

 **Metro** | *Agenda*

Meeting: Natural Areas Program Performance Oversight Committee
Date: Tuesday, December 16, 2014
Time: 9 to 11 a.m.
Location: Metro Regional Center, council chamber

8:45 **COFFEE AND PASTRIES**

9:00 **WELCOME** Drake Butsch

9:05 **PROGRAM UPDATES** Kathleen Brennan-Hunter
Acquisition, local share and capital grants
Additional bond investments
Financial report Brian Kennedy
Stabilization

9:30 **TARGET AREA UPDATE** Barbara Edwardson

10:00 **2015 WORK PLAN** Drake Butsch

11:00 **ADJOURN**

2015 WORK PLAN

December 2014

Target area update

February 2015

Parks and natural areas levy

April 2015

June 2015



Natural Areas Program Performance Oversight Committee

December 16, 2014

Committee members in attendance: Dean Alterman, Drake Butsch (committee chair), Bill Drew, Autumn Hickman, Walt McMonies, Peter Mohr, Norman Penner, Kendra Smith

Committee members excused: Rick Mishaga, Shawn Narancich, Andrew Nordby

Metro: Kathleen Brennan-Hunter, Jim Desmond, Barbara Edwardson, Brian Kennedy, Ashley McCarron

Welcome

Committee chair Drake Butsch welcomed the committee.

Program updates

Acquisition

New acquisitions are mentioned in the target area update below.

Local Share

Kathleen Brennan-Hunter shared the updated local share summary report. Staff have been working with the jurisdictions to encourage them to focus on the projects they have planned. Local share funds are 92 percent spent to date.

Capital Grants

There have been no changes since the last meeting. The projects approved by the Metro Council in July 2014 are being implemented. The Capital Grants Review Committee will meet in January 2015 to discuss the next round of applications.

Willamette Falls Legacy Project

Metro recently received a donated easement from Falls Legacy, LLC, the property owner. The easement is 120 feet wide along the riverfront the entire length of the property, from Hwy. 99 to the PGE dam. The owner also agreed to pay \$900,000 in design and engineering costs for the Riverwalk project, as well as no less than 20 percent of future operations and maintenance of the walkway in perpetuity. That obligation would pass to any future owner. Also, PGE donated an option for an easement for access to the dam. Rep. Barton has announced that he is seeking additional funding this legislative session, in addition to the \$5 million allocated last year. A request for proposals will be distributed in early January to develop the first phase schematic drawings for the walkway.

Additional bond investments

With nearly 5,000 acres acquired to date, Metro has surpassed the overall acreage goal of 3,500 acres for the 2006 bond and is now able to take advantage of other opportunities to spend down the bond funds. The premium that was secured when the bonds were sold was kept as contingency and \$15 million to \$20 million is available to accelerate work on a number of capital projects. The Metro Council approved the plan in November. The projects, at sites including the Tualatin River boat launch, Fanno Creek Greenway Trail, Chehalem Ridge Natural Area and River Island Natural Area on the Clackamas River, align with existing bond goals and refinement plans.

Financial report

Brian Kennedy discussed the financial report. Fiscal year 2014 expenditures totaled about \$16 million. Higher-than-usual administrative costs of 12.2 percent were mainly due to slow acquisition activity. With the additional bond investments, Metro will be adding several new positions, and Brian is confident the administrative costs will start trending down over the next year. Administrative costs to date are at 7.24 percent, still below the 10 percent threshold.

Stabilization report

Stabilization costs are in line with projections. Kendra Smith asked if Metro tracks costs per acre for acquisitions and for stabilization. Stabilization scientist Kate Holleran has reviewed initial stabilization costs for the committee in the past, but it has been some time. Kathleen suggested the committee review those numbers at a subsequent meeting as part of the 2015 work plan. Staff is transitioning to putting stabilization costs into Terramet to make them easier to analyze.

Target area update

Kathleen announced that Barbara Edwardson was promoted from real estate negotiator to acquisition supervisor in August. Metro has hired Ryan Ruggiero to fill Barbara's vacated position. Barbara spoke about the acquisition program in general, several key properties and analysis work that is starting. She reported that 12 properties for 138 acres had been purchased since the June meeting, and approximately 267 acres are currently under contract. Barbara reviewed the target area dashboard and discussed several target areas with low percentage of properties acquired, such as Cooper Mountain, Deep Creek and Tryon Creek. Her team is currently undertaking an analysis exercise with the natural areas and parks planning and science teams to determine if there are other properties that would help with access or property management.

2015 work plan

Committee members suggested potential topics for committee review in 2015:

- Parks and natural areas levy
- Parks and natural areas system plan
- Additional bond investments
- Acquisition progress
- Unusual circumstances
- Willamette Falls Legacy Project
- Capital grants assessment
- Local share investments
- Metro's role and relationship with The Intertwine Alliance
- Stabilization results following new approach
- Mitigating risks to properties
- Value and benefits of acquisitions
- Trails progress and performance measures

Next meeting

The next meeting will be in March 2015.

