

Closing in

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

The Natural Areas Program continued to make steady progress during the last year, building on the strong work accomplished since the program began.

In 2006, Portland area voters approved a \$227.4 million bond measure to acquire and preserve natural areas throughout the region to safeguard water quality, protect fish and wildlife habitat, and ensure access to nature. The bond measure seeks to achieve these goals through the funding of Metro's Natural Areas Program.

The bond measure also mandates an independent citizen review of the program. Each quarter beginning in June 2007, this citizen review, called the Natural Areas Program Performance Oversight Committee, has met with Metro staff for updates on the progress and accomplishments of the program. Each year, the committee evaluates and reports on the program's structure, management, expenditures, personnel and progress of the program toward the defined goals. This report considers the progress of the program during FY 2014 from July 1, 2013 through June 30, 2014.

The committee has found that each of the three primary components of the program continues to achieve material gains towards realizing the goals of the bond measure. The following represents a summary of expenditures for each of the three components during FY 2014:

Regional acquisition

\$168.4 million to acquire 3,500-4,500 acres from willing sellers in 27 target areas

Acquisition expenditures were \$9.8 million, the lowest level since inception of the bond. Cumulatively, expenditures for acquisitions stand at \$130.4 million, or 77.4 percent of the total \$168.4 million allocation.

Local share

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

Local share expenditures were \$3.6 million. Cumulatively, local share expenditures stand at \$40 million, or 91 percent of the total \$44 million allocation.

Nature in Neighborhoods capital grants

\$15 million for grants to community groups, nonprofits and local governments for projects that "re-green" or "re-nature" neighborhoods

\$4.5 million in capital grants were under consideration for 12 projects. Cumulatively, \$11.5 million has been awarded to 40 projects. Of the total \$15 million allocation, 77 percent has been committed.



REGIONAL ACQUISITION

Regional acquisitions are made in target areas - natural areas and trail/greenway corridors - identified in the 2006 bond measure. Since 2007, when acquisitions began, 4,833 acres have been acquired and protected.

In FY 2014, natural area acquisitions totaled nearly 293 acres. Highlights include the Abernethy and Newell Creeks target area, in which 16 acres were acquired, and 55 acres in the Rock Creek Headwaters and Greenway target area. One hundred seven acres were acquired on Sauvie Island adjacent to Metro-owned Howell Territorial Park, protecting more lands along the Multnomah Channel. Adjacent to the Gresham-Fairview Trail, 33 acres were acquired at Grant Butte Wetlands, part of the headwaters of Fairview Creek.

In FY 2014, trail and greenway corridor acquisitions totaled 23 acres. Some acquisitions were small but vital: one closed a trail gap on the Marine Drive Trail, the culmination of three years of negotiations. Another closed a gap in the Oregon City Loop Trail.

Quarterly topics and discussion

The committee assessed the strategy for “opportunity acquisitions” – properties either outside a target area or not specified in the refinement plan. These properties

may present opportunities to meet the bond measure’s goals for water quality, habitat or access to nature, and often have strong partner support. In response to the Metro Council’s request for guidelines and criteria specific to these opportunities, the committee worked with staff to formalize the decision-making approach.

