Oregon Zoo Bond
Citizens’ Oversight Committee
Metro Regional Center, Room 370A/B
Wednesday, Nov. 14, 2012
3 to 5 p.m.

MINUTES

MEMBERS PRESENT
Deidra Krys-Rusoff (Chair) Ferguson Wellman Capital Management
Marcela Alcantar Alcantar & Associates
David Evans The ODS Companies
Ann Gravatt Climate Solutions
Sharon Harmon Oregon Humane Society
Jim Irvine The Conifer Group, Inc.
Benjamin Jackson REAP, Inc.; Jefferson High School; Portland Community College
Tony Jones Metropolitan Contractor Improvement Partnership
Bill Kabaiseman Garvey Schubert Barer
Carter MacNichol Shiels Obletz Johnsen, Inc.
Ray Phelps Allied Waste Services
Penny Serrurier Stoel Rives LLP
Bob Tackett Northwest Oregon Labor Council

MEMBERS ABSENT
Jacqueline Bishop Jacqueline Bishop Law, LLC
Greg Gahan NW Construction Management, Inc.
Sheryl Manning Oregon Zoo Bond Citizens’ Oversight Committee
Michael Sestric Michael Sestric Facilities Planning

GUESTS
Courtney Scott Beyond Productions

ELECTED OFFICIALS AND STAFF
Tim Collier Interim Metro Finance and Regulatory Services Director
Shirley Craddick Metro Councilor
Jani Iverson Oregon Zoo Foundation Director
Jim Mitchell Oregon Zoo Bond Construction Manager
Joel Morton Metro Senior Attorney
Linnea Nelson Oregon Zoo Bond Program Coordinator
Scott Robinson Metro Deputy Chief Operating Officer
Marcia Sinclair Oregon Zoo Public Involvement
Kim Smith Oregon Zoo Director
Craig Stroud Oregon Zoo Director of Operations;
A Better Zoo (Oregon Zoo Bond Program) Director
A. Welcome / Introduction
Deidra Krys-Rusoff, Oregon Zoo Bond Citizens’ Oversight Committee Chair, opened the meeting at 3:07 p.m. and welcomed members. Members introduced themselves.

B. Approval of Sept. 12, 2012, Oversight Committee meeting minutes
Members approved the minutes of the Sept. 12, 2012, Oregon Zoo Bond Citizens’ Oversight Committee (“Oversight Committee” or “the Committee”) meeting.

C. Land Use Projects – Information Update
Scott Robinson gave an update on the land use projects. The first application resulted in approval of the amendment to the existing 10-year zoo campus master plan permit. The second land use application resulted in approval to use the West Parking Lot permanently for parking.

The third land use application is for a new zoo campus 10-year land use permit. Staff is preparing for a Dec. 12 scheduled hearing. Metro is not anticipating any major requirements from the city, and is looking to conclude favorably.

Another significant item is the Washington Park parking management agreement. The current agreement expires in 2014. A new proposed agreement includes Washington Park Alliance member organizations and TriMet, and would establish a transportation management association (TMA) to manage Washington Park access and parking. The TMA is a nonprofit corporation with professional staff funded from parking revenues. This agreement has been voted on and approved by each institution, including Metro/Oregon Zoo.

The Washington Park South Entry Vision study report is now complete, and Metro will circulate copies (a copy is included with the record).

Chair Krys-Rusoff noted that it seems that the land use efforts have gone successfully. Previous land use efforts suspended the process for more than five years, and it could have gone that way this time, but Metro moved the dialog in a positive direction. Chair Krys-Rusoff asked about the cost of the land use effort, and Craig Stroud said it is in line with anticipated cost.

D. Oversight Committee Annual Report to the Metro Council
Chair Krys-Rusoff reviewed the three main items for the Committee’s annual report to the Metro Council and the subcommittee process for compiling this year’s report. Penny Serrurier agreed to head up the work on report item number one (the assessment of the zoo’s program progress in implementing the Oregon Zoo Bond Measure 26-96 project improvements), and David Evans volunteered to head up report item number two (report on spending trends and current cost projections, and a review and report on the Annual independent Financial Audit of spending), and Jim Irvine volunteered to help. Chair Krys-Rusoff said they need another person to help, and it would be best to have someone who will be continuing on with the committee.

