limited vehicle access - have identified a lack of lighting to pose a significant safety risk in their communities. Nationwide data show that lighting at intersections reduces auto crashes by 12% and reduces crash fatalities by 77%.¹⁸ Improving the uniformity of lighting (lighting infill) reduces the incidence of daytime and nighttime crashes by 2.3%.

The June report will identify lighting projects to be funded with this request, and the bureau anticipates some of these projects may overlap with the high crash corridor and/or projects previously identified. The bureau and the Vision Zero Task Force will prioritize lighting projects in communities of concern, as one in three traffic deaths in Portland occur in these communities.

Adding and/or replacing lights across Portland may assist to decrease the total pedestrian, bicycle, and auto traffic fatalities by enhancing visibility; however, as a new initiative, there is little available local data to demonstrate the successes of Vision Zero. Given the limited General Fund resources, CBO does not recommend funding at this time. Additionally, CBO recommends the bureau collaborate with its Maintenance Division to coordinate ongoing lighting maintenance projects that can partner with Vision Zero lighting projects.

Citywide Awareness Campaign

PBOT requests \$500,000 for a safety education campaign focused on the dangerous behaviors of drivers in Portland. This project partners with the Portland Police Bureau and the Portland Fire Bureau to address impaired and distracted driving.

¹⁷ City Auditor's Office. Resolution 37130.

<http://efiles.portlandoregon.gov/Record?q=recAnyWord%3A37130&pagesize=100&sortBy=recCreatedOn>

¹⁸ Vision Zero Year Three report. February 2017. Retrieved online by PBOT from:

<https://www1.nyc.gov/assets/visionzero/downloads/pdf/vision-zero-year-3-report.pdf>

As a new initiative, there is little available local data to demonstrate the successes of Vision Zero; however, PBOT points to data from New York City and San Francisco's successful media campaigns to support this request. 82% of New Yorkers indicated that they drive more carefully because of these campaigns, however there is no causal data that conclusively links a change in behavior to the reduction of fatalities. Given the limited available General Fund resources, CBO does not recommend funding at this time.

CBO Recommendation: \$0.00 | 0.00 FTE

Staffing for Snow/Ice Events

TR_20, \$1,320,000, 5.00 FTE

PBOT is requesting \$1,320,000 in ongoing General Fund resources to fund five permanent street sweeping positions and materials and services to plow public-school bus routes and additional city streets during snow and ice events.

PBOT typically budgets \$750,000 to deal with severe winter weather. Additionally, in the current year, the bureau received \$330,000 in one-time General Fund resources for contracted snow removal services and new snow plow blades. The bureau internally reallocated \$480,000 to install permanent variable messaging signs, purchase six salt spreaders, and cover salt storage areas.

Snowplowing is only required when there is adequate accumulation of snow, which happens infrequently in Portland. The FY 2016-17 winter was an anomaly with several storms, costing the bureau \$2.6 million in snow plow costs. However, the bureau spent nothing on snow plowing in FY 2014-15, \$500,000 in FY 2015-16, and as of early February spent \$40,000 in the current year. Given that the staff in this request would be only needed to address snow plowing a maximum of a few weeks out of the year, the request for permanent staff should be considered as predominantly addressing other maintenance needs. The bureau has not yet identified which other maintenance work these crews would address. CBO notes that it may be possible for new maintenance positions added in TR_06 to take on this function during snow emergencies.

This package could positively impact the Mayor's priority areas of enhancing livability and ensuring public safety, although the measurable impact this package would have on those areas is unknown. It is unknown if Portland will require more snow plowing than has historically been needed, but there will certainly always be outlier years. Due to the limited availability of General Fund resources, CBO does not recommend ongoing funding for this package. CBO recommends that the bureau carry forward any unspent snowplow funds from the current year, consider deploying new maintenance staff to this work during snow emergencies, and that the City and PBOT continue to be prepared to utilize contingency funds for emergency needs in response to extreme weather.

CBO Recommendation: \$0.00 | 0.00 FTE

Utility Cut Interagencies

TR_21, \$336,154, 2.00 FTE

Revised street restoration standards now require utility improvements to cut larger openings into Portland streets, making for more effective repaving restoration. In order to meet the assumed increase in utility-cut paving, this request adds two positions funded through an increased interagency agreement (IA) with the Portland Water Bureau. CBO recommends the increase to this IA to support increasing workload.

