

# **Metro Zoo \$380 Million Bond Measure Hearing Minutes**

**Thursday May 2, 2024 11:00 am  
600 NE Grand Avenue  
Portland, Oregon  
Measure 26-244**

**May 21, 2024 Election**

**Present:**

**TSCC:**

Vice Chair Mark Wubbold, Commissioner Matt Donahue, Commissioner Tod Burton, Commissioner Allison Lugo Knapp, Executive Director Allegra Willhite, Budget Analyst Tunie Betschart

**Metro Councilors:**

Duncan Hwang, Garritt Rosenthal, Mary Noland, Christine Lewis, and Ashton Simpson

**Staff:**

Chief Financial Officer Brian Kennedy, Deputy Director of Oregon Zoo Utpal Passi

**Absent:**

TSCC Chair Harmony Quiroz

Vice Chair Mark Wubbold opened the Public Hearing for Metro's \$380 Million Zoo Bond measure to improve and modernize zoo facilities by stating the commission is a neutral body in this matter and is holding this hearing for the public's benefit. The commission will take no formal action today. The "action" will be taken by the voters on November 5, 2024. This hearing aims to discuss and take public testimony on Measure 26-244, which Metro has put on the November ballot. Those from the public who wish to testify can give testimony before the commissioners begin the formal questions. He asked the TSCC Commissioners and staff to introduce themselves, followed by Metro board and staff introductions. No one had signed up to give testimony, and no one at the hearing wanted to make public comments at this time.

**TSCC Questions:**

**Commissioner Mark Wubbold asked the following questions:**

We'd like to understand more about the need for this bond. Are there health or safety concerns with the current habitats you hope to address with the penguin, sea otter, and giraffe projects?

Councilor Duncan Hwang said the zoo's health and safety are always priorities. The association of zoos and aquariums has identified several areas that require modernization and upgrades, including the penguin and giraffe habitats. Although the exhibits are safe, giraffes must be inside at specific temperatures. As extreme weather occurs, that becomes more important. With a larger indoor space, the giraffe's social well-being will be enhanced, and it will have the ability to house a more significant herd. Steller Cove, which currently houses sea otters, has an aging infrastructure that requires upgrades. There's a risk of infrastructure failure, which is a health and safety concern.

How does the infrastructure at Oregon Zoo compare to other zoos of similar size across the county?

Councilor Hwang said the Oregon Zoo's Washington Park setting is unique. While most zoos have flat sites with ample room for expansion, the Oregon Zoo is restricted by roads and has significant grade change and geotechnical challenges. Construction changes are needed to accommodate a more robust structural system that can withstand seismic events. The zoo modernized about 40% of its campus through the 2008 bond measure. The remaining portion, some of which date back to the 1950s, requires similar upgrades and improvements.

**Commissioner Allison Lugo Knapp asked the following question:**

What kind of analysis has Metro completed to assess the potential impact of bond projects on revenues? Do you know whether these enhancements will increase visitor numbers or memberships?

Councilor Hwang said the zoo had engaged a consultant to develop a business and operations plan based on potential bond projects and the updated campus plan. The analysis is currently underway. Regardless, visitor numbers are managed through a time-ticking model that prevents overcrowding and ensures a positive guest experience.

If visitor numbers increase, what impacts do you foresee with parking challenges? Will the current overflow parking be sufficient to accommodate any estimated visitor growth?

Councilor Hwang said the structure around it constrains the zoo. The district is not able to add another parking lot. Metro is looking at deeper investments in transit and other modalities.

Mr. Utpal Passi said part of the reason why the zoo started time ticketing is so they don't go over the overflow parking. That's how they are managing parking. The district does have another consultant involved with Washington Park. Other venues share the parking space as well. Metro is working on a project, as Councilor Hwang mentioned, to increase and make existing parking more efficient. It is outside the zoo's boundary, but the campus should be able to accommodate the parking.

