

Meeting minutes



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Natural Areas and Capital Program Performance Oversight Committee

Wednesday, October 11, 2017 | 10 a.m. to noon

Attendees

Mark Aasland, Dean Alterman, Caylin Barter, Kelsey Cardwell, Chair Peter Mohr, Fritz Paulus, Shannon Shoul, Lindsay Smith

Absent

Drake Butsch, Jon Horne, Derek Johnson, Walt McMonies, Rick Mishaga

Metro

Councilor Craig Dirksen, Jon Blasher, Brian Kennedy, Dan Moeller, Heather Nelson Kent, Suzanne Piluso, Robert Spurlock, Cinnamon Williams

Welcome and introductions

Brian Kennedy welcomed the committee and thanked them for attending. He introduced Jonathan Blasher, Metro's new Parks and Nature director.

Program updates

Acquisition

Dan Moeller reported that no properties were acquired since the last meeting. However, in August Metro sold a property adjacent to Woodard Park in Tigard, in the Fanno Creek target area. Metro staff was assisted in the transaction by Proud Ground, a minority-owned business. A portion of the commission earned will go towards supporting Proud Ground's affordable housing initiative.

Dashboard reports

There were no changes to the regional acquisition or trails dashboard.

Local share and capital grant programs

The local share dashboard displays just those jurisdictions that have not yet completed their local share spending. Approximately 96 percent of local share funds have been spent to date. Since the last meeting the cities of Johnson City and King City have spent their entire allocation. All of the capital grant funds have been awarded.

Bond capital projects

All projects are on track except the Marine Drive Trail project, which is still delayed while an IGA is negotiated with the levee district. The Farmington Paddle Launch project is complete and the site is open. An IGA is expected to be completed with the City of Tigard, and construction on a portion of the Fanno Creek Trail will begin soon. The draft Chehalem Ridge Master Plan will be presented to the Metro Council later this month.

Financial report

Cinnamon Williams briefly reviewed the financial report. Approximately \$4 million was spent since the last meeting, closing fiscal year 2017. Administrative costs were 10 percent for the year; total administrative costs are 8.3 percent over the life of the program.

Program budgeting, staff capacity

Brian discussed the natural areas bond fund balance and projections for the next several years. He talked about the premiums that were awarded during the past bond sales and said Metro expects a small premium when it sells the remaining bonds in 2018. Projections indicate bond spending will be complete in FY 2022. The majority of expenditures in 2020-2022 will likely be grant reimbursements. No new capital projects are scheduled past 2020. Staffing levels have been reduced over the last fiscal year and there is a plan in place to continue reducing the number of staff paid by the bond. In some cases, positions have been transferred from the bond to the parks and natural areas levy. Discussion was held about the conclusion of four land management positions when the 2013 levy expires in June 2018.

2018 committee work plan

Brian reviewed the committee's work plan for the upcoming year.

Trail projects/dashboard changes

Robert Spurlock, regional trails planner, reviewed the new trails dashboard and provided an update on each of the regional trail projects. The committee suggested adding the trail completion graphic to the dashboard, in addition to the graphic showing the percentage of the refinement plan goals that have been met.

Title 10 review

Suzanne Piluso, project analyst, provided an update on revisions to Metro's Title 10, which governs Metro's parks and natural area rules. Concurrently, staff are conducting an analysis on park fees.

Annual report

Heather Nelson Kent reviewed the committee's draft annual report to the Metro Council. The report is scheduled to be presented to the Metro Council on Thursday, Nov. 2. Dean Alterman will present the report in Chair Peter Mohr's place. Heather asked that the committee return any comments by Wednesday, Oct. 18.

Next meeting

The next meeting will be in February 2018.

Adjournment

The meeting adjourned at noon.

Minutes recorded by Marybeth Haliski.

