

# Budget Review 2025-26

## Metro



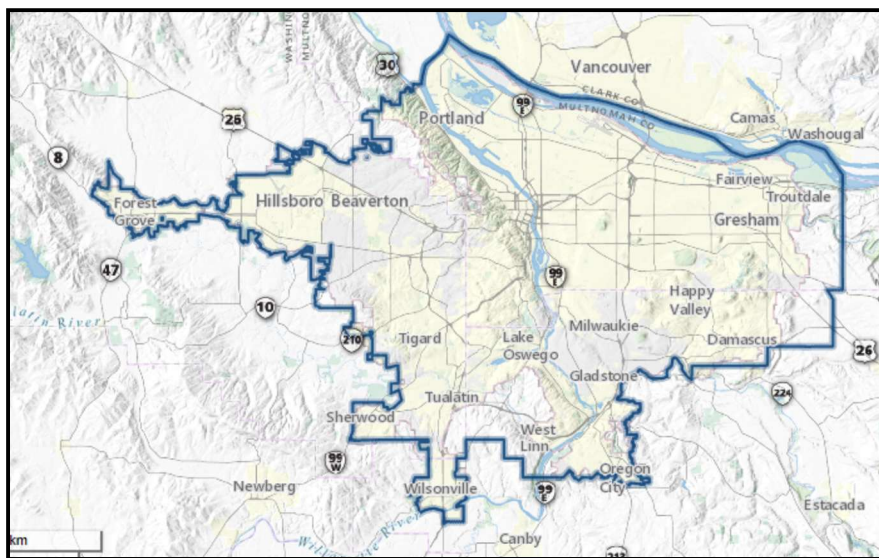
### BUDGET HIGHLIGHTS

- The FY 2025-26 Budget totals \$1.86 billion, a 19.4% decrease (\$446 million) from the FY 2024-25 Budget. The overall decrease is driven by contingencies and ending fund balance reducing by nearly half, with the largest decrease in supportive housing services contingency (\$217 million).
- Total expenditures are \$1.3 million, less than a 1% decrease from FY 25. Roughly 34% of expenditures support operations for the Zoo, Convention Center, Expo, Portland's, regional park facilities, and solid waste disposal facilities, as well as programs supporting regional transportation and growth management planning. Another 58% is related predominately to housing activity, but also cemetery perpetual care, risk management, and community enhancement.
- The budget for the Supportive Housing Services fund— while still significant – decreases by \$217 million to \$590 million in FY 26. The program anticipates collections of \$328.8 million in personal and business income taxes. A total of \$484.1 million will be sent to Multnomah, Washington, and Clackamas counties in FY 2025-26 for housing services.
- Visitor venues continue to see static attendance at its facilities and events. Overall attendance is at about 87% of pre-pandemic years and is growing slower than originally projected. The most recent forecast projects growth will not reach pre-pandemic levels until 2030.
- In this year's approved budget, solid waste fees increase by 6.7%, continuing fee increases based on a cost recovery model. Previously, the district had prioritized predictability and held rate increases to the 7% to 8% range. Revenues from solid waste fees are estimated to increase by roughly \$8.3 million dollars in this budget.

### INTRODUCTION & BACKGROUND

Metro's boundaries encompass the urban areas of Multnomah, Clackamas and Washington counties covering 461 square miles, 24 cities, and a population of over 1.8 million.

Metro is a regional government with a home rule charter. It is governed by a seven-member elected board of directors. Its charter was approved by voters in the November 1992. Prior to that, the entity operated as the Metropolitan Service District under a structure defined by the Oregon Legislature. The charter



permits Metro to assume additional functions, if approved by ordinance, and to impose certain limited type taxes without voter approval.

Metro has six council members elected by district and a Council President position elected regionwide. All council positions are paid. The Council President is a full-time position; the councilors serve part-time. An independent Metro Auditor is elected regionwide. The Metro Council created a subordinate appointed board, the seven-member Metropolitan Exposition-Recreation Commission (MERC), to oversee operations of the entertainment and convention venues.

Metro's functions, as authorized by its charter, are:

- Development and delivery of regional research and data.
- Acquisition and management of regional parks and green spaces.
- Administration of solid waste disposal and waste reduction programs.
- Operation of regional venues such as Oregon Zoo, the Oregon Convention Center, Portland's Center for the Arts and the Portland Expo Center.

Additionally, the charter grants Metro authority to assume responsibility for future issues of "metropolitan concern". 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.

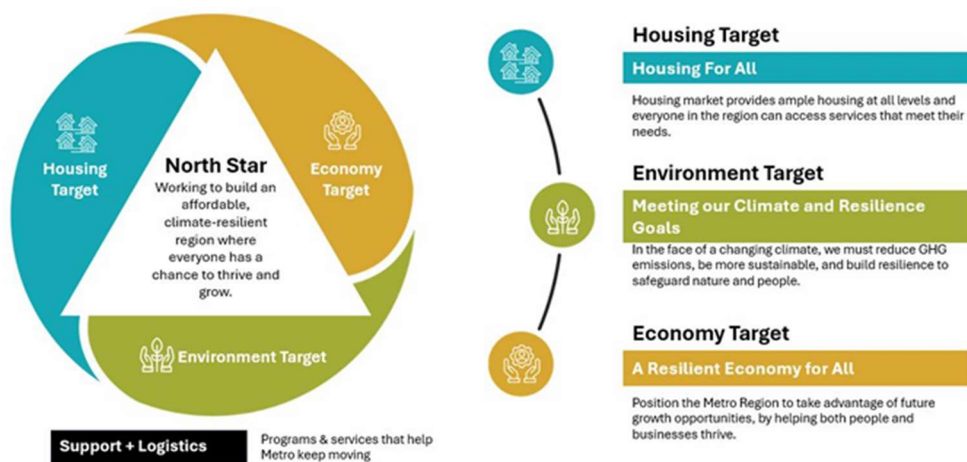
<b>Metro</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Assessed Value in Billions	\$193.113	\$201.766	\$214.862	\$223.298
Real Market Value (M-5) in Billions	\$376.879	\$423.733	\$448.179	\$447.157
Property Tax Rate Extended:				
Operations	\$0.0966	\$0.0966	\$0.0966	\$0.0966
Local Option Levy	\$0.0960	\$0.0960	\$0.0960	\$0.0960
Debt Service	\$0.3774	\$0.3735	\$0.3820	\$0.3807
Total Property Tax Rate	\$0.5700	\$0.5661	\$0.5746	\$0.5733
Measure 5 Impact	\$-2,322,365	\$-2,133,028	\$-2,076,245	\$-2,558,424
Number of Employees (FTE's)	1,027	1,102	1,153	1,170

Metro has adopted Strategic Targets to guide budget decisions:

- Housing: housing for all
- Economy: a resilient economy for all
- Environment: meeting our climate and resilience goals

Departments are asked to develop their budgets with an eye towards accomplishing the strategic targets. A final consideration when developing the budget is the district's use of a Budget Equity Tool. This tool provides an objective way to ensure budgetary decisions are both economically sound and socially just.

Starting in FY 2024-25 and continuing in this budget, departments identify 2-3 performance measure to show progress towards the strategic targets. Visuals showing performance measurement are integrated into each department narrative for easy review. In addition to the three Strategic Targets, the district recognizes the role of the programs and services that support Metro operations and keep the agency moving.



