



Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Conservation Hall
Wednesday, Feb. 14, 2018
3 to 5 p.m.

Oregon Zoo Bond
Citizens' Oversight
Committee Meeting

Feb. 14, 2018

Minutes

MINUTES

MEMBERS PRESENT

Ruth Shelly (Chair)
Dan Aja
Noah Bishop
Heidi Goertzen
Susan Hartnett (Vice Chair)
Mickey Lee
Jill Mellen
Daniel S. Morris
Katherine A. Porras
Kevin Spellman
Dick Stenson

AFFILIATION

Portland Children's Museum
Banfield Pet Hospital
Bishop Bankruptcy Law, LLC
Ferguson Wellman Capital Management
Spectator Venues, City of Portland
NW Natural
Research Biologist
Daniel Morris Research, LLC
Meyer Memorial Trust
Spellman Consulting, Inc.
Retired healthcare executive; community volunteer

MEMBERS ABSENT

Deborah Herron
Robyn K. Pierce
Christi L. Taylor
Karen Weylandt

AFFILIATION

Walmart
Pierce, Bonyhadi & Associates
Miller Nash Graham & Dunn
Providence Health & Services

GUESTS

Javier Mena
Ana Muñoz
Emma Stocker

AFFILIATION

Portland Housing Bureau, City of Portland
Latino Network, Schools Based Program
Portland State University, Emergency Management

ELECTED OFFICIALS AND STAFF

Shirley Craddick
Scott Cruickshank
Julie Fitzgerald
Caleb Ford
Kate Giraud
Sheri Horiszny
Jim Mitchell
Joel Morton
Linnea Nelson
Heidi Rahn
Scott Robinson
Marcia Sinclair
Wayne Starkey

Metro Councilor
General Manager, Metro Visitor Venues
Oregon Zoo Foundation Executive Director
Metro Assistant Finance Director
Oregon Zoo Bond Assistant Project Manager
Oregon Zoo Deputy Director of Living Collections
Oregon Zoo Bond Construction Manager
Metro Senior Attorney
Oregon Zoo Bond Program Coordinator
Oregon Zoo Bond Program Director
Metro Deputy Chief Operating Officer
Oregon Zoo Marketing
Oregon Zoo Bond Project Engineer

A. Welcome / Introduction

Ruth Shelly, Oregon Zoo Bond Citizens' Oversight Committee Chair, opened the meeting at 3:05 p.m., and members and guests introduced themselves. Three guests attended who are potential candidates to become new Oversight Committee members.

Heidi Rahn thanked members who had made candidate referrals for the current recruitment for new committee members. Staff has been recruiting for three weeks, and referrals are due today. Two members retired last fall, and four more members' terms will expire in May: Noah Bishop, Deborah Herron, Mickey Lee and Daniel Morris have generously agreed to serve through the next Oversight Committee meeting on May 9, 2018. New members are scheduled to start after that meeting. This meeting is Chair Shelly's last meeting to serve as chair, but she will continue to serve as chair until Susan Hartnett is appointed as the new chair by the Metro Council in April. Chair Shelly has graciously agreed to stay on as past chair through the end of 2018, to assist with the transition.

Chair Shelly and bond program director Heidi Rahn acknowledged Scott Robinson, former Metro deputy chief operating officer who is retiring in mid-March. They spoke about his leadership in establishing and directing the zoo bond program, and his dedicated service over 10 years that helped ensure its success. He helped navigate the land use process to receive city approvals without any delays to construction. Under his tenure, the program spent \$102 million and finished all projects to date on time and on budget.

Since December 2017, the zoo bond program has reported to Scott Cruickshank, Metro general manager of visitor venues, who also oversees the rest of the zoo.

B. Approval of Nov. 8, 2017, Oversight Committee meeting minutes

Members approved the minutes of the Nov. 8, 2017, Oregon Zoo Bond Citizens' Oversight Committee ("Oversight Committee" or "the Committee") meeting.

C. Monthly Project Updates

1. **Education Center** – Heidi Rahn reviewed the Education Center highlights. The center has to operate for a full year to get net zero energy operations results. In January, the center received the Engineering Excellence 2018 Grand Award from the American Council of Engineering Companies.

2. **Polar Passage/Primate Forest/Rhino** – Construction manager Jim Mitchell provided an update. Staff received the 100 percent design development cost estimate from Lease Crutcher Lewis (LCL), the construction management by general contractor (CM/GC) firm, and an estimating company hired by the architect. The project is an estimated \$6 million (direct costs) over the construction budget of \$33 million. The design team is working at simplifying the building design to reduce cost without taking away from programs that the zoo keepers need to care for the animals. The team held a value engineering session at the last design workshop earlier in February; a budget option log is being developed to confirm cost reductions with stakeholders. The value engineering ideas that will be included in the budget option log will get the projects close to budget. The budget option log will be presented to the project stakeholders. The bond team is now waiting for reconciliation between two estimators. Mr. Mitchell commented on the high construction costs. He has been in this business for 40 years, and has never seen anything like what he sees in the market today. It is hard to get interest from subcontractors to provide estimates to the general contractor. LCL queried 70 subcontractors for estimates, and only got responses from seven. It is an unusual market, with

the subs booked for one year, instead of four to eight months. Mr. Mitchell thinks it will be difficult to get three estimates on each scope for this project, as required by the contract.