Natural Areas Program

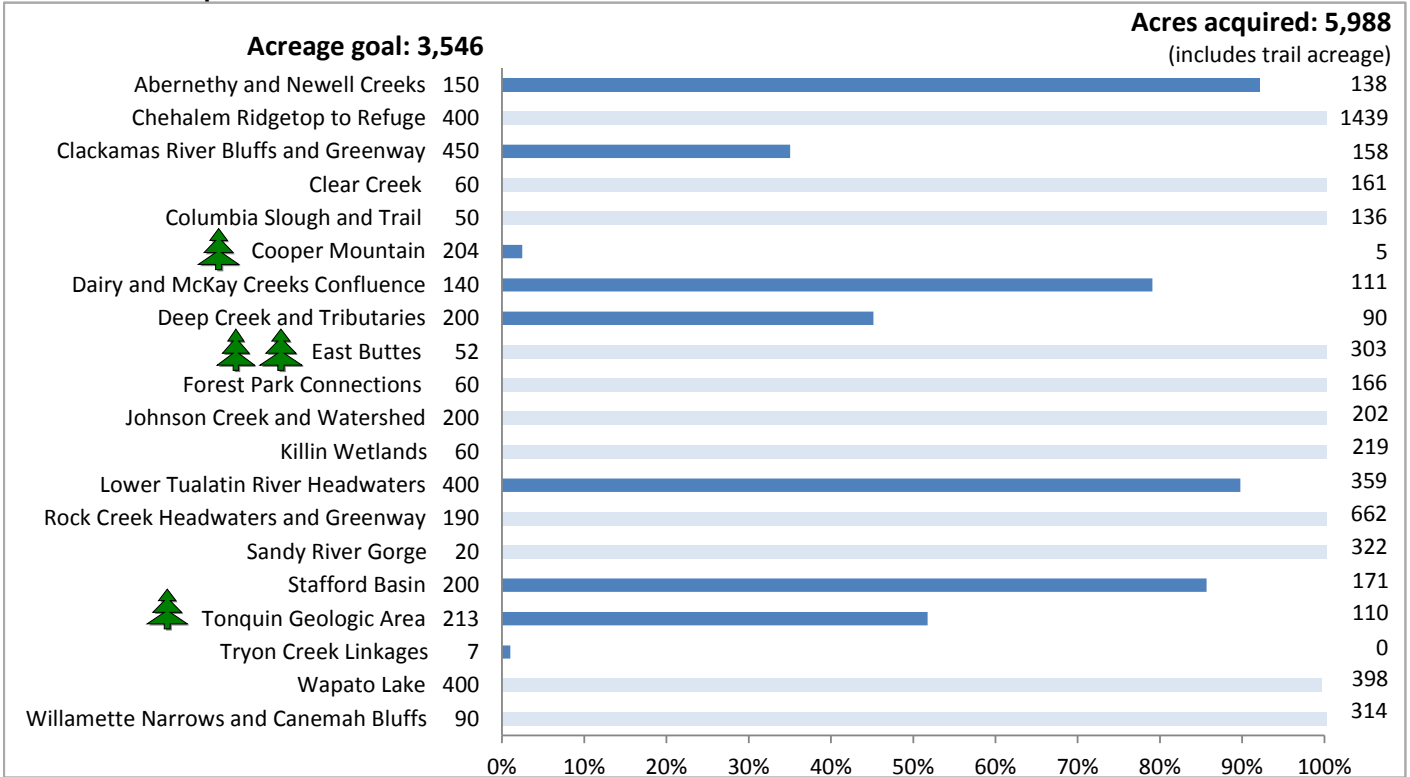
October 11, 2017

Natural area acquisition



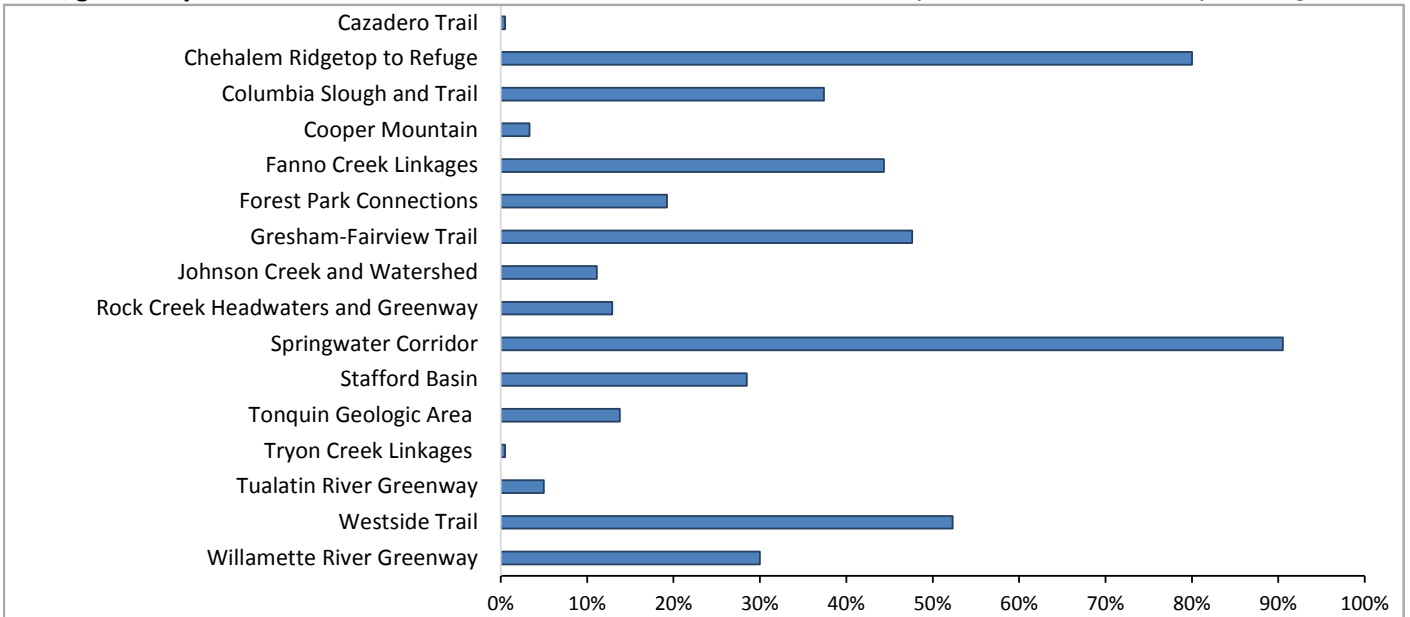
park built

■ percent of 2006 refinement plan acreage goals met
■ 2006 refinement plan acreage goals met or exceeded



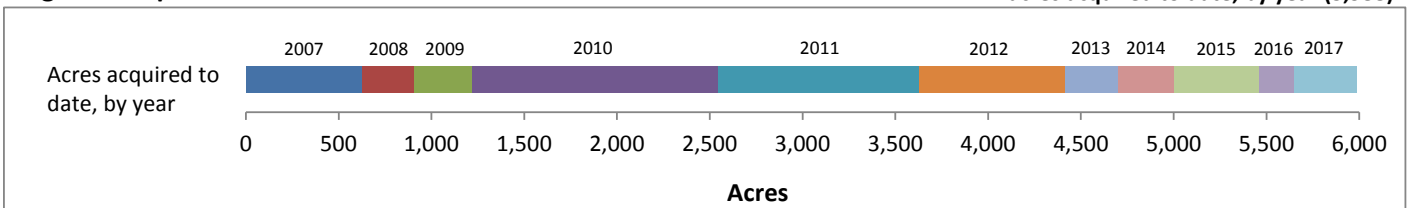
Trail/greenway corridors