**Commissioner Donahue asked the following questions:**

The ballot measure tells us voters won't see increased taxes due to scheduled debt service reductions for Metro. However, voters will not see a tax reduction if the new bond passes. Given recent discussions on the tax burden in the Metro area, what would you say to voters as to why this bond is essential? Given other challenges in the region clamoring for tax dollars, do you see this bond as the most important place for voters to spend?

Councilor Christine Lewis said the Oregon Zoo is a community asset. The investment the public has made has created this treasure. The 2008 bond and the first Washington Park development were publicly committed. Today, the zoo attracts 1.3 million visitors a year, making it the top ticketed spot for the state. The hospitality and tourism industries are critical to the region. The zoo is a vital part of that. Metro is investing in the zoo and the regional tourism economy.

Portland Chamber of Commerce is supporting this measure. There is a need to rebuild tourism in Portland. The zoo attracts visitors from all over the world but is primarily a west coast draw. Metro is doing the work of western pond turtles of condors. All these species need the conversation work. In this ever-changing world, it is harder for animals to thrive.

In addition to those persuasive points, the Oregon Zoo is a large portion of the budget in terms of the General Fund. It takes a large portion of Metro's staff to maintain the zoo. To fulfill Metro's mission, taking care of these items is critical.

**Commissioner Tod Burton asked this follow-up question:**

Since a significant tourism component exists, do you expect to receive any transient lodging taxes to help with capital projects?

Mr. Brian Kennedy said the zoo doesn't receive transient lodging taxes. The capital program is funded almost exclusively by zoo bonds. The zoo foundation also does some fundraising for projects. Existing ongoing maintenance is outside of bond revenues.

The zoo has other capital programs that exist independent of bond measures. Several projects the zoo regularly organizes are financed from operating revenues, net

revenue provided by the zoo, other external grants, and grants from within Metro. Various funding mechanisms go into the overall capital program, including, but not exclusively, general obligation bonds.

**Commissioner Donahue asked these follow-up questions:**

Over what period will bonds be issued? Then, can you talk about the assumptions behind that?

Mr. Kennedy explained that it is going to be 30 years. Metro will get authorization for 30 years. There's an interesting problem when you issue General Obligation bonds. Even if you only plan on a 20-year bond, you often need 20 years and one month to repay them. If you get approval for 20 years, you have a problem due to when governments issue their authorization debt. Metro has had it for 30 years. The district remodels the interest cost to repay within 20 years to manage the interest cost. Given the nature of the construction projects, staff will not issue in one tranche. The expectation is two or three issuances over the bond's life to comply with IRS regulations around uses with tax-exempt proceeds.

When will the agency levy the final taxes to repay these bonds?

Mr. Kennedy said no more than 30 years from the approval of the bond measure.

**Commissioner Burton asked these follow-up questions:**

There are two parts to your property tax bill. There are the operating levies and all of these approved GO bonds. Some are Metro bonds, the schools, and overlapping jurisdictions. Will the piece you're saying stay the same? Would the debt service, outside of Measure 5 limits, authorized for GO bonds be level?

Mr. Kennedy said the local option level is not going to change. It is Metro's practice to manage the bonds it has right now. A portion of the 2006 bond is still active in the current year. The Zoo, the 2018 Housing, the 2019 Parks, and Nature bonds are active. It's about a 40 cent per thousand estimated levy rate, and that's the target rate the agency is targeting to be constant over the bond's life if it were to be approved.

The interest rate is going up, and you're issuing new debt. You're going to have a much higher capital cost. Are you going to have to massage that to keep that level? Is that the thinking?

Mr. Kennedy said yes, the district will have to manage that. In doing the modeling, Metro uses conservative interest rate assumptions. Metro has consistently had a triple-A bond rating, which generally obtains the best rates available. The staff runs a variety of scenarios. Based on what the agency has done before, staff believes this can be accomplished within the levy rate.

Would that be reported back through the bond audit committee, the committee you would form if the bond passes to assure voters that Metro is tracking this?

