

Metro

Tax Measure Review - Measure 26-244

May 21, 2024 Election

OVERVIEW

Type of Measure	General Obligation Bond
Ballot Title	Bonds to protect animal health; provide conservation, education; increase sustainability
Estimated \$ Raised	The measure authorizes \$380 million in general obligation bonds.
Tax Impact	The average estimated tax rate is 8.5 cents per \$1,000 of assessed property value. Bonds may be issued in multiple series and mature in 30 years or less.
Purpose	Protect animal health; save water, energy; provide conservation, youth education; issue bonds estimated not to increase tax rate
Hearing Date/Time	May 2, 2024 @ 11:00 am

What is a General Obligation Bond?

Many local governments have broad authority to take on debt to finance government operations. One of the most popular forms of debt is General Obligation Bonds.

The Oregon Constitution provides most local governments the authority to ask voters to approve General Obligation Bonds by putting a measure on the ballot. If the measure is approved, the district is able to levy property taxes in an annual amount sufficient to pay for the principal and interest (debt service) on the bonds.

Uses of bond proceeds are restricted by both Measure 5 (1990) and Measure 50 (1997). Under Measure 5, if the use does not meet the constitutional requirements the property tax levy could lose its exclusion from Measure 5's limitations. Measure 50 further restricted the uses to include only "capital construction and improvements". Statutory language defines capital construction and improvements to include "public safety and law enforcement vehicles" but exclude "maintenance and repairs, the need for which could be reasonably anticipated" or "supplies and equipment that are not intrinsic to the structure".

MEASURE SUMMARY

Metro is seeking voter approval for authorization to borrow \$380 million in general obligation bonds and pay the debt service by levying annual property taxes.

Summary from Request for Ballot Title

This measure authorizes \$380 million in general obligation bonds for the Oregon Zoo to:

- Protect animal health and well-being by updating aging exhibits with more natural, modern habitats, including but not limited to penguins, sea otters, giraffes.
- Improve facilities to enhance educational opportunities for children and other zoo visitors to learn about animals and habitat conservation.
- Conserve water and energy in zoo operations and updated infrastructure.
- Improve facilities supporting the zoo's conservation work protecting and restoring threatened/endangered species in the Northwest and beyond.
- Increase accessibility for visitors of all abilities, including improved paths and exhibits.
- Improve protection from heat and extreme weather for animals, visitors.
- Improve facilities to prepare for animal care in a natural disaster or emergency.

This measure is estimated not to increase current bond tax rates, due to scheduled debt service reductions. Bonds may be issued in multiple series and mature in no more than 30 years. The estimated average rate is 8.5 cents/\$1,000 assessed value.

Requires annual financial audits, and annual reports to Metro Council by community oversight committee.



BACKGROUND

Metro is a regional government authorized by its charter to assume responsibility for issues of metropolitan concern. The district’s work focuses on regional planning, parks and green spaces, waste disposal, and operating of regional venues such as the Oregon Zoo and the Convention Center, and more recently, housing. In 2018, Metro partnered with local cities and counties to engage the community and ask voters to support the creation of new affordable housing in the region. Then the passage of the supportive housing services tax in May 2020 expanded Metro’s part in addressing the regional housing crisis. Metro’s jurisdiction includes portions of Multnomah, Clackamas and Washington counties.

Metro Tax Information & FTE	2020-21	2021-22	2022-23	2023-24
Assessed Value in Billions	\$184.791	\$193.113	\$201.776	\$214.862
Real Market Value (M-5) in Billions	\$353.506	\$376.879	\$423.733	\$448.179
Property Tax Rate Extended:				
Operations	\$0.0966	\$0.0966	\$0.0966	\$0.0966
Local Option Levy	\$0.0960	\$0.0960	\$0.0960	\$0.0960
Debt Service	\$0.3974	\$0.3774	\$0.3735	\$0.3820
Total Property Tax Rate	\$0.5900	\$0.5700	\$0.5661	\$0.5746
Measure 5 Impact (compression)	\$-2,246,268	\$-2,322,365	\$-2,133,028	\$-2,076,245
Number of Employees (FTE’s)	967	1,027	1,102	1,149

Metro has a permanent rate of \$0.0966 per \$1,000 of assessed value, a local option levy for parks of \$0.0960, and a debt service levy to cover the cost of general obligation bonds to fund zoo, parks, and affordable housing projects.