■ percent of 2006 refinement plan trail goals met



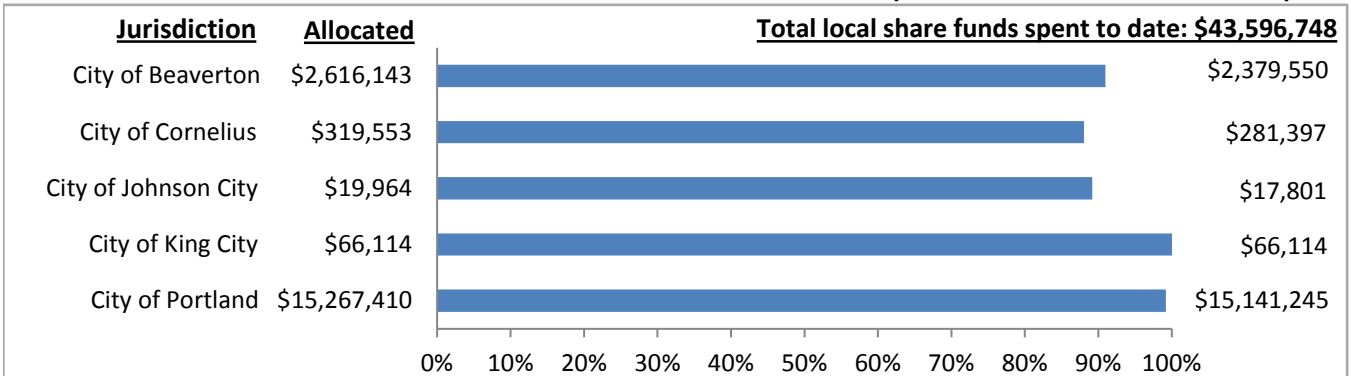
Regional acquisition

acres acquired to date, by year (5,988)



Local share*

■ percent of local share allocation spent



* Chart shows only those jurisdictions that have not expended 100% of their local share funds to date.

