

Date: October 13, 2016

To: Metro Council

From: Natural Areas Program Performance Oversight Committee

Re: Metro Natural Areas Program Performance Oversight Committee | Annual Report 2016

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

Metro's Natural Areas Program buys land from willing sellers and supports projects in local communities to protect wildlife habitat, preserve and restore regional watersheds, and increase access to nature for the people who live in the three-county region.

In 2006, Portland-area voters approved a \$227.4 million bond measure to fund the Natural Areas Program. This is the ninth year Metro has been implementing the bond program.

Each year, as stipulated in the bond, the Natural Areas Program Performance Oversight Committee has provided independent citizen review to guide the program. At regular meetings with Metro staff, we ensure that projects and acquisitions funded with taxpayer dollars are managed well, staffed appropriately, utilize effective tools and performance measures, and meet the bond's defined goals.

This report from the Oversight Committee to voters and the Metro Council considers the progress of the program during fiscal year 2016, from July 1, 2015 through June 30, 2016. In FY 16 the committee met three times. Three new members were appointed by the Metro Council, in addition to naming Peter Mohr as Committee Chair. Several committee members also completed their terms of service.

The committee has found that each of the three primary components of the program meets or exceeds the goals set in 2006. These are summarized as follows:

REGIONAL ACQUISITION

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

Acquisition expenditures for the year were \$14.5 million. Total expenditures for acquisitions stand at \$159 million, nearly 95 percent of the total \$168.4 million allocation.

Metro acquires land – in 20 natural areas and seven trail or greenway corridors – from target areas identified in the 2006 bond measure.

Since 2007, more than 5,500 acres have been acquired and protected, substantially surpassing the overall acreage goal of the 2006 bond.

This year, Metro purchased 184.5 acres of natural areas widely distributed across the region. Ten target areas were represented in the 12 new acquisitions.

Highlights

- In the Springwater Corridor target area, Metro secured an obligation from Oregon Pacific Railroad to move its tracks within a 60-foot wide right of way known as the "Sellwood Gap," allowing for a 19-foot wide future trail corridor link in the Springwater Trail.

- In the Clear Creek Canyon target area, Metro acquired a 30-acre property considered an important “inholding” as it was surrounded on three sides by other Metro property. This acquisition will make future management and planning of the natural area more efficient.
- The first new trail acquisitions were secured for the Tonquin Ice Age Trail, for which a master plan was completed in 2013. The trail will eventually help connect the cities of Wilsonville, Tualatin and Sherwood.
- Metro also acquired important “gap-filling” trail easements for the Westside and Marine Drive trail alignments.
- In the Lower Tualatin River Headwaters target area, Metro acquired 40 forested acres traversed by Baker Creek, an important fish-bearing Tualatin tributary. Combined with an adjacent 10-acre Metro acquisition, stream protection in this area is strengthened.

The Natural Areas Program also sold an isolated 10-acre parcel between Hillsboro and Cornelius in the Dairy and McKay Creeks target area. This disposition was the result of an ongoing portfolio analysis of the program’s rental houses. The property sold for nearly \$100,000 more than the original purchase price and the proceeds from the sale will be returned to the acquisition fund. A portion of the commission benefited Proud Ground, an affordable housing non-profit.

Topics and discussion/recommendations

At the September 2015 meeting, the committee reviewed in detail the status of land acquisition in each of the target areas and trail/greenway corridors and the application of program performance measures. During the June 2016 meeting, staff updated the committee about progress, noting that they anticipated the use of “unusual circumstances” more frequently in the coming years as they continue to work to purchase key properties from landowners that may be reluctant to sell or have properties with issues that require more creative approaches. Staff is now focused on key acquisitions within each target area without a lot of alternatives to purchasing specific properties; often this simply requires patience and continued monitoring of landowners to determine if there have been any changes to their circumstances. The Committee asked that staff bring any discussion about changes in direction within individual target areas to the committee. They would like to continue to conduct an in-depth annual review of target areas where refinement plan goals have not been met.

The Oversight Committee encourages Metro staff to keep trying new strategies to acquire properties in target areas where acquisitions have lagged and supported the recommendation that staff bring acquisitions to the Metro Council for exceptions to the standard work plan parameters in order to secure key properties. The Committee was also willing to recommend additional changes to the acquisition work plan to give staff additional flexibility. The Committee will continue to work with staff to improve metrics measuring the success of trail acquisition.

Stabilization at acquired sites

For every property it acquires Metro develops a stabilization plan that outlines how to ensure the site is put on a trajectory towards long-term ecological health. Measures include removal of invasive weeds, contaminants, unwanted structures or enhancements to make sure the property is stable before it enters Metro’s inventory of properties awaiting restoration, maintenance or other improvements.

At the September 2015 meeting the Committee received a detailed account of Metro’s stabilization program and costs as recommended in last year’s report. Tracking of these costs continues to improve with enhancements to the Terramet database. Modifications to the report suggested by the Committee last year, such as including stabilization budgets, have been implemented for new projects.

LOCAL SHARE

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

Local share expenditures were approximately \$667,000. Cumulatively, local share expenditures stand at \$42 million or 96 percent of the total \$44 million allocation.

Under the local share component of the bond, \$44 million is distributed on a per capita basis to 28 cities, counties and park providers within the Metro region to fund local acquisitions, restoration projects and trail and park improvement projects.