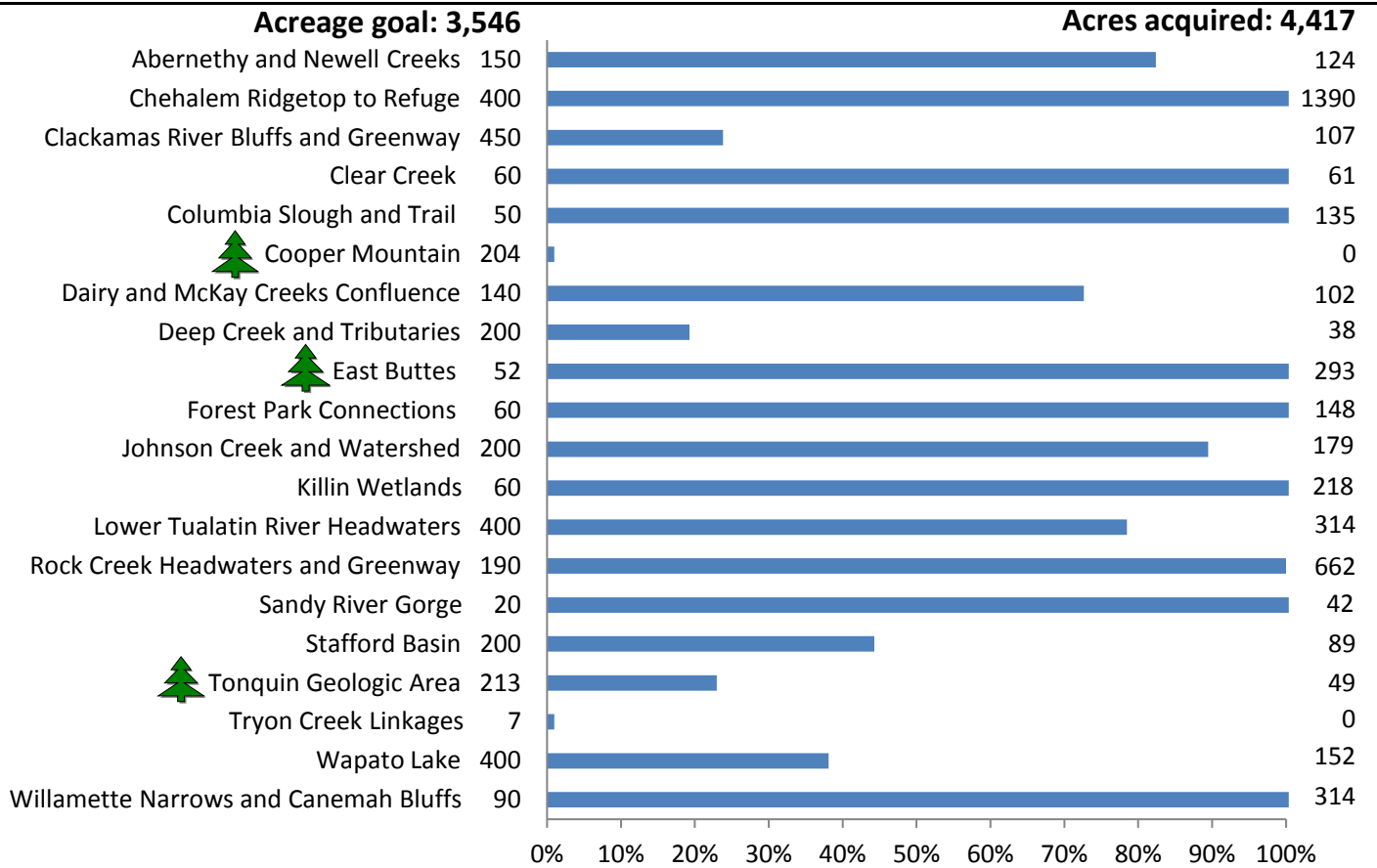
At its April 2014 meeting, the committee noted a few target areas that have not seen much progress in acquisitions: Cooper Mountain, Deep Creek, Tryon Creek and Wapato Lake. Some areas, such as Cooper Mountain, were targeted during an earlier 1995 bond. Significant acreage was acquired, but additional available parcels in the target area are limited. In response, the Natural Areas Implementation Work Plan was reviewed to ensure staff had enough flexibility to attract sellers in target areas while maintaining prudent negotiating tactics. The committee reviewed Metro’s acquisition strategies and offered advice on potential adjustments to how it approaches sellers.