Adjournment

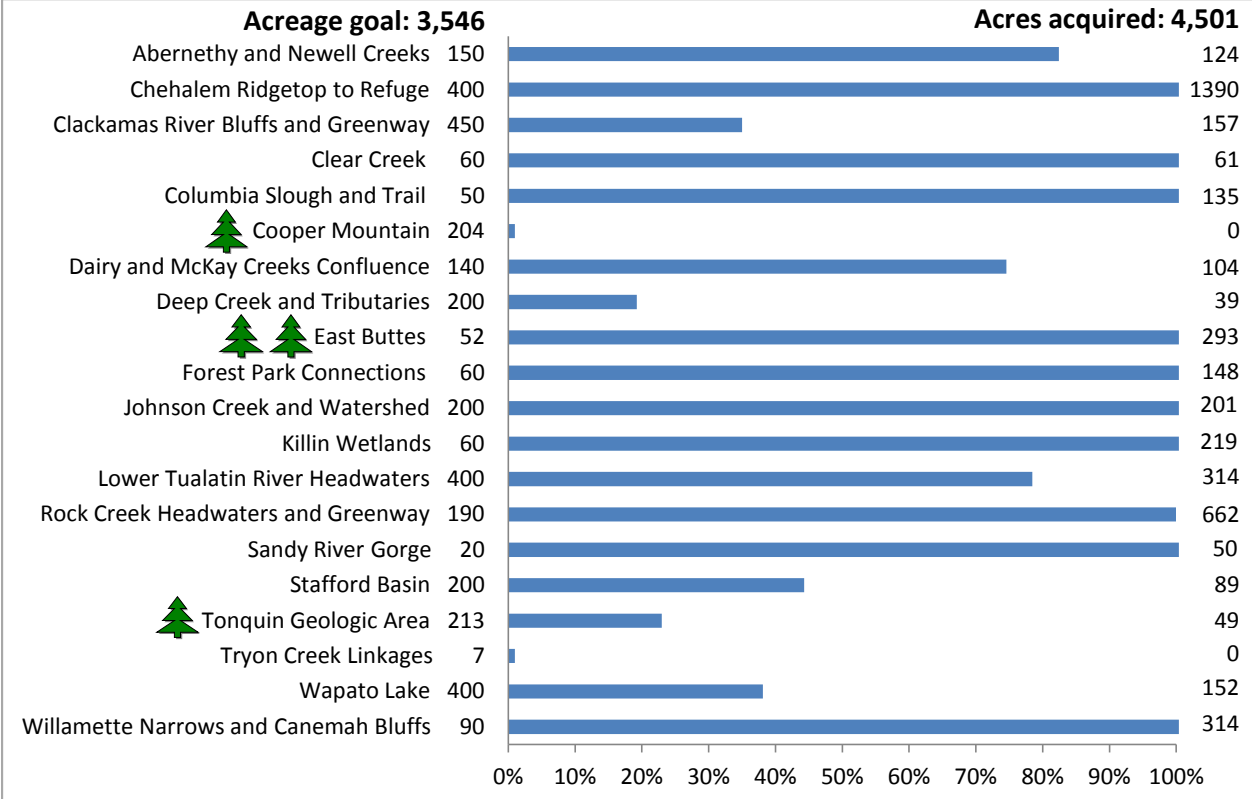
The meeting adjourned at 10:45 a.m.

Minutes recorded by Marybeth Haliski.

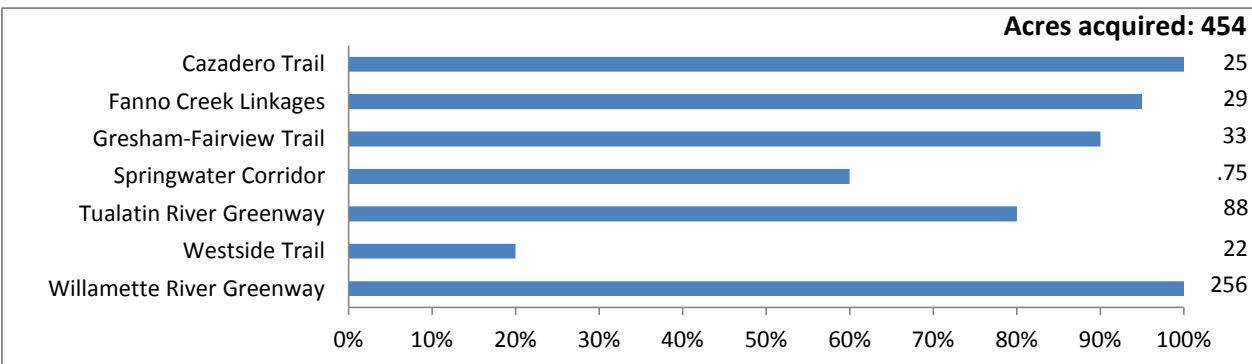
Natural Areas Program

December 16, 2014

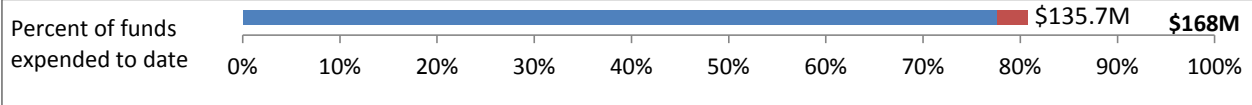
Natural area acquisition  **park built**  **percent of 2006 refinement plan acreage goals met or exceeded**



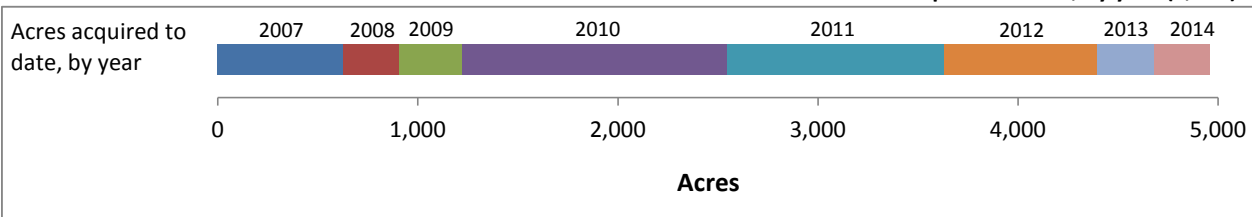
Trail/greenway corridors  **percent of 2006 refinement plan goals met**



