



PORTLAND PARKS & RECREATION

Healthy Parks, Healthy Portland

Portland Parks & Recreation Potential Replacement Bond Questions & Answers 6/2/14

Is Commissioner Fritz doing a parks bond?

Portlanders have preserved and built our incredible parks system through a series of capital investments (bonds, levies) over the last century. Portlanders last passed a parks bond in 1994. Portlanders will soon fully repay that bond and it expires next year. Also, over the next ten years, Portland's parks will need more than \$365 million in replacement and maintenance projects. This provides a unique opportunity – if Portlanders continue to make the same rate of payments on property taxes over the next 20 years, it can generate an estimated \$56-\$68 million in bond revenue to pay for critical repairs to our parks system.

Commissioner Fritz and Portland Parks & Recreation are looking into whether we should replace the bond without increasing tax rates. Conducting this representative telephone survey is the first step in this process. City Parks Commissioner Fritz is looking into whether we should replace that bond *without increasing tax rates*. She will begin this conversation with our community this month. A new Parks bond would simply replace the current, expiring bond, *and maintain the same tax rate*.

How will you decide whether to do a parks bond, what will it be for, and what are the next steps?

Over the next ten years, Portland's parks will need more than \$365 million in replacement and maintenance projects. Replacing the expiring Parks bond would fund an estimated \$56-\$68 million of the most critical repairs and tax rates would stay the same. To ensure that the City Council hears a broad spectrum of opinions, Commissioner Fritz and Portland Parks & Recreation commissioned [DHM Research](#) to conduct a representative survey of Portlanders to ask if they support a Parks bond that funds the replacement of [playgrounds like the one recently closed for safety reasons at Couch Park](#), reopens the closed Maple Trail in Forest Park, repairs community swimming pools to prevent emergency closures, makes much-needed repairs to

Pioneer Courthouse Square and Mount Tabor Yard, and ensures that more facilities and natural areas are safe and accessible to all, including people with disabilities. The results of that representative survey shows that a bond *that does not increase tax rates* is feasible. Commissioner Fritz will now open this dialogue to the larger community and parks stakeholders. Meetings and additional survey exercises, including a Town Hall TBA, will take place during the month of June culminating in an expanded Parks Budget Advisory Committee and Parks Foundation Board meeting in early July.

If the decision is made to recommend a replacement bond, Commissioner Fritz will bring that recommendation to the entire City Council for a vote for a referral to the ballot.

Though the \$56-\$68 million in most critical repairs have priority, funding the remaining maintenance needs across the Parks system will remain a challenge requiring more conversations over the coming years.

How can you possibly say this won't increase taxes—how else could you get \$56-\$68 million new dollars?

A new Parks bond would simply replace an expiring bond that was passed in 1994. So taxpayers would not pay a higher, tax rate; they would maintain the same rate which they currently pay.

Typically, a bond is financed over 20 years. During that time, homeowners contribute to the bond through their property taxes. When the bond expires, so do the charges for it on homeowners' property tax bills. So if Portlanders pass a new Parks bond, it would simply replace the previous bond when it expires—and at the same tax rate. The expiring Parks bond is funded at a rate of \$.0877 per every \$1000 of assessed value (AV). If Portlanders support replacing the expiring bond as its current rate, would fund an estimated \$56-\$68 million of critical projects.

If Portlanders do not pass a new Parks bond, the annual property tax rates paid by the typical household with an Assessed Value of about \$150,000 are estimated to decrease by about \$13.

The 1994 bond was \$50 million, yet this one would be \$68 million. Have the numbers and rates changed since 1995 (as well as people's property values)? What's the tax rate for homeowners for the current (expiring) bond and what would it be for the proposed bond?

- Today's assumptions differ from circumstances when the prior bond was issued in 1995.

- The previous bond was structured so that the total amount of property taxes collected was approximately equal each year, with the actual levy rate changing accordingly.
- The proposed bond structure would keep the annual bond levy rate approximately equal, and the total property tax collected each year would change accordingly.
- The property tax levy rate for the expiring bonds is approximately \$0.0877 per \$1,000 of assessed value. This is the estimated levy rate for November 2014.
- The proposed debt service of the new bonds would maintain the same levy rate of approximately \$0.0877 beginning in November 2015.
- As the levy rate would stay approximately the same, the actual amount each taxpayer pays annually may change based upon changes in actual assessed value of individual property.
- Collection of property taxes to repay the potential new bonds would not happen until after the current bond expires.
- The \$56-\$68 million bond estimate is based on a 20-year bond maturity and an average growth in assessed value of 2.5% annually across the city as a whole.

Would the bond be for this November's election?

No decision has yet been made but if, after further conversations with Portlanders, Commissioner Fritz does end up recommending a replacement bond, it could be up for a vote this November.

What are the key findings of the representative survey by [DHM Research](#)?

The DHM survey was conducted from May 21-23, 2014, and interviewed 800 likely voters. Some questions were split sampled to compare alternative versions. The survey's margin of error ranges from $\pm 3.5\%$ (N=800) to $\pm 4.9\%$ (N=400). DHM Research has produced the following key findings and attached detailed results.

With minimal information, Portlanders express support for a parks bond at 48% supporting (26% strong support, 22% somewhat support) and 12% not sure.

Support jumps to 68% (40% strong support) when Portlanders learn the bond is a replacement bond and will fund critical parks repairs *without increasing tax rates*.

Even after learning that property taxes would go down if voters reject a bond, voters choose to keep rates tax rates level in order to make critical investments in our parks system.

Opposition to the measure only grows by a few percentage points (and support drops to 65%) when Portlanders are given opposition rationale about why not to support the replacement bond.

Among the top projects to support within the replacement bond: replacement of deteriorating playgrounds leads the pack, followed by repairing trails and bridges and conducting major repairs on community swimming pools in order to prevent closures.

Portlanders outline key reasons to support the replacement bond as being:

- because it would not increase the tax rate
- because it would focus on safety and critical repairs, and
- because it would fund removing barriers and making parks system more accessible to all, including people with disabilities.

Portlanders love their parks systems, with a large majority (87%) ranking the quality of service as very good (32%) or good (55%).