

**Date:** October 18, 2018  
**To:** Metro Council  
**From:** Natural Areas and Capital Program Performance Oversight Committee  
**Re:** Annual Report 2018

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## **A report to the community from the Natural Areas and Capital 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 eleventh 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 review to guide the program. At regular meetings with Metro staff, the committee reviews projects and acquisitions funded with taxpayer dollars to ensure the program is well-managed, staffed appropriately, utilizes effective tools and performance measures, and meets the bond's defined goals. The Metro Council revised the Metro Code in 2017, adding responsibilities for oversight of capital projects funded by Metro's 2018-2023 local option levy for parks and natural areas and changed the name of the committee to the Natural Areas and Capital Program Performance Oversight Committee to reflect its expanded role. Metro began expending funds from this levy July 1, 2018 and the committee will begin reporting on those expenditures in its FY 2018-2019 annual report.

This report from the Oversight Committee to voters and the Metro Council considers the progress of the Natural Areas bond program during fiscal year 2018, from July 1, 2017 through June 30, 2018. In fiscal year 2018 the committee met three times (July 2017, October 2017 and February 2018).

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

### **REGIONAL ACQUISITION**

**GOAL:** Acquire 3,500-4,500 acres from willing sellers in 27 target areas

**ACRES ACQUIRED TO DATE:** 6,171 acres (183 acres in FY18)

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Metro acquires land in 20 natural areas and seven trail or greenway corridors from target areas identified in the 2006 bond measure. Approximately \$3.4 million was spent by Metro on land acquisition in fiscal year 2018. Total expenditures for regional acquisitions stand at \$189.9 million.

Since 2006, more than 6,000 acres have been acquired and protected, substantially surpassing the overall acreage goal of the 2006 bond. This year, Metro acquired nearly 183 acres of natural areas and trail connections widely distributed across the region. Seven target areas were represented in the eight new properties Metro purchased.

## ACQUISITION HIGHLIGHTS

- The 20-acre Dreiling property in the Columbia Slough target area is a site Metro has pursued for at least 20 years. It is the last actively-used residence within the Smith and Bybee management area.
- A 15-acre acquisition from Rockwood PUD in the Gresham-Fairview target area increases the size of Metro's Grant Butte Wetlands site along the Gresham-Fairview Trail to almost 50 acres, and puts all of Grant Butte into public ownership.
- The 8-acre Eaton acquisition protects approximately 1,300 feet of stream frontage along Coffee Lake Creek. This acquisition increases Metro's North Coffee Lake Creek Wetlands site to 35.4 acres and helps close a gap between this site and the Tonquin Scablands to the south.
- With the addition of a 735-foot trail easement, Metro has now contributed  $\frac{3}{4}$ -mile to the 3-mile Hedges Creek Greenway Trail. The Hedges Creek Greenway Trail is a segment of the Ice Age Tonquin Trail which, once completed, will provide over 22 miles of trail connecting the communities of Wilsonville, Tualatin, Sherwood and King City.
- The 1.2-acre Anslow property in the Johnson Creek target area is a relatively small parcel, but protects 170 feet of stream frontage on both sides of Johnson Creek. When combined with other Metro properties in the area, approximately 92 acres of land is protected in the Upper Johnson Creek area.
- Directly across the Tualatin River from the Tualatin River National Wildlife Refuge, Metro purchased a large parcel of just over 144 acres. Located almost entirely in the floodplain, the land includes more than two miles of stream frontage along the Tualatin River.
- Just over 10 acres were acquired in the Stafford Basin target area. Acquiring this property protects 400 feet of stream frontage along Pecan Creek, links existing protected lands and creates corridors for wildlife habitat.
- A small parcel was acquired in the Tryon Creek Linkages target area, conserving approximately 375 feet of creek frontage along both sides of Tryon Creek and helping to complete the connection between existing public lands and Tryon Creek State Park.
- Additionally, Metro sold a small property with a residence adjacent to Woodard Park in Tigard, in the Fanno Creek target area. The Metro Council determined the residence was not needed to fulfill the mission of the Parks and Nature Department. Metro staff was assisted in the transaction by Proud Ground. A portion of the commission earned will go towards supporting Proud Ground's affordable housing initiatives.