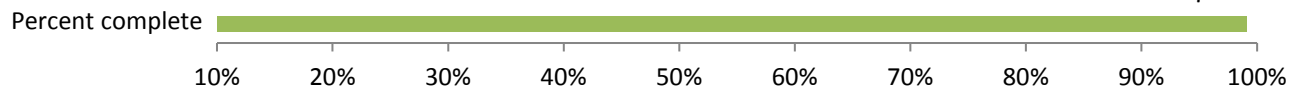
Local share

119 acquisitions

18 trails enhanced

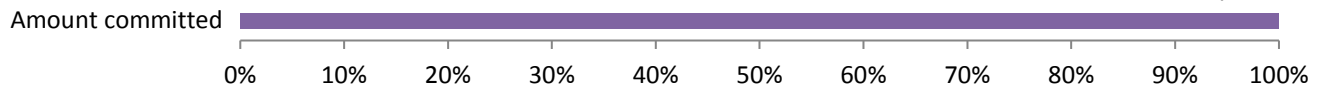
51 parks improved

\$44M



Nature in Neighborhoods capital grants

\$15M



Bond capital projects	Scope	Schedule	Budget	Project budget	Spent to date*	Remaining budget
Chehalem Ridge Natural Area	■	■	■	\$2,900,000	\$30,683	\$2,869,317
Columbia Blvd. Bridge	■	■	■	\$1,900,000	\$51,354	\$1,848,646
Fanno Creek Trail	■	■	■	\$800,000	\$249,494	\$550,506
Farmington Paddle Launch	project complete			\$888,500	\$860,254	\$28,246
Gabbert Butte Natural Area	■	■	■	\$1,800,500	\$4,862	\$1,795,638
Marine Drive Trail	■	■	■	\$2,500,000	\$0	\$2,500,000
River Island Natural Area	■	■	■	\$7,027,000	\$5,536,418	\$1,490,582
Willamette Falls Riverwalk	■	■	■	\$4,322,000	\$1,252,919	\$3,069,081
				\$22,138,000	\$7,985,984	\$14,152,016

■ on-track ■ caution ■ off-track

Notes

- Marine Drive Trail - project delayed per levee district; working to secure IGA

2006 Natural Areas Bond Fund

Summary of Resources, Requirements and Changes in Fund Balance
(Unaudited)