## BUDGET OVERVIEW

The 2025-26 Budget is \$1.86 billion, a 19.4% decrease from the current year budget. Metro's Budget Message clearly articulates the challenges the agency faced when developing its budget for 2025-26. The approved budget reflects the complex nature of the services the agency supports and provides throughout the region, as well as the varied funding sources for those services. The agency acknowledges that solutions to help address some of the economic challenges will require multi-year realignment efforts. In its budget message, Metro wrote that this budget attempts to stability and preserve its core services and functions through:

- Reductions in costs, including personnel and materials and services;
- Structural reorganization and leadership changes to leverage existing capacity; and,
- Strategic one-time investments to modernize operations with the goal of increasing revenues, efficiency, and safety of people and systems.

After the pandemic, Metro quickly tried to restore services. Now the agency is reflecting and assessing programs and services and how things may have changed following the pandemic. This means that some areas of the agency required immediate reductions and others were allowed to grow within forecasted boundaries.

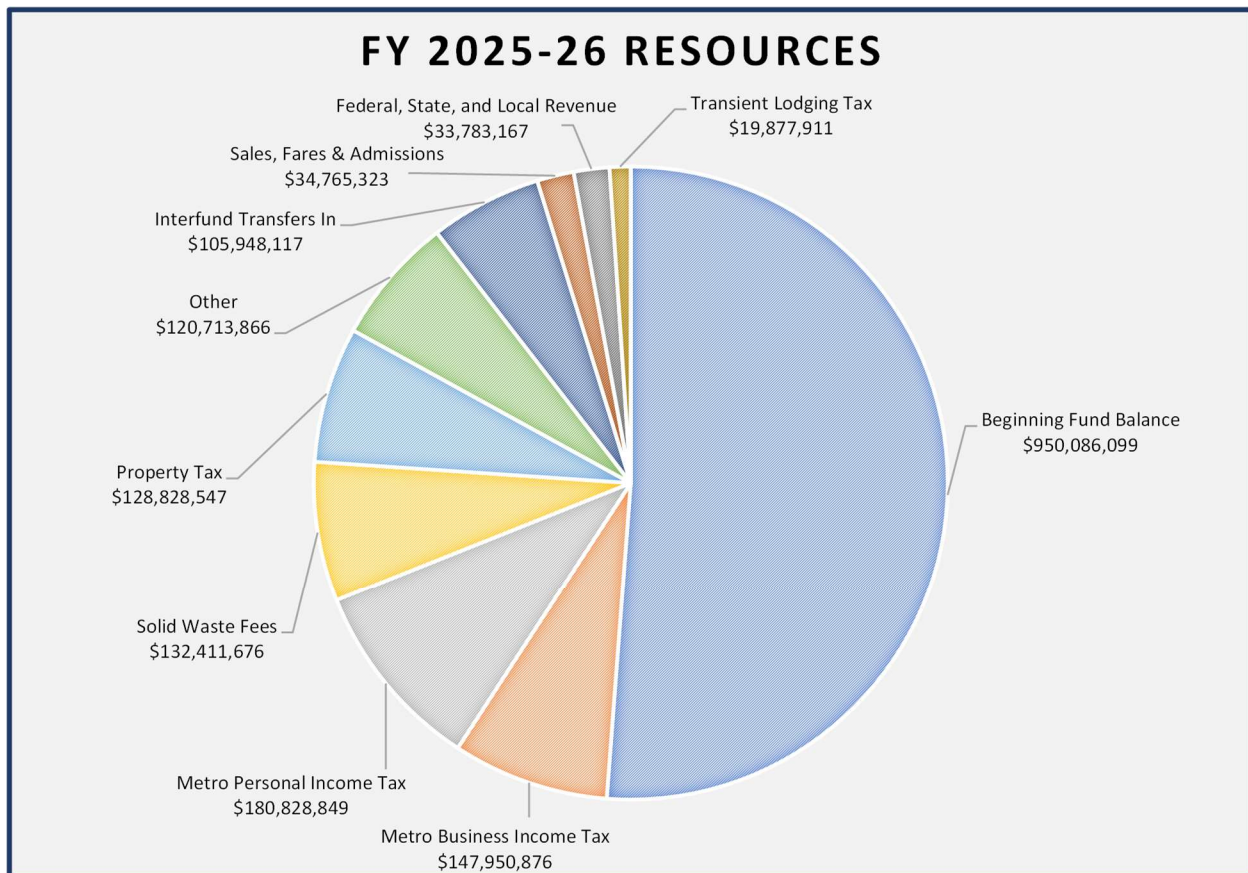
## RESOURCES

Metro's **beginning fund balance** for FY 26 is \$950.1 million, 51.3% of total resources, and consists of unspent revenues from the prior fiscal year as well as reserves for specific purposes. Most of these funds

are unspent bond proceeds for Parks and Natural Areas (\$198.0 million, up from \$144.6 million in FY 25) and Affordable Housing (\$197.1 million, down from \$360.0 million in FY 25). Another major contributor is the Supportive Housing Services Fund, with a beginning fund balance of \$260.7 million (down from \$432.2 million in the current year).

## Revenues

Metro's top three sources of revenue are income taxes, solid waste fees, and property taxes.



**Income tax** is the largest revenue for Metro in the FY 2025-26 Budget. These taxes were approved in 2020 and fund the supportive housing services program, related tax collection, and program administration and oversight. Income tax includes two separate tax components: a 1% tax on personal income for individuals with incomes above \$125,000 or \$200,000 for those filing jointly, and 1% tax on net business income with gross receipts over \$5.0 million. Income taxes for businesses and individuals are budgeted to bring in a total of \$328.8 million, a decrease of 12.2% from the current year's budget. In FY 2024-25, the distribution for both business and personal income taxes were equal at \$187.3 million expected for each. The FY 26 budget reflects actual revenue history with business income tax collections budgeted closer to \$150.0 million while personal income tax is budgeted higher at \$180.8 million. Personal income tax is budgeted conservatively; the amount budgeted is less than the \$191.1 million average collected in FY 23 and FY 24.

**Solid waste fee** revenues budgeted increase by 6.7% from FY 2024-25, an increase of just over \$8.2 million dollars. To provide fee predictability, the Metro Council had previously directed a cap of 8% annually on solid waste tip fees. In the current year, the Metro Council chose to adopt a cost recovery model; this



policy continues in the coming year. The tip fee is the charge per ton that haulers pay to dump garbage at Metro's regional transfer stations.

**Property taxes** are budgeted at \$128.8 million, an increase of 5.1% from FY 2024-25. Property taxes are levied for both operations and for general obligation debt service. The operating levy will bring in \$20.6 million in current year property taxes which will be used to fund operations at the Oregon Zoo. Most property taxes (\$88.6 million) fund debt service related to general obligation bond issues for Natural Areas and Affordable housing. A local option levy for natural areas operations was renewed for a third five-year period effective July 1, 2023 through June 30, 2028. Metro will receive just over \$19.2 million from this source, including \$238,000 expected from prior year levies.

**Federal, state, and local** revenues increased by 13.0% overall primarily for increased federal funding anticipated in the General and Zoo Asset Management funds. Metro provided the list below to identify projects the agency is part of that are receiving some level of federal funding.



