

# METRO

## Measure 26-178: Renews Local Option Levy; Protects Natural Areas, Water Quality, and Fish

November 8, 2016 General Election

TSCC Hearing Date: Thursday, October 20, 2016

Time: 12:30 p.m.

Place: Council Chambers, Metro Headquarters Building  
600 N.E. Grand Avenue  
Portland, Oregon

### Measure Overview

Metro is seeking voter approval for renewal of its local option levy of \$0.0960 per \$1,000 of assessed value. The levy has been in place since 2013-14 and the renewal would be effective in 2018-19.

The purpose of the levy is to protect water quality; restore fish and wildlife habitat; and connect people with nature across 17,000 acres of parks, trails, and natural areas. About half of the levy funding goes toward restoring natural areas acquired over two decades and two voter approved bond measures. The other half of the money helps connect people with nature by improving Metro parks and natural areas, providing nature education programming, and providing grants for community nature projects.

### Jurisdictional Extent

Metro's jurisdiction includes portions of Multnomah, Clackamas and Washington Counties. The levy applies to all properties within Metro's boundaries. The total assessed value of the area was \$157 billion as of January 2015 (the values for January 2016 have not been released). Forty-five percent of the value is in Multnomah County and the remainder is split between Clackamas and Washington Counties.



Metro Boundary Map

**Tax Revenue**

At its rate of \$0.0960, this measure costs the owner of a property about \$10 per year per \$100,000 of assessed value. The average property tax bill on Multnomah County properties last year was \$4,418.

Metro anticipates that the levy will generate \$14.8 million dollars in 2018, increasing by about 4% annually to \$17.4 million in 2022.

**Compression Impact**

Compression is the constitutionally required tax reduction on a property when the total of the property’s tax rates exceed the constitutional rate limits. If a property is in compression, then the dollar value of the local option levies on the property are reduced until the levy rates come within the limits.

Metro falls in the General Government rate limit of \$10. In geographic areas with General Government tax rates exceeding \$10, property owners pay a rate less than \$0.0960 on the Metro Local Option Levy, and Metro does not receive its full authorized revenue. In extreme cases, local option levies can be reduced to zero.

As the chart to the right shows, Metro’s levy in Multnomah County alone, has been reduced by as much as 44% in the last three years. For the foreseeable future, compression is decreasing and its impact on near term levies will be reduced.

| <b>Impact of Compression On Metro Local Option Levy<br/>(Multnomah County Only)</b> |                           |                             |                      |                  |
|---|---------------------------|-----------------------------|----------------------|------------------|
|   | <b>Taxes<br/>Extended</b> | <b>Compression<br/>Loss</b> | <b>Taxes Imposed</b> | <b>Reduction</b> |
| 13-14   | \$ 5,838,622              | \$ 2,570,802                | \$ 3,267,820         | 44%              |
| 14-15   | \$ 6,566,477              | \$ 2,441,773                | \$ 4,124,704         | 37%              |
| 15-16   | \$ 6,851,060              | \$ 1,996,504                | \$ 4,854,557         | 29%              |

**Local Option Levies**

Local option levies can be for either operations or for capital projects. Operations local option levies can be for either general or dedicated purposes. If the uses of the property taxes are for other than general operations a separate fund is required by ORS 280.040(2), which reads:

- (2) All ad valorem tax revenues that are received by any subdivision as a result of a levy under ORS 280.040 to 280.090 and that are derived from an ad valorem tax levied for purposes other than general operations shall be:
  - (a) Kept by the treasurer or other financial officer in a fund that is separate and distinct from other funds of the subdivision.
  - (b) Expended only for the purpose for which the taxes were imposed.

This is a specific purpose local option levy and Metro accounts for it in a special revenue fund exclusively for this purpose, the Parks and Natural Areas Local Option Fund.



