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Portland's Streets: End the Funding Gridlock

City Club of Portland (Portland, Or.)

Portland's Streets

End the funding gridlock

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City Club members will vote on this report between Friday, September 11, 2015 and Wednesday, September 16, 2015. Until the membership votes, City Club of Portland does not have an official position on this report. The outcome of the vote will be reported in the City Club of Portland Bulletin Vol. 96, No. 9, dated September 18, 2015, and online at pdxcityclub.org.

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We have to realize that a great many of the things we have to do to save our cities from falling apart are controversial, at least they are in the beginning and they are until they have proved themselves, but it does take bold action to keep our cities livable and to keep them in a position to continue to carry out the functions that they were designed to do.

Portland Mayor Dorothy McCullough Lee
Fourth National Businessmen's Conference on Urban Problems
June 1952

Majority Summary

Infrastructure maintenance and safety aren't sexy. When a government maintains its streets well, it spends money and … *nothing happens*. Voters and politicians alike want to see something happen when they spend money. They prefer to see a shiny new bridge or streetcar appear, more police on the streets, more homeless people housed.

Maintenance is not only invisible, it is also a long-term endeavor. If one city council decides to defer maintenance in favor of more immediate spending priorities, it does not have to confront the results. Streets deteriorate slowly but steadily, and the neglect won't manifest until after council members leave office.

Well-maintained, safe streets benefit everyone in the community, but no advocacy group specifically promotes maintenance funding at every turn. Meanwhile, vocal interest groups fight for other spending priorities. Public officials hear those vocal groups, not the silent need. With neither political rewards for prioritizing street maintenance nor a dedicated constituency advocating for it, it is not surprising that spending on maintenance gets deprioritized and deferred, year after year.

Portland's street challenge

For nearly 30 years, Portland has tried and failed to dedicate the revenue needed to keep roads in good repair, to stay current with legal requirements, and to meet the demands of an increasingly multi-modal populace. Portland is at the vanguard of this diversification of mobility[1] and needs to adequately fund streets in order to maintain its position of leadership.

Most city revenue is dedicated to one thing or another before it is even collected. City Council only has discretion over the general fund, whose revenues comes primarily from property taxes, utility license fees and business fees. The general fund pays for many core city services such as police, fire, and parks. There is not enough general fund revenue to also pay for streets without significant cuts to those other priorities.

Facing a similar gap between tax revenue and transportation maintenance needs, other cities have raised additional revenue.[2] Twenty-two Oregon cities and counties have enacted a local gas tax, 30 have implemented a transportation utility fee, and two have done both. Portland has done neither.[3] In two more cities – Bend[4] and Troutdale[5] – the city council has placed a gas tax on upcoming ballots for voters to consider.

In recent years, Portland's transportation budget has shifted away from maintenance and toward spending on capital project. Seven years ago, maintenance and operations were more than two-thirds of the Portland Bureau of Transportation's budget; today they are less than half because more money goes to new capital projects and debt service on past projects.[6]

Deterioration of roads accelerates when maintenance is put off, and expenses increase at an accelerating rate. Preventive maintenance on roads in very good condition costs about $10,000 per lane-mile per year. Repairs to streets that have fallen into good-to-fair condition cost 10 times as much, and repairs to those that have fallen into very poor condition cost more than 10 times as much again – more than $2 million per lane-mile.

After decades of underfunding, many of Portland's roads, sidewalks and bike lanes have fallen into disrepair, adding up to an incredibly expensive – and still-increasing – maintenance backlog. At a minimum, your committee estimates Portland needs $205 million per year for at least the next decade to catch up and to make streets smooth and safe. Even with this year's budget surplus and "back-to-basics" budget, Portland spends only a tiny fraction of that.

To save current and future Portland taxpayers from staggering expense, Portland must act swiftly to contain and reverse ballooning street maintenance costs.

Everyone benefits from safe, well-maintained streets

All Portland residents and businesses depend on city streets to access goods and services. Local residents need safe, well-maintained streets to connect them to places they need to go, regardless of whether they walk, bike, ride transit, or drive a personal vehicles. Local businesses depend on streets to deliver and receive goods and to give customers access. Commuters, tourists, and non-local business also depend on Portland's streets to get around and to move goods.

Everyone therefore has a stake in keeping transportation infrastructure in good working order and in prudently avoiding unnecessary expenditures.

No consensus has emerged on how to equitably share the costs of a safe and well-maintained local street system. Some people view streets as a core public service – akin to schools, parks, and police – and believe they should be paid for through local taxes or flat fees. Your committee sees streets as more similar to a utility service, such as water, sewer, electricity, and natural gas. As such, they should be paid for with a combination of flat fees and user fees.

Most utility bills include a flat basic system charge meant to pay for the existence of the utility infrastructure, but the bulk of the bill is in the form of a user fee per gallon or kilowatt-hour used, meant to pay the materials and operations cost of providing those gallons and kilowatt-hours. If users paid primarily a flat fee, they would be incentivized to use more water or more electricity, driving up system costs for everyone.

Streets are similar. If users pay the same amount regardless of use, the fee would provide no incentive to constrain usage. User fees could encourage more efficient use of streets, keeping system costs down for everyone. They also link consumption to cost, so that those who use streets more pay more for their upkeep. Finally, they spread costs across all categories of users so that no single group has to bear the burden alone.

The committee minority endorses a transportation utility fee (TUF) that would charge a flat fee to residents on their water/sewer bill and a variable fee to local businesses. Yet because a TUF is not related to use, it would encourage over-use of streets. All residents would pay the same amount no matter how much or how little they choose to use the streets. Subsidized use would lead to more congestion, more pollution, and more crashes.

A TUF is the most regressive revenue option. It also would charge only local residents and businesses, forcing them to pay more because non-local street users such as commuters, visitors, and companies moving goods in trucks across Portland's streets would not pay a TUF.

The city has tried to pass a TUF four times in the past 15 years and has failed every time. This suggests that, in addition to being unrelated to use and the most regressive option, a TUF is not very politically possible.

For these reasons, the majority does not believe the city should try yet again to pass a TUF, but should instead pursue fees that bear some relation to street use. Use-related fees will spread costs across all categories of users and give people a modicum of control over how much they pay.

While there is no meter to measure transportation use in the way that electricity and water meters precisely measure use of those resources, a city gas tax, vehicle registration fees and parking fees are related to use. People and businesses driving cars and trucks on city streets, whether they reside in Portland or not, would pay gas taxes and parking fees and residents who own vehicles pay vehicle registration fees them. An even more-precise measure of use might emerge soon in the form of charging based on vehicle miles traveled. Systems for tracking actual vehicle miles travelled are currently undergoing testing.[7] If they become broadly used they will be able to serve as a sort of transportation meter.

How to move forward

Deferring action allows the challenges – and the cost to fix them – to grow. Your committee therefore recommends that Portland do the following:

> **Immediately:** The city should dedicate as much money as possible from the budget surplus and the general fund to contain costs and prevent streets from getting worse.
>
> **In the next 18 months:** The city should improve voters' understanding of the deferred maintenance problem and trust in the city's solutions.
>
> **As soon as possible:** The city should put a city gas tax on the ballot. The city should also implement other fees, including a commuter payroll tax on out-of-city employees, and new parking permits and fees.
>
> **As soon as possible:** The city should lobby the state legislature for authority to charge a weight-and-value-based vehicle registration fee.

When the technology is vetted and available: the city should pursue a vehicle miles traveled (VMT) fee.

There is no silver bullet. No single source of revenue will solve Portland's transportation funding problem. An immediate infusion of cash from the current budget surplus and general fund will stave off some deterioration; a city gas tax could cover the bulk of routine maintenance costs; and commuter payroll taxes and parking permits and fees could provide a small amount of additional revenue.

Yet even all of those together would not provide sufficient funds to eliminate the large maintenance backlog and implement all the safety improvements the city needs. The city must implement additional fees, as closely related to use as possible, to ensure Portland's streets serve its residents and businesses safely and efficiently for decades to come.

Findings

1. Portland has been underfunding its streets for decades.
2. Poorly maintained streets cause costly wear and tear on vehicle suspensions and tires. Unsafe streets can lead to costly injuries and even deaths.
3. Portland needs at least $50 million per year to keep streets from falling into further disrepair, at least $75 million per year to repair streets that have fallen into disrepair, and at least $80 million per year to repair and construct safety projects that benefit all modes of transportation, for a total of $205 million per year.
4. In FY 2015-16, including allocations from the budget surplus, Portland will spend less than $20 million on street maintenance.
5. Money is fungible. Even if a new revenue stream is dedicated exclusively to street maintenance and safety, it could displace existing spending, freeing the city to spend that money on other priorities.
6. Many people distrust the City of Portland's ability to ensure fiscally prudent city priorities are funded over the long term.
7. In the past several decades, the City of Portland has shifted money from the general fund to capital projects and debt service on capital projects.
8. In the past decade, Portland Bureau of Transportation has shifted its transportation spending away from maintenance to capital projects and debt service on capital projects.
9. Other Oregon cities have solved or mitigated their street funding problem by implementing transportation utility fees and city gas taxes. Some spend two to three times as much on maintenance per lane-mile as Portland does.
10. City Council has no budget to inform voters about the crisis of deferred maintenance or to campaign for voters to approve new funds for streets.
11. Issues of broad public concern benefit from advocacy groups that engage in the policy process. No advocacy groups in Portland work specifically on ensuring funding for transportation maintenance.
12. Low-income households depend more on walking, biking and transit and also spend a greater share of their income on transportation compared with wealthier households.
13. Street disrepair and safety issues are often worse in low-income neighborhoods.

Conclusions

1. Underfunding of infrastructure maintenance is a national problem not unique to Portland. This is due in part to the prosaic nature of maintenance and is exacerbated by the fact that the federal government offers matching funds for capital projects, but not for maintenance.
2. Portland has underfunded street maintenance for three decades and does not currently dedicate enough funds to prevent further deterioration of streets, much less address the spiraling costs of the maintenance backlog.
3. Deferring maintenance is fiscally irresponsible. It doesn't just kick the can down the road; it also increases the cost of the problem at an accelerating rate.
4. Portland needs money to fix its streets. The money must come from multiple sources because there is no plausible federal or state revenue stream large enough to fill Portland's need, none of the potential local funding mechanisms alone can fill the hole, and there is not enough money in the general fund to cover all costs.
5. Well-maintained and safe streets benefit all local residents and businesses as well as employees, visitors, and companies moving goods in Portland. However, overuse of streets can harm Portland's livability and inflate transportation costs.
6. For more than 10 years, polarized interest groups have been an obstacle to funding streets. Although all parties agree the city should spend more on streets, some opponents argue against new revenue sources without saying where the money should come from.
7. Polarized interest groups have the resources to refer new funding proposals to the ballot and run opposition campaigns, and they are able to wield the threat of a referral and opposition campaign to chill public efforts to raise new revenue for streets.
8. The city has not effectively communicated to voters the trends in city revenues and expenditures that have led to the need for new revenue.
9. Voters are resistant to new fees or taxes for transportation both because they don't believe they should have to pay new fees or taxes for transportation and because they don't trust that the city government will spend new revenue well. The mayor's recent decision not to take action for the next 18 months contributes to the public's perception that street maintenance is not a priority to the city government.
10. Because interest groups can refer any new fee to the ballot and voters are unlikely to approve any new fee or tax to fund transportation, City Council options for raising new funds for transportation are limited.

Recommendations

1. City Council should not wait until after the 2016 elections to act on street funding.
2. City Council should follow through on its commitment to use at least 50 percent of this year's (FY2015-16) budget surplus to maintain infrastructure and should dedicate the majority of it to street maintenance.
3. City Council should commit to dedicate at least 50 percent – and preferably up to 100 percent – of future years' budget surpluses or increased city revenues to street maintenance until Portland has addressed its maintenance backlog.
4. The city should reallocate as much money as possible from other spending priorities to streets.
5. The city should adopt an ironclad, fiscally responsible "fix-it-first" policy and prioritize maintenance and safety over new capital expenditures.
6. When proposing any new taxes or fees, the city should clearly communicate to the public the trends in revenues and expenditures that have led to the need for new revenue, and how the city will safeguard the new revenue going forward.
7. The city should immediately pursue a fee for use. At the moment, the most technically feasible fee is a city gas tax. A gas tax would generate revenue from most users – including those transporting goods across Portland streets and those who don't reside in Portland – and would discourage congestion and pollution.
8. Shifting money from the general fund, budget surpluses, and a city gas tax would not raise all the revenue Portland needs for street, so the city should also pursue the following fees:
   - Parking permits and fees,
   - Commuter payroll tax,
   - Weight-and-value-based vehicle registration fees (see Recommendation 9, below),
   - Vehicle miles travelled (VMT) fee (once practicable).
9. Portland should lobby the state Legislature to authorize cities to charge vehicle registration fees and to vary charges based on the weight and value of the vehicle.
10. Portland Bureau of Transportation and City Council should aim to implement users-pay fees on large transportation projects such as bridges, streetcars and light rail to pay for debt service on those projects, freeing up transportation funds to be spent on maintenance instead of on debt payment.
11. Portland should not saddle all taxpayers with the bill for capital projects that primarily or exclusively benefit a few people and businesses. Bridges primarily benefit the people driving across the bridge and streetcar projects primarily benefit the businesses located near the line. If those people and businesses are not willing to pay for the benefits they receive, the city

should forego the project rather than siphon money away from things that benefit Portlanders more broadly, such as street maintenance and safety.

12. To promote a fix-it-first ethos, Portland should join other cities to lobby the Oregon Legislature to dedicate a larger percentage of state gas tax and vehicle registration revenue to fund local street maintenance instead of building new highways.
13. The city should educate Portlanders about the depth of the deferred maintenance crisis and the current state of funding.

Minority Summary

The minority agrees with most of the majority report. Indeed, the only substantial point of disagreement centers on what is the most technically feasible, politically possible revenue source that creates a nexus between collection and use. The majority advocates a city gas tax and variable vehicle registration fee, but both are inferior to a Transportation Utility Fee (TUF). The TUF would be assessed as a moderate flat fee on residential households – collected through the water/sewer bill – and a variable trip-related fee on businesses.

The minority would urge City Council to adopt a TUF and refer a linked gas tax to voters.

As the majority notes, the city must not delay finding new sources of revenue to pay for the tremendous maintenance and safety needs that Portland confronts. Yet only a TUF could be implemented immediately by City Council. A gas tax would require a public vote, and a variable vehicle registration fee would require permission from the Legislature.

A TUF also is superior in its potential to raise money. Charging a moderate, flat-rate fee and a similar fee on businesses would generate more than twice what a gas tax and registration fee would raise combined.

Another TUF advantage is that all Portland residents would contribute something to street maintenance and safety because all Portland residents benefit from well-maintained, safe streets.

Finally, a TUF is no more regressive than the majority’s preferred taxes and fees, and arguably it is less so.

The minority agrees with the majority that some combination of taxes and fees is necessary. No one mechanism can raise enough money for streets. A TUF is simply the lowest-hanging fruit after reallocating more money to maintenance and safety within the city’s existing budget, especially if linked to a gas tax increase at the same time.

Alternative recommendations

Portland’s streets deteriorate further every day. The minority therefore urges City Club members to prioritize a TUF and refer a linked gas tax to voters as the best, most expedient path forward. Specifically, the minority would replace the majority’s Recommendations 7 and 8 with the following:

7. *City Council should immediately adopt a transportation utility fee, charging every Portland resident and businesses a modest amount through an existing collection method, such as sewer/water bills. The city should also immediately refer a city gas tax to voters. These proposals should be linked to offer the public a balanced fee and tax package that asks general residents and users to help pay for needed street maintenance and safety improvements.*
8. *Shifting money from the general fund and budget surpluses, and implementing a transportation utility fee and a city gas tax may not raise all the revenue Portland needs for streets, so the city should also explore the following users-pay street funding mechanisms:*
    - *Parking permits and fees*
    - *Commuter payroll tax,*
    - *Vehicle registration fees,*
    - *Vehicle miles travelled (VMT) fee (once practicable).*

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Introduction

Statement of problem

The City of Portland has failed to adequately maintain its streets. Portland has nearly 5,000 lane-miles of paved streets[8] that make up 17 percent[9] of the city's capital assets and have a replacement value of more than $5 billion.[10] The city has a goal of keeping 80 percent of busy streets and 70 percent of local streets in fair or better condition, but only 52 percent and 47 percent, respectively, meet those standards.[11]

Each year of deferred maintenance increases costs. It costs more than 10 times as much to repair a road that has deteriorated to very poor condition compared with doing routine, preventive maintenance to keep roads in good or fair condition.[12]

State and county gas taxes are insufficient to cover all of Portland's transportation needs. In the past decade, the city has shifted some of its transportation budget away from maintenance and toward spending and debt payments on large capital projects and programs, including the Sellwood Bridge, Portland Streetcar, Milwaukie Light Rail, Downtown Marketing Initiative, and Portland Mall Management, Inc.

In 2013, the City Auditor's office concluded that Portland would need to spend an additional $75 million per year for 10 years on repairs and reconstruction to meet its targets.[13] In addition, tens of millions of dollars are required for improvements that would make getting around Portland safer for people walking and biking.

In 2014, Mayor Charlie Hales and Commissioner Steve Novick proposed a "Portland Street Fee" to enable the Portland Bureau of Transportation (PBOT) to work through some of its maintenance backlog and improve safety over the next decade. Twenty-eight local jurisdictions in Oregon,[14] including Hillsboro and Oregon City in the metropolitan region, have implemented transportation utility fees in the past 30 years to address maintenance needs.[15] However, Portland tried to adopt a street fee in 2001, 2007, 2008, and 2014. None of those efforts succeeded.

During 2014, city council proposed four different formulations of a possible street fee, held many public hearings, and convened work groups to examine the issue. During these discussions, the Portland Business Alliance made clear that it opposed any income-based fee. Low-income advocates, meanwhile, made clear that any household fee must be progressive.

The city put the issue on hold for the first half of 2015 because Council was unable to find a politically palatable solution and hoped the Legislature would increase the state gas tax as part of a state transportation package the State Senate was discussing.

During this lull, City Club of Portland's Street Fee Research Committee studied the need for additional revenue and developed recommendations that can help shape the conversation going forward. Your committee's work acquired heightened importance after the Legislature failed to pass a transportation package during its 2015 session and Mayor Hales scuttled city discussions for the time being.

