



## Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Kalahari Room  
Wednesday, Nov. 12, 2014  
3 to 5 p.m.

### MINUTES

#### MEMBERS PRESENT

Bill Kabeiseman (Chair)  
Noah Bishop  
Deborah Herron  
Deidra Krys-Rusoff  
Mickey Lee  
Carter MacNichol  
Daniel Morris  
Ruth Shelly  
Bob Tackett

#### AFFILIATION

Garvey Schubert Barer  
Bishop Bankruptcy Law, LLC  
Walmart  
Ferguson Wellman Capital Management  
MPower Oregon  
Shiels Oblatz Johnsen, Inc.  
Our Oregon  
Portland Children's Museum  
Northwest Oregon Labor Council

#### MEMBERS ABSENT

Tony Butchart  
Sharon Harmon  
Mike Schofield  
Penny Serrurier  
Tom Turnbull

#### AFFILIATION

Hummingbird Homes  
Oregon Humane Society  
Gresham-Barlow School District  
Stoel Rives LLP  
OpenSesame Inc.

#### GUESTS

Courtney Scott  
Barbara Spears  
Gary Thompson  
Peggy Thompson

#### AFFILIATION

Free the Oregon Zoo Elephants  
Free the Oregon Zoo Elephants  
ZooGuide  
ZooGuide

#### ELECTED OFFICIALS AND STAFF

Shirley Craddick  
Teri Dresler

Caleb Ford  
Jani Iverson  
Jim Mitchell  
Joel Morton  
Linnea Nelson  
Heidi Rahn  
Scott Robinson  
Grant Spickelmier

Metro Councilor  
Oregon Zoo Interim Director; Metro Visitor Venues General  
Manager  
Oregon Zoo Finance Director  
Oregon Zoo Foundation Director  
Oregon Zoo Bond Construction Manager  
Metro Senior Attorney  
Oregon Zoo Bond Program Coordinator  
Oregon Zoo Bond Program Director  
Metro Deputy Chief Operating Officer  
Education Curator

#### **A. Welcome / Introduction**

Bill Kabeiseman, new chair of the Oregon Zoo Bond Citizens' Oversight Committee ("Oversight Committee" or "the Committee"), opened the meeting at 3:05 p.m. and members and staff introduced themselves.

#### **B. Committee Chair Transition**

Heidi Rahn, bond program director, introduced Bill Kabeiseman as the new chair of the Committee. He was appointed as chair by the Metro Council on Oct. 30, 2014 (Res. 14-4577). Mr. Kabeiseman previously served two and a half years on the Oregon Zoo Bond Advisory Group, and was appointed to the Oversight Committee in December 2011. He brings a deep understanding of the bond program, and looks forward to serving as chair. Having him serve as chair now provides for a smooth leadership transition, with the former chair still attending and providing counsel.

Deidra Krys-Rusoff retired as chair after serving for three years (2012-2014). She has been a member since the Committee started in 2010, and has agreed to serve through March to assist with the Committee's annual report. Several people spoke and recognized her diligence, financial expertise, steady hand leadership, zoology degree and passion for the zoo, and ability to navigate the pros and cons of policy issues. Metro Councilor Shirley Craddick thanked Ms. Krys-Rusoff for her service and presented her with a gift of framed zoo photos in recognition of her dedication and leadership as chair. Councilor Craddick explained that the role of the Committee is to give the Council confidence when talking to the public that the bond funds are being used wisely. The Committee has provided excellent guidance to the Council, and she is happy to say the projects are on time and on budget. She has been impressed with the annual reports (Ms. Krys-Rusoff led the Committee in producing three reports), and is proud of the accomplishments of the bond program so far.

Ms. Krys-Rusoff thanked the group and said it has been the most interesting committee on which to serve. Chairing the Committee went smoothly because of all the great people involved – members ask tough questions and the staff provides answers.

#### **C. Approval of Sept. 10, 2014, Oversight Committee meeting minutes**

Members approved the minutes of the Sept. 10, 2014, Committee meeting without changes.

#### **D. Committee Annual Report**

Chair Kabeiseman reviewed the timeline for preparing the Committee's annual report that is usually presented to the Metro Council in March or April. Members volunteered to serve on two subcommittees that will report on the two required items:

1. Progress of the bond projects – Ruth Shelly, Deborah Herron, Bob Tackett and Deidra Krys-Rusoff.
2. Finances, spending trends, cost projections – Noah Bishop, Daniel Morris, Carter MacNichol, Bill Kabeiseman.

Chair Kabeiseman would like more new members on the subcommittees to get experience. He will contact those who are not attending today. Ms. Krys-Rusoff and Chair Kabeiseman will schedule the initial subcommittee meetings, and then delegate leadership to other members. Usually the subcommittees meet once in December and then work to have a draft ready for the full Committee to review at its February meeting. The final draft is reviewed and approved electronically.