Conclusion and recommendations

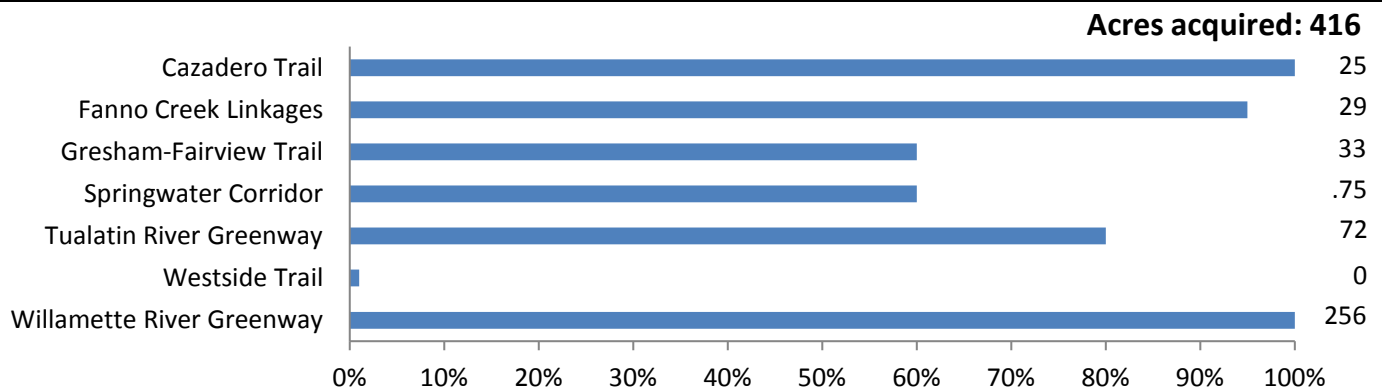
The committee is satisfied with the progress of regional acquisition but encourages Metro staff to keep looking for new strategies, especially in target areas where acquisitions have been lagging.

This is a real case of government success. By clearly outlining the specific goals of the program from its inception, the Natural Areas Program has invested taxpayer dollars extremely efficiently year after year. –Drake Butsch, committee chair

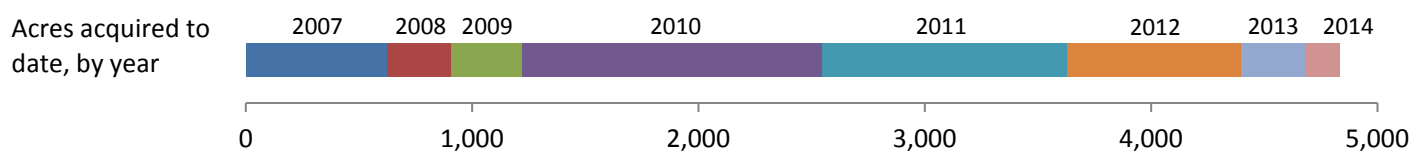
Natural area acquisition  **park built**  **percent of 2006 refinement plan acreage goals met or exceeded**



Trail/greenway corridors  **percent of 2006 refinement plan goals met**



Regional acquisition **Acres acquired: 4,833**



LOCAL SHARE

In FY 2014, jurisdictions expended \$3.6 million for local share projects. At the June 2014 meeting, staff reported to the committee that local share funds were 91 percent expended.

Quarterly topics and discussion

Local government intergovernmental agreements expired March 31, 2014, but some jurisdictions requested an extension, as they are targeting and actively working to acquire specific properties. Local share funds are on track to be fully expended by the end of 2015.

Natural area acquisitions represent nearly half of the local share funds allocated and spent. Other project types are seen in the chart below.

