

# **Parks and Nature Real Estate Manual**

## **July 2025**

### **Introduction**

The 2019 Parks and Nature Bond Measure directs Metro to use a portion of the total bond proceeds to protect and connect greater Portland's special places by purchasing land for restoration to support plants, animals and people in 24 identified regional target areas (the "Protect and Restore Land Program") and to acquire property and easements for trail segments in 39 regional corridors (the "Create Trails for Walking and Biking Program"). This 2019 Parks and Nature Real Property Manual (this "Manual") provides a framework for how Metro's Protect and Restore Land Program and the Create Trails for Walking and Biking Program (together referred to herein as the "Bond Acquisition Programs") will conduct real property acquisition transactions. This Manual also provides a framework for how the Metro Parks and Nature Department may conduct certain lease and easement transactions for lands within its portfolio.

This Manual satisfies the Council approval requirements of Metro Code Section 2.04.050 and replaces (a) the Leasing and Acquisition Parameters contained in the 2014 Amended and Restated Natural Areas Implementation Work Plan (adopted pursuant to Metro Council Resolution No. 14-4536) and (b) the Council-adopted Parks and Nature leasing policies contained adopted by Metro Council Resolution No. 97-2483 (For the Purpose of Authorizing the Executive Officer to Execute Current and Future Leases Related to Metro Open Spaces Property Acquisitions). This Manual is also intended to be compatible with Metro's existing Policy Related to the Review of Easements, Rights of Ways, and Leases for Non-Park Uses (adopted pursuant to Metro Council Resolution No. 97-2539B).

All dollar values used in this manual are effective for fiscal year 2026. Dollar amounts for future fiscal years shall be adjusted by inflation.

### **I. Acquisition Parameters**

#### **A. Metro Real Property Acquisitions**

The following are Council-approved conditions under which the Metro Chief Operating Officer (the "COO") is authorized to negotiate and complete real property acquisitions without further Council review and approval. As used in this Manual, a "real property acquisition" means the purchase or acceptance of donations (or a combination) of any type of real property interest, including fee title, easements, or conservation easements, among others. A real property acquisition that does not meet all of the parameters set forth this section may only be completed with specific Council review and approval.

##### **1. General Requirements**

- a. The property owner is a willing seller.

- b. The property is either (i) identified on a confidential target-area refinement map or (ii) contiguous to property owned by Metro, another public entity or conservation organization within the greater Portland region.
- c. Due diligence has been completed in conformance with Section 3 below.
- d. The negotiated purchase price for the property is
  - (i) equal to or less than \$100,000; or
  - (ii) not more than 10% or \$100,000 (whichever is greater) above the appraised market value established in accordance with Section 2 below; or
  - (iii) not more than 20% or \$200,000 (whichever is greater) above the appraised market value established in accordance with Section 2 below and the COO has concluded that the purchase is in the public interest after finding that purchase of the property presents a unique opportunity to achieve the applicable Refinement Plan goals and objectives.

## 2. Appraisal Requirements

2.1. Initial Appraisals. For real property acquisitions in excess of \$100,000, Metro must obtain an independent appraisal of the property interest being acquired. The appraisal should be completed by a qualified, professional appraiser in accordance with the Uniform Standards of Professional Appraisal Practice (“USPAP”) or equivalent general appraisal standards. The appraisal should state a conclusion of the fair market value (or, if appropriate, a range of value), usually based upon comparable sales of similar property between unrelated parties in an arms-length transaction. The appraisal should generally not contain any extraordinary assumptions or hypothetical conditions that materially influence the conclusion of the property’s fair market value. For trail acquisitions where federal funding is contemplated, the appraisal should generally comply with federal acquisition appraisal guidelines.

2.2. Review Appraisals. Metro may elect to obtain a review of its initial appraisal if staff determines that a review is appropriate under the circumstances (e.g. the initial appraisal has been procured by a seller, staff has concerns about the appraisal methodology, etc.). If the review appraiser determines that the initial appraisal does not comply with general appraisal standards, staff may direct the review appraiser to either: (a) work with the appraiser to correct the deficiencies; (b) perform a second appraisal; or (c) make a final determination of the range of value for the property. If any appraisal review (or any second appraisal) concludes a fair market value determination below than that of the initial appraisal, Metro staff shall have the discretion to make a reasonable determination of the fair market value. Such determination shall be based on the information in the two conflicting appraisals, which shall not be more than the higher of the two appraisals.

## 3. Due Diligence Requirements

For all Metro real property acquisitions, Metro will assemble a Due Diligence Team to perform industry standard, commercially reasonable pre-acquisition due diligence. The Due Diligence Team will consist of staff from Parks and Nature Department and the Office of the Metro Attorney. The primary areas of due diligence are described below.

3.1. Examination of Title. Metro must satisfy itself that the seller has the authority to sell the property, understand what rights will be conveyed, ensure that all parties necessary for the

conveyance are involved, and make certain that any encumbrances on title or identified on existing surveys will not defeat the purpose of the acquisition.