CBO Recommendation: \$336,154 | 2.00 FTE

Street Cleaning – 5% Reduction Option

TR_22, (\$401,669), (3.00) FTE

To meet the Mayor's budget guidance, PBOT submitted a reduction package to eliminate three street sweeping positions, reduce residential street sweeping from two times per year to one time per year, and reduce vegetation trimming to only include vegetation that presents a hazard to the right-of-way. PBOT submitted this package as a reduction option during last year's budget development process, and CBO did not recommend taking the reduction due to 1) the fact that these staff also are integral in performing pre-winter storm response; 2) the resulting impact of pooling debris and water on safety; and 3) the need to demonstrate the City's commitment to street preservation in the wake of the local gas tax passage.

The bureau's financial outlook has improved significantly since last year's review. Compared to last year's requested budget projections, FY 2017-18 GTR is \$10.8 million greater and beginning balance is \$12.9 million greater. \$7.6 million of the revenue growth is due to the passage of HB 2017, but over \$3 million is due to greater-than-anticipated parking revenues. Thus, the bureau may be able to absorb this reduction due to recent growth in resources. However, the bureau is also incurring more costs as a result of the homeless emergency.

PBOT's current year budget for street cleaning totals \$6.5 million, and 77% is supported by GTR. The General Fund is the next largest source, totaling \$827,873 or 13% of the total budget. In the past, the Bureau of Environmental Services (BES) contributed approximately \$1.1 million, as the pooling water that occurs when streets are not swept has the potential to negatively affect the City's Municipal Separate Storm Sewer System permit requirements. In FY 2013-14, BES reduced its funding for these services and currently contributes \$179,550, or 2.8% of the program's total cost. CBO recommends that PBOT and BES discuss whether additional funding for these efforts from BES would be appropriate and possible given the nexus with permit requirements.

Due to limited available General Fund resources and \$32.3 million in ongoing General Fund requests for competing priorities, CBO recommends the reduction in General Fund resources. However, CBO does not recommend the reduction in

service; rather, CBO recommends PBOT consider maintaining current service levels by looking at the following options:

- Engage BES in discussions around the appropriate level of interagency support for the street sweeping program, given the nexus with permit requirements;
- Revisiting ending balance and contingency projections, given current year revenue and underspending projections to provide a temporary solution and then build these positions into next years' base budget; and/or
- Revisiting recent decisions to add or reclassify positions and determine if this work would take priority over any of those decisions. The bureau has processed seven GTR-funded position reclassifications in the current year and requests two additional reclassifications in this budget at an estimated total additional cost of up to \$275,000 in annual GTR. Many of these position costs were built into the bureau's base budget and not sourced through new revenue.

CBO Recommendation: (\$401,669) | (3.00) FTE

SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of the Portland Bureau of Transportation's total budget. PBOT's FY 2018-19 base budget is \$94 million – or 22% - greater than the FY 2017-18 Adopted Budget. Projected revenue growth is primarily the result of new state Transportation and local gas tax revenues. These growing resources are primarily supporting increased capital project expenditures (\$28 million increase) and contributing to increases in contingency (\$39 million increase). Bureau revenue and fund balance issues are discussed in the Key Issues section of this review.

	Adopted FY 2017-18	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	\$ 124,023,396	\$ 213,080,154	\$ -	\$ -	\$ 213,080,154
Taxes	18,500,000	18,500,000	-	-	18,500,000
Licenses & Permits	9,763,300	11,280,000	188,649	(188,649)	11,280,000
Charges for Services	85,132,519	94,547,702	-	-	94,547,702
Intergovernmental Revenues	111,006,712	118,759,135	13,015,250	1,980,000	133,754,385
Interagency Revenue	31,987,212	31,900,951	336,154	-	32,237,105
Fund Transfers - Revenue	27,796,833	25,833,554	54,414,053	(47,315,722)	32,931,885
Bond and Note	16,874,506	5,000,000	-	-	5,000,000
Miscellaneous	2,204,447	2,158,430	-	-	2,158,430
Miscellaneous Fund Allocations	1,590,000	1,520,626	-	-	1,520,626
Total Resources	\$ 428,878,925	\$ 522,580,552	\$ 67,954,106	(\$45,524,371)	\$ 545,010,287
Requirements					
Personnel Services	\$ 100,692,430	\$ 113,753,580	\$ 12,122,422	\$ (6,183,082)	\$ 119,692,920
External Materials and Services	66,190,786	75,652,637	9,949,237	(6,941,289)	78,660,585
Internal Materials and Services	33,290,324	35,271,987	1,285,447	-	36,557,434
Capital Outlay	80,771,760	108,692,106	44,020,000	(32,400,000)	120,312,106
Bond Expenses	17,408,592	19,573,771	-	-	19,573,771
Fund Transfers - Expense	10,776,185	10,719,664	-	-	10,719,664
Contingency	118,075,801	157,243,760	577,000	-	157,820,760
Unappropriated Fund Balance	1,673,047	1,673,047	-	-	1,673,047
Total Requirements	\$428,878,925	\$522,580,552	\$67,954,106	(\$45,524,371)	\$545,010,287