Regional acquisition  **regional acquisition funds spent to date**

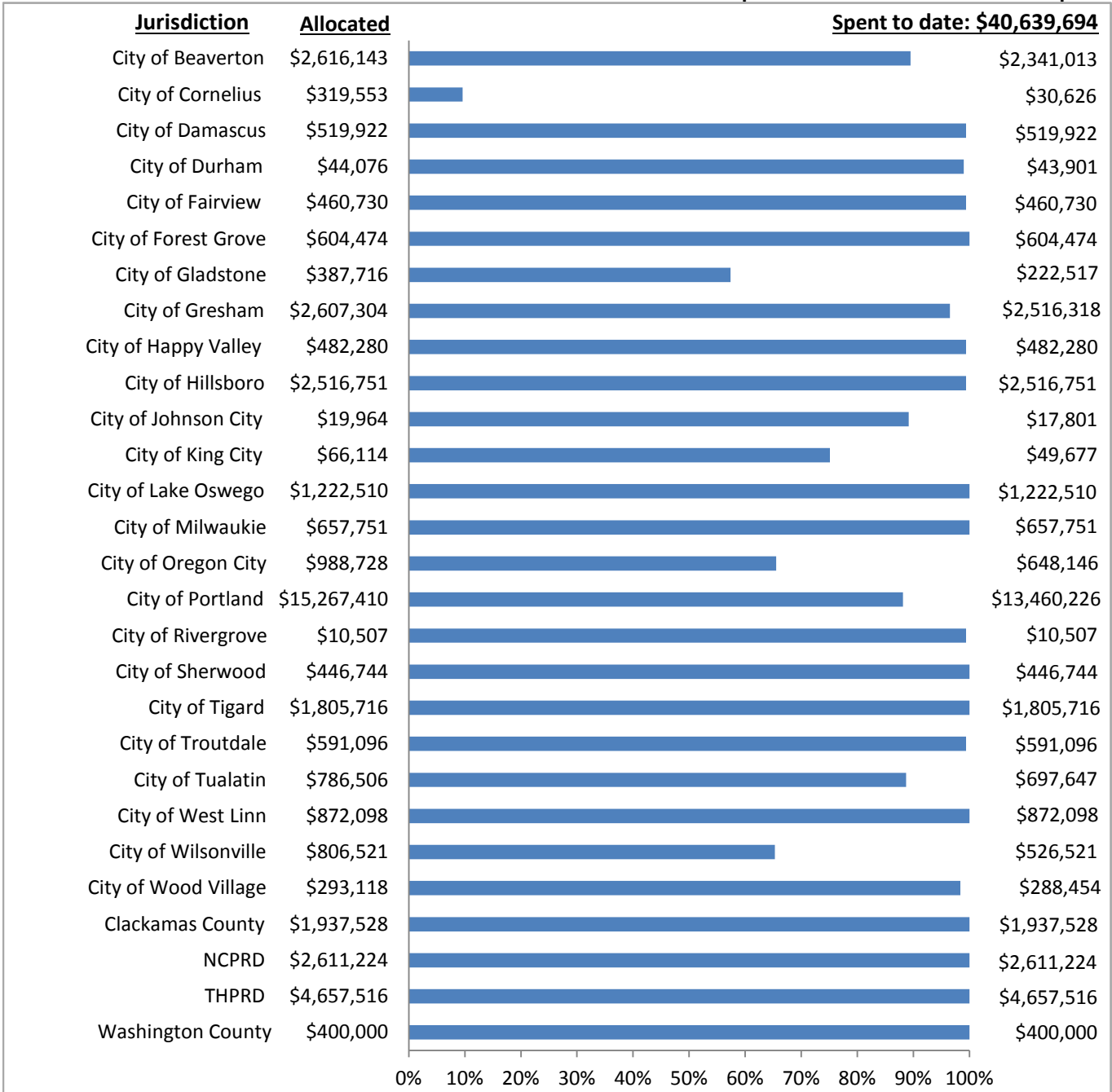


Regional acquisition **acres acquired to date, by year (4,955)**



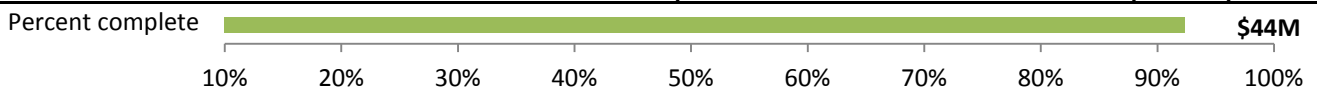
Local share

■ percent of local share allocation spent



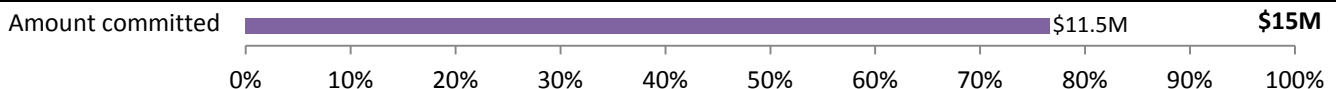
Local share

103 acquisitions 14 trails enhanced 49 parks improved



Nature in Neighborhoods capital grants

40 projects awarded



2006 Natural Areas Program

LOCAL SHARE PROGRAM UPDATE

DECEMBER 2014

Total local share allocation: **\$44,000,000**

Expended as of June 19, 2014: **\$40,225,110 (91%)**

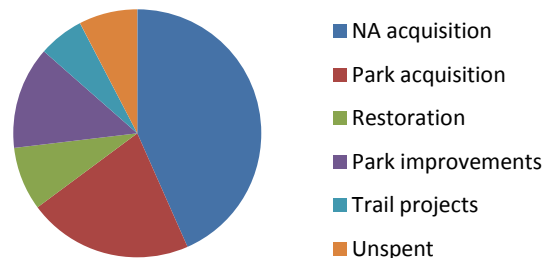
Expended as of December 16, 2014: **\$40,639,694 (92%)**

- **103** acquisitions; **733** acres
- **14** trail projects
- **49** parks and natural areas improved (includes restoration activities)

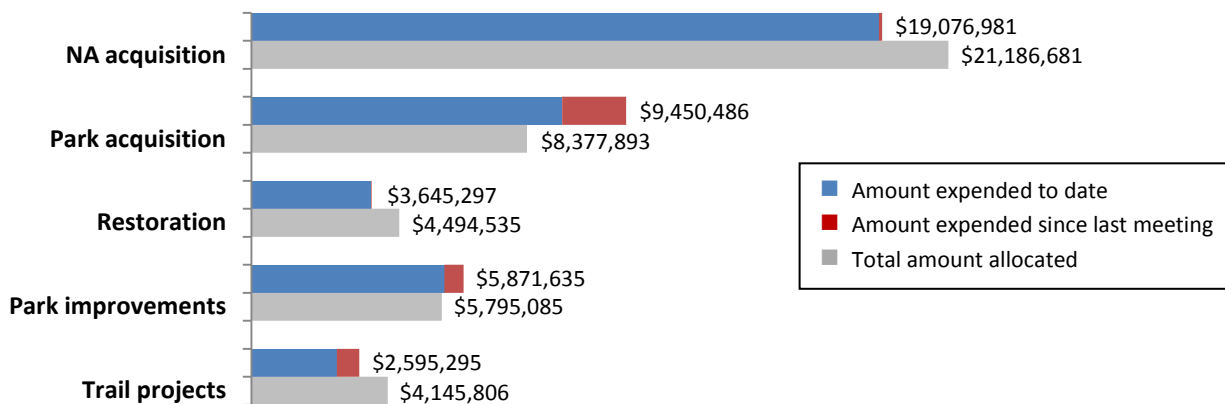
EXPENDITURES BY PROJECT TYPE

NOTE: The amount expended may exceed the amount allocated due to changes in the types of projects by several jurisdictions.