3.2. Physical Inspection. Metro must physically inspect the property to (a) identify possible hazards, unrecorded encumbrances, and boundary encroachments, (b) make a preliminary evaluation of the condition of any structures and improvements (roads, fences, utilities, etc.) that could impact the future stabilization and site management, (c) confirm that legal and physical access to the property is sufficient, and (d) determine appropriateness of the property for Metro's intended use, including conformity with bond measure criteria and Refinement Plan goals and objectives.

3.3. Environmental Assessment. Metro will contract with an environmental professional to conduct a Phase I Environmental Assessment in accord with the requirements of the federal All Appropriate Inquiries and in accord with applicable state of Oregon law and regulation, to be eligible for the "innocent landowner" defense under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Notwithstanding the foregoing, a Phase I Environmental Assessment is not required for the acquisition of non-possessory real estate interests (e.g. conservation or trail easements).

If the Phase I Environmental Assessment identifies a "recognized environmental condition" and recommends additional investigation, Metro will obtain a Phase II Environmental Assessment (which may include soil and groundwater sampling and testing, in accord with ASTM Standards). Metro may only close on a property that requires future remediation for contamination under the following circumstances: (a) Metro enters into a "Prospective Purchaser Agreement", or its substantial equivalent, with DEQ or (b) the contamination is minor, post-closing remediation is reasonable in relation to the value of such property, and the Due Diligence Team determines that the condition of the property is unlikely to result in substantial future environmental liability for Metro.

## **B. Acquisition Parameters for Partner Transactions**

The following are Council-approved conditions under which Metro may provide 2019 Bond Acquisition Program funds to a Partner to complete a Partner Transaction. As used in this Manual, a "Partner Transaction" means a property acquisition negotiated and conducted by a local government or other public entity that results in the property coming into public ownership, but where Metro will not acquire any ownership interest or assume any ongoing management responsibility. A Partner Transaction that does not meet all of the acquisition parameters set forth below will not be eligible to receive 2019 Bond Acquisition Program funding without first obtaining Metro Council approval.

### **1. Program Funding Limitation on Partner Transactions**

No more than 10% of the total Protect and Restore Program funds and 25% of the total Create Trails for Walking and Biking Program funds may be used for Partner Transactions.

### **2. General Requirements**

- a. The property owner is a willing seller.
- b. The property is either (i) identified on a Council-adopted target area confidential refinement map or (ii) identified by a Soil and Water Conservation District (SWCD) within the Metro

region and presents a unique partnership opportunity that would result in the protection of natural resources on sustainably managed working lands.

c. The amount of funds contributed by Metro does not exceed the market value of the property, as reasonably determined by Metro staff; provided, however, that in no case will Metro's contribution to any individual Partner Transaction exceed \$500,000.

d. The Partner has independently completed commercially reasonable due diligence and discovered nothing that could materially restrict its ability to use the property for its intended purpose as a natural area or trail.

e. Metro staff has visited the property and confirmed its acquisition meets the goals and objectives of the applicable Target Area Refinement Plan, or in the case of a SWCD partner purchase (see Section B(2)(b)(ii)) general 2019 Parks and Nature Bond Measure criteria.

f. Metro and the Partner have entered into an intergovernmental agreement whereunder the Partner agrees to own and manage the property in a manner consistent with the (a) the purposes of the 2019 Parks and Nature Bond Measure, (b) the respective Bond Acquisition Program goals, and (c) applicable restrictions and obligations related to tax-exempt general obligation bond funding.

## **II. Leasing & Easement Parameters**

### **A. Leases for Interim Site Management**

The following are Council-approved conditions under which the COO is authorized to negotiate and enter into residential and agricultural lease agreements of Metro-owned property without further Council review and approval. As used in this Manual, a "lease agreement" means an agreement under which Metro agrees to give a third-party the right to occupy property owned by Metro, for a specific duration of time in exchange for some sort of consideration. A lease agreement that does not meet all the following requirements may only be completed with specific Council review and approval.

1. The lease relates to a property managed by the Parks and Nature Department.
2. Staff has determined that the lease is an effective interim property management tool that complements Metro's natural resources stewardship management goals and objectives.
3. The lease does not conflict with Metro's anticipated future uses of the property.
4. The duration of the lease, does not exceed a total of (a) 5 years, if for residential purposes or (b) 10 years, if for agricultural purposes. Renewals are possible provided conditions in this section continue to be met.
5. For residential leases, the rental rate is at or below the market rate, as reasonably determined by Metro staff.
6. The leasing of the property complies with applicable restrictions and obligations related to tax-exempt general obligation bond funding.

### **B. De Minimis Easements**

The following are Council-approved conditions under which the COO is authorized to execute and grant easements over Metro property without further Council review and approval. As used in this Manual, an "easement" includes the interest in land consisting in the right to use or control the land

## Exhibit A to Resolution 25-5515

for a specific limited purpose. Easements that do not meet all the following requirements may only be completed with specific Council review and approval.

1. The easement burdens property managed by the Parks and Nature Department.
2. The easement will not interfere with Metro's current or anticipated future use of the property.
3. The value of the easement is less than \$30,000, as reasonably determined by Metro staff.
4. The easement either (a) is required by a city or county as a condition of approval for a development permit or land use application pursued by Metro or (b) resolves an encroachment, unrecorded use, or a disputed real property interest that existed at the time Metro acquired the property.