Scope of the study

Your committee was charged with first discovering whether there is sufficient funding available for Portland street maintenance and safety. There are two parts to this question:

- Are there sufficient funds in the Portland Bureau of Transportation's existing budget to maintain streets and improve safety for all transportation modes, i.e., could PBOT re-allocate enough money from other transportation endeavors to pay for streets?
- Are there sufficient funds in the city's existing budget to maintain streets and improve safety for all transportation modes, i.e., could the city re-allocate enough money away from other city departments or programs to pay for streets?

If the committee discovered a need for additional funding, its second task was to develop a methodology that decision-makers and the public could use for thoroughly, fairly and transparently evaluating potential funding mechanisms. The criteria were to include at least technical feasibility, equity, acceptability, and legal compliance. It was unavoidable to include political feasibility in the list of criteria as well. The committee identified several possible funding mechanisms and assessed them using the methodology.

It is not within the scope of this report to recommend division of funds between refurbishment of roads in poor condition, maintenance of roads in fair or good condition, and addition of safety features such as crosswalks, bike lanes, and flashing beacons. Rather, the committee assumed that PBOT knows how to properly prioritize projects within the maintenance and operations umbrella. The committee therefore evaluated only the need for additional funding and potential funding sources. It also took as given the City Club's previous endorsement of safe streets that support multiple transportation modes.[*]

Likewise, addressing inequities between areas of the city that have paved roads and those that have unpaved roads and deliberating on whether unpaved roads should be paved were outside the scope of this report.

Study process

Your study committee, composed of nine members, began its work in February 2015 and met every week for four months. We reviewed the history of the funding for Portland's streets and heard testimony on the street fee from 21 witnesses, including Commissioners Steve Novick and Amanda Fritz, Mayor Charlie Hales, opponents of the proposed street fee, community activists, and economists. A complete list of witnesses is at the end of this report.

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[*] See the 2013 research report "No Turning Back: A City Club Report on Bicycle Transportation in Portland."

Background

A history of underfunding streets

The problem of underfunding streets did not arise in 2014; it has been a lingering problem for decades. Portland dramatically expanded its lane-miles nearly every decade for a century. In the early 20th century, private developers built many roads and bridges and often charged users a toll for using them.[16] This private development meant that roads were built in a somewhat haphazard manner, rather than being designed to form a cohesive, functioning transportation system.

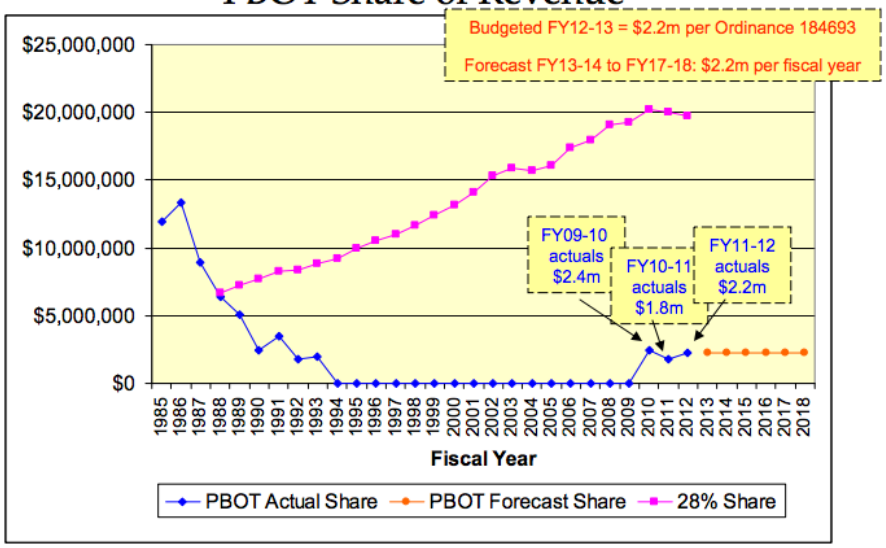
By the late 1950s, the city had taken over most of the transportation system. Beginning in the 1970s, Portland expanded the number of roads it was responsible for as it annexed new areas to the north and east of the city.[17] Some of those newly annexed areas had unpaved roads that demanded attention. By the 1990s, Portland was re-paving about 100 lane-miles per year.[18]

The city – and PBOT specifically – has known for more than 30 years that it had insufficient funding for Portland's transportation system. It tried and failed to solve the funding problem many times. Meanwhile, the city repeatedly violated its own funding guidelines for streets, leaving them to fall deeper and deeper into a maintenance hole.[19]

Some key events in that history include:

- In the early 1980s, City Council directed PBOT (then called Portland's Bureau of Street and Structural Engineering) to find an "alternate revenue base that will allow transportation services to operate on a self-supporting basis" without the need for funds from the city's general fund. In 1982, PBOT issued a "Transportation Revenue Options and Strategies" Report that evaluated a wide range of funding options, many of which are still under discussion today.[20] The report noted that the department was already accumulating an unfunded maintenance backlog because of the low general fund allocation in place by then.
- In 1987, the city agreed to divert transient lodging tax revenue away from the general fund (where it had been used for general fund purposes, including street maintenance) to the Convention Center.[21]
- In 1987, outside consultants for PBOT and then-Commissioner Earl Blumenauer released a report titled "A Revenue Report for Portland's Transportation System." It concluded: *"With 60 percent of the current budget coming from unstable sources, it is difficult to plan for future transportation needs. In addition, existing revenue is inadequate to meet current and projected need."*[22]

Utility License Fee (ULF) Transfer History
PBOT Share of Revenue



City of Portland Resolution 34423 adopted April 27, 1988: The City's Transportation Funding Policy "provides a target amount of 28% of projected utility license fee receipts for the program to be submitted by Transportation".

City of Portland Ordinance 182094 adopted August 6, 2008: Utility license fee revenue in excess of the FY2008-09 General Fund 5-year forecast to be transferred to PBOT. Once the transfer reaches the cap of $4.3 million, it becomes part of the annual transfer from the General Fund.

City of Portland Ordinance 184693 adopted June 22, 2011: The annual ULF payment to PBOT will be held constant at $2.2 million dollars starting in FY2011-12 and continuing through the 5-year forecast. ULF revenues received by the City over and above the April 2011 forecast will be diverted to PBOT up to the original $4.3 million cap.

Source: Transportation Finance Staff

- In 1988, City Council directed part of the utility license fee to transportation. Council approved a non-binding target of 28 percent of the fee going to transportation. From 1988 to 1994, the city sent only about 10 percent to PBOT. From 1994 to 2009, PBOT received ***no*** utility fee revenue. If Council had dedicated 28 percent every year as planned, it would have reduced today's maintenance backlog by between $200 million and $500 million.[23]
- In 1988, 1989, 1991, 1992, and 1993 the state legislature increased the state gas tax, increasing the amount of revenue flowing to cities.[24]
- In 2001 the Oregon Legislature increased driver license and vehicle registration fees, increasing the amount of revenue that went to cities.
- In 2001, then-Commissioner Charlie Hales, who oversaw transportation, determined that Portland was underfunding streets. He brought a street fee proposal to City Council. Council approved it in July, but rescinded it in September.[25]
- In 2007, Mayor Sam Adams proposed a "Safe, Sound, and Green Streets" fee. The proposal included a flat $4.54 per month charge per household on the city water and sewer bill, with businesses charged based on a mix of usage, square footage, and trips

generated. It was projected to raise about $24 million yearly, split evenly between the residential and business components.[26] The proposal did not come to a vote.

- In February 2008 City Council again voted to enact a street fee, and rescinded it a week later.[27]
- In 2011 the Oregon Legislature increased the state gas tax to 30 cents, increasing the amount of revenue that went to cities. Eugene put this extra money towards street maintenance. (Eugene spends four times as much money per lane-mile on maintenance as Portland does.) Portland spent the money to rebuild the Sellwood Bridge.[28]
- Over several years, the city redirected nearly $200 million that was targeted for transportation to other projects: Portland Public Schools, Portland Center for Performing Arts, Regional Arts and Culture Council, "Employee Innovation," transitional housing for abused and neglected children, and summer school. [29]

A 2013 city audit report outlines how Portland has siphoned money away from maintenance and spent it on new capital projects and debt service on those projects.[30] New projects are built with some existing funds, such as federal grants, and some revenue streams with payments spanning several decades. For example, Multnomah County will dedicate its $19-per-year vehicle registration fee to paying debt on the Sellwood Bridge for the next 20 years.

PBOT operates under its own debt load. The department's debt service payments increased 34 percent from 2008 to 2013.[31] That currently represents 9 percent of the department's budget. When payments begin on the Milwaukie Light Rail and Sellwood Bridge debts, officials predict the budget share for debt service will double to 18 percent if nothing changes.

The more money that must be spent to pay down debt, the less money PBOT has available for operations and maintenance. Indeed, capital projects often have gone forward without sufficient plans for long-term, ongoing expenses associated with them. In 2007, the city obtained federal grants and other funds to build the streetcar expansion. Officials planned fund operations of the new line with revenue from a new parking district, but the district did not generate anticipated revenue. PBOT therefore had to use its discretionary revenue to fund operations.[32]

Street fee proposals in 2014

Portland's most recent attempts to find funding for streets began in 2014. Members of the city council made four proposals for a street fee to be levied on households and businesses. Each iteration split revenue between maintenance and safety projects approximately 55 percent to 45 percent.

Version 1: May 22 – Flat household fee & business trip generation fee[33]

Fees:

- Residential:
  - Typical household: $11.56/month
  - Low-income household: $8.09/month
  - Apartments: $6.79 per unit/month.
- Business:
  - Based on trip generation model and square footage. Roughly two-thirds of businesses would pay $37 to $57 per month.[34]

Revenue:

- $40-$50 million annually.

Version 2: Sept. 19 – Progressive income tax & business entity flat fee[35]

Fees:

- Residential:

Income for joint filers	Annual fee
$0-$30,000	$0
$30,001 - $50,000	$18
$50,001 - $75,000	$48
$75,001 - $100,000	$96
$100,001 - $175,000	$144
$175,001 - $250,000	$300
$250,001 -$500,000	$1,020
$500,000 or more	$2,400

- Business
  - $2.50 - $120/month based on revenue and employees.[36]

Revenue:

- Up to $40 million annually, $30 million net.

Version 3: Nov. 10 – Progressive income tax & business trip generation fee[37]

Fees:

- Residential:

Income for joint filers	Annual fee		Income for single filers	Annual fee
$0-$35,000	$0		$0-$25,000	$0
$35,001 - $40,000	$24		$25,001 - $29,000	$24
$40,001 - $60,000	$60		$29,001 - $43,000	$60
$60,001 - $75,000	$90		$43,001 - $54,000	$90
$75,001 - $100,000	$120		$54,001 - $71,000	$120
$100,001 - $137,000	$192		$71,001 - $98,000	$192
$137,001 -$175,000	$288		$98,001 -$125,000	$288
$175,001 - $212,000	$384		$125,001 - $182,000	$384
$212,001 - $250,000	$480		$182,001 - $238,000	$480
$250,001 - $350,000	$768		$238,001 - $333,000	$768
$350,001 or more	$900		$333,001 or more	$900

- Business:
  - $36 to $1,728 annually based on employees, square footage, and revenue.

Revenue

- $46 million annually, $33.8 million net.[38]

Version 4: Dec. 29 – Less progressive income tax & business trip generation fee[39]

Fees

- Version 4 kept the same business fee calculation but modified the residential fee to base it on estimated gasoline usage as determined by income.
- Residential:

Annual income range	Annual fee
$0-$13,000	$36
$13,001 - $27,000	$60
$27,001 - $46,000	$89
$46,001 - $82,000	$108
$82,001 or more	$144

- Business:
    - $36 to $1,728 annually based on employees, square footage, and revenue.

Revenue

- $46 million annually, *net not available.*

Plans on hold

By January, 2015, City Council had not voted on any of the proposals. It instead planned to ask residents to weigh in on a variety of options with a non-binding advisory vote on the May ballot. The ballot question would contain three to six funding mechanisms. Likely options included a city gas tax, a progressive income tax, and a local-option property tax levy, among others.

“We have held 14 months of hearings. We’ve spent countless hours on this. The time to act is now,” Mayor Hales said in a press release. “Throughout this process, a couple of things have become evident. One: People agree that we need to fix streets, and we don’t currently have the funding to do so. And two: No one funding mechanism is the consensus choice. So we will ask voters to pick the solution that is most palatable from an array of options.”[40]

Your City Club research committee was originally formed to review the advisory vote funding options and advise voters on the best course of action. Yet even that advisory vote was canceled while the city awaited possible help from the Legislature. City Council said it would return to the issue after the legislative session concluded. The legislative session ended with no transportation package, and now the mayor has declared it will again delay local action. The time to act is now.

Portland's streets

What wears down streets?

The most important sources of wear on streets are, from most-damaging to least-damaging:

1. **Water and time**. When water gets under the surface of the street, it starts to erode the road base supporting the asphalt or cement. Over time, all roads deteriorate whether vehicles are driving on them or not.
2. **Heavy vehicles**. Increasing vehicle weight leads to multiple times more wear to streets. Doubling axle weight results in an approximately 6-fold increase in pavement damage.[41]
    a. One heavy truck does roughly as much pavement damage as 10,000 cars. There are more than 100,000 trucks registered in Multnomah County, compared to more than 500,000 cars.[42] Assuming roughly equal miles traveled per vehicle, heavy trucks do about 2,000 times more damage to Portland's streets than cars.
    b. Because buses have one back axle, while most heavy trucks spread their weight over two back axles, buses do about 40 percent more damage than a truck of the same weight.[43] There are more than 800 buses registered in Multnomah County.[44] Assuming roughly equal miles traveled per vehicle, the more than 100,000 trucks do about 100 times more damage to Portland streets than buses.
3. **Studded tires**. ODOT estimates studded tires do about $4 million damage to Oregon roads annually, but most of it is east of the Cascades. Even if $1 million of the damage is in Portland, that is a drop in the bucket of the maintenance needs outlined below.
4. **Cars and light-duty trucks**. Relative to heavy vehicles, cars and light-duty trucks exert a minimal amount of wear on streets.

Those damaging effects are cumulative. For each year of maintenance delay, streets deteriorate into worse repair. Streets don't decay in a linear fashion. Their disintegration, and therefore the costs to repair them, accelerate as time goes on. On average, streets deteriorate slowly at first: their condition will drop just 40 percent over the first 75 percent of a road's lifespan. But once the street drops below fair condition, deterioration accelerates and the next 40 percent of wear occurs in just the next 17 percent of the street's lifespan. [45] Because it costs multiple times as much to rehabilitate a street in poor condition compared to preserving one in fair condition, delaying past fair condition multiplies costs.

PBOT has a goal of maintaining 80 percent of streets in fair or better condition, but it falls further short of that goal each year. The department provides detailed maps of pavement conditions on local and arterial streets on its website.[*]

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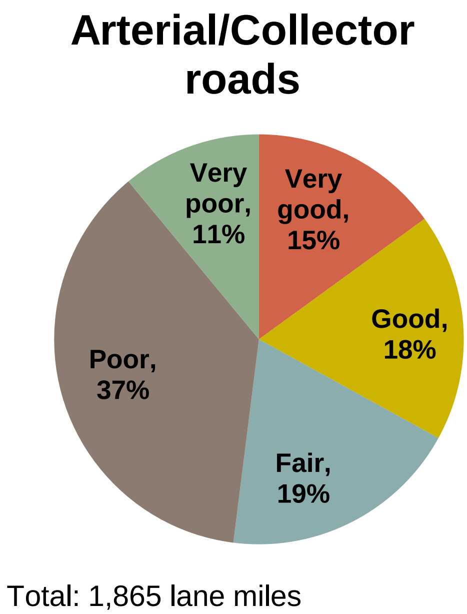
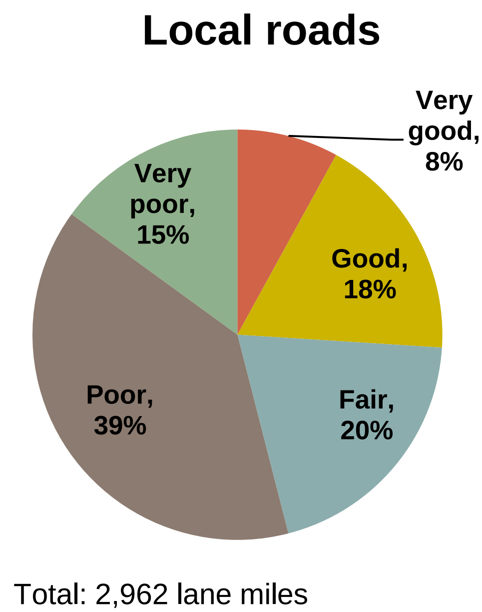
[*] Local street pavement status can be found online at portlandoregon.gov/transportation/article/496094. Busy street pavement status can be found at portlandoregon.gov/transportation/article/496094.





Note: The city also has about 60 center lane-miles of unpaved roads.

The cost to maintain and repair Portland's streets

Your committee developed a ballpark figure to illuminate the scale of the problem: are we talking $10 million, $100 million, or $1 billion?

In FY 2014-15, Portland spent $11.2 million paving streets.[46] That equates to $2,320 for each of the 4,827 lane lane-miles the city maintains.[47] The proposed FY 2015-16 budget allocates $6 million more to preventive maintenance, which will bring the average to $3,563 per lane-mile.[48]

Civil engineers suggest government should spend, on average, $7,000 to $10,000 per lane-mile per year on street preservation.[49] Preservation includes overlaying existing pavement with new material to make the surface smooth again; replacing old, excessively cracked concrete pavement with new concrete pavement; and grinding smooth existing concrete pavement that has become very rough. It does not include things like filling potholes and striping roads, but those are relatively minor expenses compared to preservation. They also are patches for isolated problems, not the sort of systemic upkeep that prevents them from occurring in the first place.[50]

Some other Oregon cities reach the suggested spending level.