## LOCAL SHARE

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

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

The local share program is nearly complete. Local share expenditures stand at \$43,959,505 million or 99.9 percent of the total \$44 million allocation. This fiscal year, local share expenditures were reimbursed to the City of Portland primarily for land acquisition. King City also completed its local share spending with a lighting project in King City Park. Beaverton completed its regional trail project, Crescent Connection.

At the time of this writing only Cornelius still had local share funds to expend on approved projects. The city has identified the construction of a small bridge that will be part of a local trail through a new community park.

## **NATURE IN NEIGHBORHOODS CAPITAL GRANTS**

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

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Nature in Neighborhoods capital grants are made to community groups, schools and non-profits for projects that preserve or restore water quality and wildlife habitat, or increase the presence of nature in urban environments. All \$15 million has been committed to Metro Council-approved projects. The Metro Council has awarded grants to 55 projects. Over the nine granting cycles, three projects have been withdrawn due to feasibility issues and funds reallocated to other projects.

### **NATURE IN NEIGHBORHOODS GRANT HIGHLIGHTS**

This year several organizations that were awarded grants in prior years executed their agreements with Metro and work began on their Nature in Neighborhood projects. Currently, all awarded grant projects are under contract and all conservation easements for property acquired with Metro funding are closed.

There are 15 active capital grant projects. Five are currently under construction, four are in the final stages (most include planting in the upcoming planting season), and six are still in the design and engineering phase.

Seventy-three percent of capital grant funding (\$10,979,494) has been expended as of the end of fiscal year 2018. The remainder is dedicated to the projects described above.

This fiscal year included many ribbon cuttings, groundbreaking and presentations at city council meetings to approve grant agreements with Metro for these funds. The following projects wrapped up this year:

- Hogan Butte: \$290,000 to the City of Gresham
- Bull Mountain Nature Park: \$185,943 to Friends of Bull Mountain Nature Park
- Whitaker Ponds: \$422,667 to Portland Parks & Recreation for park access improvements
- John Inskeep Environmental Learning Center: \$868,342 to Clackamas Community College
- Wildside Boardwalk: \$101,325 to Centennial School District
- Cully Park: \$200,000 to Verde; in total, Verde has been awarded \$777,000 for Cully Park

## **CAPITAL DEVELOPMENT PROJECTS**

Approximately \$20 million of bond funds were dedicated to work on trail planning, park development and capital construction projects in program target areas as approved by the Metro Council in November 2014.

Based on recommendations from the committee in 2016, new performance measures were created for these capital construction projects, indicating whether the projects are on track with regard to scope, schedule and budget, including budget-to-actual costs. These capital development project performance measures are included in the Oversight Committee's dashboard report, updated and presented at every committee meeting.

### **CAPITAL DEVELOPMENT PROJECT HIGHLIGHTS**

Staff reported that all projects were on track except the Marine Drive Trail project, which has been delayed for over a year while an intergovernmental agreement is negotiated with the levee district.

- The Farmington Paddle Launch was completed and the site is open for public use.
- The Chehalem Ridge Nature Park master plan was approved by the Metro Council in October 2017 and a design firm was chosen in 2018 to continue the development process.
- The River Island restoration project was completed.
- An intergovernmental agreement is expected to be completed with the City of Tigard this calendar year, and construction on a portion of the Fanno Creek Trail will begin in fiscal year 2019.

## **OTHER OVERSIGHT COMMITTEE REVIEW**

### **DASHBOARD IMPROVEMENTS**

The Oversight Committee reviews an updated Natural Areas Program dashboard at each committee meeting. Though the 2006 bond program's acreage goal was 3,500 to 4,500 acres; more than 6,000 acres have been acquired to date. Staff may still purchase property in target areas where the acreage goals have already been met, as there still may be unmet goals related to protection of habitat or stream frontage.

The trails portion of the dashboard displays total acres acquired; however, refinement goals for these target areas don't focus on acreage acquired but rather on other measures of progress in meeting trail corridor goals such as closing gaps in the trail corridor. Typically, many of the parcels acquired are very small; the goals are more about the connections than acreage. At the urging of the committee, a new trails performance measurement system was developed that staff began including in the dashboard in fiscal year 2018. The dashboard report continues to show the acquisition target areas and refinement plan goals met to date and now includes two graphs indicating trail acquisition goals met and percentage of the ultimate length of the trail that is complete.