## **E. Zoo Update**

Teri Dresler, interim zoo director, gave an update on zoo activities. The zoo trains are back after being refurbished offsite (nonbond expenditures), and the new tracks will be ready for them on Friday, Nov. 14. ZooLights opens to the public Nov. 28 and runs through Jan. 4, 2015. Along with summer concerts, it is one of two huge events for the zoo that runs more than a month.

Metro is starting the search for a firm to run the zoo director recruitment, and is working with people who have contacts and experience in zoos and natural resources. Metro hopes to have a firm selected by the end of 2014, and the recruitment is expected to take six to eight months after that.

The zoo asked the Association of Zoos and Aquariums to conduct a peer review, in preparation for the zoo's accreditation review in 2015. The zoo was looking for an overall look at zoo operations, relations with metro and animal care. They issued a report in early September, which staff will send to Committee members. The report was favorable and recognized the zoo's top-notch animal care, community involvement and valuable OZF role. It also identified a few shortcomings: some "disconnect" with or confusion about the role of Metro. The zoo will work to build better communication between the elected officials and the zoo staff. The report also identified some staffing levels as being low given the size of the zoo's animal collection and operation. The zoo has grown from a small local zoo to a larger, more complex, globally recognized operation, shows some growing pains and now has to catch up with that growth. As a result of the recommendations, the zoo has hired a new hospital manager to better staff the new Veterinary Medical Center (bond project); additional staffing was needed regardless of the facility upgrade.

Ms. Dresler is working now on a plan for the zoo for the next five years starting July 1, 2015. It will include a set of proposals that address training needs for staff, identify gaps in organizational structure, review business processes and systems, look at how the zoo works within itself and within Metro, and assess operational demands. The zoo has amazing staff, but like any business that grows, it needs to look at taking care of its physical assets, delivery of programs at a high level, and providing the fine venue experience the public expects. The bond projects are a wonderful gift, and the zoo wants to be prepared to take care of those new fine assets. It is an exciting opportunity for the zoo. Ms. Dresler will bring in some external resources to help with that organizational analysis.

Councilor Craddick spoke of the Council's support of the zoo and how proud it is to have the zoo in its portfolio. Councilors are making more of an effort to have a presence at the zoo.

## **F. Monthly Project Updates**

### **1. Education Center**

On Oct. 28, 2014, Heidi Rahn and Grant Spickelmier, Oregon Zoo education curator and Education Center project sponsor, gave a presentation about the new Education Center to the Metro Council at its work session held at the zoo. They used a PowerPoint presentation, a copy of which is included with the record. The project has finished schematic design, which is a big milestone, and construction will start in one year, when Elephant Lands construction finishes. Access to conservation education was one of the main goals of the bond measure, along with conserving energy and water and improving animal welfare.

Visitors will see the new center's eco roof as they approach from the street. It is planned to have rainwater capture and reuse, a bioswale for stormwater management, solar power and a goal to

have a 15 percent minority-owned/women-owned and emerging small business utilization rate. Fortis, the construction management general contractor on the project, proposed a plan to have a 21 percent MWESB utilization rate.

The education center project will include the west hub and second of the one percent for art commissioned artworks. Ruth Shelly is representing the Committee on the zoo's Public Art Advisory Committee. Working with the Regional Arts and Culture Council, the zoo received 232 artist proposals. The four finalists are interviewing at the zoo on Friday, Nov. 14.

The zoo also sought input on the Education Center plans through a public Opt-In electronic survey, with 3,600 responses looking at how people connect with nature. Results showed that people want to know where to go to experience nature, and want to feel safer when doing so.

Last month, the zoo had the pre-schematic designs on display in the zoo for two weeks, staffed by zoo volunteers conducting intercept surveys. A workshop with 40 teachers from across the region provided further feedback (including a request for a place to store student lunches).

"Small things matter" is the interpretive vision for the project. The project will encompass small wildlife – the insect zoo and turtle conservation lab – and small people—children who will carry on the conservation message to the next generation. It also applies to the small actions we take for conservation. The supporting messages include:

- Nature is closer than you think.
- My actions are my legacy.
- We accomplish more when we work together.

Mr. Spickelmier reviewed the schematic drawing of the education center, including the 9 classrooms, youth area, and the large, central Nature Exploration Station, to be known as the NEST. A new pick-up and drop-off area will better accommodate school groups, camps and traffic. Using four hypothetical visitors, Mr. Spickelmier showed how the new center will attract and serve different kinds of zoo visitors, providing a connection, inspiration and opportunity. The zoo is exploring community partnerships for using the Education Center, and those partnerships can also be used to leverage the bond funds.

The NEST will be open during zoo hours to visitors. The Education Center flexible learning and event space will primarily be used for classes and conservation education programming.