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	Through 8/31/2017	Program Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Beginning Fund Balance	-	122,299,840	93,979,814	77,117,027	56,792,607	36,469,224	98,783,002	78,247,452	65,755,472	52,348,611	36,934,540	16,426,032	-
Resources													
Bond Proceeds	130,678,369	-	-	-	-	90,015,894	-	-	-	-	-	-	220,694,263
Interest Earnings	1,301,230	5,600,503	2,538,906	940,859	322,830	139,417	180,451	551,006	404,005	325,517	203,942	26,373	12,535,038
Other Resources	10,000	27,380	5,322,056	385,730	414,009	964,004	882,461	3,038,628	2,679	590,211	2,143,949	26,491	13,807,598
Subtotal Resources	131,989,599	5,627,883	7,860,962	1,326,589	736,839	91,119,314	1,062,911	3,589,634	406,684	915,728	2,347,891	52,863	247,036,898
Requirements													
Land Acquisition													
Staff Costs	117,956	206,692	425,072	465,329	512,240	658,515	514,455	625,344	617,960	682,467	725,138	85,568	5,636,735
Materials & Services	6,786	2,599	334,980	328,153	8,506	3,907	31,450	4,037	10,452	6,016	6,627	-	743,513
Land Costs	7,596,372	25,224,753	14,517,160	10,282,293	8,416,742	14,616,212	7,802,932	5,500,237	6,429,224	3,148,085	5,363,484	(2,690)	108,894,803
Due Diligence													
Staff Costs	-	412,029	492,589	455,774	430,237	464,571	438,935	498,527	529,928	603,792	591,650	105,514	5,023,545
Materials & Services	96,539	199,756	183,474	299,244	315,358	412,112	699,814	246,354	199,088	137,362	180,056	13,375	2,982,532
Stabilization													
Staff Costs	19,578	116,534	190,606	290,234	388,887	430,992	441,095	431,361	507,678	512,779	408,044	59,405	3,797,194
Materials & Services	294	177,441	345,330	284,874	643,569	681,557	1,251,803	1,344,431	1,559,795	2,415,241	2,324,318	37,987	11,066,641
Local Share													
Staff Costs	-	36,269	43,872	47,458	49,759	56,434	57,341	59,700	62,704	65,137	65,790	11,456	555,921
Materials & Services	-	25	188	3,500	-	-	1,488	-	-	-	-	-	5,201
Payments to Jurisdictions	400,000	4,798,366	4,316,165	5,399,109	6,312,927	8,563,477	6,230,760	3,629,160	911,948	640,322	1,371,651	-	42,573,884
Capital Grants													
Staff Costs	-	63,831	89,352	125,466	91,744	111,876	94,896	92,017	96,385	118,485	137,734	25,054	1,046,841
Materials & Services	-	1,400	1,363	811	114	180	25	-	2,923	-	1,133	-	7,950
Grant Payments	-	-	49,750	534,899	1,287,039	195,282	1,510,360	747,233	744,792	922,969	2,086,173	(109,076)	7,969,420
Capital Construction													
Staff Costs	-	84,071	113,921	115,064	100,643	115,884	142,649	128,057	48,379	257,693	393,014	71,603	1,570,978
Capital	455,072	1,513,347	2,503,147	1,841,075	917,019	(9,098)	301,099	808,810	48,233	4,658,279	6,914,798	4,392	19,956,174
Administration													
Bond Issuance Costs	295,889	-	-	-	-	325,046	43	-	-	-	-	-	620,978
Refinement													
Staff Costs	1,477	5,426	-	-	-	-	-	-	-	-	-	-	6,903
Materials & Services	382,030	85,882	-	-	-	-	-	-	-	-	-	-	467,912
Direct Admin Costs													
Staff Costs	230,815	527,644	490,722	750,704	868,127	677,019	694,589	739,338	524,683	610,092	573,689	103,606	6,791,026
Materials & Services	25,980	152,422	51,490	56,082	263,857	890,303	533,379	399,297	455,907	235,698	193,823	2,362	3,260,599
Indirect Admin Costs*	60,971	339,422	574,569	370,939	453,567	611,267	851,346	827,713	1,063,468	1,315,383	1,519,276	187,622	8,175,543
Other Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Requirements	9,689,759	33,947,909	24,723,748	21,651,009	21,060,337	28,805,536	21,598,461	16,081,614	13,813,545	16,329,799	22,856,399	596,177	231,154,295
Ending Fund Balance	122,299,840	93,979,814	77,117,027	56,792,607	36,469,109	98,783,002	78,247,452	65,755,472	52,348,611	36,934,540	16,426,032	15,882,718	15,882,718
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY17 YTD	Total
Administration as % of Total Expenditures	10.29%	3.27%	4.52%	5.44%	7.53%	8.69%	9.63%	12.23%	14.80%	13.23%	10.01%	49.25%	8.36%

* Indirect Administrative Expenses are those charged through internal allocation, and include services such as Human Resources, risk management, payroll, building rents, etc.

Note: Due Diligence staff costs have been removed from "Indirect Admin Costs" and the FTE for these positions is shown as a direct expense.

Date: DRAFT 10/10/17

To: Metro Council

From: Natural Areas and Capital Program Performance Oversight Committee

Re: Annual Report 2017

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 tenth 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, the committee reviews the 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. On June 15, 2017, the Metro Council revised the Metro Code, adding responsibilities for oversight of the capital program included in 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 will begin expending funds from this levy July 1, 2018 and the committee will begin reporting on those expenditures in its FY 18-19 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 2017, from July 1, 2016 through June 30, 2017. In FY 17 the committee met three times (September 2016, January 2017 and April 2017). Seven new members were appointed by the Metro Council, in addition to naming Peter Mohr Committee Chair. Several committee members also completed and were acknowledged for their terms of service.