Project type	Amount allocated	Expended to date
NA acquisition (661 acres)	\$21,186,681	\$19,076,981
Park acquisition (72 acres)	\$8,377,893	\$9,450,486
Restoration	\$4,494,535	\$3,645,297
Park improvements	\$5,795,085	\$5,871,635
Trail projects	\$4,145,806	\$2,595,295



EXPENDITURE SUMMARY



NATURAL AREA ACQUISITION

Jurisdictions are using their local share funds to secure inholdings, expand existing natural areas or secure land for new nature parks.

- The City of Portland acquired seven properties totaling 6.67 acres in order to expand existing natural areas adjacent to Bundy Nature Park, East Buttes, Errol Heights, Oaks Bottom, Marquam Nature Park and Forest Park.
- The City of Portland acquired a .66 acre conservation easement in order to protect water quality along Deardorff Creek, a tributary of Johnson Creek.

Natural area acquisition

- \$21,186,681 allocated
- \$19,076,981 expended to date
- 86 sites acquired in 14 jurisdictions
- 661 acres acquired to date

PARK ACQUISITION

Seventeen sites throughout the region have been acquired for more traditional park use. These parks will range from small pocket parks in already developed neighborhoods to a large sports complex in a rapidly developing area. Five of the sites expand existing park land.

RESTORATION PROJECTS

Jurisdictions are using their local share funds to address a variety of restoration needs that include addressing human impact and enhancing water quality.

PARK IMPROVEMENT PROJECTS

Park improvements continue to be an important aspect of the local share program.

- The City of Cornelius began a park improvement project in Ryland Park.

TRAIL ACQUISITION AND IMPROVEMENTS

Local share funds are being used to address regional trail priorities along Beaver Creek, the Trolley Trail, Springwater Corridor, Gresham-Fairview Trail, Red Electric and Fanno Creek. In addition, five local trail priorities are being addressed.

LEVERAGE INFORMATION

To date, local partners have reported nearly \$37.5 million in leveraged funding.

Park acquisition

- \$8,377,893 allocated
- \$9,450,486 expended to date
- 17 sites acquired in 8 jurisdictions
- 72 acres acquired to date

Restoration projects

- \$4,494,535 allocated
- \$3,645,297 expended to date
- 17 projects in 7 jurisdictions

Park improvement projects

- \$5,795,086 allocated
- \$5,869,597 expended to date
- 32 projects in 16 jurisdictions

Trails

- \$4,145,806 allocated
- \$2,595,295 expended to date
- 14 projects in 10 jurisdictions

2006 Natural Areas Bond Fund

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

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15		Program
									Through		Total
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	10/31/2014	Amount	Amount
Beginning Fund Balance	0	122,299,840	93,979,814	77,117,027	56,792,607	36,469,224	98,783,002	78,247,452	FTE	65,745,472	0
Resources											
Bond Proceeds	130,678,369	0	0	0	0	90,015,894	0	0		0	220,694,263
Interest Earnings	1,301,230	5,600,503	2,538,906	940,859	322,830	139,417	180,451	551,006		150,940	11,726,141
Other Resources	10,000	27,380	5,322,056	385,730	414,009	964,004	882,461	3,038,628		0	11,044,267
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		150,940	243,464,671
Requirements											
Land Acquisition											
Staff Costs	117,956	206,692	425,072	465,329	512,240	658,515	514,455	625,344	7.0	194,356	3,719,959
Materials & Services	6,786	2,599	334,980	328,153	8,506	3,907	31,450	4,037		58	720,476
Land Costs	7,596,372	25,224,753	14,517,160	10,282,293	8,416,742	14,616,212	7,802,932	5,510,237		1,645,974	95,612,673
Due Diligence											
Staff Costs	0	412,029	492,589	455,774	430,237	464,571	438,935	498,527	5.0	176,448	3,369,110
Materials & Services	96,539	199,756	183,474	299,244	315,358	412,112	699,814	246,354		49,869	2,502,521
Stabilization											
Staff Costs	19,578	116,534	190,606	290,234	388,887	430,992	441,095	431,361	3.9	160,462	2,469,750
Materials & Services	294	177,441	345,330	284,874	643,569	681,557	1,251,803	1,344,431		321,928	5,051,228
Local Share											
Staff Costs	0	36,269	43,872	47,458	49,759	56,434	57,341	59,700	0.5	20,889	371,723
Materials & Services	0	25	188	3,500	0	0	1,488	2,131		0	7,331
Payments to Jurisdictions	400,000	4,798,366	4,316,165	5,399,109	6,312,927	8,563,477	6,230,760	3,627,029		297,442	39,945,274
Capital Grants											
Staff Costs	0	63,831	89,352	125,466	91,744	111,876	94,896	92,017	0.8	32,156	701,340
Materials & Services	0	1,400	1,363	811	114	180	25	1,176		339	5,408
Grant Payments	0	0	49,750	534,899	1,287,039	195,282	1,510,360	746,057		245,983	4,569,370
Capital Construction											
Staff Costs	0	84,071	113,921	115,064	100,643	115,884	142,649	128,057	3.0	0	800,289
Capital	455,072	1,513,347	2,503,147	1,841,075	917,019	(9,098)	301,099	808,810		879	8,331,351
Administration											
Bond Issuance Costs	295,889	0	0	0	0	325,046	43	0		0	620,978
Refinement											
Staff Costs	1,477	5,426	0	0	0	0	0	0		0	6,903
Materials & Services	382,030	85,882	0	0	0	0	0	0		0	467,912
Direct Admin Costs											
Staff Costs	230,815	527,644	490,722	750,704	868,127	677,019	694,589	739,338	3.9	145,544	5,124,500
Materials & Services	25,980	152,422	51,490	56,082	263,857	890,303	533,379	399,297		58,367	2,431,177
Indirect Admin Costs*	60,971	339,422	574,569	370,939	453,567	611,267	851,346	827,713		378,979	4,468,773
Other Requirements	0	0	0	0	0	0	0	0		0	0
Subtotal Requirements	9,689,759	33,947,909	24,723,748	21,651,009	21,060,337	28,805,536	21,598,461	16,091,614		3,729,674	181,298,047
Ending Fund Balance	122,299,840	93,979,814	77,117,027	56,792,607	36,469,109	98,783,002	78,247,452	65,745,472		62,166,738	62,166,738
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14		FY13 YTD	Total
Administration as % of Total Expenditures	10.29%	3.27%	4.52%	5.44%	7.53%	8.69%	9.63%	12.22%		15.63%	7.24%