#### **Transportation grant funding**

- Interstate Bridge Replacement
- 82<sup>nd</sup> Avenue Transit Development Project
- TV Highway Transit & Development Project
- Montgomery Park Transit & Development Project



#### **Equity-focused transportation grant funding**

- 82<sup>nd</sup> Avenue Equitable Development Project
- TV Highway Equitable & Development Project
- Rose Quarter freeway cap
- Broadway/Weidler interchange redevelopment (at Rose Quarter)



#### **Carbon & pollution grant programs**

- 82<sup>nd</sup> Avenue transit corridor planning
- TV Highway transit corridor planning
- Climate Smart implementation
- Corridor Project Development (Sunrise Corridor in Clackamas County)
- Climate strategy development for the Metropolitan Statistical Area



#### **Discretionary safety grant programs**

- Regionwide safety strategy development
- North Portland Safe Routes to School grant

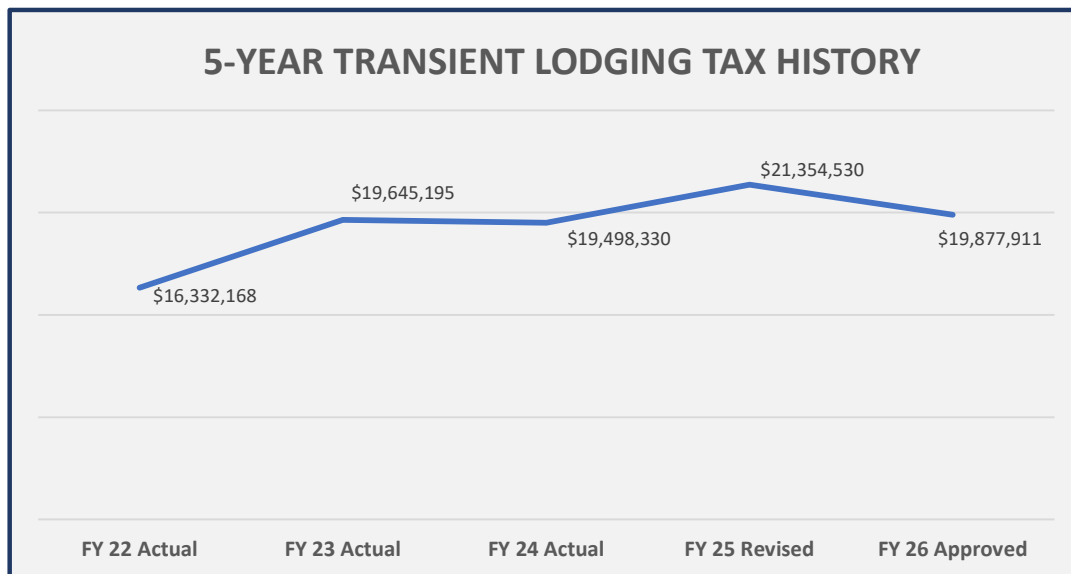
Changes to federal funding or policy direction will impact the budget; however, for 2025-26, the actual impact is unknown and not reflected in the approved budget.

Local revenue in the MERC Fund decreases by 23.2% to \$4.6 million in this budget. This amount is consistent with historic amounts received.

**Sales, fares, and admissions** in aggregate are budgeted at a 4.4% increase over FY 2024-25 for a total of \$34.8 million, although demand at visitor venues is projected to be much slower than originally predicted. Current projections are that attendance will remain flat in FY 26 and will not increase to pre-pandemic levels until 2030.

Another important source of income is the **transient lodging tax (TLT)**, which saw a large decrease during the pandemic and has not yet rebounded. Transient lodging tax is budgeted nearly \$1.5 million less than

the current year at just under \$20.0 million. The reduced level of lodging tax revenue can be traced to lower hotel occupancy and average daily rates. Revenues reflect confirmed and likely bookings.



## REQUIREMENTS

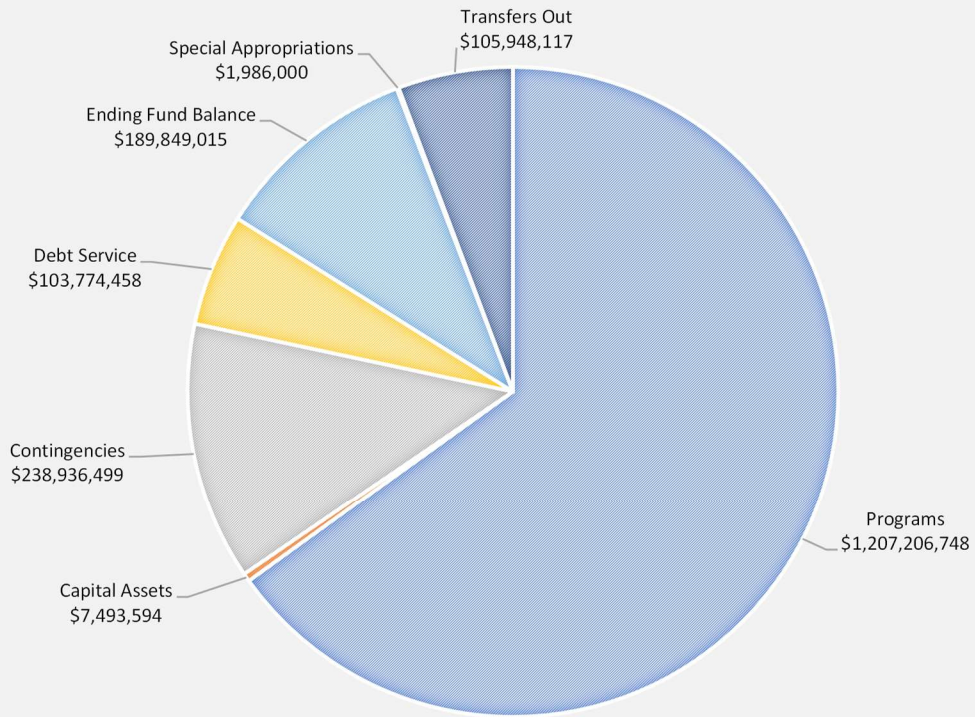
### Interfund Transfers, Contingency and Ending Fund Balance

Details on expenditures are below, broken out by budget category/object classification. The rest of budget requirements are made up of:

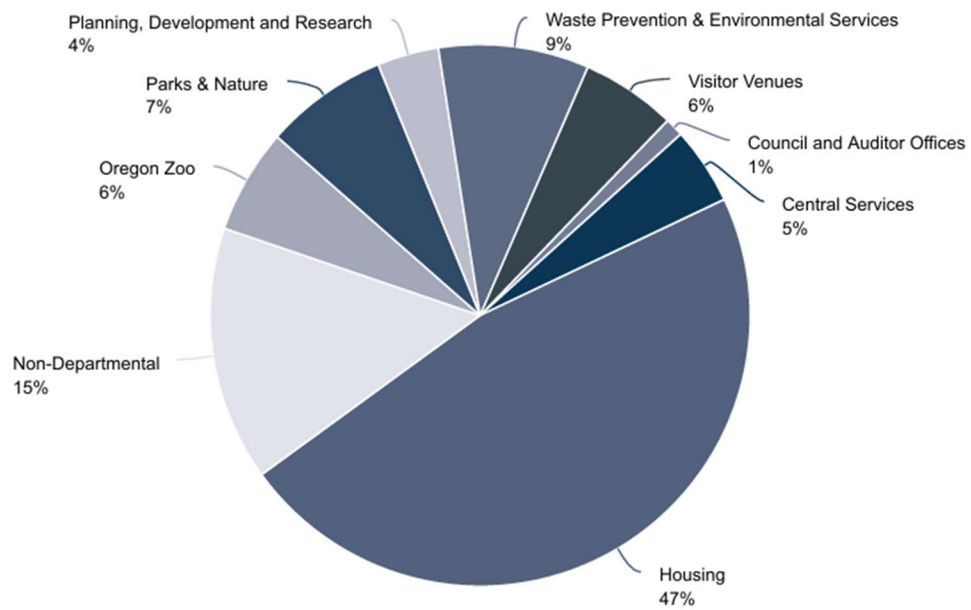
- Interfund transfers, \$105.9 million;
- Contingency, a total of \$238.9 million, just over 18.1% of the total operating budget; and,
- Ending Fund Balance, \$189.8 million

