



METRO

Natural Areas Program Performance Oversight Committee

Thursday – June 21, 2007
7:30 – 10:30 am

Metro
600 NE Grand Avenue
Portland, OR 97232
Room 370A/B

MEETING AGENDA

Welcome	David Bragdon	5 min
Overview of agenda	Peter Krainock	5 min
Introductions	Peter Krainock	15 min
Introduction to Natural Areas Bond Program	Jim Desmond	45 min
Status of Natural Areas Bond Program	Kathleen Brennan-Hunter	30 min
Metro Auditor Comments	Suzanne Flynn	20 min
Committee Discussion	Peter Krainock	60 min

Coffee, tea and pastries will be provided

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MINUTES

Committee Members in attendance: Dave Evans, Dave Fogle, Helena Huang, Don Jones, Peter Krainock (chair), Anil Krishnamurthy, Jill Long, Lori Luchak, Jacquenette McIntire, Don Morissette, Segeni Mungai, David Pollock, Sylvia Roll

Committee Members excused: Linda Craig, Rocky Dixon, Michele Frank

Metro Management: David Bragdon, Kathleen Brennan-Hunter, Jim Desmond, Suzanne Flynn, Michael Jordan

Metro Staff: Jo Anne Dolan, Paul Garrahan, Marybeth Haliski, Jane Hart, Heather Kent, Fred King, Kristin Lieser, Jeff Tucker

Welcome and Introductions. Committee Chair **Peter Krainock** welcomed the committee and thanked everyone for attending the meeting. Committee members and staff introduced themselves and briefly discussed their backgrounds.

Metro Council President **David Bragdon** thanked everyone for agreeing to serve on the committee and recognized committee members' wide diversity of backgrounds and skills. The Metro Council is looking forward to the committee's advice on performance measures – not necessarily number of acres purchased, dollars spent or number of transactions, but how Metro and the Natural Areas staff do business – making sure we are sustaining the public's trust and that they are getting the best value for their money spent.

Council President Bragdon also reminded the committee that they were all invited to the "Connecting Green 2007" summit on June 28 at The Gerding Theatre at the Armory.

Natural Areas Program overview, process and refinement schedule. Metro Parks and Greenspaces Director **Jim Desmond** gave an overview of the Natural Areas Bond Program to date and Natural Areas Bond Program Director **Kathleen Brennan-Hunter** briefly discussed the local share program and the capital grants program, which will launch in September. Kathleen also provided a Google Earth tour of the East Buttes target area and explained the refinement process and schedule.

Metro Auditor Overview. Metro Auditor **Suzanne Flynn** discussed the function of the Auditor Office and introduced the audit staff in attendance. She is an independent, elected auditor and follows government auditing standards mandated by the US Government Accountability Office. Her office oversees the financial audit contract and conducts performance audits of Metro programs. Fred King and Kristin Lieser are the auditors assigned to the Natural Areas audit. They are concentrating on the acquisition portion of the process, not the capital grants or local share programs. The focus is on transparency and accountability and whether Metro staff is implementing lessons learned from the previous program. She hopes to present the draft report to management in October and plans to revisit the issue again in two years for an update.

Questions and Answers (most answers provided by Parks and Greenspaces Director Jim Desmond and Finance Manager Jeff Tucker)

Q: Has all the 1995 money been spent? (Peter Krainock)

A: There is approximately \$300,000 left. The program was substantially complete after eight years, and estimates are that the current program will be complete in 6-7 years. Last time Metro made many cold-calls to potential property sellers, but this time people are coming to us. Citizens are much more knowledgeable about the program this time around. However, Jim cautioned that we don't yet know the effect Measure 37 may have on the program.

Q: How much of the 2006 bond money has been spent so far? (Peter Krainock)

A: As of May 31, 2007, \$4,929,008 million has been spent in this program. \$124,295,000 in General Obligation Bonds were sold in April 2007. Prior to the sale, Metro's bond rating was upgraded to AAA by Moody's Investor Services, with Metro's current Standard & Poor's rating confirmed at AAA. These very high quality ratings were instrumental in achieving a lower than projected interest rate and contributed to the eventual buyer of the bonds providing a \$6 million premium above par value. The resulting true interest cost of 4.07% has reduced the estimated cost to taxpayers from 19 cents per \$1,000 to 17 cents per \$1,000. With interest earnings and premiums factored in, there is \$126.6 million available as of May 31, 2007. It is anticipated that in about 3-4 years it will be necessary to go back to the market to sell the remaining \$103,105,000 in bonds.