Eugene spends about ***three times*** as much Portland, close to the engineer-recommended $10,000 per lane-mile per year.[51] Hillsboro spends about ***twice*** as much as Portland, close to $7,000 per lane-mile per year.[52]

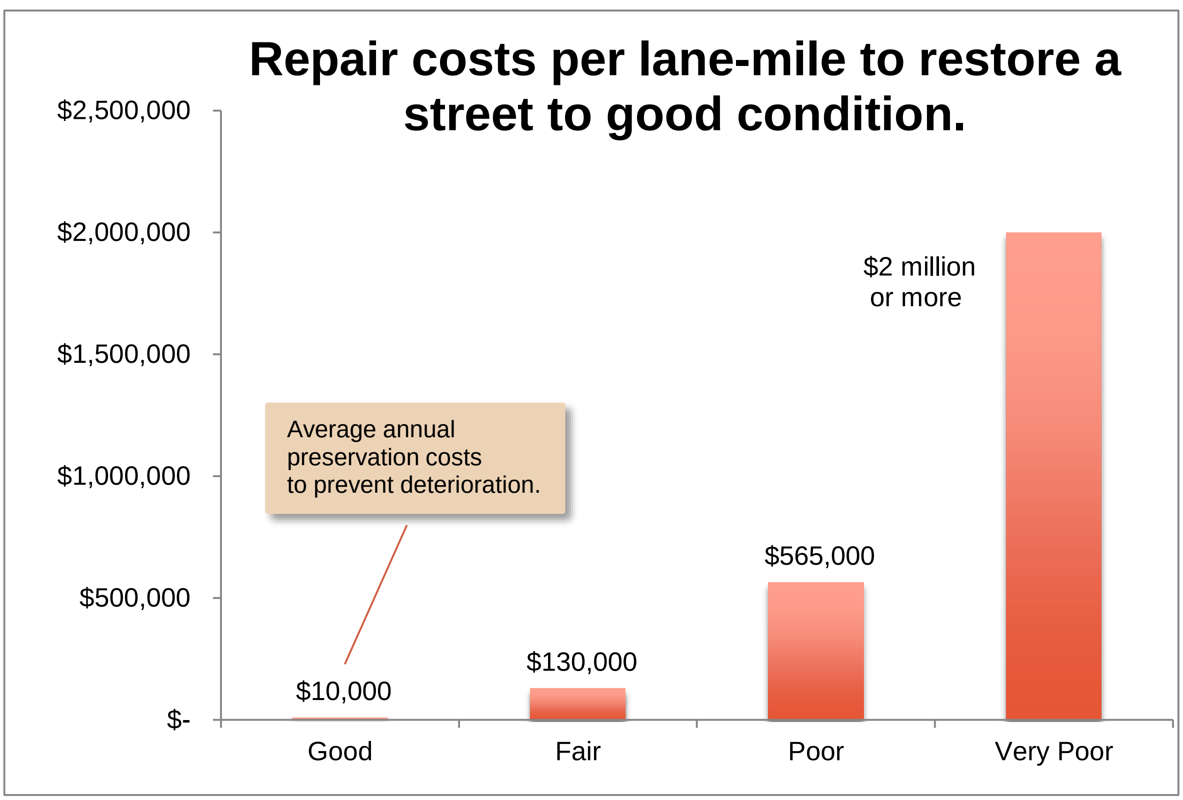
Hillsboro's costs are slightly less than Portland's and Eugene's because the state or county maintain many of Hillsboro's arterial roads that support truck traffic, leaving it with a higher percentage of less-expensive-to-maintain residential streets.[53] Even so, Hillsboro recognized that $7,000 per lane-mile per year is insufficient, and the city therefore is raising its street fee.[54]

PBOT staff provided a ballpark estimate of $10,000 to $13,000 per lane-mile per year on average to keep the current system from deteriorating further.[55]

For the sake of analysis, your committee assumes that Portland should be closer to Eugene than Hillsboro in its street preservation and maintenance needs. In order to spend the $10,000 per lane-mile per year that entails, Portland would need at least $50 million per year.

This is consistent with an engineering rule of thumb, cited by City Engineer Steve Townsen, that states a city should spend 1 to 3 percent of the value of an asset on annual maintenance.[56] Portland's streets are worth about $5 billion,[57] so, by that rule, Portland should spend $50 to $150 million every year maintaining them. Put another way, this would mean spending, on average, $10,000 to $30,000 per lane-mile per year for maintenance.

In addition to routine annual maintenance, Portland has a backlog of repairs that has built up over years. Meeting the maintenance backlog means bringing street conditions up to Portland's stated targets of at least 80 percent of busy arterials in fair or better condition, and no more than 2 percent in very poor or worse condition; and at least 70 percent of local residential streets in fair or better condition and no more than 11 percent in very poor or worse condition.[58]



In 2013, the city auditor estimated Portland needs $75 million to $100 million each year for the next 10 years to catch up on the backlog.[59] Other reviews of the maintenance backlog have concluded the problem will cost even more to fix. In its 2013 Asset Status and Conditions Report Card, Portland calculated that it needed an additional $91.6 million per year to repair roads and $12.9 million to address bridge deficiencies.[60] As of July 2015, PBOT estimates the backlog has topped $1 billion total, $119 million per year for 10 years.[61]

None of the witnesses your committee interviewed and none of the documentation we reviewed suggested any lower numbers, so your committee again selects a conservative value, placing the 10-year annual cost to address the street maintenance backlog at $75 million.

Additional costs of disrepair

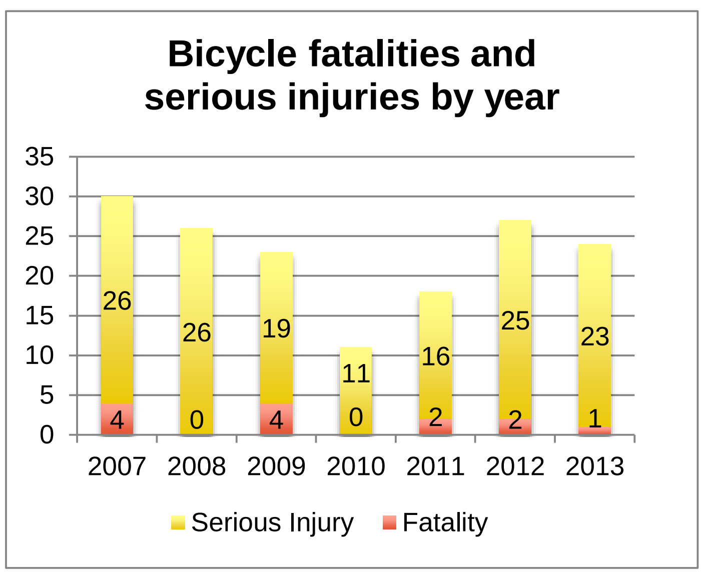
Not only do taxpayers pay more to bring deteriorated streets back into working condition, motorists also pay more to drive on deteriorated streets. When roads are not in good condition, they cause additional wear and tear on vehicle suspensions and tires. By one estimate, that costs the average driver about $33 per month.[62]

Driving on rough or potholed roads also decreases fuel efficiency, increasing fuel costs and pollution. Keeping Portland streets in good condition through preventive maintenance could save carbon emissions equivalent to taking 3,600 cars off the road all year.[63]

While these costs are important to drivers and to quality of life in Portland, they are not direct costs incurred by the street. Your committee therefore does not incorporate them into its tally.

The cost of safe streets

In 2013, the city estimated it needed $50 million for repairs to traffic signals, sidewalks, ADA-accessible corners, street lighting, and street markings.[64] As part of its 20-year strategic bike plan adopted in



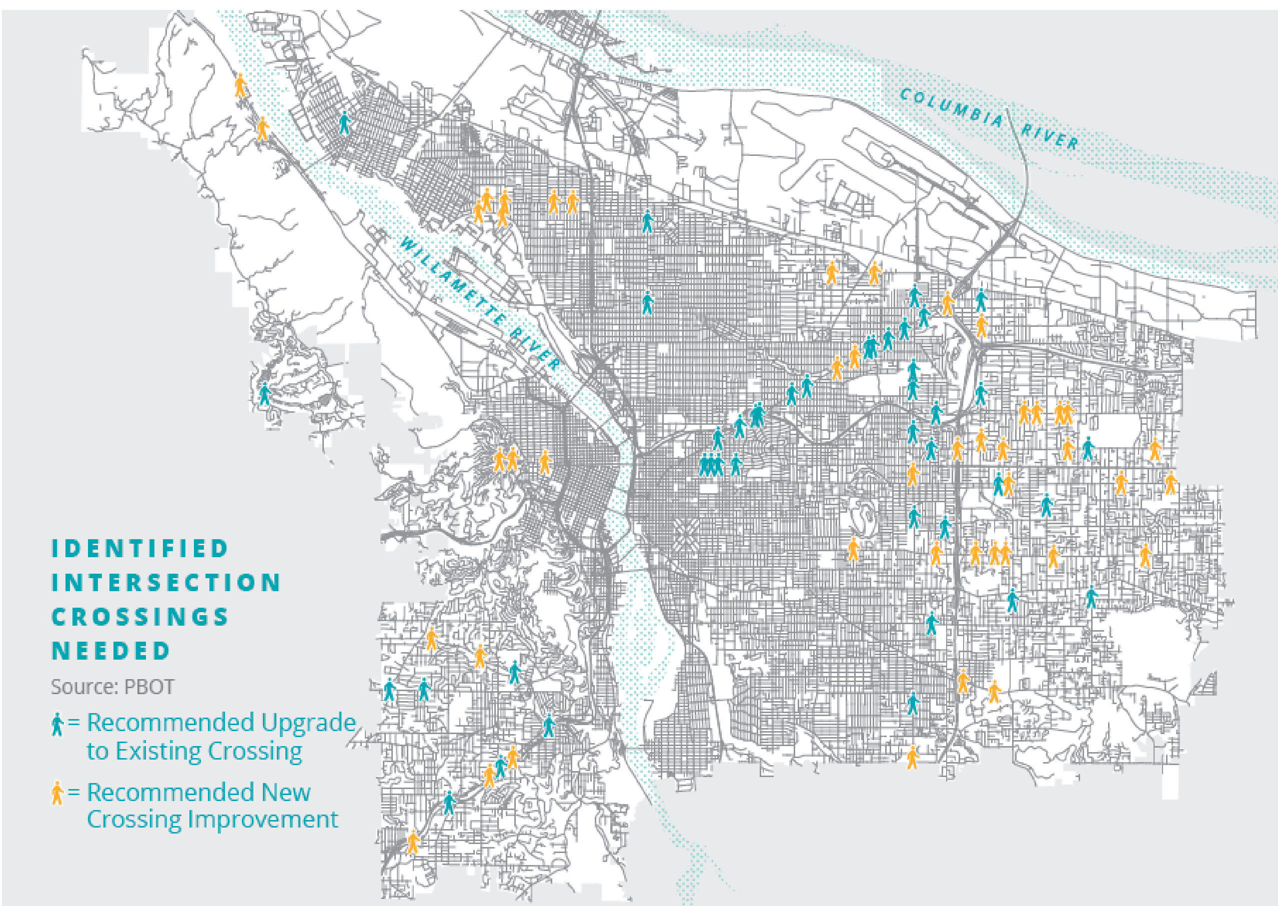
2010, the city calculated a rough estimate of nearly $600 million to construct capital projects – $30 million per year.[65]

On June 17, 2015 the Portland officially adopted the goal of zero traffic fatalities by 2025.[66] The city has not yet estimated how much money it will need to invest to achieve Vision Zero.

Several large cities, including Seattle, New York, San Francisco and Stockholm, have adopted Vision Zero. In Stockholm, residents are 82 percent less likely to die on streets than in Portland.[67] According to the 2014 Portland Traffic Report, "traffic deaths in Seattle occur 16 percent less frequently when adjusted for population."[68] The decision to pursue Vision Zero came on the heels of a particularly tragic summer on Portland's streets. [69]

For several decades, the likelihood of traffic-related fatalities on Portland's streets decreased steadily, from 19.65 fatalities per 100,000 residents in 1986 to 5.14 in 2012. While notable, Portland's progress lags that of other large cities. [70]

Portland's safety gains have not benefitted all road users equally. Pedestrians continue to die at a disproportionally high rate on city streets. Nationally, pedestrians make up 14 percent of traffic fatalities; between 2009 and 2013, they made up one-third of traffic fatalities in Portland. In 2014, 15 of the 28 traffic fatalities were pedestrians.[71]



People on bikes face a similarly grim trend. After years of progress, leading to a remarkable zero deaths and just eleven serious injuries in 2010, the following three years saw a return to previous levels of tragedy for bike users. This came at a time when bicycle use as a share of total trips in Portland remained flat.[72]

East Portland, a historically underserved part of the city, bears the brunt of these tragedies. In 2014, 15 of the city's 28 traffic fatalities, and nine of the 15 pedestrian deaths, occurred east of 82nd Avenue. Further, six of the city's ten high crash corridors travel through East Portland. It is no surprise that the great majority of intersections identified as in need of improvement in the city's Vision Zero report fall east of 82nd.[73]

Preventing death and seriously injury, particularly amongst our most vulnerable road users, is unquestionably a primary obligation of a city's transportation system. Like road paving, safety improvements will need to be funded through a variety of sources, including any new transportation-specific revenue raised by the city.

In the absence of an estimate for Vision Zero costs, your committee conservatively accepts that Portland will need at least $80 million – $50 million in previously identified repairs plus $30 million for the bike plan – annually for at least a decade to reach its safety goals for all modes of transportation.

Other transportation needs

In addition to maintenance and safety, Portland also has many unpaved streets that the city would like to pave.[74] Paving these streets will incur significant costs and will increase maintenance needs as it will become PBOT's responsibility to maintain those new paved streets. Your committee assigns no specific value to these improvements because they were never clearly included in proposed street fee plans.

Total cost for maintenance, repair and safety

Based on the previous discussion, your committee concludes that as a fair ballpark estimate for purposes of discussion, the minimum amount Portland must spend per year for at least the next decade is $205 million.

Preservation and maintenance:	$50 million
Catching up on repair backlog:	$75 million
Safety improvements:	$80 million
Total:	$205 million

The street fee proposals introduced by Mayor Hales and Commissioner Novick in 2015 would have raised only a fraction of this.

National context: Federal funding falls short

Portland is not alone in its struggles. Cities across the country face similar challenges providing and maintaining infrastructure. Although every community arrived at this state by its own unique path, some blame lies with how the federal government funds transportation.

In its 2013 Report Card for America's Infrastructure, the American Society of Civil Engineers (ASCE) gave America a D for roads, stating that 32 percent of the nation's roads are in poor or mediocre condition.[75] Urban roads are in an even greater state of disrepair: the ASCE calculated that 47 percent of vehicle miles traveled on urban interstates are over poorly maintained roads, compared to just 15 percent of miles traveled over rural roads.

After World War II, the federal government put considerable money and effort into building the nation's highways, funded in part by the federal gas tax. Because the tax is assessed at a fixed rate per gallon, and not as a percentage of the price of gas, it must be increased often to keep pace with inflation. For the first four decades of its existence, such increases were relatively routine.[76]

At present, the federal fuel tax stands at 18.4 cents per gallon on gasoline, and 24.4 cents per gallon for diesel. However, the tax has not been increased since 1993, when gas was consistently under $1.20 per gallon.[77] Meanwhile, thanks to inflation, the cost of highway construction has approximately doubled, so the gas tax buys about half as much as it did back then.[78] If the tax had been indexed to Consumer Price Index inflation, it would be about 30 cents per gallon now.[79] Furthermore, revenue relative to road usage decreases as vehicle fuel efficiency increases.

The federal government continues to incentivize road-building by providing matching funds for new capital projects – often on a $9 to $1 basis.[80] Cities and states want this "free" money, so they dip into their budgets. Over time, an increasing percentage of state and local transportation budgets is dedicated to debt service on capital projects, leaving less money for maintenance.

The state of Oregon is a case in point. In 2002 the Oregon Department of Transportation (ODOT) spent less than 2 percent of its state revenue on debt service; today, it spends 35 percent.[81] Without a new source of revenue, road maintenance gets short shrift.

Yet the federal government has no match or incentive for ongoing maintenance. The result is a rush to build and then slow, but sure, deterioration. The amount of money spent on new roads compared to the money spent on maintaining existing roads is out of balance across the country.[82]

As roads aged, cities were left with a large maintenance bill but insufficient maintenance funds.[83] Cities across the nation have taken various approaches to raising revenue, including imposing taxes. Chicago has had a wheel tax since 1908, with revenue dedicated to road improvement and maintenance. In 2006, Seattle voters dedicated $365 million to road maintenance through a nine-year levy, and voters will decide in November whether to renew it. San Francisco voters followed suit in 2011, passing a $248 million bond measure for road improvements. And Texas amended its tax code in 2011 to allow municipalities to assess a local sales tax of 0.125 percent to fund street maintenance and repair.

