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Dan Saltzman Commissioner **Leah Treat** Director

Bureau and Budget Advisory Committee

Thursday, November 17, 2017

4:00– 6:00 pm

Congress Building, 5th Floor, Conference Room 513

Committee Members Present: Douglas Armstrong, Lauren Bates, Ruthanne Bennett, Samuel Gollah, Sage Geiselman, Shani Harris-Bagwell, Sarah Iannarone, Thomas Karwaki, Arlene Kimura, Tony Lamb, Joanne Landry, Meesa Long, Josh Linden, Rob Martineau, Elaine O’Keefe, Maria Hernandez, Momoko Saunders, Kevin Vandemore

Committee Members Absent: Maria Hernandez, Molly Baer-Kramer, Ryan Hashagen, Femi Oluwafemi, Farrell Richartz, Pia Welch

City Staff Present: Tosin Abiodun, Tyler Berry, John Brady, Kea Cannon, Shannon Fairchild, Aaron Kaufman, Ken Kinoshita, Mark Lear, Elliot Levin, Irene Marion, Jeremy Patton

Welcome/Community Check-Ins and Announcements: Momoko Saunders and Tony Lamb

- Momoko Saunders opened the meeting, welcomed committee members, reviewed the meeting agenda and shared the Vision Zero report. BBAC members observed a minute of silence to honor the memory of three community members who died in crashes from October 18 through November 16.
- Momoko thanked committee members for providing feedback about BBAC’s monthly meetings.
- John Brady provided leadership updates on behalf of Interim Director Chris Warner. He stated that the PBOT Director could not attend BBAC’s meeting because of City Council hearings for the Central City in Motion report and implementation plan. The Central City in Motion Plan is PBOT’s effort to plan, prioritize and implement transportation improvements in the city’s core. John added that Metro Council recently passed the locally preferred alternative for the SW Corridor Light Rail project, a multimillion dollar investment with a very strong affordable housing component. In addition, John informed BBAC members that PBOT communications team have developed concrete winter communication plans. PBOT is introducing Winter Ready PDX, a new community-oriented open house event. John encouraged BBAC members to share information about the event with their network. PBOT staff will be joined by representatives from several agencies/organizations including Portland Fire and Rescue, the Portland Bureau of Emergency Management, the Joint Office of Homeless Services and Venture Portland. At the event, PBOT will give away free snow

shovels, hot chocolate and gift cards to the first 100 people to arrive at the venue. John congratulated Irene Marion, PBOT's Public Involvement Coordinator, who recently got promoted to the role of the Equity and Inclusion Manager. PBOT is seeking a new Public Involvement Coordinator. The job announcement is available on the City's website. John encouraged BBAC members to share the job announcement with their network.

City Budget 101, Overview of City's Key Budget Issues and Process: Kea Cannon and Shannon Fairchild

- Kea Cannon shared information with BBAC members about City budget development and monitoring process.
- In 2012, the City Budget Office (CBO) was created to provide timely and accurate budget information and ensure the independence of financial planning, forecasting and budgeting functions. The bureau provides recommendation to City leaders based on budget and program analysis, economic forecasting, business impact analysis, utility rate review and special projects.
- The City service areas include transportation, public safety, parks, public utilities, community development, city support services and elected officials. The City supports these core functional areas with funds derived from several sources including beginning fund balance, service charges and fees, taxes, bond and note proceeds, intergovernmental grants, licenses and permits and miscellaneous sources.
- Some funds are dedicated to specific use. For instance, water and sewer fees pay for water and sewer system maintenance and improvements, permit fees pay for development services and park fees pay for recreation services.
- General funds, also known as Discretionary funds, primarily comes from property, business, utility, lodging and liquor taxes and are allocated based on City Council priorities.
- Shannon Fairchild shared information and data about requirements by service area for FY 2018-19, General Fund expenditure summary for FY 2018-19 and how the Portland General Fund compares with other cities.
- Portland's General Fund discretionary revenue has performed better than most Cities nationwide. However, the main challenge is that bureau requests for General Fund in the adopted budget significantly exceed available resources.
- The City of Portland budget process is governed by Oregon Budget Law. There are two distinct budget processes – the annual budget development process and the supplemental budget monitoring process.

Questions and Comments

- Does the City's public safety service include BOEC and 911?
 - Yes.
- How much from the General Fund is allocated the Fire Bureau and EMT?
 - Not sure. CBO staff will provide additional information.
- What is driving the increase in General Fund request? Do bureaus disproportionately increase their General Fund request?
 - Some of the drivers include personnel related cost, agreements, housing and capital investments.

