

A clear view

A report to the community from the Natural Areas Program Performance Oversight Committee

Our overall view is that Metro is conducting the Natural Areas Program in a way that is accountable and transparent.

You – the citizens of the Portland region – expressed the value you place on natural areas when you passed a \$227.4 million bond measure in 2006 to fund Metro’s Natural Areas Program.

We – the members of the Natural Areas Program Performance Oversight Committee – share your belief that natural areas are integral to the well-being of the region. We serve on this committee to help ensure that the Natural Areas Program is well managed, spends money wisely and fulfills the stated goals of the bond measure.

We are a somewhat unusual committee that has worked closely with Metro over the past year. In this report, we tell you who we are, how we work and what we have found about the program’s performance to date.

This report covers our work from June 2007 through June 2008. We will continue to provide oversight as the program progresses and will report to you annually.

As designated in the 2006 bond measure, Metro’s **Natural Areas Program** acquires and preserves natural areas throughout the region to safeguard water quality, protect fish and wildlife habitat and ensure access to nature for future generations. The program has three components:

Regional natural areas: The acquisition of 3,500-4,500 acres from willing sellers in 27 target areas (\$168.4 million).

Local projects: \$44 million allocated to local governments for park improvement projects and locally important acquisitions.

Nature in Neighborhoods capital grants program: \$15 million for grants to community groups, nonprofits and local governments for projects in “under-natured” neighborhoods.

Why we exist

The bond measure called for creation of an independent citizen oversight committee to provide a third-party review of the Natural Areas Program to the Metro Council and citizens. The committee’s charge is to determine if the program is on the right path in terms of structure, management, expenditures, personnel and achievement of defined goals. We do not monitor specific decisions regarding property acquisition or grants, but rather look at how decision-making occurs and how business is conducted. Are the right processes and tools in place? Is quality control adequate? Are the program results on track and on schedule? What, if any, improvements are needed to ensure that Metro is maintaining the public’s trust and realizing the best possible value for the money?



Who we are

In keeping with the committee's charge, our membership provides professional expertise in finance, auditing, accounting, real estate, banking, grant making and law. We are people who are concerned with best management practices and efficient service delivery.

The Metro Council President appointed us to the committee, and the Metro Council approved the appointments. We come from all areas of the region and serve 2-year renewable terms.

This is the first time I have served on a public committee. I feel I am being exposed to best practices that will be useful to take forward to other committees. – Anil Raj Krishnamurthy

OVERSIGHT COMMITTEE MEMBERS

Peter Krainock, chair	CEO American International Supply Inc.
Linda Craig	CPA, Linda S. Craig LLC
Rocky Dixon	Principal, Endeavor Capital
David Evans	Corporate Controller, ODS Companies
Michele Frank	Executive Vice President, Asset Management, ScanlanKemperBard Companies
Helena Huang	Independent Philanthropic Consultant
Don Jones	Vice President and Manager, Bank of the West, Forest Grove
Anil Raj Krishnamurthy	Associate, Development Services, Pacific Security Capital
Jill Long	Real Estate Attorney, Lane Powell
Lori Luchak	Vice President, Miles Fiberglass and Composites, Inc.
Jacquenette McIntire	Escrow Officer, Lawyer's Title
Segeni Mungai	Member of Metro Committee for Citizen Involvement and community organizer
David Pollock	Retired President and CEO, Stormwater Management Inc.
Sylvia Roll	Real Estate Broker, Grubb and Ellis

How we work

A typical committee meeting involves considerable interaction between committee members and staff: asking questions, discussing approaches and conveying insights from multiple perspectives. In the past year, we reviewed materials such as land acquisition plans for each of the 27 target areas, closing memos for each land acquisition, quarterly reports, a financial audit and a performance audit of the program. Members divided into several subgroups to focus on specific topics or areas – for example, visiting target areas and learning about the science that underpins land selection; participating in the capital grants review committee; and working with staff to develop performance measures related to land acquisition.

In our experience, this level of dynamic give-and-take is rare. Staff members are willing to accept input and are flexible and responsive. Every meeting has led to refinements in the ways of doing business.

I feel respected in our process by staff, the Metro Council and the Metro Council President. We are able to pinpoint issues and ask for things we find helpful. – Jacquenette McIntire

What we found

Because of our level of involvement, we believe we have been able to fulfill our oversight role and reach valid conclusions about the performance of the Natural Areas Program to date. We paid most attention this year to the land acquisition component of the program, since the other two components are still in the initial stages. Our conclusions are grouped into three categories: Process, People and Outcomes.