E. Presentation of Certificates of Appreciation
Metro Councilor Shirley Craddick presented certificates of appreciation of service to retiring members of the Committee whose terms have ended: Benjamin Jackson, Tony Jones and Michael Sestric (Mr. Sestric was not present to receive his certificate in person). She appreciates and has been impressed with the service, discussion and interest of members, and thanked them for their years of service.
F. Monthly Project Updates

1. Elephant Habitat and Related Infrastructure

Craig Stroud discussed the Elephant Habitat project and that the current cost estimate exceeds the budget. A primary reason costs have increased is attributable to the project’s geotechnical conditions. Program staff is working with the design team and zoo stakeholders to identify scope modifications to reduce costs.

Mr. Stroud explained that the zoo opened in 1959 with eight to 12 inches of ground movement per year. Since, the zoo has taken measures to remediate that movement with drains and buttresses. Inclinometers were installed and much is known about movement west of the concert lawn. It now moves less than 1/1000 of an inch per year, which is within acceptable building tolerances. Recent geotechnical work has proven that the area east of the concert lawn is not as stable as thought. Drilling went down 90 feet on the hill above Elephants and did not hit bedrock.

When asked if the geotechnical report was delayed, staff responded that it was not delayed, but was very involved, complex and required timing to coincide with decisions that were made as the design evolved.

Carter MacNichol asked how much the project is over budget. Jim Mitchell said it is 30 percent over on the Road/Train/WWL portion, and the Elephants portion is over in the mid-20 percent range. Mr. MacNichol asked about how value engineering could reduce costs by that much. Mr. Stroud explained that modifying the design for some project elements can result in significant savings. An example is eliminating a portion of the planned train track trestle and returning the train to its existing track at grade. Changes that minimize excavation and retaining walls avoid expensive geotechnical construction costs.

When asked about how cuts were prioritized, Kim Smith said they have a list of nonnegotiable elements always present, and hold true to them. They look at ways to deliver the project more efficiently through value engineering.

Tony Jones asked about escalation for the entire project. Metro is planning for a 3 percent construction escalation overall. Metro has not used the substantial construction contingency budget to balance the budget.

Members asked about the timing of decisions for the project and how that relates to the Committee. Mr. Stroud said the program has discretion to move money within the current project so long as the goals are met. If something is outside the current scope, then the program will get direction from the Metro Council.

Sharon Harmon asked if it is this Committee’s role to make sure the work is in line with the goals. Staff responded that the Committee’s role is to oversee the three items included in the Committee’s annual report, and report to the Metro Council. If the program staff believed it had to compromise one of those promises to voters, it would consult with the Committee and Metro Council. This Committee would make a recommendation to the Council if the program has to make a compromise on a bond measure promise.
Mr. MacNichol asked about Minority, Women and Emerging Small Business participation. Mr. Stroud said the program has completed three projects, and the Veterinary Medical Center project had 17 percent MWESB participation with its subcontractors. He couldn’t recall the rate for the other two smaller projects. The aspirational MWESB rate was 15 percent. Metro charged LCL with MWESB outreach on the Elephants project. Marcela Alcantar said she got the VMC MWESB report from zoo staff, but she thinks the numbers are lower than indicated. Only one firm was a minority-owned firm (MBE). Mr. MacNichol noted that the goal is for MWESB, not just each type separately. Ms. Alcantar, however, thinks Metro would want to spread out its MWESB participation to all types. Ms. Alcantar wanted to know what can be done going forward with LCL. She indicated that it would be helpful to see what the current commitment is.

Ray Phelps said the geotechnical information bothers him. He said there should be lots of information on the site. His experience twice with the site is that the geotechnical could swing the project quicker than realized. He said the zoo site is probably the worst site to build on in Portland, and asked what the mechanism is to track it and curb the risk. Mr. Stroud responded that Metro will control what it can: It will hire good firms and let them do quality work. Additionally, Metro’s strategy is to maintain appropriate contingencies and to identify project scope alternates to control costs.