Combined contingency and ending fund balance are less than half the amount budgeted in FY 2024-25. Nearly all funds budgeting contingency were budgeted similarly or significantly increased in the current year budget. However, the contingency budgeted in the Supportive Housing Fund decreased from \$336.3 million to \$78.8 million in FY 26 and offset all other increases. If the Supportive Housing Fund is removed, overall contingencies increase \$19.3 million, or 13.7%. As expected, ending fund balance decreases each year as the district allocates prior debt proceeds to projects. Ending fund balance decreases are driven by changes in the Affordable Housing, Parks, and Zoo bond construction funds.

## FY 2025-26 REQUIREMENTS



## Expenditures by Function



The graph in the previous page (from Metro) provides a helpful overview of where dollars are spent – the largest share of the budget, at 47%, funds the supportive housing and affordable housing programs.

## **Expenditures by Object**

### **Personnel Services – 15.7% of total operating expenditures, \$207.5 million**

The budget for personnel services reflects a net decrease of 53.15 FTE from the current year budget and an expenditure increase of \$9.7 million (4.9%). Total positions for FY 2025-26 are 1,128.15 FTE.

- Visitor Venues reduces its total number of positions by 33.00 FTE to 170.80 FTE in FY 26. Cost inflation related to PERS and other escalating wages and benefits costs drove the need to reduce positions. The facilities within the visitor venues group worked collaboratively to determine the position reductions and how to work together more efficiently within existing capacity.
- Parks and Nature reduces its workforce in 2025-26 for those positions not funded by the Parks and Nature Bond or operating levy. The decrease of 19.80 FTE brings the total to 122.90 FTE in that department.
- Central Service functions decrease a combined total of 18.10 FTE in this budget as the support functions of the agency were asked to decrease current service level by ten percent. The reductions maintain core administrative support to departments. The net change in FTE includes 4.00 FTE less in Capital Asset Management, 3.60 FTE less in Communications, 3.50 FTE less in the Council office, 2.00 FTE less in the Diversity, Equity and Inclusion department, 3.00 FTE less in Finance and Regulatory Services, and 2.00 FTE less in Human Resources.
  - Information Technology did not have an adjustment to its total FTE levels, although a study noted that the number of staff dedicated to Information Technology is below benchmark levels for an agency that is Metro’s size and complexity.
- New in the FY 26 budget is the funding of 8.75 FTE in non-departmental: 3.5 FTE are transferred from the Council office to manage the agency’s ERP Replacement project. The rest are new positions that will provide agency-wide support. The General Fund provides funding for non-departmental positions.



### Historic Staffing Levels by service

Total Agency	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change from FY 2024-25	Change from FY 2022-23
Capital Asset Management	28.40	37.40	36.40	32.40	(4.00)	4.00
Communications	36.20	39.20	15.20	11.60	(3.60)	(24.60)
Council	41.20	44.00	49.00	45.50	(3.50)	4.30
Diversity, Equity and Inclusion	11.00	11.00	11.00	9.00	(2.00)	(2.00)
Finance and Regulatory Services	73.60	77.80	82.80	79.80	(3.00)	6.20
Housing	22.50	41.40	46.35	45.70	(0.65)	23.20
Human Resources	32.00	33.00	34.00	32.00	(2.00)	-
Information Technology and Records Management	34.00	38.00	41.00	41.00	-	7.00
Office of Metro Attorney	17.00	17.00	17.00	17.00	-	-
Office of the Auditor	7.00	7.00	7.00	7.00	-	-
Oregon Zoo	192.35	192.85	202.60	210.60	8.00	18.25
Parks and Nature	138.50	139.30	142.70	122.90	(19.80)	(15.60)
Planning, Development and Research Department	76.00	81.10	90.15	88.80	(1.35)	12.80
Waste Prevention and Environmental Services	195.25	191.90	202.30	205.30	3.00	10.05
Visitor Venues	197.10	202.50	203.80	170.80	(33.00)	(26.30)
Non-Departmental	-	-	-	8.75	8.75	8.75
<b>TOTAL BUDGET</b>	<b>1,102.10</b>	<b>1,153.45</b>	<b>1,181.30</b>	<b>1,128.15</b>	<b>(53.15)</b>	<b>26.05</b>
* Housing FTE were within Planning, Development and Research until FY 2022-2023; Diversity, Equity and Inclusion FTE were within Council until FY 2022-23						
Visitor Venues	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change from FY 2024-25	Change from FY 2022-23
Expo Center	16.80	16.80	18.10	13.05	(5.05)	(3.75)
MERC Administration	-	-	-	-	-	-
Oregon Convention Center	113.30	113.75	113.75	97.80	(15.95)	(15.50)
Portland's Centers for the Arts	67.00	71.95	71.95	59.95	(12.00)	(7.05)
<b>Total Visitor Venue FTE</b>	<b>197.10</b>	<b>202.50</b>	<b>203.80</b>	<b>170.80</b>	<b>(33.00)</b>	<b>(26.30)</b>

### Materials & Services – 70.0% of total operating expenditures, \$932.8 million

Materials & Services (M&S) represents the largest proportion of Metro expenditures in this budget. Much of the materials and services budget includes funds that will be distributed to local jurisdictions:

- The largest share is budgeted in the Supportive Housing Services program, which is anticipated to disburse \$484.1 million for payments to other jurisdictions implementing programs and the related tax collection costs.
- Metro has budgeted the second largest share of M&S dollars in the affordable housing fund, and plans on distributing \$155.1 million in FY 2025-26 to local partners for land acquisition, acquisition and rehabilitation of existing residential properties, and new construction of affordable housing.
- Parks and Nature has budgeted to provide \$17.0 million to other jurisdictions and for community grants in support of its bond program.
- Solid waste transfer station operations, disposal fees, organics processing, and transport of solid waste to the Columbia Ridge Landfill in Gilliam County account for \$53.2 million in costs in FY 2025-26.

### Capital Outlay – 5.8% of total operating expenditures, \$76.4 million

Capital expenditures include potential land and equipment purchases, facility improvements, and other large asset replacement and upgrade projects. The largest share of capital outlay dollars will fund \$28.9

million for projects at the Oregon Zoo; \$24.8 million for regional parks projects; and \$5.7 million for projects at the Oregon Convention Center, Expo Center, and Portland’s Centers for the Arts. Solid Waste facility improvements, technology upgrades and other capital facilities investments round out the total.