* 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.

Stabilization Report

As of October 31, 2014

		Stabilization			Prior Years	Year to Date	
		Acres	Close Date	End Date	Status		
Personnel Services						1,438,292	153,749
Materials and Services						75,809	2,602
Stabilization Administration						1,514,101	156,351
G02038	Happy Valley Homes	14.70	7/26/2011	7/26/2014	Stabilization	4,313	-
G02097	Miller	20.99	6/30/2008	6/30/2010	Complete	19,042	-
G02110	Cascade Pacific Council	68.30	5/5/2011	5/5/2016	Stabilization	74,418	-
G02125	Darby Ridge	37.30	6/6/2007	6/6/2009	Complete	24,384	-
G02132	Sunnyside Brook, LLC/BASILLI	22.48	6/15/2010	6/15/2012	Complete	19,226	-
G02137	Persimmon Development TL600	15.00	10/14/2008	10/14/2010	Complete	3,371	-
G02140	Rogers	30.02	4/8/2011	4/8/2016	Stabilization	169,148	-
East Buttes and Boring Lava						316,454	-
G46002	Mabel Johnson Trust	17.90	10/29/2009	10/29/2011	Complete	49,993	38,521
G46008	Winters/Homes New to You Inc.	4.83	12/21/2010	12/21/2012	Complete	9,233	-
G46012	Schafer Trust	7.20	10/4/2011	10/4/2013	Complete	37,433	-
Deep Creek Target Area						96,660	38,521
G18036	Corey	0.54	5/9/2013	5/9/2015	Stabilization	2,078	-
G18039	Pratt Timberlands	88.30	10/9/2009	10/9/2011	Complete	9,182	-
Clackamas River Greenway						11,260	-
G12016	Stark	61.00	7/26/2012	7/26/2017	Stabilization	110,095	8,965
Clear Creek Canyon						110,095	8,965
G03010	Hartfeil	15.60	10/30/2013	1/0/1900	Stabilization	18,664	-
G03053	Trust for Public Land-Evanson	106.66	8/13/2007	8/13/2009	Complete	42	-
G03065	Gabriel	1.36	5/10/2012	5/10/2014	Stabilization	212	-
Newell & Abernathy Creeks						18,918	-
G55002	Stevens Family Enterprises LLC	24.70	6/20/2008	6/20/2010	Complete	29,268	-

		Stabilization					
		Acres	Close Date	End Date	Status	Prior Years	Year to Date
G55003	Landover Properties	63.91	6/8/2009	6/8/2012	Complete	108,095	-
Stafford Basin						137,363	-
G21006	Lewis	29.60	6/26/2012	6/26/2017	Stabilization	106,681	-
G21007	Davis - File #21.07	24.34	3/11/2009	3/11/2011	Complete	12,801	-
G21015	Reeder	181.25	6/28/2011	12/31/2015	Stabilization	351,130	18
G21019	Benson	4.90	9/27/2011	9/27/2016	Stabilization	76,659	-
G21020	Brar	22.37	2/4/2013	1/0/1900	Stabilization	80,652	24,327
G22010	Vlahos	26.00	4/27/2012	4/27/2014	Stabilization	114,555	-
G22025	Kahre	13.29	3/25/2009	3/25/2011	Complete	9,343	-
G22027	Little Rock Island	12.00	10/26/2012	10/26/2017	Stabilization	6,214	-
Willamette Narrows						758,185	24,345
G08024	State of Oregon DAS - Dammasch	19.76	7/25/2008	7/25/2010	Complete	50,099	-
G08029	Weedman/Tonquin	24.40	3/12/2012	3/12/2017	Stabilization	25,741	4,995
Tonquin Geologic Ares						75,840	4,995
G54001	Burge Trust	52.93	5/2/2007	5/2/2009	Complete	3,224	-
G54003	Holmes Trust	38.60	10/17/2008	10/17/2010	Complete	50,311	-
G54004	Cole	5.00	6/8/2009	6/8/2011	Complete	2,403	-
G54005	Streeter	23.20	6/8/2009	6/8/2011	Complete	47,500	-
G54010	Sperline Trust	3.00	3/21/2014	3/21/2019	Stabilization	5,995	-
G54012	Massoni	10.00	12/15/2010	12/15/2012	Complete	33	-
G54013	Ralston/Consani	34.00	8/23/2010	8/23/2012	Complete	54,061	-
G54014	Schmeltzer, file 54.014	76.55	11/21/2011	11/21/2016	Stabilization	57,133	12,750
G54016	Bohm (Conserv. Easement)	26.35	1/31/2013	1/31/2015	Stabilization	14,114	31
Lower Tualatin Headwaters						234,772	12,780
G11011	Nelson/Vanghn Trust	68.25	8/29/2012	8/29/2017	Stabilization	95,344	37,715
G11031	Kapaun	0.41	9/28/2007	9/28/2009	Complete	61	-
G11033	ICON Construction	1.50	10/24/2008	10/24/2010	Complete	9,948	-
G11036	Pohlpetter and Martin	1.61	3/20/2014	3/20/2016	Stabilization	882	45,756
Tualatin River Greenway						111,115	83,471