LOCAL TRANSPORTATION FUNDING MECHANISMS

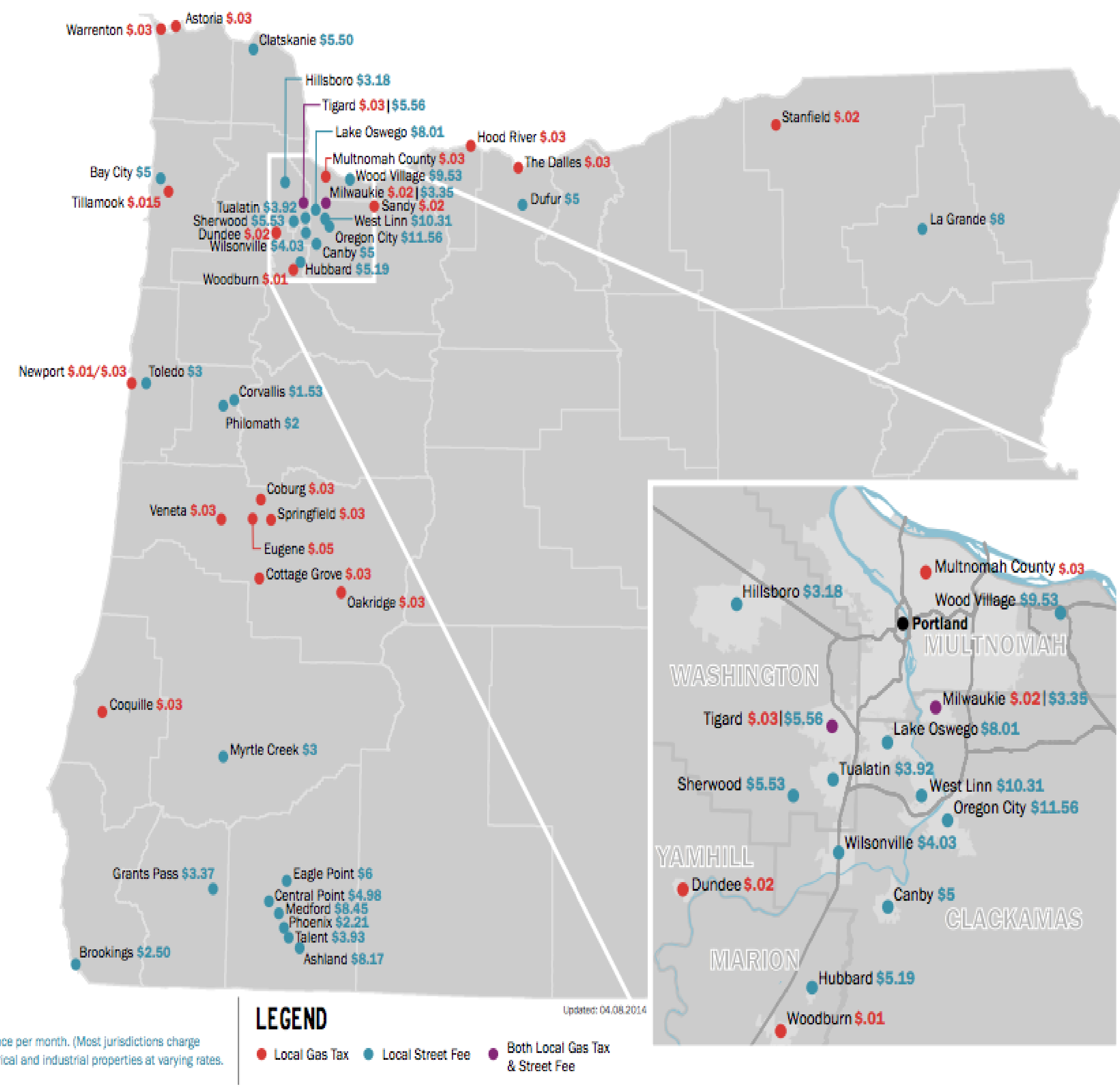
City of Portland Bureau of Transportation

CITY	GAS TAX*	STREET FEE**
Ashland	–	$8.17
Astoria	$.03	–
Bay City	–	$5.00
Brookings	–	$2.50
Canby	–	$5.00
Central Point	–	$4.98
Clatskanie	–	$5.50
Coburg	$.03	–
Coquille	$.03	–
Corvallis	–	$1.53
Cottage Grove	$.03	–
Dufur	–	$5.00
Dundee	$.02	–
Eagle Point	–	$6.00
Eugene	$.05	–
Grants Pass	–	$3.37
Hillsboro	–	$3.18
Hood River	$.03	–
Hubbard	–	$5.19
La Grande	–	$8.00
Lake Oswego	–	$8.01
Medford	–	$8.45
Milwaukie	$.02	$3.35
Multnomah County	$.03	–
Myrtle Creek	–	$3
Newport	$.01/$.03***	–
Oakridge	$.03	–
Oregon City	–	$11.56
Philomath	–	$2.00
Phoenix	–	$2.21
Sandy	$.02	–
Sherwood	–	$5.53
Springfield	$.03	–
Stanfield	$.02	–
Talent	–	$3.93
The Dalles	$.03	–
Tigard	$.03	$5.56
Tillamook	$.015	–
Toledo	–	$3
Tualatin	–	$3.92
Veneta	$.03	–
Warrenton	$.03	–
West Linn	–	$10.31
Wilsonville	–	$4.03
Woodburn	$.01	–
Wood Village	–	$9.53

* Local gas tax in dollars per gallon.

** Local residential street maintenance fee in dollars per single family residence per month. (Most jurisdictions charge lower fees for multi-family residential units.) Fees are also charged for commerical and industrial properties at varying rates.

*** Varies by season.



State Context: How other Oregon cities fund street maintenance

Unlike the federal gas tax, Oregon's state gas tax has outpaced inflation over the past 30 years, increasing from 9 cents per gallon in 1984[84] (20 cents in today's dollars) to 30 cents per gallon today. Oregon distributes state highway revenue – including state gas tax revenue and vehicle registration fees – on the following basis:[85]

- 59 percent to ODOT
- 25 percent to counties based on number of registered vehicles
- 16 percent to cities based on population

ODOT largely spends its money on highways, while counties and cities mostly spend theirs on maintenance of local roads. Counties pass through some of their money to cities within their borders. The distribution formula only accounts for light-duty vehicles and population, yet it is trucks that do the most damage to streets.

In many other states, cities may impose a sales tax to supplement their revenue. Often they rely on gas tax revenue to fund basic street maintenance and local sales taxes to fund transit and other projects. For example, in 2009, Los Angeles County embarked on an ambitious transportation plan funded by a half-cent sales tax.[86]

For historical and cultural reasons, Oregon cities don't have the option to increase or enact a sales tax, so they instead turn to utility fees and city gas taxes.

As of 2014, 20 Oregon cities and counties have adopted a city gas tax of between 1 and 5 cents per gallon.[87] Two more cities – Bend[88] and Troutdale[89] – will put a gas tax on upcoming ballots. Twenty-eight cities, including Ashland, Oregon City, Medford, West Linn, Lake Oswego, Sherwood, and Tigard, have adopted a street fee to support local road maintenance. Two cities (Milwaukie and Tigard) adopted both a tax and a fee.[90] These taxes and fees were adopted between 1985 (La Grande) and 2012 (Wood Village.)

Nearly all the street fees are a fixed residential fee – with discounts for low-income and senior residents – collected through a local utility bill. Cities often charge commercial and industrial facilities a fee as well. Gas taxes range from 1 cent per gallon (Woodburn) to 5 cents per gallon (Eugene). Residential fees range from $1.53 per single family home per month (Corvallis) to $11.56 per single family home per month (Oregon City), and average a little over $5 per home per month.

Various methodologies for levying fees on non-residential entities have been employed as well, including trip generation models similar to what Commissioner Novick and Mayor Hales originally proposed in 2014, flat fees per unit, flat fees per water meter, and a variable rate based on square footage. Only Corvallis included some form of a sunset clause, mandating that city council review the fee every five years.

Portland context

City budget

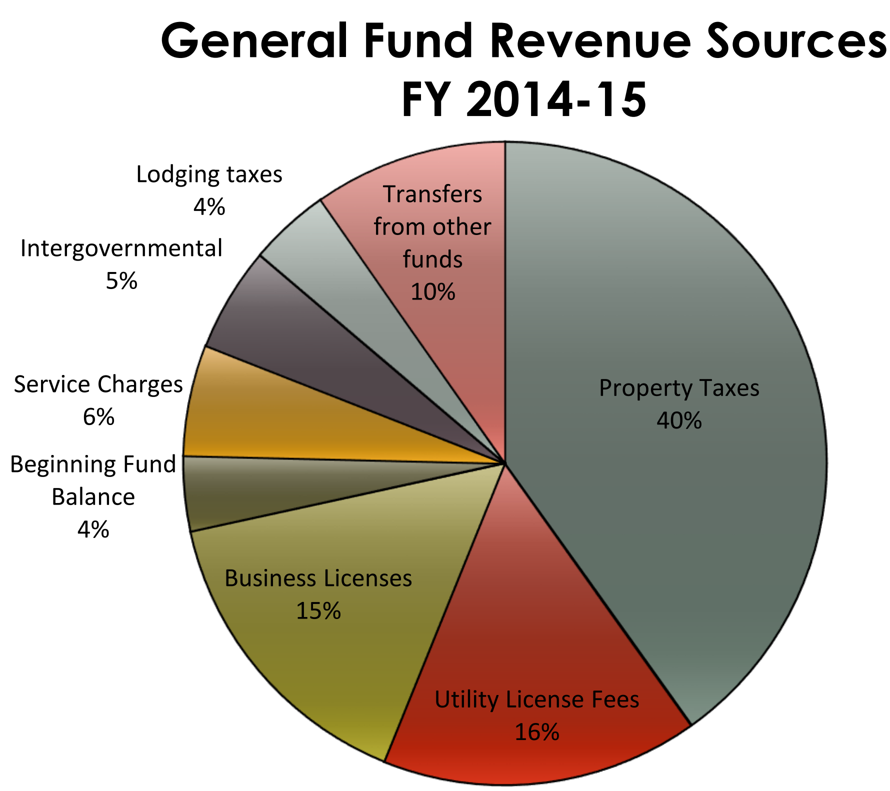
Many people and organizations who spoke against the various proposals put forward by Commissioner Novick and Mayor Hales last year claimed that there is no need for new revenue because the city has enough money. If street maintenance is truly the city's priority, they said, the city could divert funds to street maintenance from other expenses.

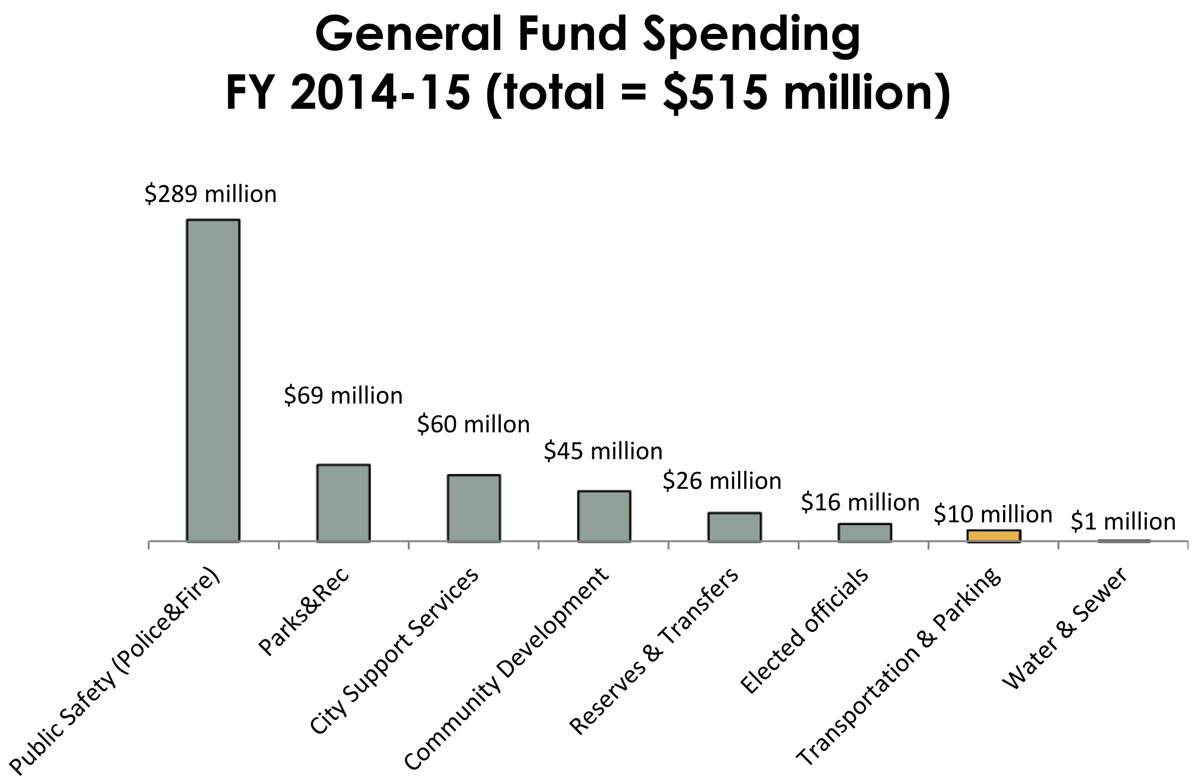
It therefore was fundamental for your committee to determine whether the city has sufficient resources available to reasonably divert funds away from current spending priorities to streets.

It does not.

Given the magnitude of the need, pulling enough resources from other programs would have devastating effects on core city services. We will elaborate on this below in the discussion of possible funding sources. First, it is important to develop a basic understanding of the city's budget framework.

More than $3 billion of the city's $3.6 billion budget come from dedicated funding sources that must be spent on particular services or projects or are in some other way committed to a particular use. Council has no discretion over those dedicated funding streams. For example,





almost half of the city's funds come from "enterprise funds" such as the Water Fund and the Sewer System Operating Fund, that charge a user fee for goods and services provided.[91] These and other dedicated revenues are part of the overall city budget, but council may not re-allocate them to other uses.

The pot of money over which council does have discretion is the city's general fund, paid for primarily by property taxes, utility license fees, and business license fees.[92] The general fund is about $500 million per year.

During the 2014-15 fiscal year, council allocated only 2.3 percent of the general fund to transportation and parking – less than $10 million – in its adopted budget.[93] Most of the General Fund goes to police and fire (56 percent), parks and recreation (13 percent), city support services (12 percent) and community development (9 percent).

The general fund, however, is only part of the revenue picture. Some bureaus, including PBOT, also have dedicated streams of money. For example, the Portland Water (and Sewer) Bureau has a budget of over half a billion dollars per year, but it receives a miniscule portion of the general fund spending (less than $1 million). Residents pay almost all water and sewer service costs directly through their water and sewer bills, not through general fund taxes.

Changes in the city's budget

The fact that Portland does not have enough money in the general fund for streets raises the question: Why not? What has changed?

While a full analysis of city budgets during the past 30 years is beyond the scope of this report, a retired city budget analyst told your committee that in the 1980s and 1990s, the city diverted transient lodging tax and business development fee revenues away from the general fund to pay for the Convention Center and housing development.[94] Moreover, the most recent city auditor's report shows the city is getting more money from property taxes now than it did 10 years ago, but most of the increase is eaten up by growing urban renewal debt (to pay for housing and economic development at the Convention Center, River District, and other areas) and increased payments to the Fire and Police Disability and Retirement Fund (fire and police pensions).[95]

PBOT's budget

With a total budget of $315 million, PBOT represents less than 9 percent of the city's total budget for FY 2014-15. [96] The city's general fund contributes $9.9 million to PBOT, which is slightly more than 3 percent of the agency's total revenue. Further, that $9.9 million constitutes just 1.9 percent of the city's entire $515 million general fund.

PBOT's budget had the following revenue sources and went to the following programs:[97]

Revenue Sources (in millions)*	
Beginning fund balance	$59.3
Bonds and notes proceeds	$51.0
Gas tax (state)	$33.7
City agencies	$30.7
Fees	$27.1
Gas tax (county)	$26.0
Parking meters	$25.4
Grants	$22.0
SmartPark garages	$12.0
City general fund	$9.9
Parking citations	$8.1
Parking permits	$4.1

Spending programs (in millions)	
Capital improvements	$90.6
Basic operations and maintenance	$70.3
Contingency and reserves	$65.0
Parking	$21.9
Overhead and administration	$19.2
Debt service	$16.9
Streetcar & tram operations	$11.2
Develop and manage right-of-way	$7.4
Policy, planning & projects	$6.9

* This totals slightly less than $315 million because PBOT does not include some internal cash transfers in order to avoid double counting.

Changes in PBOT's budget

The title of a 2013 city audit report sums up the changes in PBOT's budget in recent years: "Revenues up, spending on maintenance down."[98] Although PBOT's budget, like most of the economy, took a hit with the 2008 recession, gas tax and parking revenue had more than recovered by 2013 – in part due to flourishing local economy and in part due to increases in state vehicle fees and gas tax that took effect in 2009 and 2011. PBOT estimated gas tax and parking revenue would continue to rise. Yet despite the increase in revenue, PBOT spends less money on maintenance because it has shifted spending away from maintenance and towards capital projects – such as bridges and streetcars – and debt payments on capital projects.[99] Debt service payments are now fixed costs for PBOT. It can't shift money from debt payments back to maintenance without defaulting on its debt.

How PBOT prioritizes maintenance spending

In order to make best use of maintenance money, PBOT prioritizes keeping streets in fair or better condition, at a cost of about $100,000 per lane-mile, over rebuilding roads in very poor condition, at a cost of $2 million to $3 million per lane-mile.[100]

In 2006, a city audit recommended that PBOT use StreetSaver, a pavement asset management system designed to improve planning and decision-making and to inform a more cost effective approach to planning and budgeting for street preservation. StreetSaver is a well-accepted system, developed by San Francisco Bay Area cities, and used by many other cities, including Seattle, Gresham, Beaverton, and Vancouver, Wash. In 2013, PBOT adopted the StreetSaver system.[101]

When using StreetSaver, PBOT staff visually inspect streets and enter condition information (very good, good, fair, poor, or very poor) into the StreetSaver system. StreetSaver then can estimate the type and cost of maintenance and predict the results of different maintenance choices. PBOT engineers review the recommendations and select potential streets for treatment, subject to budget limitations and City Council priorities. PBOT staff consult with other bureaus to avoid working on streets that have street work planned shortly thereafter.

Limitations of property taxes

Oregon's property tax system, the primary revenue source for local government revenue, underwent significant changes with the passage of Ballot Measures 5, 47, and 50. The resulting tax system is difficult to understand, inequitable between taxpayers in different taxing districts, and inflexible.

When another jurisdiction overlapping Portland (such as a county) raises its property taxes so that the combined tax is more than 10 percent, both taxes are reduced so that the total does not exceed 10 percent. The result is that Portland's property tax collections are "compressed" or reduced. If Portland voters approve a tax increase, the city will not get as much money as voters expected. The cost of city services has continued to increase, but newly approved property taxes have great difficulty keeping up due to this compression.

These shortcomings in the property tax revenue stream have resulted in the necessity for local government to search for alternative sources of funding to meet basic core services.*

* For more information, see City Club of Portland's 2013 research report, "Restructuring Oregon's Frankentax: Improving the Equity, Financial Sustainability, and Efficiency of Property Taxes."

Discussion

Who *should* pay for streets?

A question underlying all of your committee's deliberations was: Who *should* pay for streets? Many witnesses said funding mechanisms should be fair, but what is fair? Some people think that flat taxes are fair because everyone pays the same amount, while others think user fees are fair because those who use more pay more and those who use less pay less.

In general, taxes are levied on an "everyone benefits; everyone pays" principle. In Portland, all residents[*] pay property taxes and most businesses pay business taxes to fund the general fund, which pays for government services that benefit everyone. Police and fire departments keep everyone safe, and parks make the city more livable.[†]

User fees, in contrast with taxes, charge users for specific services. While government benefits funded by taxes often appear "free" to users, user fees make clear that they are not. Fees create an incentive for users to use the service in moderation. They also give people some control over how much they pay. One can choose to use more and pay more, or one can choose to use nothing and pay nothing. A parking fee, for example, is a user fee directly paid only by those who choose to drive and park.

Utilities such as water, sewer, electricity, and natural gas, combine both types of charges. They are mostly paid by user fees (customers pay for how much water or electricity they use), but they often include a bill component that is more like a flat tax. The basic system charge reflects the general benefit residents receive from the simple existence of water system or the electricity grid, so everyone pays the same amount.

If water and electricity users paid for service primarily through taxes or flat charges rather than user fees, then they have no motivation to constrain consumption. This would be unfair, inefficient and inequitable. It would be unfair to frugal consumers, because they would subsidize wasteful ones. It would also be inefficient and lead to higher costs for everyone because, over time, profligate use would drive up overall system use, forcing the utility to build bigger pipes or power lines and to find new sources of water or power. It would be inequitable because low-income households often consume less, yet they would pay the same amount as wealthier households that use more. By charging a user fee, utilities encourage people to use only as much as they are willing to pay for, rewarding thrifty behavior and keeping costs down for all.