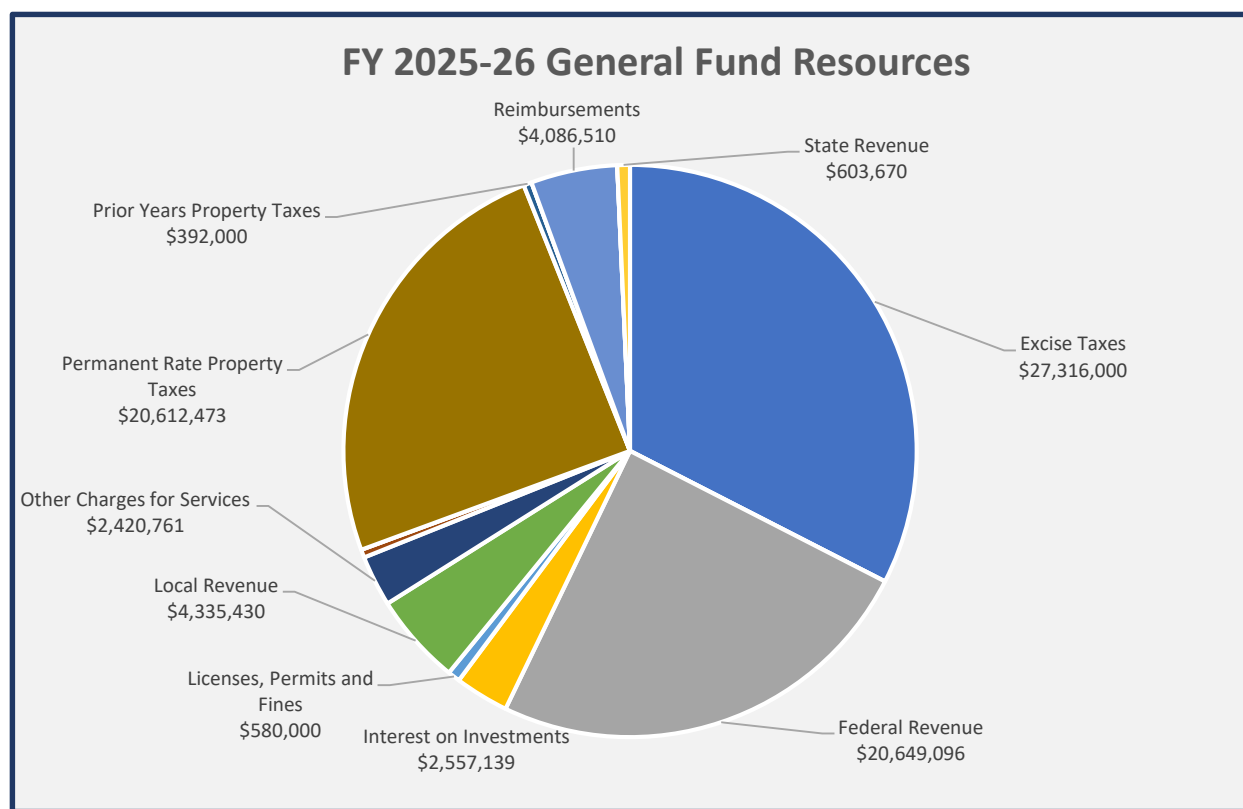
### Debt Service – 7.9% of total operating expenditures, \$103.8 million

Debt service includes payments on bonds sold for Affordable housing, Oregon Convention Center, Natural Areas program, Expo, Oregon Zoo, and the Oregon Convention Center hotel project. The Debt section provides additional detail. Debt Service for the recently issued \$125.0 million Parks and Nature Space and the \$75.0 million Zoo Bond 2024 issue are estimated in this budget. Both issues occurred in Spring 2025 and updated debt schedules were not able to be included in the approved budget due to timing.

## GENERAL FUND

The General Fund totals \$219.2 million for FY 2025-26 and makes up 11.9% of the total Metro budget. All general government and central service functions are budgeted in this fund. Planning, Development, and Research staffing is also budgeted in the General Fund.

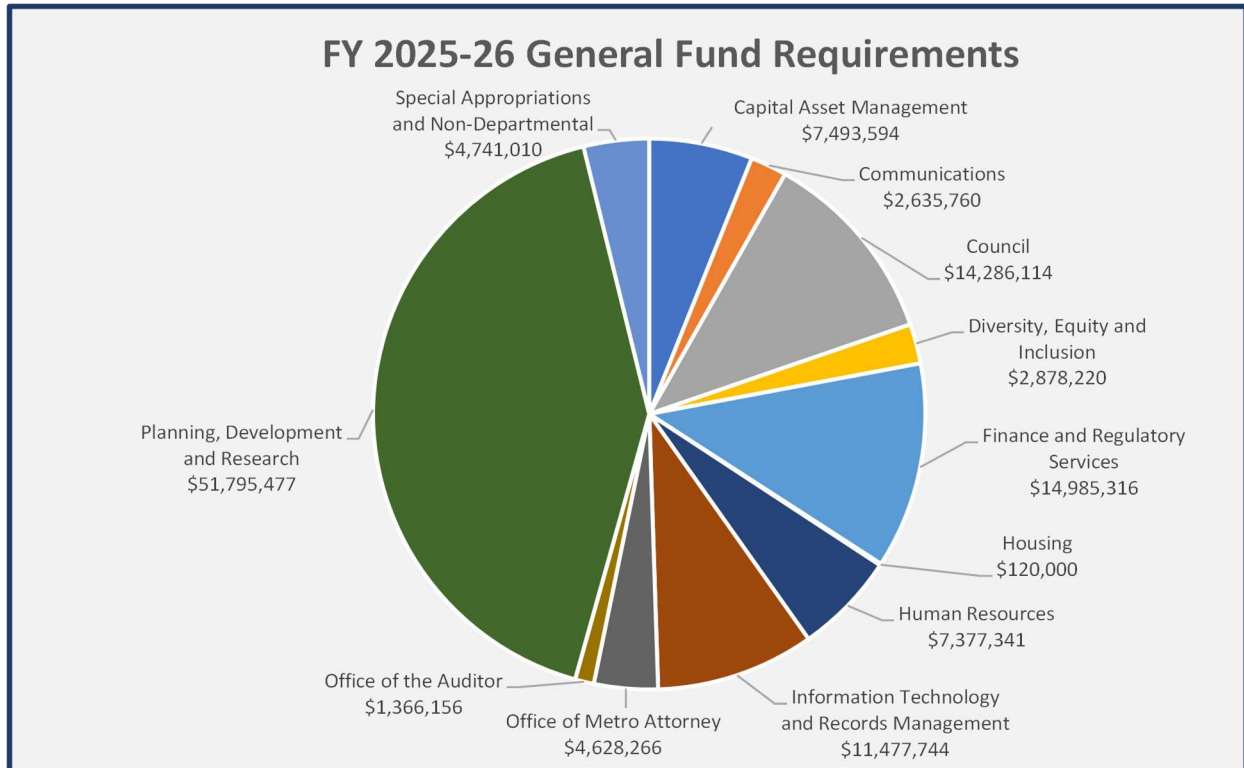
### GENERAL FUND RESOURCES



Primary revenues in the General Fund include charges for services, property taxes, the construction and general excise taxes, and intergovernmental revenue. With the exception of reduced state grant funding for planning, Metro expects no major changes in General Fund operating revenues for the coming year. Total resources decrease 1.0% from the current year due to decreased beginning fund balance (-\$15.8 million); this decrease is offset by increases in federal revenue (\$4.2 million), other income (\$2.5 million), and transfers in (\$5.7 million).

