



September 13, 2018

Chris Warner
Director, Portland Bureau of Transportation

PORTLAND FREIGHT COMMITTEE

Dear Chris:

The Portland Freight Committee (PFC) appreciates your involvement at the September 6th PFC meeting in addressing the projected \$2 million shortfall in the Heavy Vehicle Use Tax (HVUT) program. The PFC also appreciates the presentation by PBOT staff in explaining the reasons for the funding shortfall and the status of the previously approved projects.

We recognize the shortfall has necessitated the need to either raise additional revenues or reduce the original project allocations. The current proposal to increase the City's share of the Weight-Mile Tax (WMT) from 2.8% to 4.8% was discussed and, as you are aware, the PFC members voted unanimously not to increase the current rate and instead recommended seeking other funding sources to complete the originally approved project list.

One of the suggestions proposed was to use part of the City's allocation windfall being collected from the 53% increase in the statewide WMT approved under HB2017 (an initial 25% increase in the WMT took effect in January 2018 with the remaining phased over 7 years). Since this increase is already being borne by the freight industry the PFC believes posing an additional 70% rate increase to the current 2.8% that Portland businesses are now paying to 4.8%, in addition to the initial 25% statewide increase, would be an unfair burden and possibly expose the City to legal challenges. It was also noted that increasing the rate would provide a further incentive for other businesses to apply for an exemption thus negating the extra revenues collected.

Another suggestion is to update the original construction cost estimates to identify potential savings and to seek alternative funding sources to help fill the funding shortfall without the need to raise the WMT rate. The PFC is ready to work with PBOT staff in exploring all viable options.

In March 2017 the PFC recommended the following list of priority projects and funding allocations to the Fixing Our Streets Oversight Committee for their consideration and approval:

Priority Maintenance Projects

1. N Burgard Rd: Terminal Rd - Columbia Blvd.	\$100,000
2. N Marine Drive: Kelly Pt Park to Leadbetter Rd.	\$1,500,000
3. N. Lombard St: N Ramsey to 2,500' north.	\$1,000,000
4. <u>N Going St: Interstate Blvd East to structure.</u>	<u>\$600,000</u>
Total maintenance projects to begin in 2017:	\$3,200,000

Priority Safety Projects

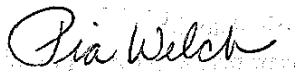
1. N/NE Columbia Blvd ITS.	\$500,000
2. Bridge Column Safety/Impact Attenuators.	\$250,000
3. NE Marine Drive/33rd Signalized Intersection.	\$500,000
4. St. John's Truck Strategy, Phase 2.	\$560,000
5. N Greeley Ave Multi-Use Path.	\$520,000
6. Guardrail Installation and Upgrade Program.	\$500,000
7. <u>NE MLK ITS/Signal Improvements.</u>	<u>\$800,000</u>
Total safety projects:	\$3,630,000

Several of these projects have already been completed or are in the development phase and on track for completion within the scheduled four-year sunset of the HVUT program in 2020. The PFC recognizes the overall value of these projects in enhancing and maintaining the City's transportation system and continues to support their full implementation.

From the outset, the PFC has long supported the need for raising additional revenues to help fund the City's growing street maintenance backlog. In 2008, the PFC supported the implementation of the Safe, Sound & Green Streets funding proposal under then City Transportation Commissioner Sam Adams. In 2016, at the request of then City Transportation Commissioner Steve Novick the PFC has worked to develop a fair and equitable funding mechanism for generating additional revenues for needed street maintenance and safety improvements from damage caused by heavy vehicles and to ensure that freight paid its fair share. While no perfect funding mechanism was identified the resulting Heavy Vehicle Use Tax Ordinance approved by Council in 2016 imposed the 2.8% surcharge on the City's portion of the state Weight-Mile Tax for those licensed Portland businesses traveling on city streets. Portland companies not using the city street system are exempt from the HVUT as previously requested by the PFC and other freight stakeholder groups. The PFC would also like to recognize that while Tri-Met buses also cause considerable damage to city streets due to their weight and axle configuration they are currently exempt from paying into the HVUT program.

The PFC members appreciate your proactive involvement in addressing this issue and we remain committed in working with City staff in identifying options for completing these needed transportation system improvements and developing long term funding solutions.

Sincerely,

A handwritten signature in cursive script that reads "Pia Welch". The ink is dark and the signature is written on a light-colored background.

Pia Welch
Chair

Cc: Mychal Tetteh
Noah Siegel
Tyler Berry