Topics and discussion/recommendations

The Committee reviewed in detail the status of the local share projects at the January 2016 meeting. In March 2016 staff extended for one additional year intergovernmental agreements with seven local governments. Local projects have been delayed due to limited staff capacity, unavailability of willing sellers or the need to update project and master plans. A few local governments requested changes to their project lists due to these factors that were preventing completion of the agreement with Metro.

With 96 percent of funds expended, the local share program is wrapping up. The committee urged staff to require that local governments complete outstanding projects or allocate funds to other local park projects and that Metro not continue to extend these agreements.

NATURE IN NEIGHBORHOODS CAPITAL GRANTS

\$15 million for grants to community groups, non-profits and local governments for projects that “re-green” or “re-nature” neighborhoods

To date, \$13.2 million has been committed to 44 projects. Of the total \$15 million allocation, 88 percent has been committed.

Nature in Neighborhoods capital grants are made to neighborhood associations, schools, non-profits and community groups for projects that preserve or restore water quality and wildlife habitat, or increase the presence of nature in urban environments. To date the Metro Council has awarded grants to 47 projects. Three have been withdrawn due to feasibility issues.

Anticipating that the final round of awards would occur in the upcoming grant cycle, last year the Capital Grants Review Committee, including Oversight Committee representative Norm Penner, extended the deadline for new applications to Aug. 1, 2016. As a result, no new capital grants were awarded this fiscal year. Currently, nearly \$1.8 million is available for the final round of grants which are likely be awarded by the Metro Council in December 2016.

Highlights

Progress on several capital grants continued this year including the completion of the Hall Creek project in Beaverton and approval by the West Linn City Council to accept ownership of the second phase of acquisition of the White Oak Savanna (five additional acres of the total 20-acre site).

Topics and discussion/recommendations

Staff shared with the Committee at the January 2016 meeting a summary of findings from an assessment of the Nature in Neighborhoods capital grant program. A Hatfield Fellow hired through Portland State University's School of Government conducted interviews with grantees that had completed their projects. Twenty-one people representing both government and community partners from 15 completed grant projects were interviewed. The data was analyzed with staff support and the results shared with staff and grantees. The Metro Auditor reviewed the Nature in Neighborhoods grant programs at the same time this assessment was being conducted. The audit was positive overall, and included several suggestions for process improvements. The audit and full assessment report were both shared with the Committee.

The Nature in Neighborhoods Capital Grant program is winding down but ongoing projects will still require active management and review. The Committee will continue to assess projects for adherence to performance measures, timelines and ensure that the program is adequately staffed. The Committee recommends that staff work with the grant review committee in this final round to ensure there will be no leftover unallocated funds. They supported the recommendation from staff to propose that the Metro Council designate a "contingency" project should previously awarded funds not be fully utilized.

OTHER OVERSIGHT COMMITTEE REVIEW

Bond capital construction investments

Fifteen to twenty million dollars of bond funds have been dedicated to accelerate work on trail planning and development and capital construction projects in several target areas as approved by the Metro Council in November 2014. At the January 2016 meeting the Committee received a detailed report about these capital investments and discussed how progress would be reported by staff to the Committee.

Following discussion, the Committee decided a simple graphic indicating whether the projects are on track for scope, schedule and budget would be sufficient. Staff shared the new dashboard at the June 2016 meeting. Additional improvements were requested by Committee members including adding budgeted-to-actual cost tracking for each project. Enhanced performance metrics for the trails dashboard will be considered by the Committee in the next year.

The capital development project measures will be included in the Oversight Committee's dashboard report presented at each Committee meeting. The Committee also noted that the department's Annual Report includes status reports on all capital construction projects, regardless of funding source.

Willamette Falls Legacy Project

Last year the committee requested that staff provide regular updates about the use of \$5 million in bond funds for the Willamette Falls Riverwalk project in Oregon City. Staff provided progress reports to the Committee at each meeting. Project milestones this year included hiring a lead design firm and a signed Memorandum of Understanding and Intergovernmental Agreement among the four primary partners: Metro, Oregon City, Clackamas County and Oregon State Parks.

Parks and Nature System Plan

The Committee requested regular updates from staff on the development of the Parks and Nature System Plan. These updates were provided at the September and January meetings. The plan was adopted by the Metro Council in February 2016.

Unusual circumstances

The bond has an unusual circumstances provision for property transactions that fall outside the due diligence guidelines. These transactions require authorization by the Metro Council and the Committee has requested that all unusual circumstances be reviewed annually by the Committee.

Staff reported to the Committee that the modified work plan has reduced the number of unusual circumstance transactions and has increased the efficiency of the acquisitions process. No transactions were approved by the Metro Council under the unusual circumstances provision this fiscal year.

Administrative costs

The Committee reviewed staffing levels and administrative costs at each meeting, as it does every year, and found the program to be on track to meet the requirement capping administrative costs at less than 10 percent of total bond expenditures.

THE YEAR AHEAD

The Oversight Committee will continue to review staff capacity to ensure that it is sufficient for implementing all aspects of the Natural Areas Program.

Throughout the year, the Committee will continue to monitor the application of unusual circumstances in land acquisition transactions and work with staff to identify any further flexibility in the acquisition work program necessary to secure priority properties.

The Committee will monitor progress of the new capital construction projects and will work with staff to ensure performance measures for these investments effectively reflect progress and highlight any risks.

Additionally, the Committee will follow up on the recommendations made in this report and will continue to assess and monitor program operations.