		Stabilization			Prior Years	Year to Date	
		Acres	Close Date	End Date	Status		
G50006	Lynscot Management	152.49	2/6/2012	2/6/2017	Stabilization	254,691	22,813
Wapato Lake Target Area						254,691	22,813
G48001	Hamacher/Ponzi	36.30	2/11/2008	2/11/2010	Complete	16,968	4,670
G48002	Chehalem Ridge/TPL/Iowa Hill	1,143.00	1/7/2010	1/7/2017	Stabilization	861,194	47,104
G48003	Withycombe	147.29	3/15/2013	3/15/2018	Stabilization	28,739	6,086
G48004	McKenzie/Chehalem Ridge	19.17	9/22/2011	9/22/2016	Stabilization	47,701	-
G48005	Sandstrom Revocable Lvng Trust	40.00	11/15/2012	11/15/2017	Stabilization	93,540	3,967
Chehalem Ridgetop-Refuge Area						1,048,142	61,828
G07039	Wetter	88.05	4/13/2007	4/13/2009	Complete	2,486	-
G07042	Saxton	6.70	1/22/2009	1/22/2011	Complete	24,192	-
Dairy McKay Target Area						22,019	-
G56002	Moore Family Farm	214.95	3/8/2012	3/8/2017	Stabilization	42,355	-
Killin Wetland Target Area						42,355	-
G13040	Steinberg	39.50	9/30/2011	9/30/2016	Stabilization	18,237	-
G13043	Keystone Construction & Dev	20.61	4/12/2010	4/12/2012	Complete	12,638	-
G13044	Chang	20.00	9/14/2009	9/14/2011	Complete	4,222	-
G13046	Cho	40.00	6/4/2010	6/4/2012	Complete	72,526	-
G13047	Lorenzen	55.60	9/27/2013	9/27/2018	Stabilization	39,788	-
G13048	Fernald	37.39	4/21/2011	4/21/2016	Stabilization	41,034	-
G13049	Hampton / Rock Creek	80.80	12/21/2011	12/21/2016	Stabilization	65,834	-
G13050	Multnomah County Tax Title	26.50	5/9/2012	5/9/2014	Stabilization	9,974	-
G13051	Mid Valley Resources	300.00	12/21/2011	12/21/2016	Stabilization	48,324	1,884
G13052	Orenco Woods/Hillsboro/TPL	42.00	12/1/2011	12/1/2016	Stabilization	88,970	5,552
Rock Creek Greenway&Headwaters						401,549	7,436
G06058	Margolis/TPL	57.50	3/27/2007	3/27/2009	Complete	2,341	-
G06065	Oregon Parks Foundation	86.50	11/20/2008	11/20/2010	Complete	45,947	-
G06066	Joyce	1.64	5/2/2014	5/2/2017	Stabilization	-	1,721
Forest Park Expansion						48,288	1,721

		Stabilization			Prior Years	Year to Date	
		Acres	Close Date	End Date	Status		
G28009	Roughton/Columbia Slough	20.50	2/24/2011	2/24/2013	Complete	38,190	-
G28031	Cambron/Fisher	0.96	12/19/2012	1/0/1900	Stabilization	271	-
G28047	Broadmoor Property	54.05	12/12/2012	1/0/1900	Stabilization	16,100	-
Columbia Slough Target Area						54,562	-
G29001	Wong	10.00	6/22/2007	6/22/2009	Complete	702	-
G29002	Spani Seely	1.02	12/29/2006	12/29/2008	Complete	640	-
G29004	Telford Estates	20.00	11/27/2007	11/27/2009	Complete	93,619	2,344
G29005	Clarence Allesina	1.28	7/31/2007	7/31/2009	Complete	6,633	-
G29006	Hedges	49.00	7/13/2007	7/13/2009	Complete	10,296	-
G29007	Clatsop Buttes I (Hedge Creek)	1.54	1/7/2008	1/7/2010	Complete	2,762	-
G29008	JC Reeves	52.68	11/30/2007	11/30/2009	Complete	4,670	-
G29012	Stickney	1.98	7/14/2008	7/14/2010	Complete	29,380	-
G29013	Parson	5.59	2/9/2010	2/9/2012	Complete	31,363	-
G29015	Jones	0.50	10/7/2008	10/7/2010	Complete	36,411	-
G29017	Gonzales	0.38	12/23/2008	12/23/2010	Complete	1,618	-
G29019	Peden	5.85	4/8/2011	4/8/2015	Stabilization	48,158	-
G29020	Marston	2.97	11/18/2010	11/18/2015	Stabilization	51,967	2,993
G29022	Wildt	4.81	6/28/2012	6/28/2017	Stabilization	52,941	2,344
G29025	Roberts	6.16	10/10/2014	10/10/2016	Stabilization	-	7,853
Johnson Creek Target Area						371,160	15,533
G04024	Friberg - File 4.024	41.80	12/1/2009	12/4/2011	Complete	55	-
G04032	Dorsey	7.90	9/30/2014	9/30/2016	Stabilization	-	998
Sandy River Gorge						55	998
G01004	Douglas/Emard	107.00	5/12/2014	5/12/2019	Stabilization	3,652	10,015
Willamette River Greenway						3,910	10,015
G16009	Fields	25.89	9/13/2012	9/13/2017	Stabilization	56,273	-
Fanno Creek Greenway						56,273	-
G52001	OSU Foundation	24.63	5/19/2010	5/19/2015	Stabilization	55,845	-
Cazadero Trail						55,845	-

		Stabilization			Prior Years	Year to Date	
	Acres	Close Date	End Date	Status			
G47006	Fairview Creek Headwaters	32.90	5/13/2014	6/13/2019	Stabilization	1,557	15,249
Gresham to Fairview Trail						1,557	15,249

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.

