

# Metro

## Tax Measure Review - Measure 26-225

### November 8, 2022 Election

#### OVERVIEW

<b>Type of Measure</b>	Local Option Levy - Renewal
<b>Ballot Title</b>	Renews local option levy, protects natural areas, water quality, fish
<b>Tax Impact</b>	A five-year operating levy of \$0.096 per \$1,000 of Assessed Value beginning in FY 23-24.
<b>Estimated \$ Raised</b>	Roughly \$19.5 million on average annually/\$98 million over 5 years
<b>Purpose</b>	Protect water quality, restores fish and wildlife habitat, connect people to nature, ongoing restoration of natural areas acquired through voter-approved bond measures.
<b>Hearing Date/Time</b>	October 27, 2022 @ 12:30

#### MEASURE SUMMARY

Metro is seeking voter approval for a local option levy of \$0.096 per \$1,000 of assessed value. The previous levy of the same size will expire in June 2023, the current tax year. This new levy would be effective from FY 2023-24 to FY 2027-28.

#### Summary from Request for Ballot Title

This levy does not increase tax rates. It continues the same rate previously approved by voters.

The levy protects water quality, restores fish and wildlife habitat, and connects people with nature across 18,000 acres of parks, trails and natural areas. The levy funds ongoing restoration of natural areas acquired through three voter-approved bond measures. It also improves people's access to nature, by maintaining Metro parks and natural areas, providing nature education for visitors and schoolchildren, and supporting community-led nature projects and programs.

If renewed, the levy will continue to:

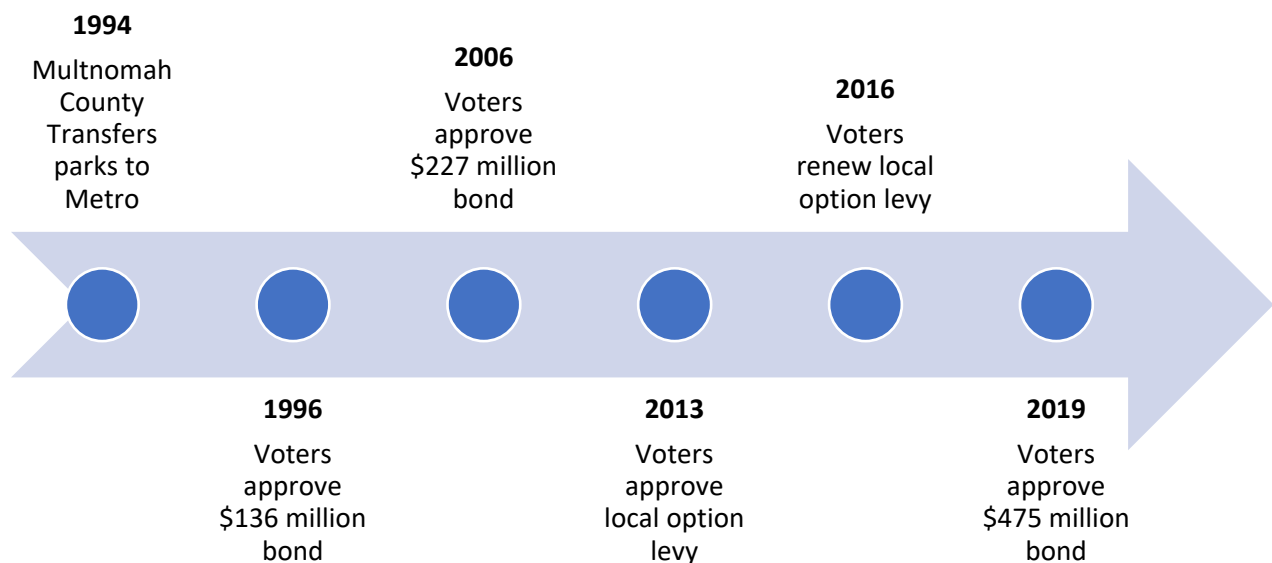
- Maintain and improve water quality in local rivers and streams
- Protect and restore habitat for salmon, other native fish
- Restore wetlands, forests and floodplains providing habitat for birds, wildlife
- Manage natural areas to better withstand heat, wildfire, extreme weather
- Maintain parks and trails; maintain and improve restrooms, picnic shelters, play areas, trailheads, and other visitor facilities and services
- Increase opportunities for children from low-income families and communities of color to connect with nature

## BACKGROUND

Metro’s jurisdiction includes portions of Multnomah, Clackamas and Washington counties. 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.