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

Approximately \$5.3 million was spent on land acquisition in fiscal year 2017. Total expenditures for regional acquisitions stand at \$180 million. Nearly 6,000 acres have been acquired and protected.

Metro acquires land in 20 natural areas and seven trail or greenway corridors from target areas identified in the 2006 bond measure. Since 2007, nearly 6,000 acres have been acquired and protected, substantially surpassing the overall acreage goal of the 2006 bond.

This year, Metro acquired nearly 510 acres of natural areas and trail connections widely distributed across the region. Ten target areas were represented in the 14 new acquisitions.

ACQUISITION HIGHLIGHTS

- Two properties were acquired in the Deep Creek target area, putting Metro nearly halfway to reaching its goal for that target area. The protection of a 47.5 acre parcel, including 5,000 feet of stream frontage, nearly doubles the acreage total for this area. Earlier in the year, Metro also secured a 1.4-acre property along the Cazadero Trail in Boring. The acquisition helps increase the value of the adjacent 40-acre Metro-owned Deep Creek Natural Area, helping preserve Deep Creek's canyons and streams. It also allows Metro to remove the remaining house immediately adjacent to the Cazadero Trail, improving the safety and visitor experience on this portion of an important regional trail.
- Additionally, staff secured two properties in the East Buttes target. A seven-acre property closes the gaps in public ownership along Butler Ridge to create a biologically significant natural area and facilitate public access. A small, three-acre property was also acquired. It is surrounded to the north by approximately 200 acres of open space owned by the City of Gresham. It is also located near Metro-owned Gabbert Hill east and Gabbert Butte, forming an additional 100 contiguous acres of protected land. This property will be included in the master planning effort underway to provide public access to Gabbert Butte and it is expected that it will support a future formal trail alignment.
- A little more than one acre was acquired in the Johnson Creek target area. This property includes 300 feet of Johnson Creek. Long term, the watershed will be better able to adapt to flood events.
- Four and a half acres were acquired in the Lower Tualatin Headwaters target area. The refinement plan states a goal of 400 acres for this target area; to date, Metro has acquired more than 300 acres.
- In the Stafford Basin target area, 82 acres were acquired on the Tualatin River near its confluence with the Willamette. In addition, 50 acres in the Tualatin River Greenway target area will add river frontage to Metro's adjacent Heritage Pine Natural Area site, protecting almost a mile of the south bank of the Tualatin River.
- A 52-acre parcel in the Tonquin Geologic target area increases Metro's holdings in the area to more than 100 acres and provides future opportunities to expand the Ice Age Tonquin Trail. Staff noted that recent changes to the Natural Areas Program Work Plan were beneficial in completing this acquisition.
- The Westside Trail has been one of Metro's trail target areas since 1995, but land acquisition for the corridor didn't really start until the master plan was completed several years ago. Three small acquisitions moved the Westside Trail target area forward this year. One, located near Bull Mountain, will provide an important trail link. A trail easement secures land needed to continue the development of the trail as it bypasses an extremely steep slope on the north side of Bull Mountain. Securing this trail segment ensures that the City of Tigard will be able construct this portion of the Westside Trail, connecting local residents to several natural areas and parks in the immediate vicinity including the future Sunrise Park and Cach Natural Area to the southwest, the Ascension Trail to the east, and Northview Park and Barrows Park to the north. And in partnership with the City of Tigard, an additional acquisition secures ownership of an existing informal paved trail connection on private property.

- Metro also sold a 38-acre property that had a small house on it, receiving a 25-acre conservation easement for part of the property that Metro wants to protect. The Metro Council provides approval to sell any properties and the sale proceeds are returned to the bond program.
- Metro received a 250-acre donation from The Nature Conservancy and Mary Wade Trust in the Sandy River Gorge target area. The donation allows Metro to connect public ownership in the area; Metro now oversees nearly three miles of stream frontage and several thousand acres in the Sandy River Gorge.

TOPICS OF DISCUSSION/RECOMMENDATIONS

Acquisition and trails dashboard reports

The 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; nearly 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. The committee discussed ideas for alternate ways to show progress on the trails dashboard. A new trails performance measurement system was developed that staff will begin including in the dashboard in FY 17-18.