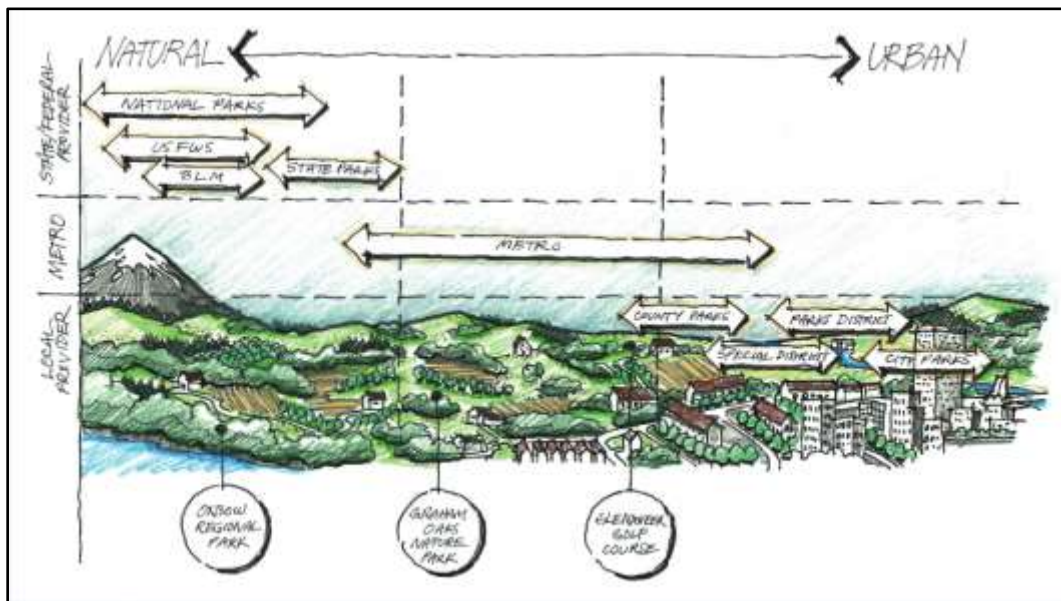
## The Levy's role in Metro's Parks and Nature Program

“Just over two decades ago, Metro didn't own a single park or natural area. Today Metro is the largest owner of parks and natural areas in the Portland metropolitan region. When the Metro Council referred to voters a bond measure in 1995, acquisition was the imperative. It was noted then that funding for long term maintenance must be identified and planned for, but the Metro Council and the region's voters prioritized land acquisition as a necessary first step.” (Metro Council Briefing Memorandum, 6-30-16)

Since that first bond measure in 1995, Metro voters have approved a second, larger acquisition bond measure (2006) and the local option levy (2013). Metro now owns, maintains, and operates over 17,000 acres of parks and natural areas.

Over the decades, the concept of parks has evolved from playgrounds, picnics, and trails, to a comprehensive undertaking of reclaiming, improving, and supporting natural habitats while providing areas for outdoor recreation. The program mission reflects this transition: To protect water quality, fish and wildlife habitat, and create opportunities to enjoy nature close to home through a connected system of parks, trails and natural areas.

Metro fills the jurisdictional gap between local municipalities' parklands and federal and state lands that surround our urban area. As such, Metro is in a unique position to create, support, and enhance partnerships between jurisdictions, land owners, and conservation organizations to protect and improve parks and natural areas.



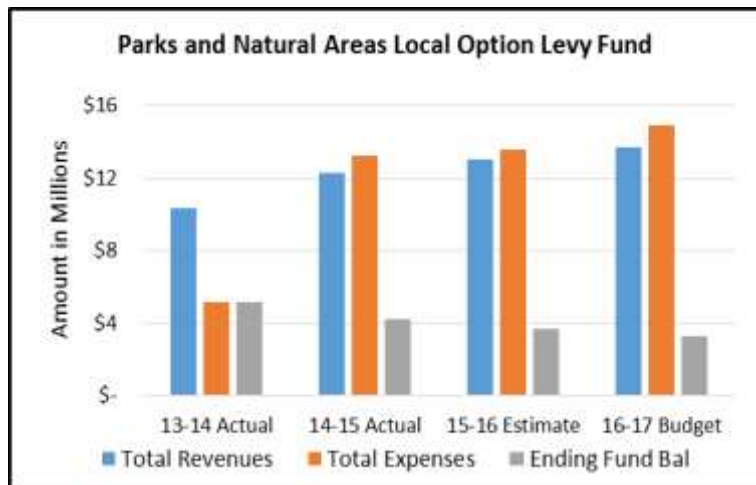
Metro's Parks and Nature Program has a 2016-17 budget of \$41.8 million, 6.6% of Metro's total adopted budget. It includes funding in six funds. The local option levy is an integral part of the program. It provides 30% of the 2016-17 Parks and Nature Program budget. In addition to the \$8.5 million in the following chart, another \$4.0 million is transferred from the Fund to the General Fund to support levy functions in that fund.