Metro made a substantial move into the parks business in 1994 when Multnomah County transferred ownership, responsibility, and staff of its regional parks, boat ramps, cemeteries, and the Glendoveer golf course to Metro. One year later, voters approved a bond to protect natural areas and complete trail work. Subsequent bond measures in 2006 and 2019 further expanded funding for natural area acquisition and park development by Metro. In 2013 voters first approved a five-year local option levy to provide operating funds for the natural areas, the levy was renewed in 2016.

### Timeline of Parks and Nature program at Metro



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 Metro Parks and Nature Program mission reflects



this: 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 has a permanent rate of \$0.0966, the local option levy of \$0.0960 that is up for renewal, and a debt service levy to cover the cost of the 2006 and 2019 parks and nature bond measures (\$0.3774 for FY 2021-22).

<b>Metro</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Assessed Value in Billions	\$169.418	\$176.834	\$184.791	\$193.113
Real Market Value (M-5) in Billions	\$326.072	\$337.814	\$353.506	\$376.879
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	\$0.2801	\$0.4702	\$0.3974	\$0.3774
Total Property Tax Rate	\$0.4727	\$0.6628	\$0.5900	\$0.5700
Measure 5 Loss	\$-1,833,647	\$-1,981,711	\$-2,246,268	\$-2,322,365
Number of Employees (FTE's)	935	1,000	967	975

The total Metro budget is \$1.63 billion, \$107 million (6.5% percent) of which is for the Parks and Nature program. The program is split across seven funds (see budget by fund section on the next page). The program is funded primarily by the parks and nature bonds and the parks and natural areas levy.



## Summary of Parks and Nature

	Audited FY 2019-20	Audited FY 2020-21	Amended FY 2021-22	Proposed FY 2022-23	Approved FY 2022-23	Adopted FY 2022-23
<b>BUDGET BY CLASSIFICATION</b>						
Personnel Services	\$12,722,118	\$14,059,449	\$17,714,235	\$19,595,916	\$19,595,916	\$19,595,916
Materials and Services	12,013,215	11,201,588	53,583,348	56,637,147	56,637,147	56,689,960
Capital Outlay	5,846,881	8,412,563	17,681,697	29,971,000	29,971,000	30,250,865
<b>TOTAL</b>	<b>\$30,582,214</b>	<b>\$33,673,600</b>	<b>\$88,979,280</b>	<b>\$106,204,063</b>	<b>\$106,204,063</b>	<b>\$106,536,741</b>
<b>BUDGET BY FUND</b>						
General Fund	\$10,565,179	\$3,126,181	\$3,262,559	\$3,227,423	\$3,227,423	\$3,227,423
General Asset Management Fund	1,260,322	2,178,053	8,064,236	12,606,935	12,606,935	12,606,935
Natural Areas Fund	8,248,429	5,177,303	2,585,566	3,016,379	3,016,379	3,016,379
Open Spaces Fund	-	23,652	-	-	-	-
Parks and Nature Bond Fund	1,226,790	7,194,438	54,300,185	64,148,912	64,148,912	64,148,912
Parks and Nature Operating Fund	9,184,744	15,758,779	20,516,734	23,029,414	23,029,414	23,362,092
Smith and Bybee Wetlands Fund	96,750	215,194	250,000	175,000	175,000	175,000
<b>TOTAL</b>	<b>\$30,582,214</b>	<b>\$33,673,600</b>	<b>\$88,979,280</b>	<b>\$106,204,063</b>	<b>\$106,204,063</b>	<b>\$106,536,741</b>
<b>FULL-TIME EQUIVALENTS</b>	<b>121.90</b>	<b>135.90</b>	<b>127.20</b>	<b>132.70</b>	<b>132.70</b>	<b>132.70</b>

### FTE CHANGE FROM FY 2021-22 AMENDED BUDGET

\*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.

## MEASURE ANALYSIS

The levy has been in place since 2013-14 and was last renewed starting in 2018-19 (approved by voters in November 2016). The current levy will expire in June 2023, and an approval would extend levy funding to June 2028. Metro estimates the levy will generate \$18.1 million in 2023-24, growing by about 4.2% annually to \$21.3 million in 2027-28. The total estimated revenue is \$98 million over five years.

### Financial Impacts to District

The Parks and Nature Operating Fund provides for the majority of ongoing operating costs for the Parks and Nature program. As described in Metro's budget document, the fund is "directed toward operating and maintaining 17,000 acres of regional parks and natural areas held by Metro, including streams, river frontages, wetlands, prairies, forests and more." This fund is where the local option levy dollars go.