The West Hub, which is part of the Education Center project, will include a plaza, train ticket sales and part of the infrastructure connecting it to the Central and East Plazas. The zoo's Comprehensive Capital Master Plan called for each of the three planned plazas ("hubs") to be budgeted with a project (Elephant Lands, Education Center and Polar Bears), along with the infrastructure in between each. The Committee asked about how the current Education Center budget compares to the project cost estimates identified during the bond campaign, and staff agreed to provide those figures.

The Education Center with its larger physical space will require more staff to operate and maintain it. Some components, such as the insect zoo and turtle lab, are already existing, but other areas, such as the NEST, will be new. Mr. Spickelmier is working on an operational plan that will include staffing. Community partners see the need for more staff, and are willing to talk

about assisting in programming the space. The new community partners also create an opportunity for the Oregon Zoo Foundation to reach out to a new donor group. The operational plan will consider new anticipated revenues generated by the Education Center. The zoo is committed to doing the operational plan in advance, so it will be ready when the building is complete.

## **2. Elephant Lands**

Jim Mitchell used a PowerPoint (included with the record) to talk about the progress on the Elephant Lands project. The construction site has 100-120 workers on site daily, the exterior concrete walls of Forest Hall are up, and the enrichment tree inside is being built. The 160,000-gallon massive outdoor pool will be big enough to hold the whole herd at once. The water will be reused and kept clean since it can be filtered at a rate of up to 160,000 gallons per hour. The pool construction includes multiple layers of waterproofing, including Xypex additive in the concrete, the same as used in dam construction. The pool piping and floor are complete, and the walls are partially done.

As part of the project, the zoo relocated, restored, reinstalled and rededicated two totem poles. The 50-foot Lelooska "Centennial" totem pole was installed near the zoo entrance and the 15-foot Losey "Survival" totem pole now stands between bears and cougars in the Great Northwest area of the zoo. The Lelooska family had three generations that worked on painting the pole, and Ray Losey restored the pole he and his father had originally carved as a gift to Greenpeace in the 1970s. On October 17, 2014, the artists and 100 people attended a public art rededication ceremony at the zoo honoring cultural survival. The pole relocations were paid by bond funds from the Elephant Lands budget, and the restoration was paid by nonbond zoo and grant funds [not Percent-for-Art budget, as cited in the meeting].

The new train loop trestle will be completed by Friday, Nov. 14, and a time lapse video showed it going up. The new train route will provide views of the elephants.

The Elephant Lands interpretives will include life-size figures of four of the zoo elephants on panels that will allow visitors to walk right up next to the figures and see how big they are. Some artifacts from the former Elephant Museum will also be installed.

Jim Mitchell showed five aerial photos (included with the record) of the zoo and the Elephant Lands project taken just a few days prior, and pointed out the construction progress. The project is on budget and on schedule, and Jim Mitchell has done an excellent job managing the construction. The elephants will move into Forest Hall in April 2015, and visitors will have access in October 2015. Throughout the project, the zoo has maintained the same amount of habitat space or greater for the elephants than they had before construction began, and has built around that in stages. Although Forest Hall is 32,000 square feet and the tallest walls are more than 40 feet high, it is currently not visible from the rest of the zoo grounds, and has not impaired the visitors' views of the zoo.

## **3. Interpretive Experience Design Services**

Education Center and Elephant Lands, as already presented.

## **4. Percent-for-Art – No discussion.**

## **5. Remote Elephant Center**

Heidi Rahn reported on the Remote Elephant Center project. The zoo is having a water management assessment done on the Roslyn Lake site to inform the feasibility of using the site for elephants. Metro is working on extending the option to purchase the property another year through December 2015, as it continues to conduct its due diligence. Due diligence will be paid with nonbond funds provided by OZF. Metro is also working to resolve the operational issue of a lack of funding for operating a Remote Elephant Center. Although there is no official deadline, the goal is to define that in the next year and get direction from the Metro Council in 2015.

The other portion of the former Roslyn Lake site was purchased by Powerhouse Re Gen LLC and Bull Run Schoolhouse LLC, nonprofits that plan to have Trackers Earth youth camps on the site, with up to 800 people at a time. They are planning to utilize the infrastructure remaining from the former Roslyn Lake Park, and are focused on preserving the site history with the schoolhouse, powerhouse and park cabins. That operation – independent of the REC – has not been approved yet, but indications are that the Clackamas County Commission will approve it. The Clackamas County Planning Commission said that area transportation improvements are not needed for that operation.

Guests at the meeting with Free the Oregon Zoo Elephants provided a letter to the Committee dated November 12, 2014, regarding media coverage discussed at the previous Committee meeting. Chair Kabeiseman requested that zoo staff review the content and report back to the Committee at the next meeting.