| Metro Parks and Nature Program Budget |                  |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
| (\$000)                               |                  |                  |                  |                  |
|                                       | 13-14 Actual     | 14-15 Actual     | 15-16 Budget     | 16-17 Budget     |
| General Fund                          | \$ 9,532         | \$ 9,098         | \$ 10,113        | \$ 11,382        |
| General Asset Mgmt Fund               | 1,475            | 1,553            | 1,722            | 3,710            |
| Natural Areas Fund                    | 14,509           | 12,209           | 29,233           | 16,914           |
| Open Spaces Fund                      | 151              | 17               | 392              | 759              |
| Parks & Natural Areas LOL fund        | 4,108            | 11,077           | 11,965           | 8,531            |
| Smith & Bybee Wetlands Fund           | 62               | 150              | 300              | 490              |
| <b>Total</b>                          | <b>\$ 29,837</b> | <b>\$ 34,104</b> | <b>\$ 53,725</b> | <b>\$ 41,786</b> |

### Parks and Nature Local Option Levy Fund

The Local Option Levy is the primary revenue source for parks operations, maintenance, improvements, and restoration efforts.

The following chart shows the Fund's revenue, expenses, and ending fund balance for the first four years of the existing levy.



On the average 97% of fund revenues are from the levy. Other sources are earned interest, grants, and intergovernmental revenue. A similar ratio holds for the split between direct and indirect Fund expenditures.

| Parks and Natural Areas Local Option Levy Fund |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| (\$000)  |                  |                  |                  |                  |
|  | 13-14 Actual     | 14-15 Actual     | 15-16 Estimate   | 16-17 Budget     |
| Tax Revenue                                    | \$ 10,068        | \$ 11,415        | \$ 12,572        | \$ 13,602        |
| Other Revenue                                  | 248              | 886              | 435              | 106              |
| <b>Total Revenue</b>                           | <b>\$ 10,316</b> | <b>\$ 12,301</b> | <b>\$ 13,007</b> | <b>\$ 13,708</b> |

| Parks and Natural Areas Local Option Levy Fund |                 |                  |                  |                  |
|--|-----------------|------------------|------------------|------------------|
| (\$000)  |                 |                  |                  |                  |
|  | 13-14 Actual    | 14-15 Actual     | 15-16 Estimate   | 16-17 Budget     |
| Direct Parks Expenses                          | \$ 5,145        | \$ 12,904        | \$ 12,880        | \$ 13,573        |
| Indirect Expense                               | -               | 319              | 674              | 1,295            |
| <b>Total Expenses</b>                          | <b>\$ 5,145</b> | <b>\$ 13,223</b> | <b>\$ 13,554</b> | <b>\$ 14,867</b> |

## First Local Option Levy Commitments and Spending

The 2013 levy broadly restricted usage of levy funds to “improve natural areas and water quality for fish.” The resolution calling for the election elaborated: “for the purpose of preserving water quality, fish and wildlife habitat and maintaining Metro’s parks and natural areas.” (Resolution No. 12-4398)

In addition to work on Metro-owned natural areas, Metro parks and trails were also to benefit from local option levy funds. As shown in the chart below, roughly one-half of the proceeds were be used for natural area restoration while the remaining funds were to be applied to areas that are accessed by people, including Metro-owned parks, trails, and natural areas that have been opened to the public.

| Fundamental Principals                                       | Program Areas                                 | Spending Allocations |
|--|---|----------------------|
| Restoring natural areas for wildlife, fish and water quality | Natural Areas                                 | 40% - 50%            |
| Improving parks and natural areas for people                 | • Regional Parks operations                   | 20% - 30%            |
|  | • Improving natural areas for people          | 5% - 15%             |
|  | • Conservation education/volunteer engagement | 5% - 15%             |
|  | • Nature in Neighborhood community grants     | 5% - 15%             |

The Ballot Title Explanatory Statement more specifically dedicated levy funds to:

- Improve water quality in local rivers and streams.
- Restore wildlife habitat and remove invasive weeds.
- Restore wetlands and floodplains.
- Improve visitor services in Metro’s parks.
- Provide nature education programs.
- Support community partnership projects that connect people with nature.