As noted above, budgeted beginning fund balance decreases by \$15.8 million from FY 25 for a total of \$77.4 million, and includes restricted revenues for Transit Oriented Development, intergovernmental projects, and Construction Excise Tax program balance, and for major projects and programs requiring committed funds. Approximately \$24.1 million of fund balance is maintained for debt service and reserves.

## GENERAL FUND REQUIREMENTS



The majority of General Fund costs support Planning, Development, and Research. The rest of the General Fund supports Central Services (includes Metro Attorney, Auditor, Communications, Finance and Regulatory Services, Human Resources, Information Technology, and Capital Asset Management) within Metro.

General Fund transfers out include \$21.0 million (100% of the district's discretionary permanent property tax revenue) to the Oregon Zoo; \$7.5 million to support the Parks and Nature program; \$5.3 million to the General Asset Management Fund; and \$1.6 million to the General Revenue Bond Fund for debt service on Full Faith and Credit debt obligations. Total transfers out from the General Fund are budgeted at \$37.5 million.

As also seen in other funds, budgeted contingency is increased as Metro continues to navigate an evolving economic landscape. Of the General Fund contingency of \$34.5 million, \$19.2 million is committed to the Planning, Development, and Research Program while the balance is unassigned or reserved for future one-time expenditures. Ending fund balance decreases by 47.0% in this budget to \$23.3 million: \$14.8 million for construction excise grant programs, \$3.9 million for future debt service on pension bonds, and the balance is unassigned.

## PLANNING, DEVELOPMENT, AND RESEARCH DEPARTMENT

The role of the Planning, Development, and Research department has evolved as the region has grown. Land use and transportation planning, in addition to research and data collection continue to be the focus of this department.

- This program relies on federal funding for general transportation system planning and specific project planning. Changes to federal transportation funding or policy direction will impact the budget; however, for 2025-26, the actual impact is unknown and not reflected in the approved budget.
- Metro has been coordinating planning efforts for multi-modal improvements on the Tualatin Valley Highway, 82nd Avenue, and the Interstate Bridge Replacement Project.
- Planning, Development, and Research is actively engaged in supporting the district's climate goals utilizing the Environmental Protection Agency (EPA) Climate Pollution Reduction grant.

## OTHER SIGNIFICANT BUDGET AREAS

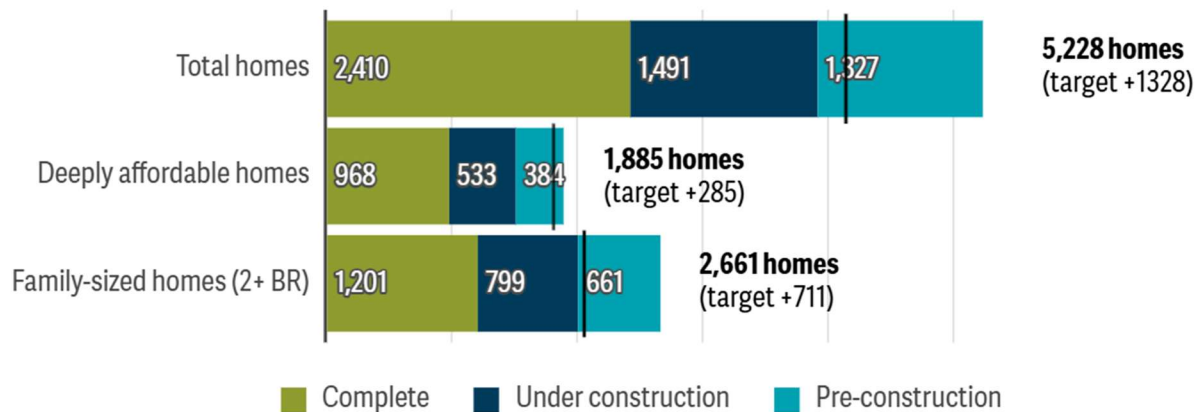
### HOUSING DEPARTMENT

In October 2022, Metro established the Housing Department to address the region's housing crisis integrating its Supportive Housing Services and Affordable Housing programs.

#### Affordable Housing

- Metro voters passed a \$652.8 million affordable housing bond measure in November 2018 to create permanently affordable homes across the Metro region. Metro issued the full authorized bond amount in May 2019; there is no ending fund balance and contingency is budgeted at \$43.4 million for FY 26.
- The bond measure promised the addition of 3,900 units if approved ([Affordable homes for greater Portland | Metro \(oregonmetro.gov\)](#) – snip of bond progress as of April 2025 below).
  - The bond has funded projects with over 5,200 units completed or in the pipeline, exceeding the original promise of the bond measure.
  - In addition, there are 1,885 deeply affordable (0-30% of median family income) and over 2,600 family sized units completed, under construction, or in design currently.

## Affordable housing production: progress underway (updated April 2025)



### Supportive Housing

- In May 2020 voters approved a measure to fund supportive housing services through a personal income tax and a business income tax.
- FY 2025-26 is the fifth year of the ten-year program to connect chronically homeless households with supportive housing and stabilize 10,000 households at risk of or experiencing homelessness into permanent housing. To date, the district has helped to stabilize over 6,900 households through permanent supportive housing or rapid rehousing services, helped over 17,000 households avoid homelessness, and added or sustained over 2,5000 shelter beds.
- The 2025-2026 Budget anticipates tax collections of \$328.8 million (\$180.8 million from personal income tax and \$148.0 million from business income tax), with \$484.1 million budgeted for distribution to Multnomah, Washington, and Clackamas counties. The actual amounts received in FY 2023-24 were \$191.7 million personal income tax and \$143.5 million business income tax for a total of \$335.1 million. Funds are distributed based on the percentage of tax paid by households in the three counties. The Supportive Housing Services Fund budgets no ending fund balance but holds \$78.8 million in contingency reserved for payments to local implementation partners and Metro oversight and administrative costs.

### PARKS AND NATURE DEPARTMENT

Primary funding sources include the parks and natural areas local option levy – extended for a third five-year term - and parks and natural areas bonds. Expenditures fund basic operations and activities to serve the department’s mission of protecting water quality, fish, and wildlife habitat, and creating opportunities to enjoy nature close to come through parks, trails and natural areas.

- The Parks & Nature Operating fund decreases this year by just over \$1.8 million (4.3%). An expected increase in golf course fees of \$750,000 over the current year and a budgeted transfer from the General Fund at current year funding levels helps restore overall funding for Parks and Nature to pre-pandemic levels. However, operating costs continue to rise due to inflation, increased personnel services costs, and an expanding portfolio of properties requiring



improvement and/or maintenance. This budget reduces funding for contracted services, including property services, by about \$1.2 million in addition to staff reductions.

- The first series of bonds under the November 2019 authorization were issued in April 2020 for \$200,000,000. The beginning balance in the Parks and Nature Bond Fund in FY 2025-26 is projected at \$198.0 million after a \$125.0 million bond sale in April 2025.
- Changes this year include a reduction of 17.80 FTE in the operating fund and 2.75 FTE in the bond fund for a net reduction of 19.8 FTE for the department. Focus will be on health and safety projects and protecting habitats.
- The capital budget includes \$10.0 million for nature areas acquisition and \$4.7 million for the Marine Drive Trail. Regional Parks Capital funding is dedicated to Glendoveer Golf Cart path paving in FY 26.