Mr. Phelps asked what he should watch for to help with oversight. Mr. Stroud said to watch for a conservative approach. Mr. Robinson said Metro will take Mr. Phelps up on his offer to help. Metro has more than 50 percent of bond expenditures on this project, and is treading into the most unknown geotechnical area of the zoo campus. Zoo bond staff will make changes that do not impact the animals, but rather perhaps modify the visitor experience. Metro can evaluate choices in context with the Committee. Changes may have operational impacts, but with the Elephant project, Metro is committed to expanding it to six acres. The fundamentals of the bond promise are nonnegotiable for cuts. The finishes of the walls, visitor experience, landscaping, etc., are what may be changed.

Chair Krys-Rusoff suggested a monthly report on this issue so the Committee could convene if needed. Staff responded that they can forward the monthly project reports to the Committee members.

Mr. MacNichol said he is curious about the impact of construction choices on the operational side. Ms. Smith said she is in a constant conversation about not compromising materials and the impact on operating costs over time. The Committee’s annual report from last year included a comment about keeping an eye on operations cost.

Jim Irvine said he was concerned about moving across a line of experience and value. How do you measure the value of change in experience for the visitor? How do you focus on meeting the promise? If you compromise the experience too far, do you not meet the promise of the bond? How do you test or monitor that going forward? It’s the expectation of the public. We can characterize what the changes will be, but we can’t say for sure what the visitor reaction will be.
2. **Condor Habitat**
The project is on scope and under budget with no significant geotechnical issues. It will be a two-step bid, not a Construction Management General Contractor, and has not been bid yet. It will be located near the Family Farm and Cougars.

3. **Remote Elephant Center** – No substantive discussion.

4. **Updated Conditional Use Master Plan and Land Use Reviews**—No discussion.

5. **Interpretive Experience Design Services**—No substantive discussion.

6. **Percent-for-Art**
Metro contracted with the Regional Arts and Culture Council to help the zoo art advisory group find and procure artists. The 1 percent-for-art budget is $795,154. The art advisory group recommended that Metro focus on each hub, allocating roughly $200,000 per hub for art in three major allocations. Ms. Alcantar is on the Art Advisory Group as a representative from the Oversight Committee. She suggested a mentoring program for a portion of the program, and to use a list to encourage new artists. Wayfinding and signage are part of the interpretive project budget, not the art budget.

7. **Veterinary Medical Center**
Mr. Mitchell reported that the VMC received Leadership in Energy and Environmental Design (LEED) gold with 62 points.

G. **Program Status and Financial Information at a Glance**—No discussion.

H. **Consolidated Oregon Zoo Bond Program Schedule** – No substantive discussion.

I. **Other**
Mr. Stroud reported that the penguins are back in the penguinarium.

Mr. MacNichol asked about the updated cash flow report and whether the program is where it expected to be. Mr. Stroud said it is tracking fine, with all projects finished so far being under budget. A few central services costs need to be incorporated into the projection. Money unspent on a finished project is re-programmed into other projects. Mr. Robinson said Metro did receive the bond premium of $10 million, and that is on the back burner and not budgeted yet (and it cannot be used for Remote Elephant Center operations).

Ms. Alcantar asked if it would be possible to track small businesses and potential utilization. Jim Mitchell explained that the general contractor is required to do the monthly reporting and submit it to Metro Procurement. The reports lag a month or so. Ms. Alcantar wants to work to improve the numbers. Mr. Mitchell said it is not possible to get an accurate picture until the project is complete. Mr. Stroud said they may need to discuss the definition of success. The program has an aspirational goal across all MWESB categories. LCL was the best CMGC proposer for MWESB outreach and participation. They have a mentoring program. Mr. Jones said to send a message to the prime contractor that the program wants more balance in MWESB categories. Jim Mitchell said they typically split bid packages to better attract MWESB firms.
J. **Adjournment**

Chair Krys-Rusoff adjourned the meeting at 4:55 p.m.

**Meeting dates for 2013 –Wednesdays, 3 to 5 p.m. at the Oregon Zoo:**

- Feb. 13  Skyline Rm.
- May 8    Sunset Rm.
- Sept. 11 Skyline Rm.
- Nov. 13  Skyline Rm.