Additionally, at the February 2018 meeting, staff presented to the committee a new, detailed report of progress in each acquisition target area titled "Path to 100." This report was developed in

response to the committee's request for regular updates about progress reaching target area goals and changes to acquisition strategy in the final phase of the bond program. It provides more detail about the remaining acquisition priorities staff is pursuing with remaining (limited) bond funding across all target areas.

### **USE OF 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 reviews all unusual circumstances annually.

Staff reported to the committee last year that the modified work plan (including recommendations from the committee providing additional flexibility) has reduced the number of unusual circumstance transactions and has increased the efficiency of the acquisitions process and improved negotiations with a few key landowners. This fiscal year only one acquisition, the Anslow acquisition, required Metro Council approval due to an unusual circumstance.

### **NEW PARKS AND NATURE DIRECTOR APPOINTED, STARTED AUGUST 2017**

Jonathan Blasher was chosen as the new Metro Parks and Nature director, starting in August 2017. Born and raised in Eugene, Oregon, Jon currently lives in Portland with his wife and twin toddler sons. Previous to Metro, Jon spent most of his career with Playworks, a nonprofit organization that collaborates with schools to create safe, fun and inclusive opportunities for young people to play. Jon is also a member of the Oregon State Parks Commission. The Oversight Committee provided feedback to the Metro Chief Operating Officer regarding essential characteristics for a new director.

### **UPDATE ON TITLE 10 REVIEW**

At the February 2018 meeting staff gave an update and presented to the committee the revised Parks and Nature rules, known as Title 10. The new rules were adopted by the Metro Council on April 12, 2018. The updates align Metro's rules with policies established in Metro's Parks and Nature System Plan (adopted 2016), recognize Metro's expanding system and address new and emerging issues in management of public lands.

### **ADMINISTRATIVE COSTS**

The committee reviewed staffing levels and administrative costs at every meeting, as it does each year, and found the program to be on track to meet the requirement capping cumulative administrative costs at less than 10 percent of total bond expenditures. However, noting that in fiscal years 2014, 2015, 2016 and 2018 administrative costs have been over the 10 percent threshold, the committee requested a more thorough review of the program budget and staff capacity. This review was provided at the October 2017 meeting, including information on staff allocation related to levy capital projects. The committee was satisfied that Metro is on track to fulfill the commitment to keeping administrative costs below the allowed threshold.

The remaining bonds (approximately \$28.5 million) were sold in May 2018. Metro received a small premium on these bonds.

## THE YEAR AHEAD

### PARKS AND NATURAL AREAS LEVY CAPITAL PROJECT OVERSIGHT

At the February 13, 2018 committee meeting, staff reviewed the following background documents related to the Parks and Natural Areas levy:

- Metro Code 2.19.220(3), Natural Areas Program Performance Oversight Committee, “...shall review expenditures of Metro’s 2016 local option levy for compliance with program requirements.”
- Measure 26-178 explanatory statement
- Levy renewal framework (Exhibit A to Resolution No. 16-4690)
- Parks and natural areas local option levy: eligibility framework (2013)
- Parks and natural areas local option levy: Year 5 work plan (sample pages 3 and 8)
- Sample budget adjustment memo

The Oversight Committee will continue to review and discuss this new area of oversight responsibility and will monitor progress of both bond and levy-funded capital construction projects. The committee will work with staff to ensure performance measures for these investments effectively reflect progress and highlight any risks.

The committee will also continue to review staff capacity to ensure that it is sufficient for implementing all aspects of the Natural Areas and Capital 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.

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

### FY 2018 OVERSIGHT COMMITTEE MEMBERS

Peter Mohr, Chair	Attorney, Jordan Ramis, PC
Mark Aasland	Senior project designer, PACE Engineers
Dean Alterman	Attorney, Folawn Alterman & Richardson LLP
Caylin Barter	Attorney, Jordan Ramis, PC
Drake Butsch	Builder services manager, First American Title of Oregon
Kelsey Cardwell	Past president, Northwest Trail Alliance
Jon Horne	Sr. vice president, Wells Fargo Bank, Real Estate Advisory Division
Derek Johnson	Director, The Nature Conservancy
Walt McMories	Of counsel, Lane Powell
Rick Mishaga	Wildlife ecologist (retired)
William F. (Fritz) Paulus	Real property attorney
Shannon Shoul	Communications, strategy and performance management consultant
Lindsay Smith	Environmental specialist, Portland General Electric