The zoo is a difficult place for contractors to work, due to the need to park elsewhere and shuttle in, the daily retail operation, tight quarters, animal welfare concerns, etc. Nothing about the project is standard, with animal caging, and lots of specialized concrete that needs to be insulated for animals. The COBID¹ market place is in high demand, so staff is concerned about meeting its COBID goal of 15 percent utilization.

Staff is working on an early work package that will be for demolition and civil work, with bids due May 1 and construction scheduled to start June 4. Next week the team plans to submit its building permit application for the early work package. The construction schedule may be a little aggressive since the city will not give indication of when it will approve the main permit. The main project is planned to be submitted for permits in May. Main project construction is planned to start in September or October.

The project is within the budget, and the CM/GC has included construction escalation and a design and estimating contingency. The cost of steel and concrete has escalated, as well as other materials. The CM/GC's design and estimating contingency will be allocated to the project scope as design is finalized and construction starts, and the construction escalation will drop off as well. Unspent escalation and contingency will go back into the project budget. The owner's contingency is for unknowns on the zoo site, such as the many buried remains of former structures, and other items that may arise.

Metro assistant finance director Caleb Ford responded to a question regarding potential bond arbitrage costs due to the construction schedule. Metro has the authorization to spend the bond money, contracts are in place and the money is scheduled to be spent, so it is unlikely the program will have an arbitrage issue and need to pay additional costs to the IRS.

Kevin Spellman commented that Portland Public Schools is suffering the same construction cost escalation experience. Some of the 2017 projects are in early design, and are coming back in tens of millions of dollars over budget. Everyone in the industry is so nervous that there is a compounding of fear factor that drives up prices.

The bond team considered waiting, but doesn't see the prices going down soon, so has to stride forward. Chair Shelly observed that it was fortunate that the program started in 2008 when prices were lower.

LCL is working on its Diversity in Workforce and Contracting plan, which staff will share with the committee when it is ready. They continue to do a ton of outreach to the COBID community. A list of some of that outreach was included with the January Zoo Bond Equity in Contracting Quarterly Report, and duplicated in the meeting packet. It is likely LCL will have a female project manager who has made a commitment to make sure that every woman on site is personally welcomed and supported. Sarah Jimenez is one of LCL's project engineers on the project, and was previously an

¹ Metro's Equity in Contracting Program encourages the use of minority-owned businesses (MBE), woman-owned businesses (WBE), service-disabled veteran-owned businesses (SDV), and emerging small businesses (ESB), as defined under State law in ORS Chapter 200 and as certified by the Certification Office of Business Inclusion and Diversity (referred to as COBID-certified businesses) to the maximum extent practical.

intern with LCL on the Elephant Lands project. This is one example of LCL's mentoring program and commitment to diversity.

Members asked about the removal of the maternity den from the Polar Passage design. Staff explained that from a needs perspective, keepers felt that it was not the highest priority at this time, and they would not breed polar bears in the near future. Zoo deputy director of Living Collections Sheri Horiszny explained that so much is not known about the wild population of polar bears. The zoo did not want to invest a lot of money in building a polar bear maternity den and then be asked not to breed. So the bond team plans to leave the space in the design and defer construction to a later date, as needed. Ms. Horiszny said that her staff looked at what was needed now, and what space could be reserved for later needs. They will get done what they can afford and what meets the ballot measure promises.

Members asked about other critical items that may have been removed. Ms. Rahn said that Elephant Lands went through the same value engineering process, and still produced a word-class habitat. So staff feels they can bring this project into budget, and utilize the program unallocated contingency for other projects and needs.

Councilor Shirley Craddick asked about how the zoo will get polar bears, due to the endangered species restrictions. Ms. Horiszny explained that the zoo and its partners are working to get a research permit for zoos in the US, which would allow polar bears to come from Canada, where many bears are coming out of the wild. Zoo director Don Moore and she have been working on it for some time, and will continue to work to have the Oregon Zoo positioned to receive bears.

Noah Bishop said he felt like the budget in the Polar Passage project monthly report should be on "caution" at this point, so the Committee recognizes the status. Staff agreed that if it is not within budget for the next month's report, it will then be shown as "caution." Mr. Bishop added that he also feels it is best to keep the unallocated program contingency for future needs.

Mr. Mitchell explained that the team is in the design process now, and if they get the budget in line, he does not think the budget should be shown as "caution" (in yellow). He sees the caution indicator more for when the project is under construction and costs are over budget. Transparency of reporting is important.

Scott Robinson indicated that if they do not make value engineering this round, then they will have to show yellow (caution) on the schedule, because that is what will be impacted, and that could affect cost increases.

3. **Interpretive Experience** – No new report.