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[*] Property owners pay these taxes directly. Renters pay them indirectly through their rent as landlords pass on any increases to their tenants.

[†] Public schools are another example of a taxpayer-funded service that benefits society generally, but Portland Public Schools are funded with state tax money, not Portland general fund money.

Then there are streets.

Everyone – residents, businesses, employers, employees, visitors, and companies moving goods through Portland – benefits from the existence of a functioning transportation network. The mere existence of an operational system is a broad benefit to everyone in the community, akin to police, parks, schools, clean water, and functioning sewers. However, as with utilities, there are disadvantages to subsidizing over-use of the transportation system.[102]

More cars and trucks driving on the streets means more congestion, more air pollution, more emission of climate change gases, more vehicle crashes and concurrent health costs, and more traffic delays. If Portland pays for streets with taxes, frugal users will unfairly subsidize profligate users. One-in-seven Portland households does not own a car,[103] yet those (often low-income) households would pay the same amount for a per-household street fee as households with one, two or even more vehicles.

As with utilities, charging a per-household street fee rather than a user fee would incentivize people to use more than they otherwise would, thus increasing costs for everyone. When users don't pay to drive on the streets or to park their cars on the streets, streets fill up with cars, leading to pressure to add lanes, add bridges, and add parking spaces. All of that infrastructure costs more money to build and maintain.

To see these mechanisms at work, Portlanders need not look far. The city recently conducted a very successful experiment proving how taxes lead to wasteful use and user fees lead to prudent use of streets.

For years, Portland let taxpayers subsidize parking for some by giving away handicapped parking placards for free. Parking is not free: the city must pay to pave, paint, and maintain parking spots, and there is an opportunity cost of using public space for parked cars instead of for something else like an extra lane of traffic or sidewalk cafés. Unsurprisingly, many users took advantage of subsidized free parking by occupying fully 1,000 of the central city's 8,000 metered street spaces.[104] With so many spots occupied for free, there were few spots available for other users, leading to a sense that the city needed to make more parking available by paving and maintaining more parking spots, which would increase costs for taxpayers.

After the city limited free parking to wheelchair users, 72 percent of car drivers previously using city parking spots as free car storage decided they did not need to occupy downtown parking spots after all. Allowing free parking led to over-use of the transportation infrastructure. Making users pay $1.60 an hour encouraged drivers who did not really need to park downtown to find other options, freeing up spaces, deferring the need to build more parking, and thus saving money for all system users.

Although the transportation system is similar to public utilities, it is different in an important way: there is no meter. Whereas water and sewer use can be metered and bills can be sent to houses or businesses physically located in the city, street use cannot be precisely measured and many users of streets do not even have a Portland address. Portland street users include:

- **Local residents:** people who live in Portland use the streets to get to work, school, stores, and entertainment.
- **Local businesses:** businesses located in Portland use the streets to receive and deliver goods, and to enable customers to get to their storefronts.
- **Non-local residents**: people who live outside Portland use the streets to get to jobs, stores, parks, and museums here.
- **Non-local goods movement**: Portland is a transportation hub for the Pacific Northwest. Nearly half of Oregon's total commodity flow moves through the Portland metropolitan areas.[105] Diesel, largely used to fuel large trucks transporting goods to the port and rail yard to be shipped overseas, makes up about 40 percent of all the petroleum used in Portland (compared to about 33 percent in the state of Oregon overall).[106]

Oregon is on the cutting edge of developing the tools to more accurately measure road use through GPS-enabled vehicle-miles-traveled tracking. However, it will be many years before cities like Portland will be able to use this tool. In the meantime, some fees approximate street use while others don't. Flat household fees are not correlated to use. Income taxes and business fees based on a trip generation model purport to approximate use, but in practice are at best loosely related. A gas tax is a crude indicator of use and one of the few mechanism that charges non-local residents and non-local goods movement companies a roughly fair share. Weight-based vehicle registration fees could capture some of the non-local goods movement share of Portland street use. Parking fees are only charged to those who are driving and parking on the streets. A commuter payroll tax would charge workers who travel to Portland but don't pay for streets through other taxes.

User fees spread the costs across all categories of users, including the most damaging class of street users, heavy trucks. They give Portlanders control over how much they pay: Use the streets more and pay more; use them less and pay less. They create incentives to minimize unnecessary use, keeping overall system costs down for everyone and mitigating negative effects of overuse, such as congestion, pollution, and crashes. For these reasons, your committee believes well-designed street funding mechanisms should be related to use.

Criteria for evaluating possible street funding sources

Your committee developed an evaluation strategy based on Philip Cooper and Claudia Vargas' feasibility framework.[107] We sorted the criteria into two thematic groups:

1. **Can the funding mechanism be implemented relatively quickly?**
    a. Is it technically feasible? Is the necessary technology tested and ready to use?
    b. Is it legally feasible? Does the city currently have the authority to implement it?

c. Is it politically feasible? Could it get three votes on the City Council?
d. Is it culturally feasible? Would Portlanders accept it, or vote for it, if necessary?

2. **Is the funding mechanism well-designed?**
   a. Is it fiscally feasible? Does it have high compliance rates and minimal administrative overhead costs?
   b. Is there a user-fee connection for Portlanders? Do Portland residents and businesses who use streets more pay more than those who use less?
   c. Is there a user-fee connection for non-Portlanders? Do people and businesses who are not based on Portland pay for their use of Portland streets?
   d. Is it equitable? Do those with less ability to pay have an opportunity to pay less?

Can the funding mechanism be implemented relatively quickly?

Technical feasibility

Could Portland immediately deploy the technology necessary to implement the funding mechanism?

Many of the funding sources your committee considered build on existing means of collecting funds, such as the gas tax. But some of them could require new or emerging technologies. For example, the vehicle miles traveled fee would require in-car location trackers. The state of Oregon is currently testing in-car devices for measuring miles traveled, so the technology exists but is not immediately deployable by the city.

Legal feasibility

Does Portland have the legal authority to enact and enforce the funding mechanism?

Some of the possible funding mechanisms your committee considered are not within the city's legal jurisdiction. For example, Portland could not increase the state gas tax, only a super-majority of the Legislature may do so.

Other proposals are not immediately within the city's jurisdiction, but the city could potentially negotiate a resolution. For example, the city could negotiate with Multnomah County to raise the county gas tax and disburse some of the funds to the city.

Political feasibility

Could the funding mechanism survive Portland's political landscape?

To be politically feasible, a funding mechanism must, at a minimum, be able to win three votes from City Council's five members. It is possible that any new funding mechanism could also be referred to the ballot, so it should be able to pass a vote of the people.

Cultural feasibility

Would Portlanders accept the idea of the funding mechanism?

This criterion evaluates the underlying cultural attitudes that influence how people would likely vote, and their likely attitude towards the funding mechanism over time. Cultural feasibility is closely related to political feasibility insofar as something that is not culturally acceptable will likely not be able to pass a vote of the people and might receive vocal opposition at public hearings. Likewise, city commissioners who support it might face a backlash if they seek re-election.

For example, the lack of a sales tax is a strong part of Oregonians' cultural identity, and many Oregonians seem to object to the very idea of imposing a sales tax.[108] A sales tax would therefore likely not be culturally feasible. On the other hand, people are accustomed to paying a vehicle registration fee, so while they might not want to raise the fee, they would not fundamentally object to the existence and use of such a fee.

Is the funding mechanism well-designed?

Fiscal feasibility: Administration and compliance costs

How much of the proposed funding will likely be available for streets, compared to how much money will be used in administrative overhead or be lost to non-compliance? In other words: is the net collection ratio likely to be low, medium or high?

For example, the city's experience with the Arts Tax has been that administrative overhead is high (about 6.5 percent)[109] and compliance is low (around 65 percent).[110] The city estimates the overhead and compliance rates would be similar for the first few years of an income-based street fee.[111] A street fee with this collection model would have low fiscal feasibility. On the other hand, the administrative mechanisms for collecting and enforcing the gas tax are already in place, and it would not create any new overhead or opportunities for non-compliance, so it ranks high on fiscal feasibility.

This criterion is an adaptation of Cooper and Vargas' fiscal and administrative feasibility, but it does not evaluate the total revenue potential of each funding mechanism. A complete understanding of the total amount of money each potential funding mechanism could raise was beyond the scope and of your committee's research. Such calculations would require economic modeling and more specific proposals than were available for consideration. For example: a gas tax of 1 cent per gallon might only raise a fraction of the needed resources, but a gas tax of 5 cents might raise sufficient funds. Your committee considered only a generic "gas tax," not specific amounts.

In addition, it is not paramount that a single funding mechanism raise all of the needed revenue, because several mechanisms could work in tandem.

Users-pay principle

Everyone wants fees to be fair, and many witnesses your committee interviewed used some version of the "users-pay principle" as their yardstick for fairness. As described above, the users-pay principle means that those who use the streets the most should pay the most. This criteria relates to basic fairness between users and groups of users, but it also relates to efficiency.

Economist Joe Cortwright explained to your committee that users should be able to change the amount they pay by changing their behavior.[112] If they can, then the fee will facilitate efficient behavioral changes and constrain overall system costs. Your committee agrees that any well-designed funding mechanism should include an element of users-pay.

Because some mechanisms would ensure that Portland users pay a fair share but would give non-Portland-residents a free ride, the decision matrix includes a column for each. For example, a commuter payroll tax would ensure that non-residents who use Portland streets every day to get to work help pay for those streets. Parking fees and gas taxes also charge non-Portland users. On the other hand, mechanisms related to Portland residency, such as a household fee or vehicle registration fee, cause Portlanders to subsidize street use by non-Portlanders and large companies moving goods by truck.

Ethical feasibility – Ability to pay

Does the funding mechanism place an unethical or inequitable burden on Portlanders who are least able to pay?

OPAL Environmental Justice Oregon Executive Director Jonathan Ostar told your committee that his primary equity concern with street funding mechanisms is whether the people being asked to pay are in fact able to pay. Many low-income households in Portland struggle to make ends meet. Funding mechanisms that could minimize the burden on those who can least afford the new cost were ranked higher.

Low-income groups see an income-based fee schedule as the most equitable solution. Your committee discussed the desirability of a low-income discount or exemption from fees. However, low-income discounts and exemptions are not the only way to make fees more equitable. Users-pay fees such as a city gas tax, value-based vehicle registration fees, and parking fees, if combined with a robust public transit system and a commitment to maintaining rather than expanding, are more equitable than a flat household fee.[113]

Many low-income households don't own cars and are more dependent on transit, walking, and biking compared to wealthier households.[114] A flat household fee is not only regressive (because low-income households must pay a higher percentage of their income than higher-income households), it also unfairly forces low-income Portlanders who are less likely to drive single-occupant private vehicles to subsidize higher-income people who are driving. In contrast, a robust public transit system combined with user fees gives low-income residents viable transit options and the ability to reduce the amount they pay. More-accurate price signals can also help everyone make good decisions about how to spend his or her money.

Many low-income residents live in East and North Portland, and East Portland has a higher prevalence of unpaved roads, partly due to its relatively recent annexation into the city. Noel Mickelberry of Oregon Walks pointed out that many low-income communities receive less city investment in paving and safety improvements,[115] so it seems inequitable for households in them to pay the same as in other, better-served parts of the city.[116] Ostar and Mickelberry both told your committee that ability to pay should be the primary equity concern. A flat fee that did not provide equity exemptions for low-income households would compound the inequity already present in Portland's transportation system.

Possible funding sources

Existing mix of funding for streets

Existing funding for streets relies on a mix of taxes and fees. User fee-like charges such as state and county gas tax revenue and parking fees and permits account for about one-third of PBOT's budget.[117] Portland does not use other user fees such as tolls or congestion charges. Another third comes from tax-like charges such as general fund revenue, bonds, and inter-agency transfers. The rest is difficult to classify. But it is safe to say that all Portlanders already pay a significant portion of the costs of the city's transportation system through a combination of property taxes, gas taxes, and other fees.

Reallocating other existing funds

All witnesses agreed that Portland needs to spend more money to keep its streets in good repair. Most witnesses also agreed that the city needs new revenue to do this. However, some opponents of the 2014 street fee proposals argued that the city should find the money somewhere in its existing budget.

There are three possible places the city could "find" and re-allocate existing funds to streets: (1) the general fund, (2) PBOT's existing budget, or (3) unexpected budget surpluses.

Reallocate from the general fund

As explained above, the portion of the budget that City Council has discretion over is the general fund, so "finding" money in the budget largely means finding it in the general fund. The difficulty in allocating more general fund resources to PBOT is in deciding what other services to cut. The city's core services, based on the budget allocations, are police, fire, parks, and housing. Those four categories account for almost 80 percent of the general fund. Although Mayor Hales considers streets – and water and sewer – also to be core city services,[118] PBOT received less than

3 percent of the FY 2014-15 general fund budget. In the FY 2015-16 budget, the city allocated more – $29 million, 6 percent – to PBOT.

Because all local residents and businesses pay into the general fund in some way, the general fund money that goes to PBOT is akin to the basic system charge portion for the city's transportation utility.

In past years, Portland has dedicated about $10 million per year to street preservation. Even though this is the most general fund money the city has dedicated to transportation in 30 years,[119] and the city dedicated $18 million of the current budget surplus to transportation, Portland will still only spend less than $20 million total on street preservation this year. That is not even enough to stop streets from getting worse. The budget does not break out a specific "safety" category because safety improvements are often an element of other projects, so it is difficult to say exactly how much the city generally spends on safety.

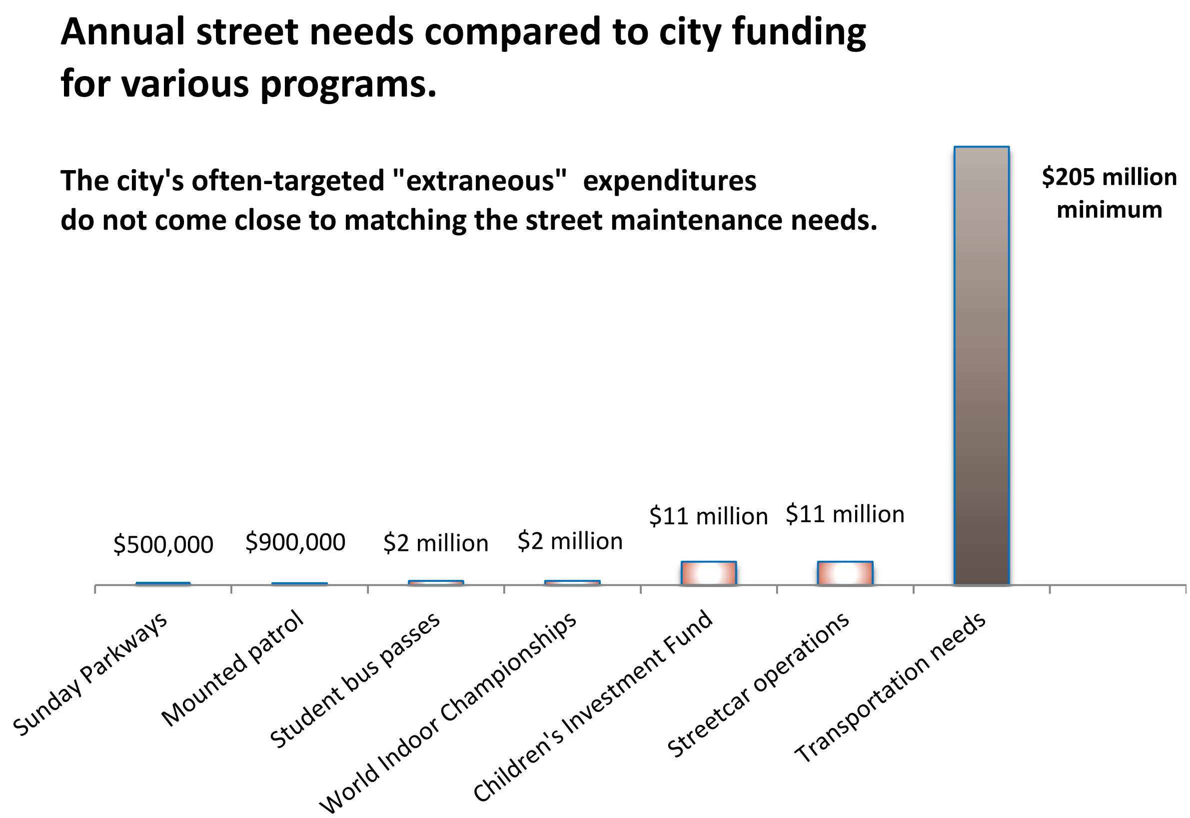
As noted above, the city annually should spend at least $50 million on preservation, $75 million per year for 10 years to work through its maintenance backlog, and $80 million on safety projects. That $205 million total – minus the roughly $10 to $20 million that the city already spends – would consume more than one-third of the general fund in the current budget year. Diverting so much funding to streets would require draconian cuts to police, fire, parks, and housing.

No witness seriously suggested draconian cuts to those core city services. Some budget critics have suggested that the city could cut various "wasteful" or "extraneous" items in the city budget and dedicate that money to streets instead. The chart below lists many city programs that witnesses or media identified as "extraneous" and compares them with the ballpark range of street maintenance needs.

Even if Portlanders could agree to cut all these expenditures – many people might argue that Sunday Parkways and mounted patrol, two programs often under fire, are important to city residents – it would not come close to paying for streets. In FY 2013-14, the city made cuts in the budget in response to a $21.5 million shortfall resulting from the recession.[120] This included eliminating 55 city positions.[121] These existing cuts to city services were needed to meet budget shortfalls, so even further cuts would be needed to re-dedicate funds to streets.

Some opponents of new transportation funds have argued that city government operations are "wasteful" or inefficient, and if the city could operate more efficiently, the resulting savings could pay for streets. It is beyond the scope of this report to audit every city function to determine if there are any inefficiencies that could be captured for streets. However, it is highly improbable that half of the general fund is spent on inefficiencies.

In the short term, Portland must continue to find whatever existing revenue it can to prevent further deterioration of streets, possibly including trimming core city services to pay for streets. However, the street maintenance and safety needs are now so large that they cannot all come from the general fund. Portland must find other sources of revenue.



28 percent of the utility license fee

As described above, in 1998, City Council pledged to spend 28 percent of the utility license fee on transportation. It never met that mark, and today PBOT receives no utility fee revenue.