Process

Are the right processes in place to ensure the goals of the bond measure are achieved?

- The overall program is well constructed and thought out. The processes are in place to ensure Metro is a good steward of the bond money.
- The Metro Auditor's performance audit is an important element of program oversight. Metro staff has implemented measures that directly respond to audit recommendations.
- The program has been successful in purchasing targeted acquisitions. Real estate acquisition processes are appropriate and on par with the private sector.

Like any other commercial buyer, Metro is affected by market factors that impact its ability to acquire property. However, we are seeing significant changes in the market right now, and I believe Metro is set up with the right staff and processes to capitalize on the opportunities that arise out of the changing marketplace.

– Jill Long

I believe this program is off to a great start, with good, constructive thoughts and professionalism. My advice for Metro in regard to real estate acquisition is to patiently persevere, not lower standards, and stay diligent. – Rocky Dixon

- Administrative costs are appropriate and well under national benchmarks.
- The Metro Council is involved in policy, but does not participate in specific transactions, as is appropriate. Property acquisition decisions are not politically influenced.

The strength of the bond issue is its wording and clarity. It established a tiered acquisition process based on the science and then added the safeguard of an oversight committee to ensure the land acquisition process will be free of political influence. In the past year, we found no evidence of any undue pressure exerted by any elected Metro official to influence an acquisition. – Peter Krainock

People

Are the right staff people working in the program?

- Metro has hired qualified staff to administer the program. This includes staff with prior relevant experience, including private sector experience, as well as contract employees who are not seeking and have not been promised long-term public sector employment.
- The double appraisal system by two independent contractors provides for a validation of value. This is important because many of the land acquisitions are unique (considering valuation, objectives and type), and few comparable transactions are available.

My view is that Metro is meeting its responsibilities on the bond initiative with skill and professionalism. As a taxpayer, I feel very comfortable that the processes are in place to manage our money well. – David Pollock

- The criteria and standards contained in the bond measure, along with Metro's organizational structure, provide a clear framework that gives staff both the direction and the freedom to do the job well.
- The Natural Areas Program has competent leadership. Staff interact well with each other and express a genuine desire to improve performance.

Outcomes

What are the outcomes of the committee's work?

Working together, the committee and staff created several tools during the past year to help track and assess the Natural Areas Program.

- We asked staff to develop a **financial report** that clearly shows program expenditures by type of activity, including direct costs (e.g., land acquisitions, grants), staff levels and costs, and administrative costs. This enhances program transparency and improves the committee's ability to evaluate program management.
- We worked with staff to create **performance measures** to evaluate regional land acquisition. This is a new and different type of measurement system that accounts for the qualitative value of properties. It

evaluates individual acquisitions against identified goals and presents the information in a visual, easy-to-understand format. This tool could be refined to evaluate collective acquisitions as well.

I have been impressed with the level of research and consideration given each prospective land purchase. Metro's ability to make good acquisition decisions reflects its ability to keep the overall objective in focus. – Sylvia Roll

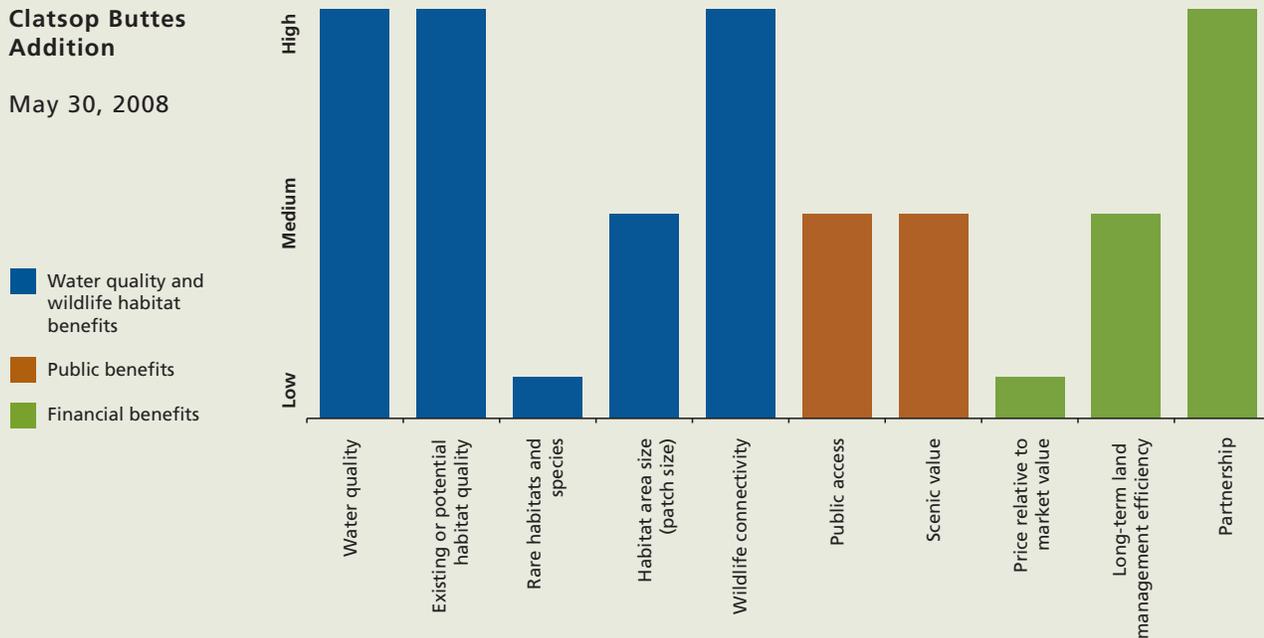
- Committee members participated in the Nature in Neighborhoods **capital grants review** committee, helping to establish selection criteria, identify outreach strategies and evaluate grant applications.