Q: Projections are that the Portland metropolitan area will gain one million new residents over the next 10-15 years. Where is this data from and how will this affect the program? (Peter Krainock)

A: The data is from the US Census Bureau and Portland State University. The local share program will help jurisdictions keep up with local neighborhood needs. It is true that we are in a race against time in many of the areas affected by new growth and will be proactively contacting landowners in these target areas. The committee may note that many of the new target areas are in more urban locations for that very reason.

Q: Can purchases be made outside the target area and/or for more than the market value? (Peter Krainock)

A: The ballot measure language does allow the Council some flexibility to purchase land outside of the established target areas by determining that one of the target areas is infeasible or that existing target areas have met their initial goals, and directing efforts toward a new target area. The Council has adopted an acquisition workplan that establishes the parameters under which staff can purchase lands, and then will also adopt specific plans for each target area. The experience from the 1995 measure was that the "promises made, promises kept" theme is important, so Council may be very reluctant to do anything outside of established target areas.

Q: When is eminent domain put into use? (Segeni Mungai)

A: Never. This is a willing seller program.

Q: Have you found you've made mistakes in previous property purchases? Have any been resold?

A: Nothing has been resold yet. Once the master plan for a particular area is complete we may find that a certain parcel is not required and that stray piece might be sold.

Q: Has there been opposition to the program? (Helena Huang)

A: There was no organized opposition to the campaign. Washington County Farm Bureau management has some concerns, but we are on good terms with the actual farming community. Most complaints relate to what we *didn't* buy.

Q: Does Metro manage the purchased land? (Dave Fogle)

A: Most properties are managed by Metro, though Metro always offers management to local jurisdictions and more than 1000 acres purchased in 1995 are being managed by local agencies.

Q: (comment) The developer and owner for the Darby Ridge area should be commended for agreeing to delay the process and providing Metro the opportunity to purchase the property. (Jacquenet McIntire)

Q: Have target area priorities been set? (Peter Krainock)

A: Yes. Aggressive acreage goals have been set for the new target areas and we will be looking to fill in the gaps in the previous target areas.

Q: Are the target areas prioritized? (Peter Krainock)

A: No, all target areas are equally important, although we will be focusing on acquiring land in the areas where high growth rates are threatening the protection of natural areas.

Q: Does the public knowledge of acreage goals hamper negotiations? (Dave Pollock)

A: To a certain extent; that is why dollar amounts are not specified in documents for public consumption.

Q: What if citizens are unhappy that some target areas have a high acquisition rate and others are lower? (Peter Krainock)

A: Staff and Council keeps track of this progress. Change in the area's growth, land-use laws, etc. might render the area infeasible for acquisition. Or Council may decide enough land has been acquired and program dollars may be better spent in another target area (such as happened with the Forest Park target area during the 1995 program).

Q: Does the interest on the bonds pay for Metro's overhead? (Peter Krainock)

A: The interest nearly paid for Metro's overhead last time. The current yield is not expected to be as high.

Q: How does Metro pay for local government to manage the acquired natural areas? (Segeni Mungai)

A: Typically Metro pays land acquisition costs and the local jurisdiction accepts management responsibility.

Q: Is Metro reviewing Measure 37 claims as it prepares the target area refinement plans? (Jill Long)

A: We are not considering Measure 37 claims at this time in the process. We will do that later when we look at potential target area acquisitions parcel by parcel.

Q: Was there a specific point scale for the scientific evaluations? (David Pollock)

A: The scientists did not use a specific point system, but did take into account the various rare plants, water quality and wildlife habitat in the area when making their assessments.

Q: How are the open houses going? (Peter Krainock)

A: Very well! There have been 60-70 attendees at each open house and we have already received about 200 questionnaires via the virtual open house. It is a very sophisticated and knowledgeable group of citizens attending the open houses.