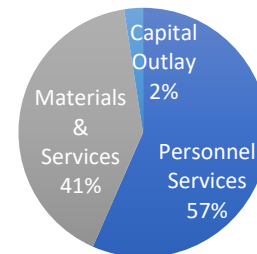


The Parks and Nature Operating fund is budgeted to receive \$17.5 million in local option levy tax revenue for the current fiscal year, making up 84% of total fund revenues.

<b>Parks &amp; Nature Operating Fund Total Resources</b>				
	<u>2019-20 Actual</u>	<u>2020-21 Actual</u>	<u>2021-22 Budget</u>	<u>2022-23 Budget</u>
<b>Beginning Fund Balance</b>	<b>7,000,721</b>	<b>9,138,914</b>	<b>9,073,640</b>	<b>13,000,000</b>
Local Option Levy Taxes	15,874,346	16,483,954	16,850,446	17,462,331
Other Revenues	<u>347,234</u>	<u>3,415,868</u>	<u>3,564,687</u>	<u>3,291,729</u>
<b>Total Revenues</b>	<b>16,221,580</b>	<b>19,899,822</b>	<b>20,415,133</b>	<b>20,754,060</b>
<b>Transfers</b>	<u>-</u>	<u>2,339,411</u>	<u>2,426,360</u>	<u>2,874,875</u>
<b>Total Resources</b>	<b>23,222,301</b>	<b>31,378,147</b>	<b>31,915,133</b>	<b>36,628,905</b>

**Parks & Nature Operating Fund  
2022-23 Budgeted Expenses**

The majority of fund expenses are for personnel services (57% in FY 22-23) and materials and services (41%). In addition to these expenses, \$3.9 million in revenues are transferred from the operating fund to other funds to cover Parks and Nature Operating fund costs budgeted there.



<b>Parks &amp; Nature Operating Fund Total Requirements</b>				
	<u>2019-20 Actual</u>	<u>2020-21 Actual</u>	<u>2021-22 Budget</u>	<u>2022-23 Budget</u>
Personnel Services	4,818,097	9,704,817	11,316,898	13,223,376
Materials & Services	3,617,436	5,927,652	9,064,836	9,564,851
Capital Outlay	<u>1,350,649</u>	<u>126,310</u>	<u>135,000</u>	<u>573,865</u>
<b>Total Expenditures</b>	<b>9,786,182</b>	<b>15,758,779</b>	<b>20,516,734</b>	<b>23,362,092</b>
<b>Transfers Out</b>	<b>4,297,205</b>	<b>3,905,319</b>	<b>4,009,074</b>	<b>3,959,938</b>
<b>Fund Balance/ Contingency</b>	<u><b>9,138,914</b></u>	<u><b>11,714,049</b></u>	<u><b>7,389,325</b></u>	<u><b>9,336,875</b></u>
<b>Total Requirements</b>	<b>23,222,301</b>	<b>31,378,147</b>	<b>31,915,133</b>	<b>36,658,905</b>



The local option levy revenues have increased an average of approximately 3% each year due to increased assessed value in the Metro area. Budgeted expenditures have grown at a faster rate - in FY 22-23 new FTE were added and FTE from other funds were transferred to the operating fund from bond funds to better align with work being done, increasing personnel services by 17% from the prior year budget.

### **Use of funds**

Metro's parks and nature levy and bond measures are meant to work together to support over 18,000 acres of parks, trails, and natural areas, including 19 developed parks, boat launches, cemeteries, and the Glendoveer golf course. The bond measures support land acquisition, park development, and major construction. 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. The levy pays for operating costs such as ongoing maintenance and improvements to restrooms, picnic areas, and other amenities. Metro recently opened two new parks (Newell Creek Canyon and Chehalem Ridge) and ongoing operations will be supported by the levy.

The first levy in 2013 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). The 2016 levy renewal expanded on these concepts and summarized the levy as follows: "protects water quality, restores fish and wildlife habitats and connects people with nature".

This levy renewal continues to focus on these themes as seen in the Metro Levy Renewal Framework document (see next page).