I see Metro as entrepreneurial, a word not often used to describe government. I always have the sense that Metro Council members, staff and committee members are actively creating something important together. – Helena Huang

EXAMPLE OF PERFORMANCE MEASUREMENT FOR LAND ACQUISITION

Clatsop Buttes Addition

May 30, 2008



Looking to the year ahead

We have identified the following areas where we believe the committee and Metro should direct attention in the coming year.

Strive for equitable distribution: The Nature in Neighborhoods capital grants program will move from its initial stages into full implementation. One of Metro's biggest challenges will be to increase public interest and participation and to achieve an equitable geographic distribution of grants throughout the region. As the program evolves, we will watch its progress closely.

Strengthen outreach: Effective outreach is critical for both land acquisitions and grants. We will continue to encourage the Metro Council and staff to do everything possible to communicate with property owners and community organizations about the opportunities and benefits available to them.

I'm impressed with the dedicated, professional and easy to access staff. To reach a broad cross section of its residents/citizens, Metro should combine efforts with other related programs for citizen involvement. Metro has made, and is making, efforts in engaging the public in deciding which areas should be preserved and restored for the bond measure. – Segeni Mungai

Learn from every contact: We advise Metro to gather and evaluate information about every contact made in regard to land acquisition – those that do not result in a sale as well as those that do. For example, what factors have a bearing on whether property owners do or do not want to sell? Are there geographical trends or obstacles? Would alternative approaches be more productive in some circumstances? These understandings could help inform outreach efforts and purchasing decisions.

It is important to define who your sellers are. Metro should be as specific as possible in documenting what it has done to reach out to potential sellers. It should also document when and why it didn't pursue something or turned down a possible sale. – Michele Frank

Develop additional tools and metrics: We will continue to work with Metro staff to devise tools to help monitor and evaluate the Natural Areas Program. This could include developing performance measures for the capital grants program and possibly for local projects; refining the financial report to account for the three program components separately; and considering ways to assess annual achievements and expenditures in relation to overall program goals.

Think big: We encourage Metro to think big in considering how best to leverage the Natural Areas Program with other regional efforts to protect our environment and improve our quality of life.

I'm pleased to see that acquisitions are on target because they are critical to success with the "Connecting Green Vision" adopted by Metro in 2005. Acquiring land with bond measure funds complements related efforts to address watershed health, develop a regional biodiversity plan and environmental education, and create a regional trails network. Our committee works only with the bond measure, but all of the vision is important to the environmental health of the region. – Linda Craig

How to learn more

We encourage you to learn more about Metro's Natural Areas Program and how you can be involved by visiting the Metro web site.

We also welcome your feedback about what you would like to hear from us next year. Are there specific areas of concern or processes you think we should focus on? Please contact us with any ideas, suggestions or questions.

Web site

www.oregonmetro.gov/naturalareas

E-mail

naturalareas@oregonmetro.gov

Telephone

503-797-1545

For ongoing information, ask to receive GreenScene, Metro's quarterly guide to great places and green living.

Metro | *People places. Open spaces.*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

Metro representatives

Metro Council President – David Bragdon

Metro Councilors

Rod Park, District 1

Carlotta Collette, District 2

Carl Hosticka, District 3

Kathryn Harrington, District 4

Rex Burkholder, District 5

Robert Liberty, District 6

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