



Sam
Adams
Mayor

Susan D.
Keil
Director

DATE: January 30, 2011
TO: City of Portland Mayor Sam Adams and Portland City Council
FROM: Transportation Budget Advisory Committee (BAC)

Andre Baugh, National Association of Minority Contractors of Oregon and Group AGB, Ltd
Richard Beetle, Laborers' International Union of North America (LIUNA 483)
Bernie Bottomly, Portland Business Alliance
Corky Collier, Columbia Corridor Association
Bob Dwyer, Mack Roberts and Company
Marianne Fitzgerald, Southwest Neighborhoods, Inc.
Deane Funk, Portland General Electric
David Hampsten, East Portland Action Plan and Hazelwood Neighborhood Association
Gerik Kransky, Bicycle Transportation Alliance
Linda Nettekoven, Hosford-Abernethy Neighborhood Association and Southeast Uplift
Steph Routh, Willamette Pedestrian Coalition
Kevin Spellman, Spellman Consulting
Sue Thompson, Oregon Health Science University
Ken Turner, Small Business Advisory Council
Rick Williams, Lloyd Transportation Management Association
John Wood, City of Portland Professional Employees Association

BUDGET ADVISORY COMMITTEE EXECUTIVE SUMMARY

The purpose of this memo is to summarize our reviews, discussions and general comments regarding Transportation's FY 12 budget request. Our thanks to Transportation Director Susan Keil for asking us to be involved in the FY 12 budget review process. We anticipate continuing as an advisory committee in the coming year to offer our support, input and advice on other critical issues.

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Summary

We feel that the FY 12 budget presented by PBOT is reasonable only in the sense that it addresses infrastructure needs in the City within very difficult financial constraints. Current resource allocations are totally inadequate to meet Bureau needs and are unsustainable in the long-run unless additional revenue streams (e.g., street maintenance fees) are created.

Over the last 10 years, the PBOT operating budget has been reduced by \$16 million. The current deferred maintenance level is \$743 million and is growing by \$7 million annually. At a time when basic operations are underfunded, the Bureau is being asked to allocate resources for Sellwood Bridge replacement and other emerging needs. Over the next few years, increased support for streetcar operations will also be necessary. In this environment, it will be critical that additional resources be developed and targeted to changing priorities:

Over the summer, a subgroup of the Budget Advisory Committee, the Strategic Investment Working Group, met several times to update Program Criteria and Program Weighting through which all PBOT programs are ranked. The group also developed information comparing PBOT planning processes with other planning efforts in the City, as well as dealing with issues being addressed in the Portland Plan, such as geographic equity of services, mode equity, and economic equity during this prolonged recession. These documents (attached) serve to help guide PBOT budget decision-making.

These Program Criteria and Categories, are:

<u>CRITERIA</u>	<u>WEIGHT</u>
Improves Transportation Safety	30%
Provides Effective and Efficient Maintenance Of Transportation's Assets	30%
Manages Traffic Capacity and Traffic Flow System-wide	10%
Supports Public Health and Environmental Quality	10%
Supports Local Transportation to Promote Livable Communities	10%
Supports Business and Employment to Promote Economic Vitality	10%

TOTAL	100%
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<u>PROGRAM POINTS</u>	<u>WEIGHT</u>
Makes Efficient, Effective Use of Funding	20%
Leverages External Funding/Seeds Future Funding	20%
Supports Equity	20%
Supports Council Directive	20%
Meets Legal Mandate	20%

TOTAL	100%
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As a Budget Advisory Committee, we met six times to review budget issues with PBOT staff. Topics included:

- The Five-year Financial Forecast
- Parking
- Capital Improvement Projects
- Fees and Charges
- Program Improvement Plans
- Decision Packages
- Budget Summaries
- Budget Allocations Ranked By Program Criteria
- Tree Code and Transportation Infrastructure Costs

Following are a number of concerns and expectations for the City and PBOT about which we feel strongly. It is our intent to continue to work with the Bureau to make progress on these items.