Staff provided a summary report of the year's local share expenditures at the June meeting. Highlights include:

- The City of Gresham contributed \$200,000 in local share funds to leverage a \$1 million grant from East Multnomah Soil and Water

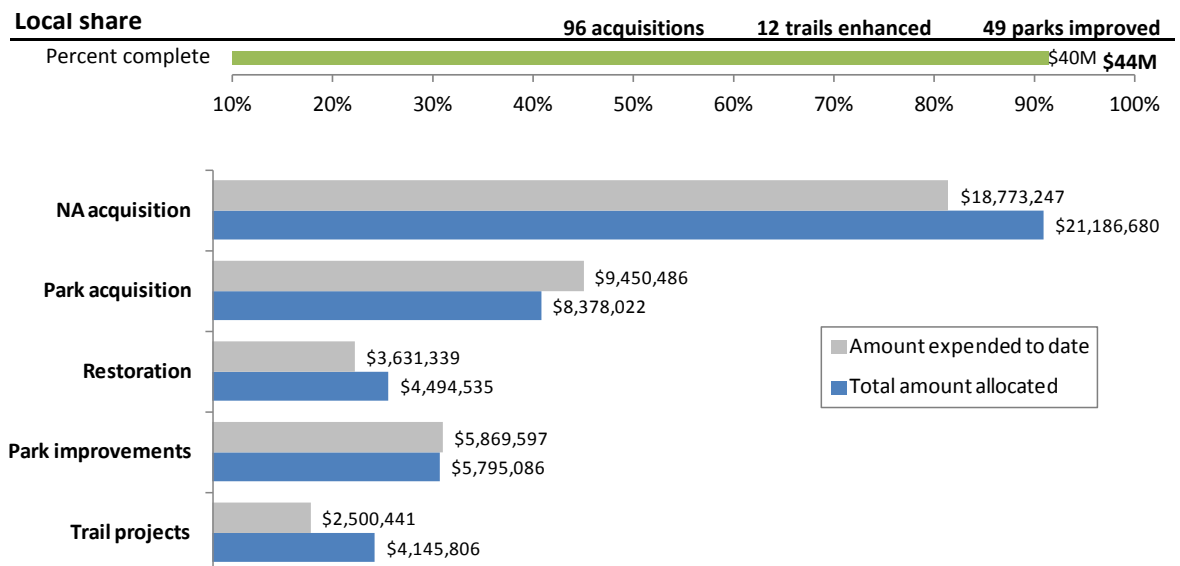
Conservation District to acquire, with Metro, 33 acres at Grant Butte Wetlands.

- Over the life of the bond, 17 sites across the region have been acquired for parks. Improvement projects for existing parks included adding lighting to Veterans Park in Cornelius, and North Clackamas Parks & Recreation District and the City of Happy Valley worked with Metro to repurpose part of an historic building to construct a picnic shelter at the new Scouters Mountain Nature Park.
- Local jurisdictions have leveraged their local share funds to gain \$37.5 million in funding from other sources over the life of the bond.

Conclusion and recommendations

The local share program is on track. As expenditures of local share funds near their conclusion, the committee should continue to monitor expenditures using staff-provided summary reports that provide both anecdotal (qualitative) and quantitative information.

DASHBOARD REPORT HIGHLIGHTS June 30, 2014



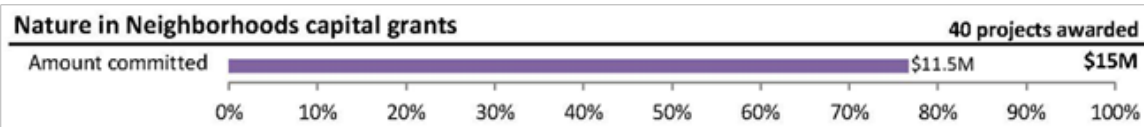
NATURE IN NEIGHBORHOODS CAPITAL GRANTS

Nature in Neighborhoods capital grants are made to community groups, schools, nonprofits and local governments and agencies. Projects may be for acquiring land for neighborhood livability via improvements to public lands, habitat

restoration, or urban transformation, i.e., integrating nature with redevelopment projects.

In seven funding cycles, \$11.5 million has been awarded to date. Approximately \$3.5 million remains for future awards.