## Levy Funding At A Glance

Program area	Program area activities	Annual minimum funding allocation
<b>Habitat restoration and land management</b>	<p><b>Habitat restoration</b> – Restore fish and wildlife habitat, improve habitat quality for priority species, and improve water quality and quantity at Metro’s parks and natural areas.</p> <p><b>Natural area management</b> – Manage Metro’s parks and natural areas to maintain ecological health, restore culturally significant plant communities, and reduce the long-term costs of maintenance.</p>	<b>40%</b>
<b>Regional park operations</b>	Support visitor services, maintenance, and amenity improvements at Metro’s parks, trails, natural areas, and cemeteries so that they are welcoming, safe and inclusive, and meet or exceed standards for accessibility.	<b>35%</b>
<b>Community-led investments and education</b>	Co-create culturally specific interpretive programs, materials, and events, and provide resources (financial and programmatic) to support communities in their efforts to strengthen connections with nature. Includes, but not limited to, grant funding for community projects that advance climate resilience and racial equity, and culturally relevant nature education opportunities.	<b>15%</b>

The levy, if renewed, would continue to:

- Annually support 80 to 100 restoration projects
- Fund education, stewardship, and grant programs
- Support park operations
- Improve visitor amenities

Additionally, Metro Council has identified the following priorities for levy funds:

- **Habitat:** Improve habitat and habitat connectivity for plants, fish and wildlife at Metro’s parks and natural areas.
- **Water quality:** Improve water quality and water quantity at Metro’s parks and natural areas.
- **Resilience:** Manage Metro’s parks and natural areas to withstand hotter summers, extreme weather and wildfire.





- **Climate adaptation:** Work with local, state, federal, tribal and nonprofit partners to plan for regional climate adaptation and resilience.
- **Native plants:** Protect and restore culturally significant native plants in partnership with tribal nations and greater Portland’s Indigenous community.
- **Accessibility:** Improve the accessibility of Metro destinations for people of all ages and abilities.
- **Inclusion:** Ensure that Metro visitors of all backgrounds can access a variety of nature experiences relevant to their interests.
- **Workforce equity:** Increase the prosperity of historically marginalized workers and communities through levy funding.
- **Contractor equity:** Build capacity and experience of contractors from historically marginalized communities through projects at and with Metro.
- **Engagement and accountability:** Serve communities through inclusive, transparent and accountable engagement.
- **Education:** Design collaborative and culturally relevant education, including work with educators from historically marginalized communities.

**Oversight**

The [Parks and Nature Annual report](#) (most recently released last November) provides tracking information on levy spending each year:

**2021 parks and natural areas levy**

Promised to voters



Actual levy spending

THROUGH JUNE 2021



Improving public access to natural areas

Regional park operations

Nature in Neighborhoods grants

Restoring natural areas for wildlife, fish and water quality

Nature education and volunteers





	General fund	2018 parks and natural areas levy
Restoration/maintenance of parks and natural areas	\$414,624	\$4,765,932
Access to nature	\$0	\$636,339
Park improvements and operations	\$1,721,290	\$2,697,410
Cemeteries	\$854,019	\$0
Nature education and volunteer programs	\$0	\$662,799
Community investments	\$0	\$1,133,253
Land acquisition and associated costs/stabilization	\$0	\$0
Administration**	\$2,168,393	\$4,609,863
<b>Total</b>	<b>\$5,158,326</b>	<b>\$ 14,505,596</b>

There is no specific oversight committee for the Parks and Nature levy. Parks and nature bonds as well as levy funded capital investments are subject to oversight by the Natural Areas and Capital Performance Oversight Committee comprised of 16 community members. The primary focus of this group is on bond funded projects.

### **Property Tax Impact**

A home with an assessed value of \$250,000 would continue to pay \$24 per year if the local option levy is renewed (less if the property in question is subject to compression, see below).

### **Compression Impact**

Compression is the constitutionally required tax reduction on a property when the total of the property’s tax rates exceed 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 per \$1,000 of assessed value. 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. As the chart below shows, Metro's levy has been reduced by around 10% for the last five years.

Metro Local Option Levy Compression Loss (All Counties)						
FY	Taxes				Levy Rate	
	<u>Extended</u>	<u>Compression Loss</u>	<u>Imposed</u>	<u>Reduction</u>	<u>Levied</u>	<u>Effective</u>
17-18	16,608,994	1,620,568	14,988,426	10%	\$0.0960	\$0.0866
18-19	17,255,864	1,567,640	15,688,224	9%	\$0.0960	\$0.0873
19-20	18,035,636	1,694,830	16,340,806	9%	\$0.0960	\$0.0870
20-21	18,866,204	1,923,514	16,942,690	10%	\$0.0960	\$0.0862
21-22	19,566,672	1,998,113	17,568,558	10%	\$0.0960	\$0.0862