As a practical matter, reallocating the utility license fee is functionally the same as reallocating from the general fund, because that is where fund revenue goes. The discussion of using utility fee revenue is the same as the discussion above about using general fund revenue.

Finally, the amount it would raise – about $20 million – is insufficient to meet all street maintenance and safety needs. Your committee concludes meeting the 1988 target is feasible but only as part of a comprehensive revenue package.

PBOT re-allocates its existing budget

In order to improve safety and bring its streets into good repair and keep them there, Portland needs at least $205 million per year for the next 10 years. PBOT's total budget barely tops $300 million. Nearly two-thirds of that, or almost $200 million, is restricted to specific programs or services. Much of that restricted money is for debt service on capital projects that some Portlanders might wish had not been built. But now that they are built, PBOT is obligated to pay off the debt and no longer has the discretion to spend that money on maintenance.

That leaves about $100 million in unrestricted funds. About $70 million goes to maintenance and operations, and about $13 million of that goes to street maintenance.[122] The remaining discretionary funds must pay for the contingency reserve fund, administration and overhead, planning, and rebuilds. Even if PBOT were to shirk these duties, it still would not have enough available funds to make a dent in the street maintenance problem.

Your committee concludes that asking PBOT to gather sufficient funds from its existing budget is not viable.

Allocate one-time budget surplus to streets

In a reversal of the $20 million budget deficit of just a few years ago, Portland currently enjoys an estimated $49 million surplus in FY 2015-16. [123] Your committee recommends that a substantial portion of this and future year's budget surpluses be committed to improving the condition of the city's road assets.

Dedicating budget windfalls to road maintenance is the most-easily implemented and cost-effective funding mechanism under review. Surplus dollars are distinct from general fund dollars in that they are over and above anticipated funding levels. As such, they do not require cuts to existing programs and services. These are unrestricted dollars that can readily be dedicated to road maintenance with a simple vote of City Council.

Surpluses will not continue indefinitely, so the city cannot rely on them long-term. Nonetheless, annual general fund budget surpluses represent an efficient way to immediately address Portland's road maintenance liability without decreasing existing services level.

In early 2015 City Council, passed a resolution stating that "at least 50 percent of general fund discretionary revenue that exceeds budgeted beginning balance (adjusted) shall be allocated to infrastructure maintenance or replacement."[124] This is a step in the right direction. However, only about $6 million went to preventive street maintenance.[125]

The city expects a budget surplus again next year, so it could go further and dedicate an even greater percentage of next year's surplus to streets. Just like a family might spend an unexpected bonus catching up on deferred repairs to the house to put themselves in a better position for the coming year and to defray the costs that come with too-long-deferred maintenance, the city could dedicate most of its budgetary bonus to needed repairs.

Raising new funds

Because no source of existing funds is sufficient, your committee concludes that Portland needs new sources of funds to adequately maintain safe and functional streets. There are many possible ways to raise new funds for streets.

Flat household fee (Residential TUF)

Thirty Oregon cities have adopted a flat household fee, ranging from $1.53 per single family home per month, to $11.56 per single family home per month, and averaging a little over $5 per home per month. Most cities charge a lower flat rate for multi-family residences (apartments). Most cities collect this fee on an existing household utility bill.[126] This flat fee is the residential component of the TUF preferred by the minority.

This option fares well on the short-term criteria. It is not popular with voters,[127] but City Council has the authority to impose it without putting it to a popular vote and could collect it via sewer/water bills. However, this short-term advantage has never played out as the City Council has tried four times to implement a street fee and never succeeded. Short-term hopes waned even further when the Mayor declared City Council will not take any action on street funding in the short term.

This option does not do as well under the longer-term criteria because it does not have a users-pay nexus and it is regressive. Every local household would pay the same amount, no matter how much they use or don't use the roads. Households making $20,000 would pay 10 times as much as a percentage of their income compared to households making $200,000. People in lower-income households are more likely to get around by walking, biking and bussing,[128] yet they would pay the same amount as those getting around in private vehicles. Commuters and tourists would not pay.

While the city could charge a lower rate for apartment dwellers, as other cities have done, the water department said it is impossible to give a low-income discount or exemption via water bills, because multi-family units pay a single water bill and it is impossible to separate low-income renters.[129] Other cities, including Oregon City,[130] offer a low-income discount.[131]

Because it has no users-pay nexus, a flat fee misses two opportunities: first, the opportunity to charge the most damaging users (heavy trucks transporting goods), and second, the opportunity to provide an incentive for street users to shift to transportation modes that help the system as a whole operate more smoothly. The more people get around Portland by walking, biking, transit, and ride-sharing instead of single-occupant private vehicle, the less congestion, less pollution, better health, and fewer injurious crashes the city will endure.

The majority concludes a flat household fee is not a high-priority source of street funds.

Income-based household fee

Following the initial backlash against the original street fee, in December of 2014 the city proposed several versions of income-based fee on households, ranging from zero dollars for lower-income households to $200 per month for the highest-income households.

The city currently possesses the legal authority to establish such a fee without a popular vote. It would initially collect the fee through the mechanism used to collect the Arts Tax, and would eventually transition to using tax-preparation software for residents to file and pay city income taxes along with state and federal income taxes.[132] Like the Arts Tax, the city estimates that initial administrative cost would eat up about 10 percent of the fees, though that would drop to about 6 percent within a few years, and initial compliance rates would be only 63 percent, though they would be predicted to rise to 85 percent within a few years.

According to several of the witnesses your committee met with, low-income advocates were supportive of an income-based fee.[133] However, the Portland Business Alliance (PBA) has repeatedly emphasized it will oppose any income-based fee proposal, meaning that if the City Council approved this version of a fee, PBA would gather signatures to refer the decision to the ballot and run an opposition campaign to convince voters to reject it.

An income-based fee does fairly well on the short-term criteria, except that its political feasibility is limited due to PBA's opposition. However, the fee does somewhat poorly on long-term criteria. The fee fails the users-pay principle: a household pays the same whether its members drive 40 miles a day or two. Non-Portland road users, such as commuters, tourists and companies moving goods in heavy trucks, would use Portland roads for free. Finally, it has higher administrative costs and lower compliance rates than other options.

Your committee concludes that an income-based fee is not a desirable source of revenue for streets.

Business fee based on trip generation manual (Business TUF)

Portland proposed using the Institute of Transportation Engineers (ITE) Trip Generation Manual[134] to estimate the number of car trips that customers take to get to certain businesses, and charge the businesses based on these estimated trips. The manual uses national data from the last few decades to estimate car trips based on business type and square footage. Portland businesses would pay between $3 and $310 per month, with a 50 percent discount for nonprofits.[135] A trip-generated fee is the business component of the TUF preferred by the minority.

This fee theoretically has users-pay nexus because it is related to "trips generated" and business will pass costs on to the customers who used the roads, but the methodology has been widely criticized.[136] One problem is that much of the data comes from suburban areas of the United States where most or all "trips generated" are by vehicle, whereas in multimodal Portland some "trips generated" are likely by foot, bike or bus. Another problem is that the data about Portland businesses "suffers from massive errors of omission, commission, and misinterpretation."[137]

The fee would fall heavily on local small business and would all but exempt the trucking companies that are the biggest source of wear on Portland streets.[138]

An accurate and direct way to measure "trips generated" by local businesses would be to charge for parking in commercial areas. This would automatically charge those who drive to the business, exempt those who walk, bike, or bus, and would not force local businesses to increase prices for all customers.

Increase in business license fee

A business workgroup, including representative from Venture Portland and PBA, recommended that Portland collect a street fee on business licenses, rather than through water bills. This approach would simplify administrative costs and complexity by using only five business categories (instead of 100, in the trip generation model), although it would increase the number of billing accounts from 11,000 to 120,000.[139]

City gas tax

Twenty Oregon cities have implemented their own gas tax ranging from 1 cent to 5 cents per gallon.[140] Voters would have to approve a Portland city gas tax.[141] The Oregon League of Cities has examined what worked, and compiled recommendations for other cities contemplating a city gas tax.[142] The Oregon Constitution requires all gas tax money be spent on roads, so any revenue would be automatically dedicated to streets. Portland could do what most Oregon cities have done and let ODOT collect its city gas tax through ODOT's existing mechanism for collecting state gas taxes. This would keep administrative costs low and compliance high.[143] Some small cities have found it to be more cost-effective to collect the local gas tax directly from local gas stations.

A gas tax has a strong, but imperfect, nexus with street use. For most motorists, the amount they pay is directly proportional to the amount they drive. This creates an incentive for more people to get around by walking, biking, transit, and ride-sharing instead of single-occupant private vehicle, leading to less congestion, less pollution, better health, and fewer injurious crashes.

The user fee aspect of a city gas tax is particularly attractive in Portland because it would charge commuters, tourists, and, importantly, heavy trucks moving goods through the city. However, electric vehicles and fuel-efficient vehicles would pay less per mile driven compared to other vehicles. And while heavy trucks would pay more than light-duty vehicles, they would not pay thousands of times more even though they create thousands of times more damage.

Jonathan Ostar of OPAL and Noel Mickelberry of Oregon Walks told your committee that low-income people in Portland are more dependent on walking, biking, and transit compared to higher-income people who drive more.[144] However, Ostar pointed out that some lower-income residents are car-dependent because they cannot afford to live close to jobs, and amenities and they might not be well-served by transit.[145]

Nationwide, households with the highest quintile of income spend nearly four times as much on gas as the lowest quintile households.[146] So higher income households would pay almost four times more city gas tax in absolute terms, but they would still pay less as a percentage of income compared to lower-income households. In other words, a gas tax is regressive, but it is approximately one-quarter as regressive as a flat household fee. A $5 per month household fee would be equivalent to a 20 cent per gallon gas tax for the lowest quintile income households, but equivalent to a 5 cent per gallon gas tax for the highest quintile. Ostar said that to the extent a gas tax might reduce driving and raise money for maintenance and safety (not expansion) it could be a net positive for lower-income Portlanders.[147]

Portland might tie a new city tax to inflation or set it as a percentage of the price of gas to ensure it goes up when gas prices go up and goes down when gas prices go down, instead of using the fixed and unresponsive cost per gallon that is widely used now. Setting the fee at, for example, 1 percent of the cost of gas would mean that it would be around 3 cents per gallon now, but if gas prices were to go up to $5 per gallon (and driving consequently were to go down) the tax would increase to 5 cents per gallon, keeping the revenue stream relatively stable. A fixed 3 cents per gallon would lose value over time, just as the fixed federal and state gas taxes have. This might require authorization from the Legislature.

In response to questions in 2013, the city made a very rough estimate that a 3-cents per-gallon gas tax would raise about $5 million for Portland.[148] However, that estimate assumed the city would tax gasoline but not diesel, even though almost all Oregon cities with a city gas tax charge both.[149] Adjusting the auditor's estimate to include diesel leads to an estimate of $9 million for a 3-cent gas tax. Based on the amount actually raised in other cities per-cent, per-capita, your committee estimates that Portland might raise $15 million to $24 million with a 3-cent per-gallon gas tax.[150]

Both the majority and minority conclude that, like many other Oregon cities, Portland should enact a gas tax.

State gas tax

The 2015 Legislature considered, and rejected,[151] a transportation package that would have increased the state's gas tax from 30 cents to 35 cents per gallon. The legislature might take up a transportation package in the short session in 2016, but more likely there will not be a new state transportation package until 2017. Mayor Hales told your committee that every 1-cent increase in the state's gas tax means $1.7 million in new funding to Portland.[152] If that is correct, if the state were to someday pass a 5-cent state gas tax increase, it would yield $8.5 million for Portland.

These assumptions are based on the current formula used to apportion state highway revenue, giving 16 percent to Oregon cities based on their population.[153] Most of the highway revenue goes to ODOT, which uses most of it to build new highways. Given that total miles driven in Oregon have been flat or declining for a decade,[154] highway revenue might be better spent maintaining local roads than building new highways. Portland and other local jurisdictions could lobby for a change to this formula, sending more state highway revenue to local maintenance, instead of to shiny new highway projects.

No new state gas tax revenue is in sight, and even if the state raises the gas tax by 5 cents, that would cover less than 10 percent of Portland's street maintenance needs. Nonetheless, Portland should support both an increase in the state gas tax and a change in the allocation formula to dedicate more gas tax revenue to local streets, and to localities with heavier truck traffic.

Vehicle registration fee

Multnomah County has the authority to impose a flat vehicle fee on light-duty vehicles up to the state registration fee (currently $43 per vehicle).[155] The county currently assesses a vehicle registration fee of $19 per vehicle per year, all of which is used to pay debt on the Sellwood Bridge.[156] Portland City Council would have to convince the county to increase the fee and negotiate a revenue-sharing agreement. As of 2014, there were slightly more than 700,000 registered vehicles in Multnomah County,[157] meaning every $1 increase in the registration fee would average $700,000 in additional revenue, a portion of which could be allocated to the City of Portland.

Because the vehicle registration fee is already administered by ODOT, an increased fee would create minimal administrative costs and high compliance rates. Because the Oregon Constitution mandates that vehicle registration fees be used only for roads and bridges, the funds could not be diverted to non-transportation related purposes.[158] The revenue from any county vehicle registration fee in Oregon must be shared between all cities within the county, so the actual net increase in revenue to the Portland would need to be negotiated through an intergovernmental agreement with the county and other cities.

A vehicle registration fee captures a basic correlation between vehicle ownership and road usage. However, a flat fee is both regressive and not related to road wear. Low-income households would pay the same per vehicle as high-income households, and heavy trucks would be exempted.

Indexing the vehicle registration fee to the weight and value of the vehicle would be more equitable than a flat fee. Heavy trucks that do the most damage to Portland's streets would pay more than cars and light-duty trucks. More-expensive vehicle owners have demonstrated a higher ability to pay, so they would pay more.

Oregon is one of only 20 states with a flat vehicle fee.[159] Other states vary fees by many factors, including vehicle type, and weight, vehicle value, vehicle age, owner driving record, owner place of residence. For example, Massachusetts charges $25 per $1,000 of vehicle value, and calculates value based on the manufacturer's list price and a depreciation schedule.[160] So an owner of a vehicle valued at $10,000 will pay $250 per year. Several states, including Washington, allow cities to charge local vehicle registration fees in addition to the state or county fees.[161]

Both the majority and the minority conclude that Portland should lobby the Legislature to authorize Oregon cities to charge a variable vehicle registration fee, and then implement a value-and-weight-based fee.

Vehicles miles traveled fee

Oregon is conducting a pilot Vehicle Miles Traveled (VMT) fee as an alternative to the existing state gas tax. The primary impetus for this program is the increasing fuel efficiency of new vehicles that reduces the amount of gas tax revenue per miles driven. The VMT, dubbed OReGO, would assess a fixed charge per mile driven, so all vehicles would pay the same amount for equal road use, no matter how much gas they use in the process. Users would have the option of having a GPS tracking device installed in their vehicle that would report total miles traveled, or manually reporting miles driven to ODOT. Users with the GPS would only be charged for miles driven on Oregon roads.

A VMT fee faces implementation hurdles. While the GPS technology necessary to install in vehicles is well established and widely available, the logistical challenges of installing them in the hundreds of thousands of vehicles across the state are substantial.

There are also cultural challenges. It is likely that many Oregonians will have strong objections to having a government GPS tracker installed in their vehicle. The state has promised extensive privacy protections, and the option of self-reporting mileage in lieu of installing the GPS system, though the former may not be satisfactory to most skeptics, and the latter presents myriad data integrity issues. Partnering with private firms to conduct the monitoring also does not eliminate privacy concerns.

Moreover, Portland does not have the authority to move forward with a city VMT fee. It can only wait for the state to complete the project and eventually receive its share of the funds, the amount of which will be equal to or less than the current state gas tax revenue. The VMT also would not generate revenue from non-Oregonians, at least until neighboring states implement their own versions and sign onto interstate compacts.

Despite these concerns, a VMT fee is the most accurate way to tie road usage to the amount drivers pay. In addition, by utilizing GPS technology, ODOT will be able to determine the number of miles driven in each city or county, which could lead to a more accurate distribution of VMT revenue to those jurisdictions where roads were used the most. Finally, a VMT fee would not be susceptible to declining revenue as fuel efficiency increases, as has been the case with the ubiquitous gas tax.

Given these benefits, both the majority and minority view the VMT fee as one of the most desirable, if most difficult to implement funding options available.

Street parking permits

Free street parking in Portland represents an enormous public subsidy to vehicle owners. On the great majority of neighborhood streets, road users are permitted to store their vehicles at no cost on an asset that is owned and maintained by the city. Your committee discussed an annual parking permit similar to a system used in Chicago that would be required of any vehicle parked overnight on city streets.

A parking registration permit could be designed in any number of ways and could be implemented on a neighborhood-by-neighborhood basis. The city already manages several parking permit districts, such as in Northwest Portland, and an expansion of this system should not impose excessive implementation costs. The city also would not need any additional legal authority in order to pursue this option.

Parking registration permits are a relatively fair means of raising revenue because only owners of motor vehicles would be charged. Neighborhood prices could differ based on local ability to pay. The major cost of maintaining pavement is the simple existence of pavement, and street parking accounts for more than half the area of pavement on many residential streets. A parking fee would charge the users of that pavement (and possibly the owners of homes with a curb cut) a reasonable rate intended to cover that use of the city's assets.

Both the majority and minority conclude that a well-designed parking registration fee would be a desirable component of a comprehensive street maintenance plan.

Dynamic parking rates

Cities across the country, including San Francisco and Seattle, are using dynamic parking pricing to manage on-street parking more efficiently. Cities change the hourly parking meter rates based on demand to ensure that there is always one parking spot open on every block, enabling drivers to immediately find a spot on the block where they want to park.

During peak-use hours, rates go up, and during non-peak hours rates go down, until they achieve the lowest price that will secure one free spot on every block at any time. This approach has proved successful at reducing traffic from cars circling looking for spots[162] and at increasing access to local businesses because patrons can always park on the block they want to visit.

Charging for parking is a more direct and accurate way to charge for trips than is charging businesses a fee based on a "trip generation model." Business owners objected to the business fee portion of the proposed street fee because the fee relied on flawed data and questionable assumptions. Directly charging people who drive saves local businesses from having to pass street costs on to all their customers.

While dynamic parking rates is an attractive option, your committee heard that dynamic parking should be viewed mainly as a parking management tool, and not a revenue generator.

Both the majority and minority believe PBOT should explore dynamic parking pricing primarily as a parking management tool and any revenue that is generated would well be spent on street maintenance and safety.