General Obligation tax rates totaled \$0.3820 for FY 2023-24. The tax rate for the proposed Zoo GO bond will not be set until the district’s 2024-25 budget process, but is expected to be \$0.085 cents per \$1,000. Due to previous debt being refinanced and/or paid off, Metro does not anticipate tax rates will increase if the proposed 2024 Zoo bond is passed.

Metro is currently paying principal and interest on general obligation bonds that voters approved previously. Bonds previously approved by for zoo infrastructure will reach maturity in 2028. See next page for full list of GO bonds and principal outstanding as of Metro’s FY 23-24 Adopted Budget.



	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity	Source of Payment
GENERAL OBLIGATION BONDS					
General Obligation Bonds					
Natural Areas, Series 2012A	\$75,000,000	5/23/2012	\$3,107,000	6/1/2026	Property Taxes
Natural Areas, Series 2018	28,105,000	5/15/2018	6,855,000	6/1/2026	Property Taxes
Natural Areas, Series 2020A	110,000,000	4/30/2020	110,000,000	6/1/2040	Property Taxes
Natural Areas, Series 2020B	90,000,000	4/30/2020	41,110,000	6/1/2030	Property Taxes
Oregon Zoo Infrastructure, Series 2012A	65,000,000	5/23/2012	7,628,000	6/1/2028	Property Taxes
Oregon Zoo Infrastructure, Series 2018	10,000,000	5/15/2018	5,790,000	6/1/2028	Property Taxes
General Obligation Refunding Bonds, Series 2023	40,873,920	5/31/2023	40,873,920	6/1/2025	Property Taxes
Affordable Housing, Series 2019	652,800,000	5/15/2019	592,090,000	6/1/2039	Property Taxes
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			\$807,453,920		

Zoo Budget

The total Metro budget is \$1.8 billion, and \$96.1 million (5.3% percent) is for Zoo programs. The program is split across three funds, two of which are currently active:

- Oregon Zoo Asset Management Fund - \$15.8 million
- Oregon Zoo Operating Fund - \$80.3 million

A third fund, the Oregon Zoo Infrastructure and Animal Welfare fund, accounted for proceeds of the November 2008 Zoo bonds. The final funds were disbursed in FY 21-22 and the fund is now closed.

Zoo Program Resources

The Zoo program is funded primarily by charges for services (admissions fees, membership revenue, and other sales) and property tax revenue transferred from the General Fund.

Beginning fund balance, which can be thought of as the Zoo’s safety account/emergency fund, is \$35 million with the largest allocation in the operating fund.

	Operating Fund	Asset Management Fund	Total
Beginning Fund Balance	\$31	\$3.9	\$34.9
Revenues			
Charges for Services/Sales	\$26.3	\$0	\$26.3
Property Tax transfer*	\$17	\$11.2	\$28.2
Other	\$6	\$0.7	\$6.7
Total Requirements	\$80.3	\$15.8	\$96.1

**The \$17 million property tax transfer to the Operating Fund comes from Metro’s General Fund and is the total property tax amount supporting the Zoo. \$11.2 million is then transferred from the Operating Fund to the Asset Management fund for budget purposes.*



Zoo Program Expenditures

Summary of the Oregon Zoo							% Change
	Audited FY 2020-21	Audited FY 2021-22	Amended FY 2022-23	Proposed FY 2023-24	Approved FY 2023-24	Adopted FY 2023-24	from Amended 2022-23
BUDGET BY CLASSIFICATION							
Personnel Services	\$15,750,743	\$17,975,683	\$23,192,988	\$26,930,980	\$26,930,980	\$26,930,980	16.12%
Materials and Services	9,411,435	8,708,246	23,816,354	26,557,094	26,557,094	26,557,094	11.51%
Capital Outlay	12,468,179	645,174	3,511,500	2,943,837	2,943,837	2,943,837	(16.17%)
TOTAL	\$37,630,356	\$27,329,103	\$50,520,842	\$56,431,911	\$56,431,911	\$56,431,911	11.70%
BUDGET BY FUND							
Oregon Zoo Asset Management Fund	\$1,813,995	\$1,452,897	\$11,685,712	\$15,368,630	\$15,368,630	\$15,368,630	31.52%
Oregon Zoo Infrastructure/Animal Welfare Fund	11,478,189	-	-	-	-	-	-
Oregon Zoo Operating Fund	24,338,172	25,876,206	38,835,130	41,063,281	41,063,281	41,063,281	5.74%
TOTAL	\$37,630,356	\$27,329,103	\$50,520,842	\$56,431,911	\$56,431,911	\$56,431,911	11.70%
FULL-TIME EQUIVALENTS	186.55	182.85	192.35	192.85	192.85	192.85	0.26%
FTE CHANGE FROM FY 2022-23 AMENDED BUDGET							0.50