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

## **H. Bond Program Administrative Costs**

Caleb Ford, Oregon Zoo finance manager, provided an update to the Committee regarding zoo bond administrative overhead costs (a copy of a memo from him and Heidi Rahn to the Committee dated Nov. 11, 2014, is included with the record). He estimates administrative costs to be \$4.95 million for the 12-year life of the program – less than 4 percent of the program budget. These are forecasts made with the best assumptions available at the time, and will be updated annually as part of the Metro budget process.

The central services transfer costs from Metro make up the bulk of the administrative costs, and are estimated to be \$3.67 million over the course of the program. They include services for: human resources, procurement, legal, risk management, accounting, financial planning, information technology, records information management, governance, Metro Auditor and sustainability. Since Metro receives federal funds, the cost allocation methodology is reviewed by the Oregon Department of Transportation and is deemed a fair and equitable plan.

This forecast is an increase from the previous forecast that just used an inflationary factor. The new method uses actual costs of the program from the previous two years, and is based on an anticipated ramp-up and taper down of the program. The bond's share goes up when bond spending is up. Each portion of the central service cost allocation (human resources, procurement, legal, etc.) is figured separately based on use. For example, the Human Resources costs are linked to actual personnel costs of the program, and procurement costs are tied to the bond contracts. No overhead was charged to the program the first two years, and two years after the program ends, the previous central service liability will be charged to the program.

Carter MacNichol said that administrative costs are a sensitive issue for voters. He feels that the procurement cost to do a CMGC contract for \$4 million is the same as doing one for \$18 million. This is a *capital* program, not an *operating* program. Staff noted that the bond program makes extensive use of Metro Procurement services.

The \$4.95 million estimate is an increase from the \$3.9 million originally estimated. The extra money comes from savings from previous projects. Mr. Ford said he thinks actual costs will be lower than his estimate because the natural areas operating levy had not passed when he prepared his estimate. When that program ramps up and other departments spend more, the zoo bond share of the overhead costs will go down.

Committee members expressed concern about whether the methodology is consistent with other municipalities, school districts, and organizations with indirect costs. Mr. Ford previously worked at school districts where administrative costs were generally around 8 percent. Staff agreed to seek and report information on other public organizations' administrative costs for bond projects (including Portland Public Schools, Beaverton School District, Portland Community College and Reynolds School District). Mr. Ford agreed to keep the Committee updated on the cost allocation methodology.

**I. Zoo Bond Project Future Operating Costs**

Heidi Rahn used a PowerPoint (included with the record) to show a spreadsheet template for showing anticipated relative increases and decreases in zoo operating costs of the various bond projects. The Committee liked the format, and suggested adding a column for Metro central services costs and one for revenue, and adding a row for the Remote Elephant Center operational costs. Ms. Rahn will continue working on the spreadsheet and bring it back to the Committee.

Some members expressed concern that the agency would not have funds to run the newly built facilities. They would like to get commitment from the Metro Council that Metro will fund appropriately to run the new bond-funded facilities, and that the zoo will have operational plans done in advance of projects opening.

Teri Dresler again stated that the zoo just hired a new veterinary hospital manager to run the Veterinary Medical Center, although that position would have been needed regardless of a new facility. The zoo did not have an operational plan done in advance for the VMC, but will have one going forward for other projects.

The operating costs spreadsheet can be updated with actual operations costs once data is available, but sometimes figures are difficult to track or determine (e.g., the zoo only has a single garbage bill that is not broken out by area or project). Ruth Shelley cautioned that it is incumbent on the Committee to look at what data is worth tracking and not waste time on having staff track unneeded data. Deidra Krys-Rusoff said the Committee is responsible to look at capital (not operational) costs, but it also wants to make sure the facilities can open and be operational. Carter MacNichol said the bond campaign sold voters on the idea that the bond program was to result in operating costs savings. Scott Robinson reminded members that the bond measure was also about sustainability and animal welfare.

**J. Program Schedules – No discussion.**

**K. Open Discussion/Questions** – No discussion.

**L. Other**

Next year the Bond Program will be half way done, and it will be a good time to issue a mid-program report on the accomplishments thus far. Heidi Rahn would like the assistance of the Committee to craft that story, and help staff consider the questions to be addressed in such a report.

Chair Kabeiseman reminded members to RSVP to Linnea Nelson by Nov. 21 for a Dec. 6 construction tour and ZooLights visit.

**M. Adjournment**

Chair Kabeiseman adjourned the meeting at 5:20 p.m.

**Upcoming 2015 meeting dates –Wednesdays, 3 to 5 p.m.:**

Feb. 11, 2015	Skyline Room, Oregon Zoo
May 13, 2015	Kalahari Room, Oregon Zoo
Sept. 9, 2015	Skyline Room, Oregon Zoo
Nov. 4, 2015	Skyline Room, Oregon Zoo