In their recommendations from the FY 2016 annual report, the committee asked for a discussion about any changes in direction within individual target areas and to continue to conduct an in-depth annual review of target areas where refinement plan goals have not been met. Staff presented spending projections to the committee at the April 2017 meeting and shared current priorities. The acquisition team meets weekly and has been working on new acquisition strategies in target areas where acquisitions may have lagged in the past. Staff reported that the committee's recommendation to the Metro Council to be flexible concerning the use of "unusual circumstances" to secure remaining, strategic properties as the bond funding winds down has helped with securing a few new key properties and with their negotiating strategies.

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 2016 and April 2017 meetings the committee received an account of Metro's stabilization program and costs, as recommended in last year's report.

LOCAL SHARE

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

Local share expenditures were approximately \$2.1 million this fiscal year. Cumulatively, local share expenditures stand at \$43.6 million or 99 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 OF DISCUSSION/RECOMMENDATIONS

For the past several years, the local share dashboard report has been streamlined to report only on those jurisdictions with remaining local share funds. The jurisdictions with active projects this fiscal year included the cities of Beaverton, Cornelius, Gladstone, Johnson City, King City and Portland.

With 99 percent of funds expended, the local share program is nearly complete. Over the years, some local projects have been delayed due to limited staff capacity, unavailability of willing sellers or the need to update project and master plans. The past two years, the committee has 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. As a result, several local governments requested changes to their project lists to acknowledge factors that were preventing completion of their agreement with Metro. As of June 30, 2017 only Portland, Cornelius and Beaverton still had local share funds to expend.

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

As of January 2017 all \$15 million has been committed to Metro Council-approved projects.

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.

In December 2016 the Metro Council awarded \$1.8 million to eight new projects, and increased the grant amount for one existing project, for the final round of grants. To date the Metro Council has awarded grants to 47 projects. Three have been withdrawn due to feasibility issues. Staff provided an update on the capital grant program at the January 2017 meeting, including information about the final grant award cycle.

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. Additionally, several grants were completed and celebrations held with community support in neighborhoods around the region. A few of the completed projects included Crystal Springs Restoration Partnership, Let Us Build Cully Park (Phase I), and Nadaka Nature Park.

OTHER OVERSIGHT COMMITTEE REVIEW

Capital budgeting and bond-funded capital projects

Agency-wide, Metro is making an effort to improve capital budgeting processes and procedures. At the November 2016 meeting, staff received feedback from the committee on the program dashboard reporting, with special attention given to the new bond capital projects portion of the report.

Approximately \$20 million of bond funds have been dedicated to accelerate work on trail planning, park development and capital construction projects in Natural Areas bond program target areas as approved by the Metro Council in November 2014. As recommended by the committee last year, staff provided detailed updates about capital construction projects at every meeting, including an update about the Willamette Falls Riverwalk Project.

Based on recommendations from the committee in 2016, new performance measures were added to the dashboard 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.

During this review period, staff reported to the committee that all projects were on track except the Marine Drive Trail project, which has been delayed while an IGA is negotiated with the levee district.

Parks and Nature director recruitment

At the January 2017 meeting, the committee discussed with Metro Chief Operation Officer Martha Bennett their recommendations regarding essential characteristics for the new Parks and Nature director.

Committee recruitment, changes to Metro Code

With passage of the second parks and natural areas levy, the Metro Council required citizen oversight of that program. Instead of creating a new committee, staff recommended adding to the charge of the Natural Areas Program Performance Oversight Committee. Some of the requirements are embedded in Metro Code and legislation was approved by the Metro Council authorizing this change, in addition to reducing the minimum number of committee members from 13 to nine, and sunseting the capital grant review committee. Council still has authority to approve new grants in the event current awards fall through or all funds are not expended.

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 last year that the modified work plan has reduced the number of unusual circumstance transactions and has increased the efficiency of the acquisitions process. Only one transaction was approved by the Metro Council under the unusual circumstances provision this fiscal year. This was a donation from The Nature Conservancy, which went before Council as an unusual circumstance because the remoteness and ruggedness of the properties made it impossible to conduct environmental investigations required by the land acquisition work plan on all of the

properties. However, based on records from the Nature Conservancy and the results of the environmental investigations that were conducted, the Metro Council approved the donation.

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 for the past four years 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 will be provided at the October 2017 meeting, including information on staff allocation related to levy capital projects.

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 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.

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. The committee also welcomes the opportunity to add the levy-funded capital projects to their oversight responsibilities and will work with staff to develop performance measures and reporting metrics for these new projects, consistent with the previous measures used in the reporting dashboard.

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