

Transportation Fund Fact Sheet

What is the Transportation Fund?

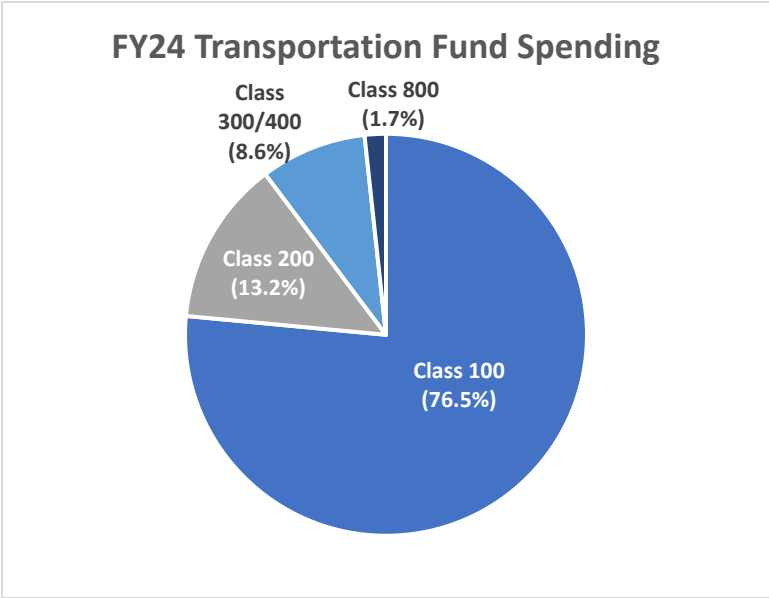
The Transportation Fund was created in Fiscal Year 2024. At that time, the intention was to dedicate revenue streams for paving and transportation investments. Costs for street paving, ADA curb ramps, and other transportation needs have increased in recent years. Having a separate fund for these costs could put less strain on the General and Capital Funds and allow transportation-related funding decisions to be made separately from the rest of the City's budget. This recently created fund could also streamline the process for demonstrating matching funds and dedicated revenue streams for new borrowings, grants, and low-interest federal loans for transportation needs. While these policy and procedural shifts have not yet been made, the existence of the Transportation Fund creates the opportunity to do so in the future.



Creation of the Transportation Fund was cost neutral for the City. No revenue streams were created or expanded to support it; instead, transportation-related revenues were shifted from the General Fund and re-allocated to the Transportation Fund starting in FY24.

How is the Transportation Fund Allocated?

Like the General Fund, employee compensation and benefits (Class 100) make up most of the Transportation Fund budget, with wages appropriated to the Streets Department, and funds to cover employee benefits budgeted in Finance. In the Transportation Fund's first year, over 75% of spending (\$89.5 million) went towards Class 100. Thirteen percent of the budget (\$15.5 million) was appropriated for contracted services (Class 200); about \$10 million, or 8.6 percent,

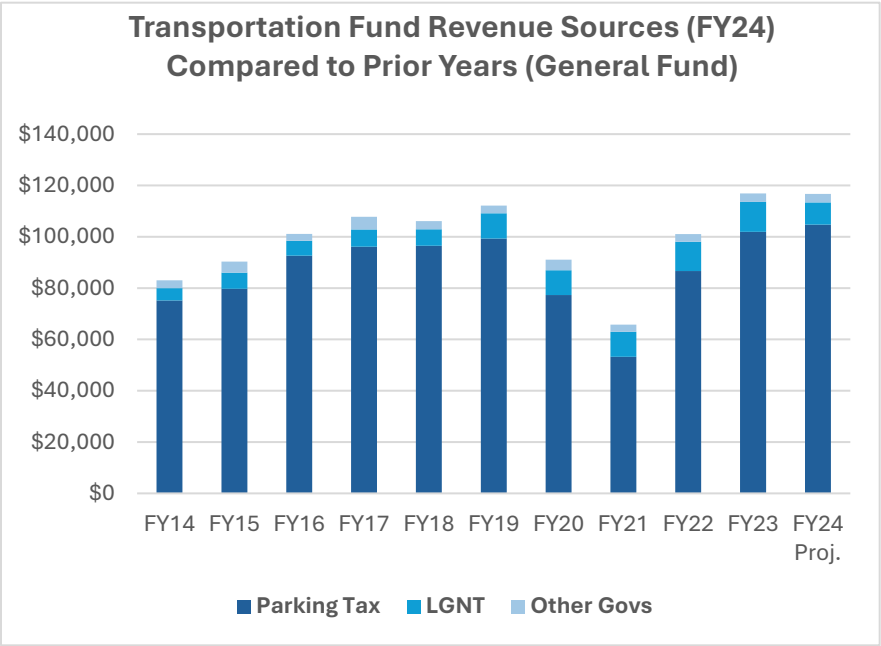


was spent on materials, supplies, and equipment (Class 300/400); and \$2 million, or 1.7% of the budget, was transferred to other City Funds (Class 800).