In addition, Metro was to continue its public education on conservation. Part of this effort was to engage volunteers and school children in restoration work. Metro allocated a portion of local option levy funds for the Nature in Neighborhoods Community Grant program.

### Levy Spending

The table to the right shows the average annual levy expenditures for three full years of levy spending. Fiscal Year 2014 is excluded from this average because, as the first year, it did not include a full year of spending.

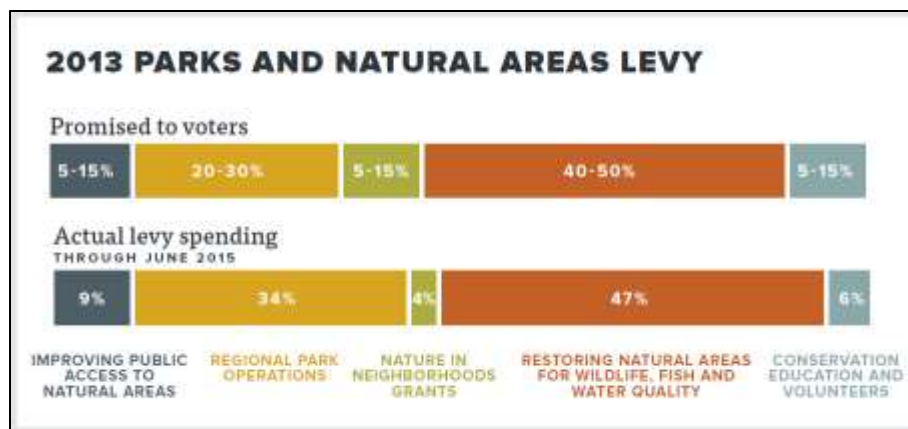
Personal Services costs cover the Fund’s 30 full-time equivalent positions. Two-thirds of these costs are for salaries and wages, and one-third is for benefits.

| Parks and Natural Areas Local Option Levy Fund |                  |
|--|------------------|
| Average Annual Expenditures (\$000)            |                  |
| FY15 Actual, FY16 Estimate, FY17 Budget        |                  |
| Personal Services                              | \$ 2,679         |
| Contracted Professional & Property Services    | 3,504            |
| Other Materials and Supplies                   | 756              |
| Grants and Loans                               | 920              |
| Capital Outlay                                 | 2,583            |
| Transfer to Other Funds for Services           | 3,438            |
| <b>Total Average Expenditures</b>              | <b>\$ 13,881</b> |

Spending of levy proceeds is on a project basis. Projects range in size from hundreds of dollars to millions. They can span multiple years. So, reporting and tracking of expenditures is very detailed. Metro has a detailed spending plan that is updated annually. The following is an extract of one of the eleven pages of the current year work plan.