Payroll fee on commuters from outside Portland

Commissioner Novick mentioned a $2-per-month payroll tax on non-Portland residents who work in Portland as a possible funding mechanism.[163] Your committee found this to be an attractive option for capturing revenue from non-Portland residents who use city streets. This mechanism could serve as the basic system charge for those who use Portland streets but would not pay a residential Transportation Utility Fee.

While questions remain as to how easily the city could administer such a tax and if the city currently has the legal authority to implement it, such a tax has several benefits. First, $2 per month represents an extremely low amount relative to total payrolls, and low-income protections could be easily incorporated, addressing affordability concerns. Second, because the tax would be assessed on non-Portland residents, any organized political opposition would be difficult to mount, making referral to the ballot highly unlikely and success at the ballot highly likely. Third, it is an effective mechanism for identifying and charging non-Portland residents who unquestionably benefit from city roadways.

Tolls

The tolling of large transportation projects is an extremely common method for raising funds to both recoup construction costs and generate revenue for ongoing maintenance. Your committee discussed the possibility of Portland or Multnomah County pursuing such an option on bridges and roadways. We concluded tolls would be a fair and highly effective funding mechanism to either pay for future maintenance of certain bridges and roadways, or to repay the debt on those projects, thus freeing up money in PBOT's budget to pay for maintenance and safety of Portland's roads, instead of paying bridge debt.

It is unclear whether Portland has the authority necessary to enact a tolling ordinance, and legislative authority might be required before moving forward. Typically, tolls are used on bridges for which there are few if any reasonable alternatives. As such, the bridges across the Willamette River, which are currently under Multnomah County jurisdiction, would be ideal candidates.

The tolling of major arterials such as Sandy Boulevard or Broadway is likely impractical and would serve to divert users onto nearby neighborhood streets.

Due to the widespread use of tolling across the country, the requisite technology and expertise are widely available. Implementation costs therefore would likely be manageable, and ongoing administration could be contracted out to a private entity. Tolling is also an excellent means of charging drivers for their actual use of the road and of capturing revenue from non-Portland residents who use the city's roadways.

While some equity concerns do exist due to the flat cost of tolling, users could either avoid the toll by taking public transit, minimize the toll by carpooling, or a low-income rebate option could also be explored.

Increase parking meter rates

City Council has the authority to raise parking meter rates and therefore faces no legal issues, but it would not generate significant revenue.

Current parking meter revenue is $20 million annually. More than one-third of this revenue is needed to fund the cost of parking meter operations, maintenance, and capital replacement. A 20-cent-per-hour increase would generate about $2.4 million, once bank card fees have been subtracted. That's about $2.3 million from the downtown meter district, $200,000 from the Lloyd District, and $38,000 from the Marquam Hill district.

There is some potential for resistance from retailers and drivers. Retailers, in particular, might express concern that increased rates would negatively impact business. Experience in other jurisdictions has shown that charging the right price for parking increases business by ensuring patrons can always find an open parking spot on the block where they want to go, without circling.[164]

Administration would be relatively easy. The city currently has meters in three meter districts and will soon install meters in a fourth district (Central Eastside). Parking operations and enforcement programs already are in place.

The primary implementation hurdle would be that pay stations, signs, and single-use parking meters would have to be adjusted or reprogrammed. This process would take a little bit of time, but it is not complicated. City Council would have to buy into approving the increase.

PBOT has discretion how it spends parking meter revenue. It could easily use the new money to fund maintenance, operations, and capital work. One of the few restrictions is that the city has a policy to allocate about 51 percent of net parking meter revenues from Lloyd and Marquam Hill districts for projects and programs in those districts.

Your committee concludes that increased parking meter rates are an easily implemented change but would not raise enough money and might face some political or cultural opposition.

Other possible funding mechanisms

The funding tools discussed above are by no means exhaustive. Your committee faced time constratints and could not deeply investigate every opportunity. The framework the committee used, however, is suitable for assessing other options. Those might include:

- Tax on commercial parking spots
- Congestion charges
- Property tax bonds
- General obligation bonds
- Local property tax levy on residences and businesses
- Hotel / Lodging Tax
- Rental Car tax

Evaluating the possible funding mechanisms

In the tables below, your committee gives an example of how to use the criteria to assess several possible street funding mechanisms. The city or other groups could use the table below as a tool to determine whether a potential funding mechanism is both expedient and well-designed. For each criterion, we gave a score of High, Medium, or Low, where:

Low = Does not satisfy this criterion very well

Medium = Might satisfy or unsure

High = Satisfies this criterion well

Can the funding mechanism be implemented relatively quickly?

	Revenue Source	Technical Feasibility	Legal Feasibility	Political Feasibility	Cultural Feasibility
City Gas Tax	**Motor vehicle drivers**	High	High	Med	Low
Parking Permits	**Motor vehicle drivers**	High	High	Low	Med
VMT	**Motor vehicle drivers**	Med	Med	High	High
Value-based Vehicle Registration Fee	**Motor vehicle owners**	High	Med	Med	Med
Payroll Commuter Tax	**Out-of-Portland Commuters**	High	Med	High	Med
Trip generation business fee (Business TUF)	**Portland businesses**	High	Med	Med	High
Flat residential fee (Residential TUF)	**Portland residents**	Med	High	Med	Med
Income-based residential fee	**Portland residents**	Med	High	Low	Med
Budget Windfall	**Portland residents & businesses**	High	High	High	High
General Fund	**Portland residents & businesses**	High	High	Low	Low

Is the funding mechanism well-designed?

	Revenue Source	Fiscal Feasibility	Portland Users Pay	Non-Portland Users Pay	Ability to Pay
City Gas Tax	**Motor vehicle drivers**	High	High	High	Med
Parking Permits	**Motor vehicle drivers**	Med	Med	High	Low
VMT	**Motor vehicle drivers**	Med	High	High	Med
Value-based Vehicle Registration Fee	**Motor vehicle owners**	High	High	Low	High
Payroll Commuter Tax	**Out-of-Portland Commuters**	High	Med	High	Med
Trip generation business fee (Business TUF)	**Portland businesses**	Med	Med	Low	Med
Flat residential fee (Residential TUF)	**Portland residents**	High	Low	Low	Low
Income-based residential fee	**Portland residents**	Med	Low	Low	High
Budget Windfall	**Portland residents & businesses**	High	Low	Low	Low
General Fund	**Portland residents & businesses**	High	Low	Low	Low

Barriers to progress

Witnesses identified many barriers to creating a street maintenance and safety funding mechanism. In sum: Portlanders want their roads to be smooth and safe, but they don't want to pay a new fee or tax, and they don't trust that they city is spending existing tax revenue wisely.

Political disincentives for City Council to prioritize maintenance

To fund maintenance and safety, council needs to take money from other city services, impose new fees or taxes, or both. Although streets benefit everyone, no clear constituency lobbies for maintenance funding. Taking money away from a core service or raising new fees to pay for a service with no identifiable advocates is, at best, a thankless task. Politically, it is much safer to hope some future council will solve the maintenance funding problem. Indeed, that is what councils have done for at least 30 years.

Even this year, with considerable political attention on street needs and a $49 million budget surplus, the city dedicated just $6.3 million of the surplus to street maintenance.[165]

Ability of polarized interest groups to run an opposition campaign

Polarized interest groups have sufficient influence and resources to refer any potential funding mechanism to the ballot and to run an opposition campaign, building on the public's fears about waste and unfairness. Even the threat of such opposition can stop the city from approving new funding mechanisms because it does not have the budget to counter such an opposition campaign. This empowers private groups with narrow interests and monetary resources to block civic progress.

Forty-five localities in Oregon have been able to pass a city gas tax or a street fee without threat of a well-funded opposition. Portland's moneyed interests have prevented the same from passing in Portland, putting the city and its taxpayers in an increasingly dire financial position.

Lack of clarity about the root cause of the need for new revenue

PBOT went to great effort to communicate to the public that the department needs more money for street maintenance and safety, how many lane-miles have fallen into disrepair, and the increasing costs of continuing to defer repairs. However, many residents believe that maintaining streets is a routine, core budget item for the city, so upon learning that streets are falling into disrepair because the city does not have enough money for streets, the natural first question is why not? The next question is: if the city has not used its money to maintain streets in the past, how can it guarantee it will use new revenue to maintain streets in the future?

The answers require the city to explain how its overall revenues and costs have changed, whether its priorities have changed, and how it will implement those new priorities over time. The city has not sufficiently explained this to the public.[166] There was some suggestion that gas tax revenue is down, but the city auditor's report found that Portland gas tax revenue is actually up.[167]

Without more clarity about the trends that have led to the need for new revenue, and the priorities that will guide the use of future revenue, voters will continue to resist new taxes or fees.

Voter perception that City Council is not spending existing funds wisely

Unless and until the city can offer more assurance about its spending priorities, voters will resist new funding mechanisms.[168] There is a common public perception that Portland government could find the money for maintenance if it just prioritized its spending better. The fact that the city has underfunded maintenance for decades and is now asking for new revenue to fill the growing maintenance backlog suggests to voters that the city has consistently failed to fund prudent maintenance and is now asking today's voters to pay more to make up for the past leaders' lack of diligence. Without some change in city processes or priorities, it will be difficult to assure voters that the city will not repeat past spending patterns.

Perception that the gas tax already pays for roads

Many Americans believe that the amount they pay at the pump is sufficient to pay for roads, so they are loath to pay additional taxes or fees.[169] A 2013 Gallup poll found that two-thirds of Americans would vote against a state gas tax increase.[170]

This barrier could be lessened if Portlanders understood that gas taxes have never covered all the costs of roads, anyone who lives or works in Portland is already paying for roads through other taxes, and every city and state in the country requires additional sources of funding, beyond federal gas taxes, to pay for roads.

Belief that someone else should pay

Portlanders want their streets to be well maintained and safe, but many people balk at the idea of receiving a bill for streets. Some believe the city should use existing funds to pay for maintenance and safety; others acknowledge that the city needs new funds but would prefer any new taxes and fees be levied on someone else. People who drive cars think people who ride bikes should pay more. People who ride bikes think people who drive cars and trucks should pay more. Higher-income households oppose a strongly progressive income tax, while low-income households and their advocates prefer one. Apparently no Portlanders use studded tires, because the one thing most people seem to agree on is that people with studded tires should definitely pay more.[171]

Perception that roads are primarily or exclusively for convenience of car drivers

The perception that roads exist to serve cars and trucks creates resistance to any improvements that are not seen as directly benefiting motor vehicle drivers. In Portland, this belief sometimes leads to the opinion that any new fees should be assessed on people riding bikes because they don't buy gas.

City Club's 2013 report "No Turning Back: A City Club Report on Bicycle Transportation in Portland" made clear that the city's roads are multi-modal. All Portland residents must share the roads whether they drive, bike or walk. Each bicyclist and pedestrian helps reduce congestion by not being in a car. Again, better education is necessary.

Perception that roads are or should be "free"

Portland has asked voters to approve bonds and other sources of funding for parks, schools, the zoo, and arts. But the city has never directly asked voters to pay for transportation. As a result, it might come as an unwelcome surprise to many Portlanders to learn that street funding has not been taken care of all this time, and now they may need to pay an additional fee or tax for a service that has always appeared "free" or otherwise funded. Portlanders might wonder "Why now? Why me?" The city and street funding advocates will need to be able to answer those questions.

Commissioner form of government

The political feasibility of properly funding streets is encumbered by Portland's commissioner form of government. Properly funding streets would require someone with a broad and long-term view of the city and its budget to ensure, year after year, that the mundane work of infrastructure maintenance is always funded. The commissioner form of government does not lend itself to such holistic and long-term financial planning.

Budgeting now is a zero-sum game conducted amongst commissioners. Each commissioner is in charge of one or more bureaus. That commissioner's job is to champion the staff and projects in those bureaus. Recommending cuts to them only benefits another commissioner's bureaus and would be perceived as a betrayal by staff.

This year, the commissioners' budget supported more street maintenance, but it still doesn't begin to address the backlog or full safety needs. A responsible budget appears to depend on the luck of the draw, rather than be designed in to Portland city government's DNA. To truly be "The City that Works," Portland might need a form of government that works better.

Lack of funds for a public information campaign

Some of the above perceptions and mistrust might be alleviated with a public information campaign. However, the city has no funds to run such a campaign, and there is no special interest group ready and willing to run a public information campaign about street funding.

Distrust and resentment created by the arts tax

Negative public perception of the Portland Arts Tax is a hurdle for a street fee, particularly for a fee that piggy-backs on the Arts Tax collection methods. The public seemed to find the transparency and accountability of how the Arts Tax was actually spent to be insufficient.

Oregon cities can't raise more money through property taxes

Voter-approved ballot measures have severely limited Oregon cities' ability to raise revenue through property taxes.[172] Costs of services have been going up, but property taxes cannot keep pace, creating a gap between the services that local governments are able to provide and the services their citizens expect. During the 1990s, the percentage of property tax to income was fairly stable at around 5 percent. After the passage of Measures 5, 47, and 50, it dropped to a range of 3 to 4 percent and stayed there. At that level, property taxes don't raise enough money to cover local services, so cities are forced to cut services – as Portland has done with street maintenance – or to raise new funds.

Conclusion: Paths forward for Portland

Where should Portland be in 18 months?

Portland needs an immediate source of funds to prevent streets from falling into further disrepair. The mayor has declared City Council will not take action on new street funding mechanisms until after the 2016 election.[173] Even without floating new funding proposals, City Council can and should do some things in the next 18 months.

After 30 years of persistent neglect, Council needs to convince voters that the city is now, finally, prioritizing spending on maintenance. This year's $49 million budget windfall presents an opportunity to begin. Council's resolution to spend 50 percent of the budget surplus on infrastructure maintenance, including parks and streets, is a good step, but it is the minimum Council should do. Spending an even greater portion of the windfall and immediately committing to spend an even greater portion of future windfalls would signal to the public that Council is taking the need for street funding seriously. It could further improve voter confidence by reallocating as much money as possible from other priorities to maintenance.

Portland also needs to immediately stop digging itself deeper into the capital versus maintenance hole. The city should adopt a fiscally responsible "fix-it-first" attitude and prioritize maintenance over expansion. It should ensure that it can take care of the roads, bridges, light rail, and street cars it already has before it builds more. Finally, the city could begin laying the groundwork for successfully implementing a new source of revenue as soon as Council is ready to act.

Where should Portland be in 2 to 10 years?

After this period of Council inaction ends, Portland should move swiftly to put in place stable and fair funding mechanisms that are sufficient to maintain the city's streets in good, safe condition. Stable means the funds are used for street maintenance and safety, year after year. Fair means the mechanisms are equitable – accounting for people's ability to pay – and adhere as closely as possible to the users-pay principle.

Stable and fair solutions might not be immediately politically or culturally feasible. The city should start a multi-year campaign to educate residents and businesses about the need for such mechanisms, with the goal of implementing several users-pay mechanisms within the decade.

Fair mechanisms that adhere to the users-pay principle include:

- City gas tax
- Value-based vehicle registration fee
- Parking permits and fees
- Vehicle miles traveled fee
- Commuters payroll tax

The minority of your committee supports imposing a Transportation Utility Fee (TUF) on local residents and local businesses. The Mayor's decision not to take any action for 18 months convinced the majority that it would be the wrong mechanism.

The primary attraction of a TUF is that it could be implemented quickly and without a public vote, for an immediate infusion of funds to stop the accelerating decay. If nothing is going to happen for at least 18 months, its attractiveness is diminished. The majority believes that if the city first pursues a TUF, the likely outcome would be that City Council would increase the TUF to raise more revenue in the future rather than undertake the necessary campaign (following the Oregon League of Cities guidelines[174]) to pass a gas tax. Each bump in the TUF would result in further subsidization of non-local residents and goods transporters by local residents and local businesses, and further disincentive for Portland to maintain its leadership as a multi-modal city. One need look no further than water and sewer rates, which have increased about 75 percent in 10 years to see the potential for this scenario.[175] Moreover, each increase would make a regressive flat tax an even greater burden on low-income households.

The city also should be actively involved in any discussion about transportation funding in Salem. Portland should join with other local jurisdictions to inform the legislature about the maintenance crisis that Oregon communities face and to pressure the Legislature to allocate more state gas tax money to local jurisdictions to be used for street maintenance, instead of spending it building new state highways that will create new maintenance needs.

Finally, the city should start to unwind, as much as possible, taxpayer subsidization of capital projects. The more that Portland can shift those assets into a users-pay model, the more debt service money it can free up to spend on maintenance and safety. For example, the city could aim to work with Multnomah County to institute tolls on the Sellwood Bridge. Toll revenue would contribute to debt payment obligations on the bridge, freeing up some of PBOT's budget or some of the existing Multnomah County vehicle registration fee to pay for maintenance and safety.

Strategies for getting there

Given the barriers, Portland has a tough road ahead to properly fund streets. Strategies that would help reach these goals include:

- Portland businesses rely on the city's transportation infrastructure. The Portland Business Alliance should demonstrate leadership in working with the city to develop and champion solutions to the transportation funding crisis.
- City Council should identify public policy advocates and finances to help gain approval for new mechanisms to raise the necessary new revenue to fund Portland's streets.
- The City should communicate to Portlanders how the need for new funds has arisen by explaining:
    - Why city revenues have decreased (if applicable)
    - Why city expenditures have increased (if applicable)
    - Why priorities have changed (if applicable)
- The City should communicate to Portlanders the depth of the deferred maintenance crisis by publishing:
    a. How much costs will increase if the city continues to defer maintenance for 2, 5, or 10 years;
    b. The likely condition of streets if the city continues to defer maintenance for 2, 5, or 10 years;
    c. Several budget scenarios demonstrating what services the city would need to cut in order to pay for streets out of the general fund. For example, if cuts were made to police and fire, how many officers or policemen would have to be laid off? Or to parks, how many parks would be closed? Or a combination of cuts to police, fire, parks, and other departments.

Your committee also recommends that Portland simultaneously pursue the following revenue sources:

- The city should dedicate money from the budget surplus and the general fund to immediately contain costs and prevent streets from getting worse.
- The city should ask voters to approve a city gas tax.

- The city should work towards implementing other fees, including parking permits and fees, a commuter payroll tax, and, eventually, a vehicle miles traveled (VMT) fees, and a weight-and-value-based vehicle registration fee.

There is no silver bullet—no single source of revenue will solve Portland's transportation funding problem. An immediate infusion of cash from the budget surplus will stave off some deterioration, and a transportation utility fee will provide some funding. But neither is sufficient; the city must implement additional fees, as closely related to use as possible, to ensure Portland's streets serve its residents and businesses safely and efficiently for decades to come.