PBOT FY 19-20 Budget Development Process: Jeramy Patton and Tyler Berry

- Jeramy Patton provided high-level information about PBOT budget development process for FY 19-20. For the past few months, PBOT budget team have been developing the capital projects budget and will soon start building program offers.
- PBOT money comes from two main sources, discretionary funds (also known as General Transportation Revenue) and restricted funds. Discretionary funds include state and local gas taxes, beginning fund balance, parking meters, resources allocated to support services, parking permits, parking citations and transfers from other City funds. Restricted funds, on

the other hand, include beginning fund balance, grant revenue, transfers from other City funds, services provided to other bureaus, other charges, permits and fees, bond and note proceeds, state and local taxes, system development charges, recreational marijuana funds and resources allocated to support services.

- PBOT's budget is about \$550.8 million. Funding sources include 71/2 million dollars reserve fund, 40 million dollars state and federal grants, Marijuana tax funds, Gas Tax Bond Redemption funds and Parking Facilities funds.
- Tyler Berry shared information with BBAC members about PBOT financial forecast and 10-year outlook. PBOT's five-year forecast remains balanced and looks great overall. However, PBOT's current expense and revenue growth will result in a 10-year deficit due to revenue and expense challenges including minimal post HB 2017 gas tax growth, conservative parking revenue assumptions, core inflation, PERS adjustments and ongoing expenses supported by one-time revenue.

Questions and Comments

- When is BBAC's budget letter due?
 - At the end of January.
- What percentage of the 22 million dollars for bond and note proceeds is budgeted?
 - About 3 and a half percent, the number may change.
- What are System Development Charges (SDC)?
 - They are fees assessed to new development, collected to help offset the impact a project will have on the City's infrastructure such as transportation.
- Is the recreational marijuana fund based on activity in the City or from the state?
 - City.
- How does PBOT categorize or distinguish its capital and operating budget?
 - Capital expenditure involves extending the life of an existing asset or the creation of a new asset through maintenance. The distinction between capital and operating budget becomes a little more complicated when paving is brought into the picture. For PBOT, a maintenance activity is one that is a 2-inch grind or under.
- Is there a dollar threshold?
 - Yes, there is a dollar threshold.
- Can you describe the distinction between state local tax and the gas tax?
 - The gas tax fund for the Fixing Our Streets program is a restricted fund.
- How is the gas tax allocated? Is allocation determined by population or some other calculations?
 - The Oregon Department of Transportation (ODOT) receives 50% of the gas tax and the City receives 20%. The remaining fund goes to the County.
- Is PBOT closely following discussions about electric vehicles and fuel consumptions?
 - Yes.
- Is PBOT's ten-year forecast positive or negative? Do we need to be worried about the future?
 - PBOT's forecast looks great for the next few years but the bureau needs to start exploring new revenue sources.
- What about short-term employment offers?
 - Short term employment is accounted for in PBOT's budget and financial forecast.
- Do we know how much revenue PBOT received from the Shared Electric Scooter pilot program?
 - PBOT budget team will provide additional information.
- Is PBOT exploring either new or expanded revenue sources? For instance, can SDC's or TNCs bring in more revenue to the City?
 - Yes, PBOT is exploring innovative ideas for revenue sources. PBOT is open to receiving suggestions and recommendations from Committee members.

BBAC Group Discussion: Tony Lamb and Momoko Saunders

- BBAC members divided into four groups to discuss, analyze and digest information they heard from CBO staff and PBOT budget team.
- BBAC members discussed the need for new revenue sources and more clarity about PBOT's priorities, programs and dollar investments.

Capital Improvement Project Selection Project (Gumball Machine): Mark Lear

- Mark Lear shared information with BBAC members about the Capital Improvement Project Selection Process.
- PBOT's capital projects come from different plans, but the core plan is the Transportation Systems Plan (TSP). The TSP is a 20-year plan that includes a number of candidate area and modal plans such as the Bike Plan, East Portland Action Plan, Pedestrian Plan, Vision Zero Plan and the Freight plan.
- PBOT uses several criteria to rank projects including safety, economic benefit, equity, neighborhood access, climate, health, geographic distribution, cost effectiveness and public support. After the ranking process is completed, PBOT will then place projects into different buckets or lists.

Questions and Comments

- Does the City generate funds or revenues from Bikeshare and the Shared Electric Scooter program as well as the TNCs?
 - The budget team will provide additional information.
- How does PBOT capture smart cities' investments in its annual budget? How are investment decisions made?
 - City Council provided funds for the Traffic Safety Sensors Project.

Announcements: Tosin Abiodun

- BBAC will meet twice in January, first for a budget workshop meeting and then for a regular meeting.

Next Steps:

- BBAC will meet on the 20th of December at the Congress building, 5th floor, Room 513. Address: 1001 SW 5th Avenue Portland Oregon.