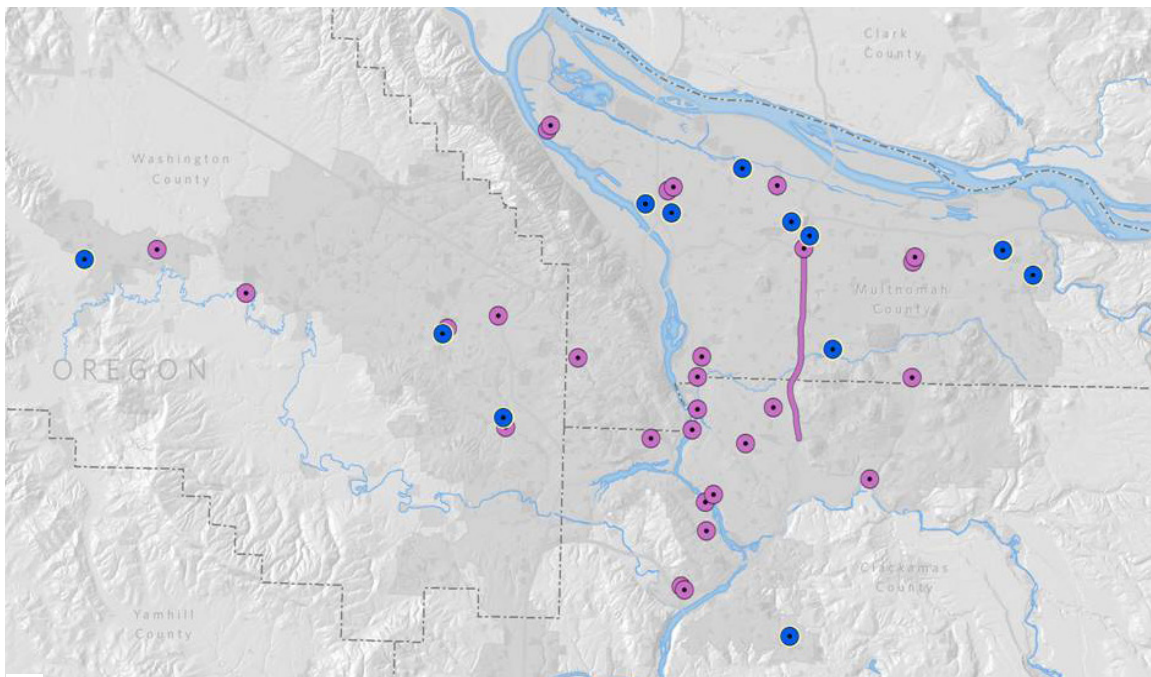
DASHBOARD REPORT HIGHLIGHTS June 30, 2014



Quarterly topics and discussion

At the June 2014 meeting, the committee reviewed this year's projects as well as the regional distribution of projects.

CAPITAL GRANTS BY TYPE OF PROJECT AWARDED



● Previously awarded grants ● Awarded by Metro Council in July 2014

Staff also apprised the committee of the progress of ongoing projects. The grants review committee recommended 12 new projects for funding, which the Metro Council approved in July 2014. The committee suggested that networking opportunities might be beneficial to grant recipients.

Conclusion and recommendations

Nature in Neighborhood capital grants are on track. The committee should continue to review projects for geographic parity and for adherence to goals and performance measures.

OTHER OVERSIGHT COMMITTEE REVIEW

TERRAMET: NATURAL AREAS INFORMATION SYSTEM

Metro's Terramet database for the Natural Areas Program has been in place since July 2012. It provides up-to-date information on acquired properties, tracks restoration and land management at these properties, and facilitates data access and reporting.

The Natural Areas Program is continuing to use the public's dollars efficiently and effectively to acquire and preserve open space for our region. –Dean Alterman, committee member

Last year the committee recommended that Metro continue to pursue the licensing of Terramet to other regional users. Such use could result in regionwide savings and coordination. Staff is exploring sharing the Terramet database license, free, with partner jurisdictions. In return partners would share any customizations to or investments in the database.

The Terramet team is looking at system management costs and is working with The Intertwine Alliance to help manage potential Terramet licensees.

