



Local Bond Measure Election Results

May, 2019



In May, Oregon residents approved almost \$180 million of general obligation bonds, substantially less than the \$940 million approved in May of 2018. The bonds approved by the election are in high demand as investors seek high quality tax-exempt investment alternatives. There are four scheduled election dates in Oregon each year: the 2nd Tuesday in March; the 3rd Tuesday in May; the 3rd Tuesday in September; and the 1st Tuesday after the first Monday in November. In November 2008, Oregon voters approved Ballot Measure 56, which repealed a law requiring more than 50% of a county's registered voters to vote in bond measure elections held in May and November. As a result, the May election has become an important election to follow for new bond measures.

By election measure 75% of the bond issues were approved; however, 72% of the total requested par amount was approved by voters. Oregon typically sees more ballot measures during general elections, which are held in November, of even-numbered years. Accordingly, the current election falls flat versus the 2018 November general election, which approved a healthy \$1.4 billion of new supply.

| May 2019 | | | | |
|--------------|----------------|-----|---------------|-----|
| | Pass | % | Fail | % |
| Par Amount | \$ 179,600,000 | 72% | \$ 70,000,000 | 28% |
| Bond Measure | 9 | 75% | 3 | 25% |

Source: Kirkpatrick Pettis Capital Management and various Oregon County Clerks.

| Issuer | Tax Rate | Par Amount | Pass/Fail |
|---|----------|---------------|-----------|
| City of Lake Oswego | 0.2400 | \$ 30,000,000 | Pass |
| Dayton School District No. 8 | 2.8300 | \$ 11,000,000 | Pass |
| Dayville School District 16J | 1.6800 | \$ 700,000 | Pass |
| Elkton School District No. 34 | 0.9400 | \$ 3,000,000 | Pass |
| Fern Ridge School District No. 28J | 2.1900 | \$ 5,000,000 | Fail |
| Jackson County School District No. 6 | 1.1400 | \$ 82,000,000 | Pass |
| North Lake School District No. 14 | 1.3700 | \$ 5,000,000 | Pass |
| Ontario School District No. 8C | 1.0000 | \$ 25,000,000 | Fail |
| Redmond Area Parks and Rec. District | 0.5500 | \$ 40,000,000 | Fail |
| Santiam Canyon School District No. 129J | 2.4500 | \$ 17,900,000 | Pass |
| Stanfield School District No. 61R | 2.7000 | \$ 14,000,000 | Pass |
| Winston-Dillard School District No. 116 | 1.3900 | \$ 16,000,000 | Pass |

Source: Kirkpatrick Pettis Capital Management and various Oregon County Clerks.

Election results were lower than last year for several reasons. The primary reason is the large election dominating measures have already passed. In November, Metro passed its \$650 million housing bond issue, Eugene School District passed its \$319 million general obligation bond, last May Salem-Keizer School District passed a \$619 million bond, Corvallis School District passed a \$199 million bond. By comparison, the largest measure presented to voters in the May election week was the \$82 million bond for Central Point School District (Jackson County School District No. 6). Furthermore, unlike previous elections the Portland metropolitan area was relatively unrepresented, except for the Lake Oswego parks bond.

However, what this election did see was a variety of measures that are often more difficult to pass, such as the Lake Oswego bonds for parks and recreation. Projects like this are often viewed by voters as less important than schools or essential services, such as water and sewer, and are therefore often rejected by voters in favor of more essential projects. Although Lake Oswego's bonds are passing, Redmond presented a similar issue to voters, which was only able to capture 45% of votes. Santiam School District has never successfully passed a general obligation bond



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measure and last asked voters for a bond in 2008 when it requested \$14.5 million, which voters rejected by 61%. This election saw Santiam School District passing by 52%.

Furthermore, a significant marketing point for several of the schools issues was the Oregon School Capital Improvement Matching program, which is a grant program offered by the Oregon Department of Education, supporting communities that pass general obligation bonds for school improvements. An example from this election is Elkton School District, which asked voters to approve a \$3 million bond, which if approved, will be matched by an additional \$3 million from the State. Measures such as this present a good value to property taxpayers, since half of the project is funded by the matching grant. Elkton's measure is currently passing, with 62% of votes approving the measure.

Overall, this election will provide a significant source of additional supply to the bond market and many of these issues will likely become portfolio holdings. The year has been off to a slow start, and while this election will help alleviate some of the supply concerns, we expect that issuance will be lower this year than last year.



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