Findings

1. Portland has been underfunding its streets for decades.
2. Poorly-maintained streets cause costly wear and tear on vehicle suspensions and tires. Unsafe streets can lead to costly injuries and even deaths.
3. Portland needs at least $50 million per year to keep streets from falling into further disrepair, at least $75 million per year to repair streets that have fallen into disrepair, and at least $80 million per year to repair and construct safety projects that benefit all modes of transportation, for a total of $205 million per year.
4. In FY 2015-16, including allocations from the budget surplus, Portland will spend less than $20 million on street maintenance.
5. Money is fungible. Even if a new revenue stream is dedicated exclusively to street maintenance and safety, it could displace existing spending, freeing the city to spend that money on other priorities.
6. Many people distrust the City of Portland's ability to ensure fiscally prudent city priorities are funded over the long term.
7. In the past several decades, the City of Portland has shifted money from the general fund to capital projects and debt service on capital projects.
8. In the past decade, Portland Bureau of Transportation has shifted its transportation spending away from maintenance to capital projects and debt service on capital projects.
9. Other Oregon cities have solved or mitigated their street funding problem by implementing transportation utility fees and city gas taxes. Some spend two to three times as much on maintenance per lane-mile as Portland does.
10. City Council has no budget to inform voters about the crisis of deferred maintenance or to campaign for voters to approve new funds for streets.
11. Issues of broad public concern benefit from advocacy groups that engage in the policy process. No advocacy groups in Portland work specifically on ensuring funding for transportation maintenance.
12. Low-income households depend more on walking, biking and transit and also spend a greater share of their income on transportation compared with wealthier households.
13. Street disrepair and safety issues are often worse in low-income neighborhoods.

Conclusions

1. Underfunding of infrastructure maintenance is a national problem not unique to Portland. This is due in part to the prosaic nature of maintenance and is exacerbated by the fact that the federal government offers matching funds for capital projects, but not for maintenance.
2. Portland has underfunded street maintenance for three decades and does not currently dedicate enough funds to prevent further deterioration of streets, much less address the spiraling costs of the maintenance backlog.
3. Deferring maintenance is fiscally irresponsible. It doesn't just kick the can down the road; it also increases the cost of the problem at an accelerating rate.
4. Portland needs money to fix its streets. The money must come from multiple sources because there is no plausible federal or state revenue stream large enough to fill Portland's need, none of the potential local funding mechanisms alone can fill the hole, and there is not enough money in the general fund to cover all costs.
5. Well-maintained and safe streets benefit all local residents and businesses as well as employees, visitors, and companies moving goods in Portland. However, overuse of streets can harm Portland's livability and inflate transportation costs.
6. For more than 10 years, polarized interest groups have been an obstacle to funding streets. Although all parties agree the city should spend more on streets, some opponents argue against new revenue sources without saying where the money should come from.
7. Polarized interest groups have the resources to refer new funding proposals to the ballot and run opposition campaigns, and they are able to wield the threat of a referral and opposition campaign to chill public efforts to raise new revenue for streets.
8. The city has not effectively communicated to voters the trends in city revenues and expenditures that have led to the need for new revenue.
9. Voters are resistant to new fees or taxes for transportation both because they don't believe they should have to pay new fees or taxes for transportation and because they don't trust that the city government will spend new revenue well. The mayor's recent decision not to take action for the next 18 months contributes to the public's perception that street maintenance is not a priority to the city government.
10. Because interest groups can refer any new fee to the ballot and voters are unlikely to approve any new fee or tax to fund transportation, City Council options for raising new funds for transportation are limited.

Recommendations

1. City Council should not wait until after the 2016 elections to act on street funding.
2. City Council should follow through on its commitment to use at least 50 percent of this year's (FY2015-16) budget surplus to maintain infrastructure and should dedicate the majority of it to street maintenance.
3. City Council should commit to dedicate at least 50 percent – and preferably up to 100 percent – of future years' budget surpluses or increased city revenues to street maintenance until Portland has addressed its maintenance backlog.
4. The city should reallocate as much money as possible from other spending priorities to streets.
5. The city should adopt an ironclad, fiscally responsible "fix-it-first" policy and prioritize maintenance and safety over new capital expenditures.
6. When proposing any new taxes or fees, the city should clearly communicate to the public the trends in revenues and expenditures that have led to the need for new revenue, and how the city will safeguard the new revenue going forward.
7. The city should immediately pursue a fee for use. At the moment, the most technically feasible fee is a city gas tax. A gas tax would generate revenue from most users – including those transporting goods across Portland streets and those who don't reside in Portland – and would discourage congestion and pollution.
8. Shifting money from the general fund, budget surpluses, and a city gas tax would not raise all the revenue Portland needs for street, so the city should also pursue the following fees:
    - Parking permits and fees,
    - Commuter payroll tax,
    - Weight-and-value-based vehicle registration fees (see Recommendation 9, below),
    - Vehicle miles travelled (VMT) fee (once practicable)
9. Portland should lobby the state Legislature to authorize cities to charge vehicle registration fees and to vary charges based on the weight and value of the vehicle.
10. Portland Bureau of Transportation and City Council should aim to implement users-pay fees on large transportation projects such as bridges, streetcars and light rail to pay for debt service on those projects, freeing up transportation funds to be spent on maintenance instead of on debt payment.
11. Portland should not saddle all taxpayers with the bill for capital projects that primarily or exclusively benefit a few people and businesses. Bridges primarily benefit the people driving across the bridge and streetcar projects primarily benefit the businesses located near the line. If those people and businesses are not willing to pay for the benefits they receive, the city

should forego the project rather than siphon money away from things that benefit Portlanders more broadly, such as street maintenance and safety.

12. To promote a fix-it-first ethos, Portland should join other cities to lobby the Oregon Legislature to dedicate a larger percentage of state gas tax and vehicle registration revenue to fund local street maintenance instead of building new highways.
13. The city should educate Portlanders about the depth of the deferred maintenance crisis and the current state of funding.

Majority signatures:

Respectfully submitted,

Kristin Eberhard (lead writer),

Brian Landoe (vice chair),

Spencer Ehrman,

Barbara Slaughter,

Drusilla van Hengel.

Minority discussion and recommendations

As your Street Fee Research Committee majority report notes, Portland faces an expensive backlog of street maintenance and safety improvements. The past three decades of steady disinvestment in city street maintenance and safety must end, and it will take a suite of solutions to reverse course, including efforts both to prioritize existing resources and to raise new revenue.

Your committee was charged with determining if new street maintenance funding is needed and, if so, evaluating proposals to raise revenue for street maintenance and safety improvements that were being debated at the time your committee was established. As we conducted our interviews and researched the issues, a strong majority of your committee recognized that:

A. A well maintained transportation network is a core city service that is critical to a healthy economy and livable neighborhoods;

B. Portland does not devote enough funding to street maintenance due to a variety of a factors, primarily weakening historic sources of maintenance revenue (state and local gas taxes), but also due to City Council prioritization of competing transportation projects ;

C. The process of funding street maintenance should be treated more like a utility, similar to water/sewer;

D. The first step towards taking street maintenance more seriously should be for City Council to devote additional funding from the city's budget resources for city leaders to make additional investments from within the resources at hand;

E. The city should supplement existing revenue with other fees and taxes that are associated with use of the transportation system – just as water users pay a per-cubic-foot charge on top of the base charge;

F. Supplemental funding should come from sources that capture users broadly and also encourage more limited use of the transportation system by placing a cost on use of the system. So while establishing a vehicle-miles-traveled fee was highly regarded by your committee as a way to charge for use of the system by drivers, it was viewed as not having wide acceptance. More-traditional user fees such as gas taxes, parking charges, and registration fees are recommended as more immediate funding solutions to pursue.

Your committee also discussed a proposal that Portland establish a moderate, flat-rate Transportation Utility Fee (TUF) for households and a variable trip-related TUF for businesses that could serve in a similar fashion as the flat-rate "base charge" on Portlander's water bills. Thirty other cities in Oregon have implemented street fees or TUFs, including Hillsboro, Milwaukie, Oregon City, Sherwood, Tigard, Tualatin and Wilsonville in the greater Portland area.[176]

It was here that disagreement emerged on the committee, leading to majority and minority reports.

On a vote of 5-4, the proposal to establish a moderate TUF was left out of the recommendations due to concerns by the majority that (a) the flat-rate street fee is a regressive revenue tool and (b) the most recent effort to enact a street fee or TUF ran aground with City Council.

The majority voted to recommend Council instead immediately increase the gas tax and pursue some form of variable registration fee, arguing that this would create a more progressive revenue-raising structure to fund needed street maintenance and safety improvements.

The minority argues against this strategy for a few key reasons:

A. The gas tax is not a progressive revenue-raising system – it is a flat, per-gallon charge on users of gasoline;

B. Portland does not currently have authority to charge a registration fee and would have to seek state legislation to allow both city-level collection *and* the use of a variable fee based on vehicle value or weight as the majority proposes;

C. A variable registration fee is likely to be neither technically feasible – how much is your car or truck worth this year? – nor politically acceptable given the condition of recent state-level transportation funding discussions;

D. In the absence of a variable registration fee, the majority has replaced a regressive street fee with a regressive gas tax and regressive registration fee;

E. If impact on low-income residents is a primary criterion, then using the gas tax and additional registration fees as the main revenue mechanism to fill the maintenance and safety funding gap would hit poor, car-dependent families much harder than if some of that cost were spread to all households and to businesses within the city;

Safe and well-maintained streets are vital to all

All Portlanders benefit from well-maintained streets, well-marked road crossings, flashing crosswalk lights, and new sidewalks where none now exist. Whether one is a shut-in or a woman-about-the-town, an electric car driver or an avid biker, safe and well maintained roads allow goods to be delivered to homes and to shops, enable ambulances and fire trucks to reach every residence, and permit drivers, bicycle riders, and pedestrians alike to get from here to there safely and efficiently. Families with kids traversing intersections on the way to school want safe crossings and sidewalks. Bicycle commuters benefit from bike boulevards, bicycle lanes and tracks.

Only a TUF would ask all of these users to help pay for street maintenance and safety improvements, not just those who own or drive cars and trucks. For example, pedestrians do not pay gas tax commensurate with the benefit they receive, only with the amount of driving they do at other times.

It is very hard to identify a household that does not benefit from maintenance and safety improvements, including ones that do not have or use a car. As your committee's report notes: “All Portland residents must share the roads whether they drive, bike or walk.” So why should the gap in maintenance and safety funding fall primarily on those who use gas vehicles or own a car or truck? A moderate flat-rate street fee on households and a variable trip-based fee on businesses would act like the water/sewer "base charge" recognizing that all city residents benefit and so all residents should help cover the cost.

Comparing the TUF, gas tax and variable registration fees

Your committee used several criteria to weigh the many possible funding mechanisms Portland could pursue. A funding source needed at least technical feasibility, political possibility, and to have a nexus between collection and use, among other criteria.

In comparing the TUF, the gas tax, and variable registration fees, the TUF comes out on top in many categories. Both a TUF and a gas tax are feasible, and the minority concludes the variable registration fee is not. All three have a nexus to well-maintained streets and safety improvements, although the gas tax and the business TUF have the best nexus to street maintenance because vehicle registration and household fees are not based on direct use of city streets.

Probably most important for City Club's advocacy purposes, among these three mechanisms, the minority concludes that the TUF is the most politically possible. City Council has authority to implement a fee directly, making it the easiest to enact. A gas tax increase would require Council action plus a vote of the public, requiring a campaign where no obvious advocacy organization exists to promote an education campaign. The variable registration fee would require a change in state law before even getting to the starting gate for Council consideration.

Complicating the politics, both the gas tax and the registration fee are also primary funding sources for state transportation projects, raising the potential for a perception of competition between state and local funding efforts. Past local funding efforts have stalled over concerns that they might derail efforts to increase state transportation funding. A TUF would not affect state efforts to raise transportation funding.

In addition, given the enormity of the city’s street and safety funding shortfalls, it is critical to think about how much revenue could be raised from each source, and if any one source can truly raise sufficient revenue. Your committee estimates Portland should spend a ballpark $205 million per year for the next decade in order to get the city's streets back to a decent standard of repair and to build needed safety improvements.

The City Auditor estimated in 2013 that a 1-cent increase to the gas tax would generate $1.36 million annually for the Portland Bureau of Transportation.[177] Portland can impose a gas tax of 1 cent to 5 cents. It therefore could raise about $1.36 million to $6.8 million. The majority speculates that a 3-cent gas tax could raise up to $24 million, however, the minority concludes that their analysis relies too much on comparing Portland to cities whose circumstances differ substantially from a metropolitan area.

A calculation of how much a vehicle registration fee would raise for Portland requires some estimating. According to the Oregon Department of Transportation (ODOT), there were 711,669 vehicles registered in Multnomah County at the end of 2014.[178] Portland's population represents approximately 80 percent of the county total.* Assuming, then, that about the same portion of vehicles registered in the county are from Portland, the city could raise approximately $568,000 per year for every $1 of annual vehicle registration fee. A $10 vehicle registration fee would raise approximately $5.7 million.

Finally, according to a Portland Bureau of Transportation analysis of tax and fee revenue options issued in 2012, a $4.54 per household per month TUF with an associated business fee would raise $24 million per year.[179] Revenue potential of other TUF options are outlined in the majority report section "Street fee proposals in 2014" and exceed this amount.

A moderate TUF therefore is the most robust revenue raiser of the three most obvious revenue options. It would more than double the combined revenue potential of a 5-cent gas tax and $10 vehicle registration fee.

Approximate annual revenue potential of select transportation fees and taxes	
Source:	**Annual revenue potential:**
1-cent to 5-cent city gas tax	$1.36 million to $6.8 million
$1 to $10 vehicle registration fee	$568,000 to $5.7 million
$4.54 TUF (Household fee and associated business fee)	$24 million

TUF is a useful way to fund safety and street maintenance

The minority urges City Club members to include the TUF as part of the majority report because it has the easiest path to adoption and greatest revenue generating potential. City Club should make a TUF an essential component of its advocacy efforts on this issue.

If Portlanders are going get serious about fixing their streets and making them safer, they must pursue proposals that have a good chance of actually being enacted, spread costs fairly amongst

* The U.S. Census Bureau estimated Portland's and Multnomah County's 2014 populations to be 619,360 and 776,712 respectively.

all who benefit, and, all told, can actually raise sufficient revenue over time to solve the street maintenance and safety shortfall. Focusing primarily on an increased gas tax, which voters must approve, will not get the city to that goal.

The minority agrees with the majority that no single revenue stream will raise all of the necessary funding for street maintenance and transportation safety, but a TUF should be part of the mix and can be implemented more quickly than almost all others. The city cannot afford to delay action, as the majority notes. Concurrently, the city should refer a gas tax to voters to begin to construct the multifaceted funding model Portland needs.

Specific proposed changes to report recommendations

The minority proposes the following changes to the recommendations in your Street Fee Research Committee Report.

Replace Recommendations 7 and 8 (shown in strikeout below) with two new, but similar recommendations (in italics). These changes would modify the report to urge the city to act immediately to implement at street fee or TUF and then pursue other, user-based fees and taxes to supplement it:

~~7. The city should immediately pursue a fee for use. At the moment, the most technically feasible fee is a city gas tax. A gas tax would generate revenue from most users – including those transporting goods across Portland streets and those who don't reside in Portland – and would discourage congestion and pollution.~~

~~8. Shifting money from the general fund, budget surpluses, and a city gas tax would not raise all the revenue Portland needs for street, so the city should also pursue the following fees:~~

- ~~Parking permits and fees,~~
- ~~Commuter payroll tax,~~
- ~~Weight-and-value-based vehicle registration fees (see Recommendation 9, below),~~
- ~~Vehicle miles travelled (VMT) fee (once practicable).~~

7. *City Council should immediately adopt a transportation utility fee charging every Portland resident and businesses a modest amount through an existing collection method, such as sewer/water bills. The city should also immediately refer a city gas tax to voters. These proposals should be linked to offer the public a balanced fee and tax package that asks general residents and users to help pay for needed street maintenance and safety improvements.*

8. *Shifting money from the general fund and budget surpluses, and implementing a transportation utility fee and a city gas tax may not raise all the revenue Portland needs for streets, so the city should also explore the following users-pay street funding mechanisms:*
    - *Parking permits and fees*
    - *Commuter payroll tax,*
    - *Vehicle registration fees,*
    - *Vehicle miles travelled (VMT) fee (once practicable).*

Minority signatures:

Respectfully submitted,

Jennifer Rollins (chair),

Alan Brickley,

Andy Shaw,

Ted Wall.

Witnesses

- Craig Beebe, senior public affairs specialist, Metro, and chair, Portland City Club Bicycle Transportation Advocacy and Awareness Committee. Interviewed Jul. 2, 2015.
- Joe Cortright, CEO, Impresa. Interviewed Apr. 16, 2015.
- Amanda Fritz, city commissioner, City of Portland. Interviewed May 14, 2015.
- Eric Fruits, adjunct professor, PSU. Interviewed Feb. 26, 2015.
- Charlie Hales, mayor, City of Portland. Interviewed May 14, 2015.
- Marian Haynes, vice president of government relations and economic development, Portland Business Alliance. Interviewed May 19, 2015.
- John Horvick, vice president, DHM Research. Interviewed Mar. 12, 2015.
- Sue Keil, former director, PBOT. Interviewed March 26, 2015.
- Mark Lear, projects & funding manager, PBOT. Interviewed Feb. 19, 2015.
- Alan Lehto, director of planning and policy, TriMet. Interviewed Jun. 9, 2015.
- Alissa Mahar, executive director of finance and business operations, PBOT. Interviewed Feb.19, 2015.
- Noel Mickelberry, executive director, Oregon Walks. Interviewed Jul. 14, 2015.
- Steve Novick, city commissioner, City of Portland. Interviewed Apr. 23, 2015.
- Jonathan Ostar, executive director, OPAL. Interviewed Apr. 2, 2015.
- Nick Popenuk, policy analyst, ECONorthwest. Interviewed Apr. 9, 2015.
- Dylan Rivera, media relations, PBOT. Interviewed Feb. 19, 2015.
- Paul Romain, executive director, Oregon Fuels Association. Interviewed Mar. 5, 2015.
- Joseph Santos-Lyons, executive director, Asian Pacific American Network of Oregon (APANO). Interviewed Aug. 14, 2015.
- Jill Smith, chief operations officer, Home Forward. Interviewed Jun. 29, 2015.
- Steve Townsen, chief engineer, City of Portland. Interviewed May 14, 2015.
- Jamie Waltz, transportation asset manager, PBOT. Interviewed Feb. 19, 2015.

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About City Club of Portland

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