COST ALLOCATION POLICIES

As is done each year, the committee evaluated Metro's cost allocation methods. Increases in indirect costs were consistent with other cost increases across Metro.

STAFF CAPACITY

Due to a relatively slow pace in acquisitions, in January 2014 the committee asked staff to review its capacity to acquire properties. Staff noted that for some acquisitions, Metro's policy of working only with willing sellers comes into play: as negotiators sometimes work with several generations of a family, sales take time, patience and multiple conversations and meetings. In June staff reported to the committee a request for a new supervisory position on the acquisition team. A new hire in August 2014 will enable more progress in acquisitions.

STABILIZATION AT ACQUIRED SITES

Site stabilization at newly acquired properties involves, depending on the property, removal of invasive or undesired plant species, removal of structures and hazardous materials or contaminants, and enhancements to improve water quality, habitat or access to nature. At the committee's request, in 2011 staff revised site stabilization guidelines to maximize impacts while taking into account each site's ecological characteristics and needs. The committee reviewed stabilization costs for FY 2013; higher than average costs reflected the higher number of acquisitions from previous years. The committee, on reviewing year-to-date FY 2014 stabilization costs in April, found stabilization costs to be in line with previous years.

UNUSUAL CIRCUMSTANCES

Metro staff informs the committee of unusual circumstances in property transactions that are outside due diligence guidelines and hence require the authorization of the Metro Council. At the June 2014 meeting, the committee reviewed one such transaction in which a seller received a competing offer; staff asked the Metro Council for the authority to match the offer and waive an appraisal. Council approved the request. The committee found that the incidence of these unusual circumstances (one in FY 2014) is in line with expectations.

NATURAL AREAS IMPLEMENTATION WORK PLAN

The Implementation Work Plan is a formal policy document that sets out due diligence guidelines for property acquisitions and authorizes staff to make those acquisitions. The plan was created for the 1995 Open Spaces bond program, with updates to the due diligence section prior to the 2006 Natural Areas bond measure.

Conclusion and recommendations

- The committee found that Metro is making good use of Terramet and encourages staff to continue to work with external partners to make the license available to local jurisdictions.
- The committee concluded that while costs require ongoing monitoring, Metro is allocating costs to the Natural Areas Program fairly and in the same way that Metro allocates costs to other programs, as required by federal funding regulations. The committee agreed it should continue to review Metro's cost allocation policies annually to ensure that the Natural Areas Program does not bear more than its fair share of Metro cost allocations, and that the allocation methods are equitable.
- As in previous years, the committee should continue to monitor staff capacity to ensure it is adequate for implementing all aspects of the Natural Areas Program, and in 2015 should assess the impacts on acquisitions of the new hire.
- As in the past, the committee should continue to monitor the effectiveness of Metro's site stabilization guidelines. A retrospective review of a random

selection of stabilized sites and discussions with field staff in 2015 would help the committee to determine the efficacy of the implemented changes. Of particular interest is whether or not sites are on a better ecological trajectory when turned over to maintenance, and if it is lessening the maintenance burden encountered with sites that previously had little ecological stabilization.

- The committee should continue to monitor the application of unusual circumstances.
- Throughout the year, the committee collaborated with staff to review the Natural Areas Implementation Work Plan. The committee recommended more flexibility for negotiators when initial and review appraisals are not in agreement, additional criteria for opportunity acquisitions, and a revised threshold for negotiators to acquire property at a price up to 10 percent above its appraised value or \$100,000, whichever is greater. In August 2014 the Metro Council approved the updated Implementation Work Plan that incorporated the committee's recommendations.

THE YEAR AHEAD

In the next year, the Oversight Committee will follow up on the recommendations made in this report and will continue to review and evaluate program operations.

OVERSIGHT COMMITTEE MEMBERS

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Whether your roots in the region run generations deep or you moved to Oregon last week, you have your own reasons for loving this place- and Metro wants to keep it that way. Help shape the future of the greater Portland region and discover tools, services and places that make life better today.

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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 website.

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.

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