| PROJECT   | TIMING  |         |         |         |        | BUDGET         |           |               | CURRENT YEAR ACTIVITIES  |
|---|---------|---------|---------|---------|--------|----------------|-----------|---------------|--|
|   | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | Yr end | Y1-Y3 expenses | Y4 budget | Total project |  |
| Dairy McKay Creeks<br>Dairy McKay confluence restoration    | ●       | ●       |         | ●       | 2018   | \$0            | \$10,000  | \$60,000      | Conduct site preparation mowing and spraying in partnership with Clean Water Services in preparation for planting in FY18.   |
| Deep Creek<br>North Fork stream restoration                 |         | ●       | ●       |         | 2017   | \$16,409       | \$1,500   | \$20,000      | Monitor and maintain large wood structures and plantings completed in 2014 to ensure success.  |
| East Buttes<br>West Bliss forest restoration                |         | ●       |         | ●       | 2018   | \$74,747       | \$15,000  | \$92,000      | Maintenance treatments on plantings; interplant as needed.   |
| Fanno Creek<br>Bonita restoration                           | ●       | ●       |         | ●       | 2018   | \$0            | \$60,000  | \$90,000      | Part of partnership with Clean Water Services. Riparian forest and wetland vegetation improvements via weed control and planting as needed. Overall project budget has increased to capture opportunities with cancellation of Gales Forest Grove aquatic work (grant was declined). |
| Fanno Creek<br>Woodard restoration                          | ●       | ●       |         | ●       | 2018   | \$0            | \$4,000   | \$13,000      | Part of partnership with Clean Water Services. Riparian forest and wetland vegetation improvements via weed control and planting as needed.  |
| Forest Park<br>Burlington Creek forest restoration          | ●       | ●       | ●       | ●       | 2018   | \$28,975       | \$45,000  | \$235,000     | Machine and hand crew thinning, snag creation and downed wood creation. Some weed abatement/underplanting depending on conditions.   |
| Forest Park<br>Ennis Creek forest restoration               | ●       | ●       | ●       | ●       | 2018   | \$31,459       | \$45,000  | \$175,000     | Machine and hand crew thinning, snag creation and downed wood creation. Some weed abatement/underplanting depending on conditions.   |
| Gales Creek<br>Carpenter Creek                              | ●       | ●       |         | ●       | 2018   | \$126,421      | \$67,730  | \$189,990     | Part of partnership with Clean Water Services. Invasive plant control; grading work to improve wetland function; install native plants.  |
| Gales Creek<br>Fern Hill Forest upland restoration          | ●       | ●       | ●       | ●       | 2018   | \$32,643       | \$17,000  | \$56,000      | Maintenance and inter-planting.  |
| Gales Creek<br>Forest Grove                                 | ●       | ●       |         | ●       | 2018   | \$13,358       | \$9,750   | \$32,300      | Part of partnership with Clean Water Services. Conduct maintenance on planted trees and shrubs.  |
| Gales Creek<br>Maroon Ponds                                 | ●       | ●       | ●       | ●       | 2018   | \$275,077      | \$48,500  | \$365,000     | Part of partnership with Clean Water Services. Maintenance of newly planted areas; weed abatement; inter-planting as needed.   |
| Gales Creek<br>Penstemon prairie restoration                | ●       | ●       | ●       | ●       | 2018   | \$121,252      | \$50,000  | \$292,600     | Monitor results of planting. Spot treatment of weeds as needed.  |
| Gales Creek<br>Penstemon wetlands                           |         | ●       |         | ●       | 2018   | \$23,592       | \$46,000  | \$153,250     | Part of partnership with Clean Water Services. Forested and emergent mosaic vegetation enhancements; weed control in emergent and shrub wetlands.  |
| Johnson Creek<br>Ambleside aquatic                          | ●       | ●       | ●       | ●       | 2018   | \$166,352      | \$200,000 | \$586,000     | FY17 actions and final budget dependent on permit process. Current plan calls for house deconstruction and/or moving in FY17; preparation for full project implementation in FY18.   |
| Johnson Creek<br>Upper Johnson Creek hydrologic restoration |         |         |         | ●       | 2018   | \$168,822      | \$2,500   | \$261,500     | Competition control around seedlings planted in 2015 as part of aquatic restoration project.   |

On a summary level, Metro began reporting on Levy spending with an [annual report](#) published in the fall of 2014. Last year, reporting on Levy spending was incorporated into the [Parks and Natural Areas Annual Report](#). The report for 15-16 is not yet available. Here are to excerpts from the latter report for the levy spending.



| <b>PARKS AND NATURE SPENDING</b>                   |                    |                                   |
|--|--------------------|-----------------------------------|
| <b>FY 2015</b>                                     |                    |                                   |
|  | General fund       | 2013 parks and natural areas levy |
| Restoration/maintenance of parks and natural areas | \$1,833,209        | \$4,803,483                       |
| Access to nature                                   | \$0                | \$1,288,909                       |
| Park improvements and operations                   | \$6,018,179        | \$1,432,336                       |
| Conservation education and volunteer programs      | \$119,216          | \$512,676                         |
| Community investments                              | \$45,992           | \$429,949                         |
| Land acquisition/stabilization                     | \$0                | \$0                               |
| Administration**                                   | \$296,189          | \$2,423,550                       |
| <b>Total</b>                                       | <b>\$8,312,785</b> | <b>\$10,890,903</b>               |

## Renewal Levy Commitments

### What would renewing the levy do?

According to the Ballot Measure language renewing the levy would continue the current levy funding priorities:

1. About half of the current levy funding maintains and restores wildlife habitat at Metro parks and natural areas.
2. The other half is used to construct park improvements, open new natural area sites to visitors, increase volunteer and education programming, and fund grants for community nature projects.