*Due to rounding, numbers presented in the above schedule may not add up precisely to the totals provided.

**Note: Summary numbers above do not include fund balances, transfers out, or contingency amounts. With those amounts added, total requirements are \$96.1 million.*

Previous Zoo Bond Measures

This is the third GO bond for zoo infrastructure Metro has brought to voters in the past 30 years. In 1996 voters approved \$28.8 million for the Oregon Zoo. Voters then approved a \$125 million bond in 2008. The 2008 bond included the following commitments:

- Provide more humane care for animals; update four outdated and undersized enclosures with larger, more natural and safer spaces.
- Protect animal health and safety; modernize zoo’s substandard 45-year-old animal clinic determined deficient by the Association of Zoos and Aquariums.
- Increase access to conservation education; provide more space for summer camps, classes and hands-on learning for kids, adults and families

As of October 2021, Metro reported the final completion of bond projects as on-time and on budget. The 2008 ballot measure included a commitment to forming a citizen oversight committee to assess and report on progress and make project recommendations. The committee was appointed by Metro Council in January 2010 and generally met four times a year. The group completed annual reports to Metro Council. You can review the final report here: oregonmetro.legistar.com/View.ashx?M=F&ID=9958599&GUID=0A19C6C6-CD54-4A08-B831-6E9DD56D2699



The FY 23-24 Adopted Budget summarized the remaining debt on the 2008 measure:

“\$31.5 million remains on the \$125 million 2008 measure for Oregon Zoo infrastructure and projects related to animal welfare. There have been five total issuances, two of which remain outstanding: Oregon Zoo Infrastructure 2012A and 2018 series, both maturing in 2028. In May 2023, \$14.3 million of the Oregon Zoo Infrastructure 2012A series issuance was refunded by the General Obligation Refunding Bonds 2023 Series.”

MEASURE ANALYSIS

The proposed levy is for \$380 million and Metro estimates the tax rate will be \$0.085 cents per \$1,000. Bonds may be issued in multiple series and matures in 30 years or less. The entirety of the levy will be used to pay debt service on the money Metro will borrow to fund the capital projects as described in the ballot measure. Due to previous debt being refinanced and/or paid off, Metro does not anticipate tax rates will increase if the proposed 2024 Zoo bond is passed.

Use of funds

Measure priorities as described by Metro:

- Protect animal health and well-being by updating aging animal areas with more natural, modern habitats, including but not limited to penguins, sea otters and giraffes.
- Improve facilities to enhance educational opportunities for children and other visitors to learn about animals and habitat conservation.
- Conserve water and energy in operations and updated infrastructure.
- Improve facilities supporting the zoo’s conservation work protecting and restoring threatened and endangered species in the Northwest and beyond.
- Increase accessibility for visitors of all abilities, including improved paths and exhibits.
- Improve protection from heat and extreme weather for animals and visitors.
- Improve facilities to prepare for animal care in a natural disaster or emergency.

These potential investments form the basis of a new [20-year Oregon Zoo Campus Plan](#) which will go to Metro Council for final approval by summer 2024.

Impact to District

If the bond does not pass, the proposed projects would not occur unless the district were to identify other funding sources.



Timeline

Investments are expected to be completed in 10-15 years. Zoo staff will present a detailed bond implementation plan to Metro Council in fall 2024.

Oversight

The measure summary calls out required financial audits and annual reports to the Metro Council by a planned community oversight committee.

Property Tax Impact

A home with an assessed value of \$275,000 would pay an estimated \$24 yearly for the bond. General Obligation Bonds are outside of property tax limitations (commonly known as “compression”) and so all properties in the Metro taxing boundaries would pay this amount.