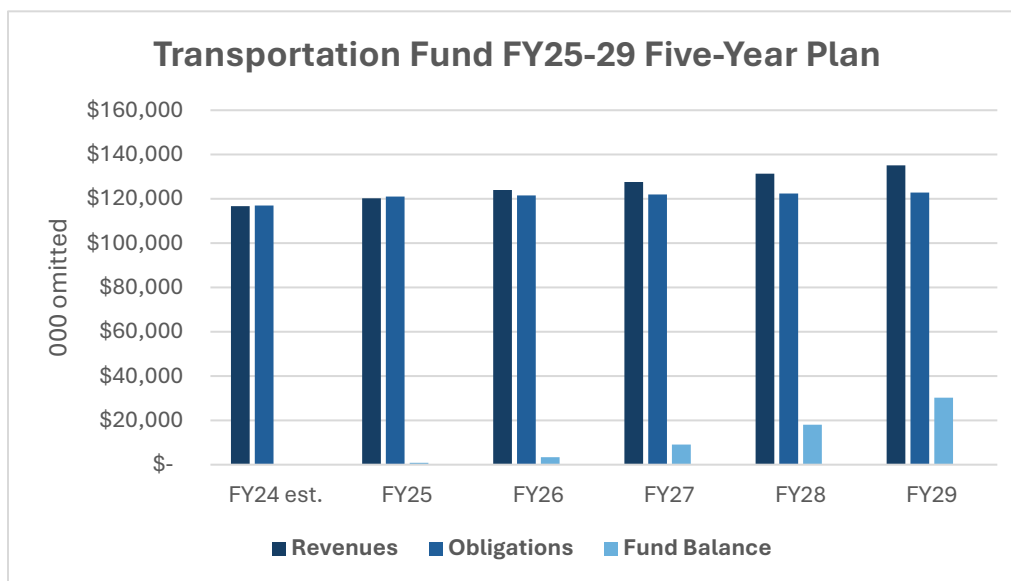
How Does Philadelphia Pay for the Transportation Fund?

The primary sources of revenue for the Transportation Fund are the Parking and Valet Taxes. In addition to tax revenue, the Transportation Fund also receives locally generated non-tax (LGNT) revenue from survey charges, permits, and right of way fees along with federal and state grants for snow removal and highway and bridge design assistance.

In FY24, the first fiscal year of the Transportation Fund’s existence, an estimated \$116.7 million in revenue was collected. Almost 90 percent of this, or \$104.7 million, was from the Parking and Valet Taxes. Locally generated non-tax revenue accounted for \$8.6 million, or 7.4 percent of revenues, and revenue from other governments made up \$3.3 million or 2.8 percent of revenues.



FY24 Transportation Fund revenues were \$213,000 lower than the combination of these revenue sources in the FY23 General Fund budget. The combination of these revenue sources grew from \$83.1 million in FY14 to \$116.7 million in FY24, an increase of \$33.6 million or 40.5 percent.



Looking Forward at the Transportation Fund

Starting in FY25, the City will report on the Transportation Fund budget as part of its Quarterly City Managers Report and Five-Year Financial Plan, following requests for additional reporting from PICA.

The Adopted FY25-29 Five-Year Plan for the Transportation Fund projects revenues to increase from \$120.2 million in FY25 to \$135.1 million in FY29, increasing at an average rate of three percent. Obligations are expected to grow at a slower rate of 0.4 percent annually, increasing by just \$1.8 million from \$121.1 million in FY25 to \$122.9 million in FY29. Consecutive years of revenues outpacing obligations will serve to build up the Transportation Fund's fund balance to an estimated 22.4 percent of revenues in FY29, or \$30.3 million. This may change in upcoming Plans if the City opts to shift additional related costs, like fringe benefits, from the General Fund to the Transportation Fund, which would be consistent with how other funds are structured.

About the Report

This report was written by Suzanne Staherski and edited by Marisa Waxman, with graphic support from ChatGPT's DALL-E feature. All AI-generated content was reviewed by PICA Staff prior to publication.