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_17 - Reinstate Utility License Fee (ULF) Funding	01	10.00	1,980,000	0	0	1,980,000	0.00	0	0	0	0
TR_03 - ADA Curb Ramps	02	0.00	5,000,000	0	0	5,000,000	0.00	0	0	0	0
TR_11 - Derelict RV Enforcement	03	6.00	1,527,313	0	188,649	1,715,962	0.00	0	0	0	0
TR_04 - Capital Set-Aside	04	0.00	0	41,350,000	0	41,350,000	0.00	0	7,500,000	0	7,500,000
TR_18 - VZ - Strategic Lighting Infill	05	0.00	0	750,000	0	750,000	0.00	0	0	0	0
TR_19 - VZ - Citywide Awareness Campaign	06	0.00	0	500,000	0	500,000	0.00	0	0	0	0
TR_16 - O&M for GF Capital Projects	07	0.00	13,409	0	0	13,409	0.00	0	0	0	0
TR_02 - HB 2017 - Capital Investments	08	7.00	0	0	9,188,564	9,188,564	7.00	0	0	9,188,564	9,188,564
TR_06 - HB 2017 - Maintenance Investments	09	20.00	0	0	5,206,942	5,206,942	20.00	0	0	5,206,942	5,206,942
TR_07 - HB 2017 - Support Services	10	4.00	0	0	599,744	599,744	4.00	0	0	599,744	599,744
TR_09 - Columbia Blvd Crossing	11	0.00	0	650,000	0	650,000	0.00	0	0	0	0
TR_05 - NW Streetcar Extension	12	0.00	0	370,000	0	370,000	0.00	0	0	0	0
TR_08 - Congestion Pricing System-Wide Modeling	13	0.00	0	350,000	0	350,000	0.00	0	0	0	0
TR_20 - Staffing for Snow/Ice Events	14	5.00	1,320,000	0	0	1,320,000	0.00	0	0	0	0
TR_13 - Resiliency Plan	15	0.00	0	500,000	0	500,000	0.00	0	0	0	0
TR_14 - First Mile/Last Mile Microtransit Strategy	16	0.00	0	200,000	0	200,000	0.00	0	0	0	0
TR_21 - Utility Cut Interagencies	18	2.00	0	0	336,154	336,154	2.00	0	0	336,154	336,154
TR_15 - South Portland Address Project	20	0.00	0	305,000	0	305,000	0.00	0	0	0	0
Total Adds		54.00	9,840,722	44,975,000	15,520,053	70,335,775	33.00	0	7,500,000	15,331,404	22,831,404
<u>Reductions</u>											
TR_22 - Street Cleaning - 5% Reduction Option	01	(3.00)	(401,669)	0	0	(401,669)	(3.00)	(401,669)	0	0	(401,669)
TR_01 - Reduction to Utility License Fee (ULF) Fundin	02	(10.00)	0	0	(1,980,000)	(1,980,000)	0.00	0	0	0	0
Total Reductions		(13.00)	(401,669)	0	(1,980,000)	(2,381,669)	(3.00)	(401,669)	0	0	(401,669)
<u>Realignments</u>											
TR_12 - Regulatory - Background Checks	17	5.00	0	0	0	0	5.00	0	0	0	0
TR_10 - Position Authorizations	19	3.10	0	0	0	0	3.10	0	0	0	0
Total Realignments		8.10	0	0	0	0	8.10	0	0	0	0
Total Portland Bureau of Transportation		49.10	9,439,053	44,975,000	13,540,053	67,954,106	38.10	(401,669)	7,500,000	15,331,404	22,429,735