Economic Recovery and Revenue Streams

The resource constraints facing PBOT are significant. With major funding sources tied to Motor Vehicle Taxes and Utility License Fees, it is clear that the condition of the City's transportation infrastructure investment relates directly to the upcoming economic recovery. We recognize that additional funding from traditional external sources will be difficult. In consultation with citizens and the business community, we endorse the development of additional revenue streams to support critical functions. We also support an increase in the share of Utility License Fees allocated to PBOT as a way to expand infrastructure investment, as well as support job and economic growth. We feel it is important that resources being generated by industry be used to support economic development. The allocation of funds under any new revenue structure must be linked to City planning processes and funding priorities.

Improving the Links between Priorities and Budget Allocations

Over the last several budget cycles, PBOT has developed and refined decision-making criteria designed to establish priorities for resource allocations. More needs to be done in this area in terms of defining concepts, ranking programs, and data development, as well as integrating the criteria into the day-to-day operations and culture at PBOT. We encourage PBOT to continue to work in this area and to integrate current criteria with other similar initiatives in the Bureau.

A priority for the Committee is to assure, to the greatest extent possible, that resource allocations align with stated priorities. Such alignment is especially challenging in the area of Capital Improvement Projects in which the "leveraging" of City resources with external funding often drives priorities and discretionary funding commitments. The Committee

expects PBOT to continue to explore the development of discretionary resources for Capital Improvement Projects and to target funding requests to projects that are consistent with planning priorities. A priority should be placed on funding the maintenance requirements resulting from capital expansion.

Need to Integrate Planning, Program Implementation, and Funding

PBOT planning and decision-making activities do not exist in a vacuum but within a context of other processes within the city and the region. The BAC recommends that the City develop an appropriate mechanism for the integration of such activities to assure consistent program decision-making, implementation and funding. We encourage the City and PBOT to develop planning linkages among agencies so that these relationships become realities.

Targeting Resources to Meet Community Needs

The Mayor's Office and PBOT have shown a strong interest in identifying and meeting local community needs. Much more needs to be done and we encourage the City to continue to work on methods for providing more transparent information to community groups about PBOT programs and for PBOT to collaborate with the community in ways that relate to such programs. Examples of such activities include:

- Development of a "Community Tool Kit" to help localities understand and be involved in PBOT capital project identification and budget processes.
- Providing information to communities on LID funding opportunities.
- The development of regular communications with neighborhood and business associations to share information.

Focus on Budget Monitoring, Program Oversight, and Improved Operations

It is difficult to impact a City Bureau such as PBOT through a limited Budget Advisory Committee process that may exist over a two-month period during the year. We intend to meet quarterly with PBOT staff to monitor the budget and to work on significant planning initiatives. We strongly encourage PBOT to work with other City bureaus to improve financial and management information systems for use in resource tracking and decision-making.

Program Improvement Plans

The PBOT budget monitoring process reflects a number of Program Improvement Plans through which key programs are monitored relative to specific goals and expectations. We strongly support this approach, since it increases Bureau efficiency and reduces long-term costs. For FY 12, the following PIP's are proposed:

Pavement Management

Transportation's new Pavement Management System (Street Saver) was installed in the spring 2010. The rating of all collector and arterial streets, using a new pavement rating system, was completed in the fall of 2010. In the next year, PBOT will load treatment rules and maintenance cost data into the system and be able to run predictive models and report on pavement status, conditions and unmet needs system-wide.

Mobile Technology

The Bureau's current work processes and asset management tracking systems are inefficient and ineffective because we continue to rely on paper and pencil documentation of the work that is done. This information may or may not make it into an electronic database for tracking and analysis of our accomplishments and needs. Numerous hours of staff time are being spent on this method of data processing and collection. Mobile technology can create efficiencies in the work that is done by eliminating paper-work and the need for double data-entry. In the next year, PBOT will evaluate and possibly purchase mobility options for improving workgroup data management and data capturing activities. Mobility options will be targeted to the specific needs of Operation and Maintenance work groups.