Mr. Kennedy said yes, they would be tracking that.

**Commissioner Burton asked the following questions:**

If the bond does not pass, are there projects you would seek to fund with other sources? If so, what projects and other potential funding sources would you consider?

Councilor Lewis said community support is the only way Metro can make large-scale improvements at the zoo. If the bond doesn't pass, the zoo would most likely be unable to complete the campus plan. For instance, the Oregon Zoo Foundation did a \$10 million campaign in parallel to align with the 2008 bond implementation. That was a significant effort for the foundation. Metro would have to pick and choose one or two of the highest needs, and the rest would fall away. Metro would select the ones that are necessary for accreditation.

**Commissioner Wubbold asked the following questions:**

The bond provides for capital projects, but what about ongoing costs related to the new habitats and other capital investments? Do you anticipate operating costs will go up, and if so, what is the plan to cover those costs?

Councilor Ashton Simpson said this is being evaluated as part of the business and operations plan with a third-party consultant. Metro is working to address this and is looking at efficiencies.

Will there be any new personal services expenses?

Mr. Passi said they have not made any increases in that area. Staff is mapping and planning over 10 to 15 years to look at increases and efficiencies. The agency did the same exercise during the 2008 bond measure issuance.

**Commissioner Allison Lugo Knapp asked the following questions:**

Our region has experienced several severe weather events in recent years, so we were glad to see mention of projects to improve heat protection and support animal care in the event of a natural disaster or emergency. Can you provide some examples of what these projects might look like?

Commissioner Mary Noland fielded this question, saying potential new projects include adding on-site solar panels and battery energy storage systems to create a localized energy source that could self-generate indefinitely. The batteries could also be used during normal operations to improve grid stability and accelerate grid decarbonization, moving the agency away from fossil fuels.

**Commissioner Donahue asked the following questions:**

We'd love to hear more about the proposed planned water and energy conservation projects. What percentage of bond funds do you expect to go towards this priority?

Councilor Noland said it is not possible to determine a specific percentage of funds at this stage. Every project will meet Metro's sustainability and environmentally friendly policies. Every building must meet Metro's ecology standards for water and energy conservation through Metro's core building certification, which includes designing buildings to achieve at least 70% reduction in energy use and 50% water reduction compared to a baseline. There will also be funding set aside for green technology, which is consistent with Oregon law.

Would this generate utility bill savings, and how much might that offset the project costs?

Councilor Noland said each project will advance the goal of 100% electrification of the campus by 2040. The electrification of heating systems is expected to reduce gas consumption. The district would see only slight increases in electrical consumption, but total energy consumption would decrease.

**Commissioner Burton asked the following question:**

Would the bond include expanding the zoo's footprint by purchasing new land or buildings, or is this all work to enhance existing property? 26:51

Councilor Garritt Rosenthal answered, saying the city owns part of the parking lot and the Children's Museum. Increasing the footprint is not part of the activities planned with this bond. Right now, all projects are within the existing footprint.

Is it possible for Metro to acquire the Children's Museum?

Councilor Rosenthal said that could be a possibility in the future.

**Commissioner Lugo Knapp asked the following questions:**

The ballot measure specifically mentions improving facilities to enhance education opportunities - can you tell us more? What are the education opportunities, and how will the facility improvements enhance these?

Commissioner Simpson said the bond fund will make modernizing the zoo habitat and signage possible. It will provide areas for better viewing of the wildlife. The new coastal shores will give better access to the existing education center, and the exhibit will provide opportunities for guests to learn about sea otters and their essential role in the Pacific marine life. The agency will also design space to enhance engagement with the naturalists and zoo keepers. The new Ambassadors Building will significantly improve learning activities.

Vice Chair Wubbold asked if anyone wished to speak at this hearing. No members of the public requested to speak. He thanked Metro Councilors and staff for their thoughtful answering of the questions.

He closed the hearing since the commission takes no action on the measure.