## VISITOR VENUES

Visitor venues include the Oregon Convention Center, Portland's Centers for the Arts, Portland Expo Center, and the Oregon Zoo. Nearly half of all part-time and permanent staff at Metro provide direct service to venue customers. Visitor venue items of note:

- Expectations are that event-based revenue will not grow as quickly as originally projected and will not meet pre-pandemic levels until 2030. Until then, the agency is working on reducing expenses and investing in health and safety and opportunities for revenue growth projects in anticipation of future visitors.
- Transient Lodging Taxes (TLT) makes up 19.5% of revenue for the MERC Fund, providing operating and capital, and fund balance resources for the Oregon Convention Center, Expo, and Portland's. TLT saw a large decrease during the pandemic. In the upcoming budget, transient lodging tax is budgeted at \$16.5 million, which is a decrease from the current year budget of nearly \$18.0 million, but slightly higher and more consistent with FY 23 and FY 24 actual receipts for transient lodging tax.
- The MERC (Metropolitan Exposition Recreation Commission) Fund decreases by \$8.5 million, a 7.5% decrease from the revised FY 2024-25 budget. This is consistent with an \$8.8 million decrease in beginning fund balance.
- Visitor Venues staffing decreases by 33.00 FTE overall. Each venue reduced positions and worked to increase collaboration across areas with common functions. Portland's and the Expo Center are not budgeting for capital asset project managers in this budget.

Items of significant change or interest for selected visitor venues:

### **Oregon Convention Center**

- FTE is reduced by 15.95 FTE to 97.80 in this budget.
- The FY 2025-26 Budget includes \$3.4 million in capital projects, down from \$7.1 million in FY 25. The budget prioritizes health and safety projects, projects addressing critical building needs, and projects that drive future growth.

### **Expo**

- The approved budget includes funding for 13.05 FTE, down from 18.10 FTE in the current budget.
- The General Fund transfers \$400,000 to the Expo Center for operations since revenues at the facility are not able to keep pace with expenses.
- The Portland Expo Center continues to face challenges on the expenditure side over the long-term. Current projects include a detailed review of the venue to develop options for the future focused on sports development and projects with historical significance.
- The Expo Center has significant deferred maintenance. The 2025-26 Budget will continue projects addressing building deficiencies.

### **Portland's**

- Portland's continues to offer robust entertainment options through its theaters. A reduction of 12.00 FTE with a heavy event schedule will help focus the facilities in FY 26. Metro will continue looking at labor cost recovery and rates and fees as strategies to offset costs and protect jobs at the theaters as well as capitalize on efficiencies through use of common staff at other sites.
- Capital improvements focus on life safety issues at the theaters and roof projects at the Arlene Schnitzer Concert Hall.

### **Zoo**

- The Oregon Zoo operating budget sees a decrease of just over \$2.7 million from FY 2024-25. Operating contingency increases from \$13.4 million in the current year to \$14.8 million in 2025-26. The Zoo will receive \$21.0 million in revenue from the general fund to support operations, an increase of \$0.5 million from the current year.
- The Zoo predicts attendance of 1.3 million in 2025-26 which is about 87% of the 1.5 million annual attendance pre-pandemic. Admission fees are projected to bring in approximately \$700,000 more in FY 26.
- The budget includes \$28.9 million capital funding at the zoo, including \$15.0 for the Front Entry/Polar Plaza project, and \$6.0 million for Coastal Shores project. Both projects are funded by the 2024 bond. Another \$3.0 million is budgeted for the Children's Museum Property Acquisition, \$2.0 million for the Growlers-Elephants Plaza structure and \$1.7 million for the Jonsson Center for Wildlife Conservation modernization project.

## **WASTE PREVENTION AND ENVIRONMENTAL SERVICES**

The Waste Prevention and Environmental Services (WPES) department is responsible for ensuring that all solid waste generated in the region is managed in a manner that protects public health and safeguards the environment.

- In this year's Approved budget, the solid waste fees increase by 6.7%, following fee increases set to a cost recovery model. Previously, the district had prioritized predictability and held rate increases to the 7% to 8% range.
- The number of FTE in the department increases to 205.3 FTE from 202.3 FTE in the current year. The additional 3.00 FTE will support implementation of the Solid Waste System Facilities Plan.
- Some of the largest expenditures in the solid waste revenue fund see increases this year, including \$19.3 million for transfer station operations, \$14.1 million for waste transport, and \$14.1 million

in disposal fees. This is up from 2024-25 expenses of \$19.8 million for operations, \$13.1 million for transport, and \$13.6 million for disposal.

- The FY 26 budget includes increased capital funding to \$8.6 million from \$3.2 million in FY 25. Large projects for Solid Waste include funding for an Organics Depackager (\$3.0 million) and the Safe Roof Access Project (\$1.6 million).

## DEBT STATUS

Metro has \$693.0 million in outstanding general obligation debt with bond issues for Natural Areas (2012, 2018, and 2020), Zoo Infrastructure (2012, 2018, and 2024), and Affordable Housing (2019). Most of the outstanding debt, \$551.0 million, is for affordable housing. The FY 2025-26 Budget includes \$57.4 million for GO bond debt service and \$65.2 million in total debt service payments.

### FY 2025-26 Summary of debt service payments

	Principal	Interest	Fiscal Year Debt Service
General Obligation Bonds			
Natural Areas, Series 2012A *	\$3,107,000	\$240,403	\$3,347,403
Natural Areas, Series 2018	2,450,000	122,500	2,572,500
Natural Areas, Series 2020A	-	3,526,179	3,526,179
Natural Areas, Series 2020B	3,000,000	260,100	3,260,100
Natural Areas, Series 2025 (PENDING)	-	-	-
Oregon Zoo Infrastructure, Series 2012A *	1,673,000	129,448	1,802,448
Oregon Zoo Infrastructure, Series 2018	1,150,000	187,750	1,337,750
Oregon Zoo Infrastructure, Series 2025 (PENDING)	-	-	-
Affordable Housing, Series 2019	23,425,000	18,146,629	41,571,629
Full Faith and Credit			
2018 Series	1,170,000	477,700	1,647,700
Limited Tax Pension Obligation Bonds, Series 2005	2,430,000	325,010	2,755,010
Revenue Bonds			
OCC Hotel Project, Series 2017	1,160,000	2,235,750	3,395,750
<b>TOTAL FY 2025-26 DEBT SERVICE PAYMENTS</b>	<b>\$39,565,000</b>	<b>\$25,651,469</b>	<b>\$65,216,469</b>

The Oregon Zoo Bond 2024 Fund accounts for the bond proceeds and general obligation bond expenses for the zoo bond approved by voters in 2024. The proceeds from the bond will be used to protect animal health, provide conservation and education, and increase sustainability at the Oregon Zoo. The first series of bonds under the 2024 authorization were issued in April 2025 in the amount of \$75.0 million.

Metro also holds full faith and credit bonds (\$11.1 million outstanding), pension obligation bonds (\$6.5 million outstanding), and dedicated tax revenue bonds for the Oregon Convention Center hotel (\$44.7 million outstanding). The 2025-26 Budget does not include debt proceeds for new or refunded bonds.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?

<b>X</b>		Did the budget committee approve the budget?
<b>X</b>		Did the budget committee set the levy?
<b>X</b>		Does the audit show the district was in compliance with budget law? - <i>over expenditure</i>

#### **LOCAL BUDGET LAW COMPLIANCE**

The FY 2025-26 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown.