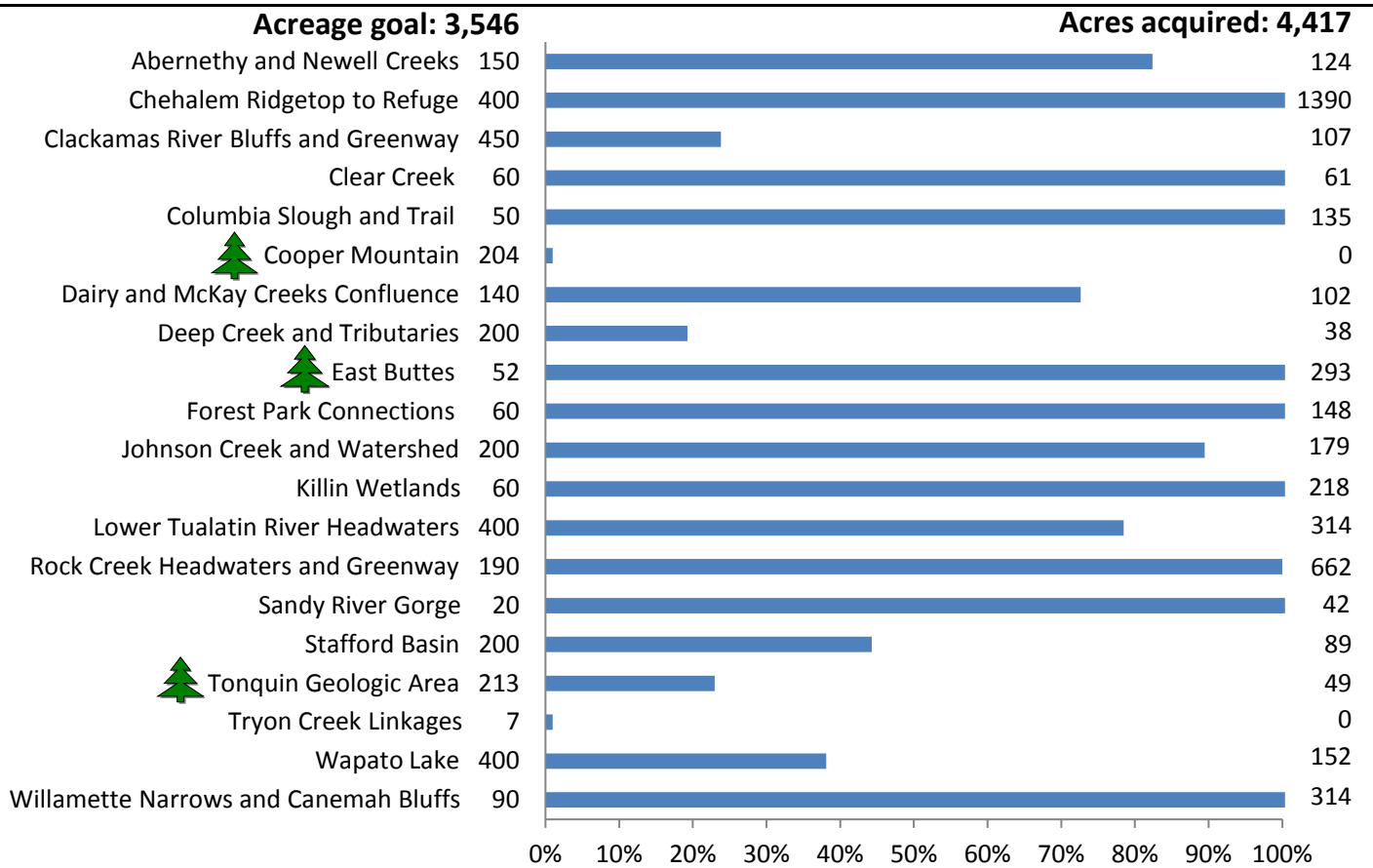
At its April 2014 meeting, the committee noted a few target areas that have not seen much progress in acquisitions: Cooper Mountain, Deep Creek, Tryon Creek and Wapato Lake. Some areas, such as Cooper Mountain, were targeted during an earlier 1995 bond. Significant acreage was acquired, but additional 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

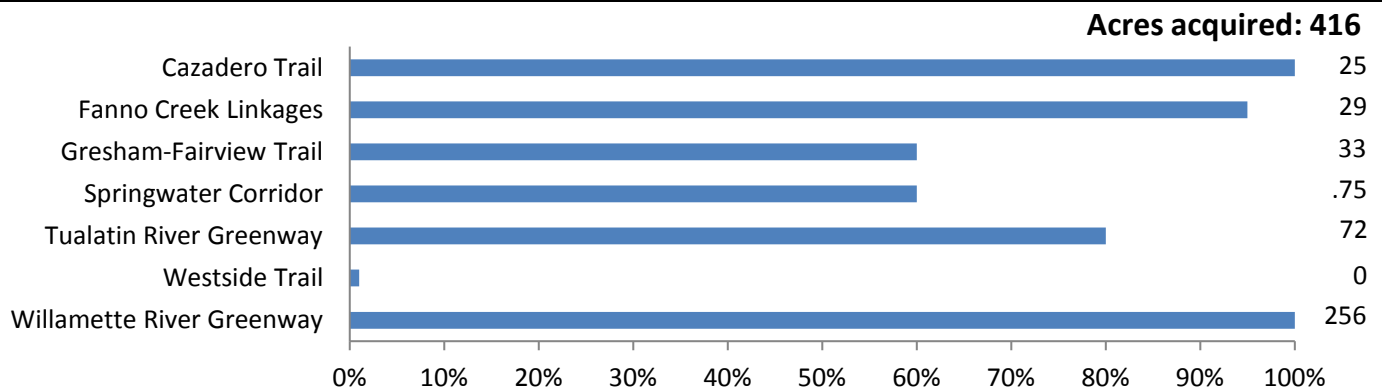
The committee is satisfied with the progress of regional acquisition but encourages Metro staff to keep looking for new strategies, especially in target areas where acquisitions have been lagging.