Q: Which is a higher priority – Killen Wetland or Lower Tualatin Headwaters? (Segeni Mungai)

A: More than 300 acres have already been acquired at Killen so it is a lower priority than the Lower Tualatin Headwaters under this bond measure. The Lower Tualatin Headwaters is a new target area and we are focusing our attention on three creeks that are tributaries of the Lower Tualatin River. They are critical to water quality in the area and so will have a higher emphasis.

Q: Has Metro reached its threshold on the excise tax? And what is the greenspaces program taking from the excise tax? (Don Morissette)

A: There are several factors that have complicated the answer to this question. First, the Regional Parks Department, Planning Department and Oregon Zoo were merged into the Metro General Fund, changing both how excise taxes are collected and spent. Second, the merging of the funds creates a question about residual fund balances and whether they are to be considered excise tax revenue or not, and when, according to the Charter limitation. The Financial Planning staff is working with the Office of Metro Attorney to determine the proper way to calculate the tax expenditure cap under the Charter limitations, but that work is not yet completed. When it is, we will be able to provide a better answer regarding a projection of when Metro might reach the limitation.

In FY 2007-08, the Regional Parks and Greenspaces Department is scheduled to receive \$5.3 million of the anticipated \$17.67 million in excise tax generated. (The anticipated excise tax is higher than in the past because of the temporary Construction Excise Tax program currently in place.)

Q: Are the intergovernmental agreements for the local share blanket agreements? Are they 25 year agreements? (Sylvia Roll)

A: The agreements are mainly 10 year blanket agreements. This way we only have to renew one agreement after 10 years, not multiple.

Committee Purpose and Focus. Committee Chair Peter Krainock asked each committee member to state their thoughts on the purpose and focus of the committee:

- Look at target area priorities and how they are funded.
- Understand current measurement techniques and look at them from a new perspective.
- What are the goals? What are the objectives? What is the performance criteria? Why are we going after certain properties?
- Bring accountability to the program and spread the good news. Pave the road for the next bond measure.
- Break committee into subsets to review programmatic decisions.
- Identify and evaluate target areas using the committee's business expertise – no agenda or preconceived ideas.
- Review acquisition plans versus actual use.
- Communicate to public what was stated in the bond measure and what has actually occurred.
- Short term oversight and long term vision.
- Learn more about Measure 37 process and how it will affect the program.
- Consider what role the committee will play without micromanaging Metro staff.
- Gain overall idea of what is being purchased and how it benefits the natural area *and* the public.
- Places to go for *all* citizens.
- Checklist covering key criteria. (NOTE: Jim Desmond indicated that Metro does use a specific checklist when acquiring property and he will review this document at the next Oversight Committee meeting.)
- Status of resource distribution to various target areas.
- Responsibility to the public that program goals are met.
- Looking forward to next bond measure.
- Add educational and school program components to the next bond measure.
- Explore how to use the experience of the committee members most effectively.
- Are processes in place to make effective decisions? Are the appropriate steps followed? Is there quality control? Is public input considered?
- Look at the vision versus the nuts and bolts of the program.
- Communication (i.e. signage).
- Understand the urban growth boundary.
- Consider lessons learned and determine if they are being implemented.
- Monitor spending of acquisitions and administrative costs.

Committee Terms of Service and Annual Report. The committee agreed that the committee terms should align with Metro's fiscal year (July 1 to June 30) and its first annual report will be prepared as of June 30, 2008. Attorney **Paul Garrahan** will review Metro Code to determine flexibility of the committee start date (and member terms of service) – whether it is the day the Resolution was signed or if it can be changed to the first day of the fiscal year.

Jim Desmond asked if the committee preferred to receive information (program updates, property acquisitions, media articles, etc.) as they occur via email or compiled and distributed all at once (such as quarterly or prior to the next meeting). Committee members indicated they would like to receive information via email as it becomes available.

Next Meeting. The committee will convene in late summer to more specifically develop the group's mission.

Adjournment. The meeting adjourned at 10:30 am.