Asset Management Levels of Service

Levels of service are a way of monitoring progress toward a result or goal. They provide a basis for communicating accomplishments and needs that are then used for business decision making. Establishing levels of service for transportation assets will allow PBOT to continue to advance asset management across the Bureau and enhance decision making. Defining asset-specific levels of service will include input from the community, asset managers and key PBOT decision makers. The goal of this project is to establish SMART (Specific, Measurable, Attainable, Relevant, Time-bound) Levels of Service for Portland Bureau of Transportation's eight asset classes, which will be measured using data that are already being collected.

Migration from TRACS to ACCELA

TRACS is the Development Services Bureau's property database and permitting program. Council gave BDS the approval to replace TRACS with ACCELA in October at a cost to BDS of \$5.2 million and conversion over two years. With approximately 95 PBOT users relying on the system for permitting, 58 in Development-Street Systems Division, and 38 in Parking Enforcement and Parking Control, PBOT is second to BDS in the number of users of this system. The budget includes resources to begin the conversion to the ACCELA software package.

Developer Assistance/Public Works Permitting Reform Consolidation

Public Works (PW) Permitting Reform in 2009 shifted the balance towards customer service (predictable fees and schedules, permitting over engineering, face time with permittees, etc.), and away from the engineering and construction details spotlight (plans reviewed for every detail correct no matter what the cost and time, construction errors corrected by city not consultant design engineer, etc.). The program has been overhauled to allow developers an accurate inter- and intra-bureau coordinated response to draft proposals at the inquiry and proposal development stage. To align permittees with the new PW Permitting Process, as well as coordinate with other bureau's fees, the program is subsidized by PBOT. The subsidies and fees will continue to be monitored.

Specific Budget Changes

In addition to the Program Improvement Plans, we have reviewed key decision packages reflected in the FY 12 PBOT budget and strongly support them:

- With the passage of HB2001, the Legislature made a major statement regarding the importance of transportation infrastructure. Similarly, the adoption of Ordinance 182094 by City Council pledged additional Utility License Fee Income to PBOT for needed programs. With shortfalls in Motor Fuels Tax Revenues and Utility License Fees, changes to the increased investments in these areas have been necessary. The Bureau is recommending that \$1.9 million in HB2001 investment reductions made in FY 11 be continued into FY 12. In addition, the Bureau has revised financing plans for the Portland Milwaukie Light Rail Project allowing for the deferment of \$1.4 million initially allocated for this purpose in FY 12.
- The Mayor's guidance on the development of the FY 12 budget required a 1.5% reduction in General Fund support. Since most of the General Fund support for PBOT is allocated for street lighting, the Bureau has little choice but to reduce this budget by \$133,374. The Committee recommends that this reduction be restored as a matter of public safety.
- PBOT is playing an increasingly active role in improving the quality of life in the City. The Bureau is requesting that Council invest in this important role. The PBOT budget includes General Fund add packages for services such as Sunday Parkways (\$170,000) and Special Events (\$75,000).
- The implementation of the City's Enterprise Resource Program (SAP) is proving difficult, especially in the area of employee timekeeping. PBOT is making a continuing request of \$210,000 in order to fund three new positions to meet this necessary expense. With the program needs of the Bureau increasing at a much more rapid pace than available resources, it is indeed unfortunate that scarce resources must be allocated to this type of basic support service.

Conclusion

The challenges facing PBOT in the development of a multi-modal transportation system in the City are significant. The resources available are extremely limited. We continue to be extremely impressed with the management of PBOT and its capacity to meet needs in innovative ways. We look forward to working with you and PBOT to continue to improve the City's transportation system.

Attachments