The audit report for FY 2023-24 notes no issues of budgetary noncompliance.

#### **CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff notes no deficiencies in the district's FY 2025-26 budget development process and offers no recommendations or objections for the certification letter.

## Metro

### Budget Summary

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
	Actual	Actual	Revised	Approved	Change
<b><u>SUMMARY OF ALL FUNDS</u></b>					
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	18,247,574	19,543,165	20,169,004	20,612,473	2.2%
Local Option Levy Property Taxes	17,722,389	18,573,104	18,960,221	18,970,076	0.1%
GO Debt Property Taxes	76,186,944	81,447,559	82,948,815	88,615,998	6.8%
Prior Years Property Taxes	806,821	444,829	517,996	630,000	21.6%
Payments in Lieu of Property Taxes	183,283	200,038	0	0	0.0%
<b>TOTAL PROPERTY TAX</b>	<b>113,147,011</b>	<b>120,208,695</b>	<b>122,596,036</b>	<b>128,828,547</b>	<b>5.1%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	1,174,363,376	1,251,232,997	1,176,360,797	950,086,099	-19.2%
Property Taxes	113,147,011	120,208,695	122,596,036	128,828,547	5.1%
Other Taxes	390,546,024	378,352,210	421,452,530	375,973,636	-10.8%
Intergovernmental Revenue	27,457,139	25,979,660	29,907,937	33,783,167	13.0%
Fees and Charges	131,825,802	143,995,133	157,879,777	166,147,227	5.2%
Other Income	126,015,929	107,529,320	82,296,999	94,427,638	14.7%
Debt Proceeds	0	0	200,000,000	0	-100.0%
Transfers In	80,466,330	86,509,001	110,415,390	105,948,117	-4.0%
<b>TOTAL RESOURCES</b>	<b>2,043,821,611</b>	<b>2,113,807,016</b>	<b>2,300,909,466</b>	<b>1,855,194,431</b>	<b>-19.4%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	137,185,947	162,094,380	197,730,564	207,479,517	4.9%
Materials & Services	422,070,427	578,452,562	961,622,881	916,837,071	-4.7%
Capital Outlay	14,609,483	40,167,636	69,935,631	76,404,754	9.3%
Debt Service	138,256,427	90,123,206	92,662,993	103,774,458	12.0%
Fund Transfers	80,466,330	86,509,000	110,415,390	105,948,117	-4.0%
Contingencies	0	0	477,180,182	254,901,499	-46.6%
Ending Fund Balance	1,251,232,996	1,156,460,232	391,361,825	189,849,015	-51.5%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>2,043,821,610</b>	<b>2,113,807,016</b>	<b>2,300,909,466</b>	<b>1,855,194,431</b>	<b>-19.4%</b>
<b><u>SUMMARY OF BUDGET - BY FUND</u></b>					
General Fund	198,972,892	200,088,016	221,267,941	219,112,459	-1.0%
Oregon Zoo Operating Fund	73,855,139	83,142,917	78,280,111	75,567,909	-3.5%
Parks & Nature Operating Fund	37,257,599	42,003,194	42,723,087	40,886,889	-4.3%
Supportive Housing Services Fund	525,082,917	691,089,753	807,598,166	590,161,159	-26.9%
Zoo Bond 24	0	0	75,000,000	69,609,143	-7.2%
Affordable Housing Fund	561,835,359	474,473,669	362,560,310	201,871,582	-44.3%
GO Bond Debt Service Fund	120,944,258	86,361,419	83,952,869	95,975,998	14.3%
General Asset Management Fund	37,490,262	38,680,935	37,556,894	40,290,702	7.3%



Oregon Zoo Asset Management Fund	11,616,795	17,350,239	23,450,000	15,130,000	-35.5%
Natural Areas Fund	4,714,058	3,587,709	0	0	0.0%
Parks and Nature Bond Fund	188,382,771	174,205,599	271,808,150	202,980,000	-25.3%
General Revenue Bond Fund	10,508,179	10,197,423	10,214,158	9,229,472	-9.6%
MERC Fund	111,182,419	120,894,146	114,365,294	105,823,207	-7.5%
Solid Waste Revenue Fund	152,490,952	161,439,606	162,225,478	177,389,709	9.3%
Risk Management Fund	4,959,837	5,888,573	6,352,350	7,570,840	19.2%
Cemetery Perpetual Care Fund	772,999	783,077	766,440	790,000	3.1%
Smith & Bybee Wetlands Fund	1,478,034	1,278,011	1,016,591	785,000	-22.8%
Community Enhancement Fund	2,277,141	2,342,730	1,771,627	2,020,362	14.0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>2,043,821,611</b>	<b>2,113,807,016</b>	<b>2,300,909,466</b>	<b>1,855,194,431</b>	<b>-19.4%</b>

#### DETAIL OF GENERAL FUND

##### RESOURCES:

Beginning Fund Balance	80,880,180	85,080,592	93,127,467	77,371,098	-16.9%
Property Tax	18,804,903	19,944,171	20,450,000	21,004,473	2.7%
Other Taxes	23,856,467	23,717,860	25,598,000	27,316,000	6.7%
Federal Revenue	13,023,737	8,059,833	16,491,715	20,649,096	25.2%
State Revenue	556,524	5,618,308	841,052	603,670	-28.2%
Local Revenue	278,206	3,859,187	4,081,635	4,335,430	6.2%
Fees and Charges	2,889,929	2,838,543	4,079,562	3,000,761	-26.4%
Other Income	10,137,466	7,069,515	4,491,409	7,020,449	56.3%
Transfers In	48,545,480	43,900,007	52,107,101	57,811,482	10.9%
<b>TOTAL FUND RESOURCES</b>	<b>198,972,892</b>	<b>200,088,016</b>	<b>221,267,941</b>	<b>219,112,459</b>	<b>-1.0%</b>

##### REQUIREMENTS:

Administrative Services	47,691,298	57,437,962	65,909,161	69,114,510	4.9%
Community Development	22,426,370	24,844,002	43,989,906	51,915,477	18.0%
Parks, Recreation and Culture	3,595,696	0	0	0	0.0%
Debt Service	14,482,096	2,546,179	2,645,599	2,755,010	4.1%
Transfers Out	25,696,840	25,294,190	38,444,052	37,519,631	-2.4%
Contingencies	0	0	26,401,067	34,549,517	30.9%
Ending Fund Balance	85,080,592	89,965,683	43,878,156	23,258,314	-47.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>198,972,892</b>	<b>200,088,016</b>	<b>221,267,941</b>	<b>219,112,459</b>	<b>-1.0%</b>

#### DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

##### RESOURCES:

Beginning Fund Balance	2,887,362	3,485,941	804,054	6,610,000	722.1%
GO Debt Property Taxes	76,186,944	81,447,559	82,948,815	88,615,998	6.8%
Interest on Investments	996,032	1,427,919	200,000	750,000	275.0%
<b>TOTAL FUND RESOURCES</b>	<b>80,070,338</b>	<b>86,361,419</b>	<b>83,952,869</b>	<b>95,975,998</b>	<b>14.3%</b>

**REQUIREMENTS:**

Debt Services	117,458,317	81,517,377	83,952,869	95,975,998	14.3%
Ending Fund Balance	3,485,941	4,844,042	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>120,944,258</b>	<b>86,361,419</b>	<b>83,952,869</b>	<b>95,975,998</b>	<b>14.3%</b>