The current levy originated in a recommendation from a Metro advisory committee, but no formal citizen oversight was established. The renewal levy establishes performance monitoring requirements and a citizen oversight committee for capital expenditures.

The linked examples below illustrate the projects and the web of partnerships Metro engages in to perform these objectives.

### **Improve water quality and restore wildlife habitat**

Restoring natural areas improves their ability to provide clean water, healthy wildlife habitat and opportunities for people to connect with nature. Planned projects would:

- Help improve water quality in the Willamette, Clackamas, Tualatin and Sandy rivers and Johnson Creek
- Benefit native fish in local rivers and streams ([News article](#), includes partnership with TSCC client, West Multnomah Soil & Water Conservation District)
- Control invasive weeds that crowd out native plants wildlife need for food and shelter
- Restore rare Oregon white oak and prairie habitats ([Project Website](#))
- Enhance wetlands to help control flooding and provide habitat for birds and amphibians
- Help improve forest health and reduce wildfire risk

### **Increase access to nature for people**

Approximately 1.3 million people visit Metro's parks each year for walking, hiking, bird watching, camping, boating, fishing, picnicking, and family and community events. Renewing the current levy would allow Metro to improve its sites for visitors at places such as Blue Lake and Oxbow regional parks, Smith and Bybee Wetlands, Mount Talbert, Scouters Mountain, and Canemah Bluff. Planned projects would:

- Provide people with access to local rivers and natural areas
- Ensure programs and facilities support the needs of underserved communities ([Article](#))
- Increase visitor services in Metro's parks, including replacing or adding restrooms, group picnic areas, trails and playgrounds
- Provide more nature education programs, including for children from low-income families and communities of color
- Fund grants for community nature projects ([2016 Awards](#))

### **Advance Equity, Diversity, and Inclusion**

Metro's Levy Renewal Framework identifies two broad means of advancing equity, diversity, and inclusion under this levy.

- Diversify the business and people who do the contract work under this levy.
- Ensure that the needs underserved communities are met.

Levy funds will be invested in actions that allow Metro to fulfill its commitments in this area.

### **Measuring performance**

For accountability, an annual report detailing program expenses, major accomplishments and progress toward specific outcomes will be presented at a Metro Council meeting and made available on the Metro website. Program expenses will be subject to annual audits and presented in the budget adopted by the Metro Council. An independent oversight committee appointed by the Metro Council would review and report on levy-funded capital expenditures for compliance with program requirements.



## Major Projects Planned

Unlike a bond measure, or a capital projects local option levy, this operating levy does not include a specific project list and project budgets. It identifies the purpose of the levy and provides illustrations of possible projects. Perhaps the best predictor of future major projects is the list of projects on the current year project list.

1. Sandy River Oxbow Stream Restoration, \$2.2 million
2. Killin Wetland Access Improvements, \$0.9 million
3. TerraMet Tracking and Reporting Database, \$0.4 million
4. Multnomah Channel Restoration \$0.6 million
5. Quamash Prairie Restoration \$0.5 million
6. North Tualatin Mountains Access \$0.8 million

These are the types of projects the levy will continue to fund.

## Summary

- The levy is a renewal of an existing levy that expires next fiscal year (2017-18)
- The renewal levy is for the same tax rate as the existing levy, \$0.0960 per \$1,000 AV)
- The renewal levy will generate \$14.8 million dollars in 2018, increasing by about 4% annually to \$17.4 million in 2022.
- This levy has provided 30% of Metro's Parks and Natural Areas Program funding
- This levy has provided the majority of the program's maintenance, repair, restoration and improvement funding.
- This levy has been essential in restoring Metro's newly acquired natural areas and opening some areas to public use.
- The renewal levy continues the purpose and work of the first levy.
- The renewal levy implements a citizen capital projects oversight committee and an annual reporting requirement (including outcomes and the progress on the outcomes).