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

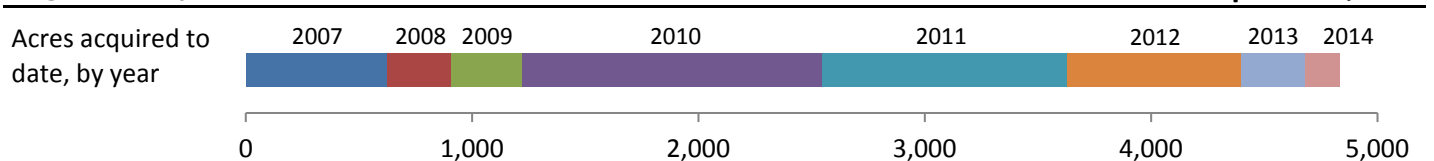
Natural area acquisition  **park built**  **percent of 2006 refinement plan acreage goals met or exceeded**



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

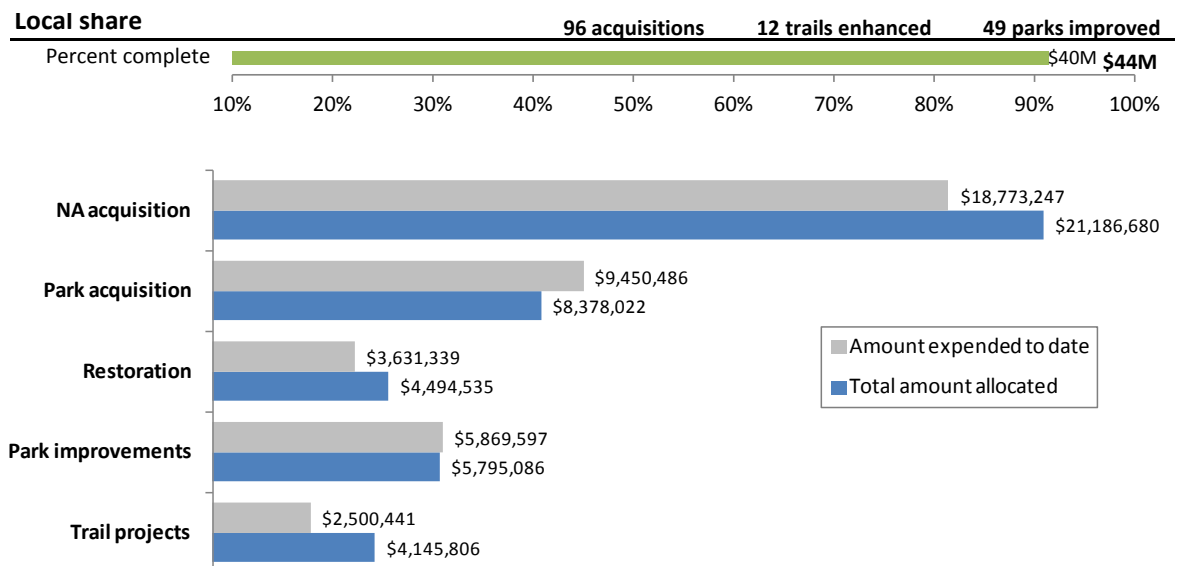
Conservation District to acquire, with Metro, 33 acres at Grant Butte Wetlands.

- 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



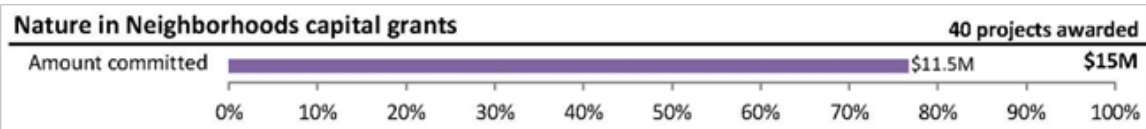
NATURE IN NEIGHBORHOODS CAPITAL GRANTS

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.

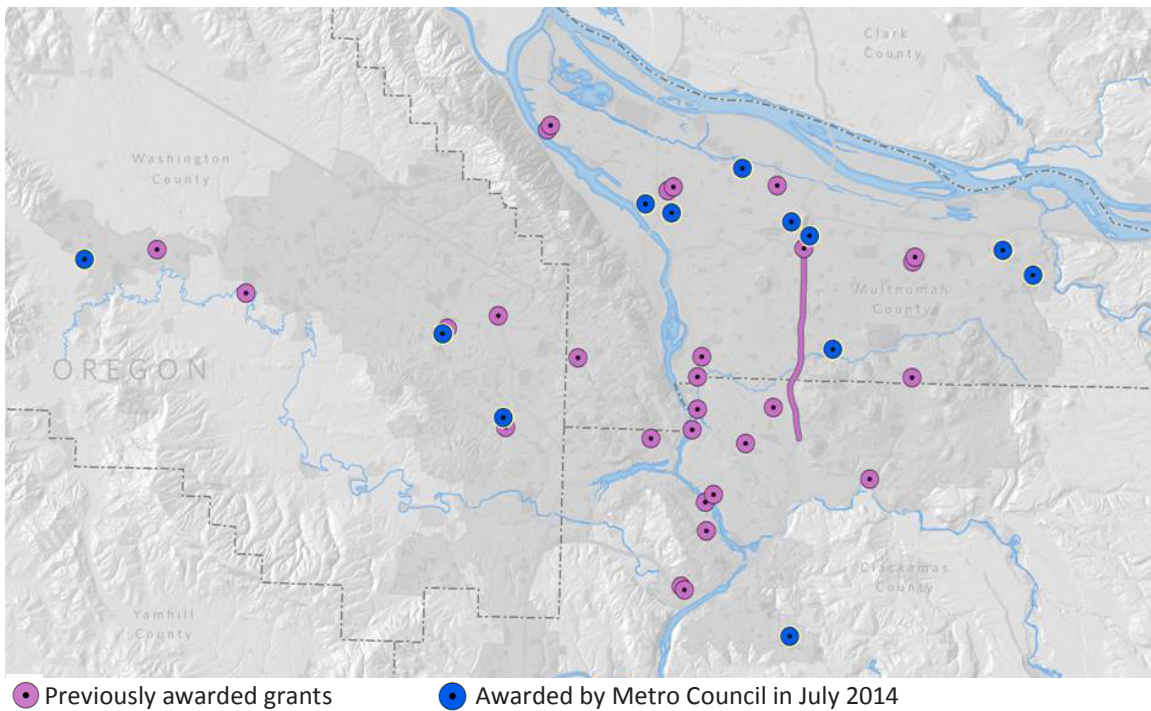
DASHBOARD REPORT HIGHLIGHTS June 30, 2014



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



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.

About Metro

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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Kendra Smith	Director, Willamette Model Watershed, Bonneville Environmental Foundation
Cam Turner	Principal, United Fund Investors

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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Turn to Metro's quarterly magazine, Our Big Backyard, for all your nature news and other regional highlights, including feature stories, field guides, Q&As, upcoming events, a photography contest and much more.

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