4. **Percent-for-Art** – The Polar Passage artist team of Edwin and Veronica Dam de Nogales is working on fabricating the sculptures, and is documenting the fabrication process with videos. In December 2017, staff delivered a summary of public art expenditures to date that showed that the bond program is on track to meet its 1 percent for art expenditures requirement (based on direct construction costs).

5. **Electrical Infrastructure** – The zoo received bids for replacing two electrical generators, but they were over budget, so is going back out to bid with a refined scope of work. The zoo is reevaluating

the planned partnership with Portland General Electric for Dispatchable Service Generation, and may need to remove that from the scope due to the budget constraints. The high bids are also evidence of the current construction market conditions and cost escalation.

D. Program Status and Financial Information at a Glance

The unallocated program contingency is up to \$2.3 million, due to the Council reallocation in 2017. Caleb Ford spoke about the final zoo bond sale of \$10 million, which is planned for May 1, 2018, and is expected to close two weeks later. It will be combined with the Metro Natural Areas bond sale. Changes in the tax law now are causing a lot of turmoil in the market. The outcome of the sale will be known at the next committee meeting on May 9.

E. Program Schedules

The Polar Passage/Primate Forest/Rhino project construction is still planned for May/June 2018, but the schedule will be updated when staff gets the new phasing plan. The bond program still plans to wrap up in 2020, and is proceeding with caution, for now.

F. Committee Annual Report draft review

The committee's annual report covers the bond program activities for the calendar year 2017, and is scheduled to be presented to the Metro Council on April 12, 2018, by Chair Shelly and Vice Chair Susan Hartnett. Two subcommittees prepared the report draft for the full committee to review, and Chair Shelly thanked them. The Finances Subcommittee was chaired by Heidi Goertzen and assisted by Katherine Porras and Noah Bishop. The Projects Progress Subcommittee was chaired by Susan Hartnett, and assisted by Mickey Lee and Kevin Spellman. Chair Shelly combined and edited the entire draft, and will prepare an introductory letter for the report. The draft is still a work in progress, and final copy proof editing and formatting will be done later by staff. Chair Shelly asked members to focus on the recommendations. Members reviewed the draft recommendations and suggested edits.

Mickey Lee noted that there has been a big shift to looking at workforce diversity, and not just COBID utilization. She commends the staff and committee for focusing on workforce diversity. Mr. Mitchell talked to LCL about having contractors show workforce diversity by filling out a form, and they are trying a new method to better track workforce diversity. Ms. Rahn said that the zoo bond program is now hitting the COBID utilization minimum target of 15 percent, but she is not confident the program will by the end, given the constraints in the final project and limited availability of COBID-certified firms. By focusing on workforce diversity, particularly through its Construction Careers Pathways Project (C2P2), Metro is helping to build the future construction workforce supply. Chair Shelly noted that the Committee had just heard of a previous minority contractor intern that has returned as a full engineer, so Metro's efforts are working.

Regarding the Percent for Art solicitation process, the Committee asked for more information from the Oregon Zoo Public Art Advisory Committee, and Susan Hartnett agreed to contact Chair Gregg Hanson and the Regional Arts and Culture Council. Members suggested that the zoo document the role, process and value of OZPAAC, which has been a successful committee. As a result of the bond investment, the zoo has stepped up its assessment and management of its artwork, which is an ongoing benefit.

Ms. Rahn indicated that she anticipates providing the final results of the elephant welfare study at Elephant Lands at the next meeting. Members congratulated the zoo on the improvements to

elephant welfare, and suggested including that in the report cover letter and early in the report project section.

Members asked that the zoo's Integrated Conservation Action Plan (ICAP) be appropriately referenced in the report. Ms. Horiszny gave a brief update on the draft plan. Zoo staff are working on four different ICAP areas, and each has a planning team working on developing a planning framework. The project has a lot of staff involvement, and lots of feedback. The zoo formed an ICAP steering committee to ensure that it will live on over time. The zoo is definitely making progress, but has not identified a date when it will be done. It is a living plan that will change over time, but a formal adoption date will be set. The proposal is to have it adopted as an official document. The zoo will try to follow it for five years. Everyone will be able to see priority areas and make decisions from it, and it will inform strategic planning.

Members talked about wanting bond projects to be looked at periodically after they are up and running to see if they are working as intended. The zoo needs to continue regular maintenance on bond projects so that they are operational, and plan for those associated costs.

Chair Shelly commended the report work groups and all members for their edits. She will go through the report again and write a cover letter, and make sure all edits are incorporated. One of the themes will be the request to make sure projects are operating as intended, and to document the successful bond processes for the future. Members will have one more chance to go through the report again.

Members discussed the length of the document (57 pages), and suggested that next year they look at reducing the size, to make it as concise as possible and more readable. Ms. Hartnett will be chair of the committee next year and will tackle looking at how to best do the reporting as the bond program winds down. In future reports, they want to zero in on key messages that still supply value. Of course, since it is a cumulative report, it grows with time. They want the report to still be thorough, but they also want people to read it.

G. Zoo Update

Sheri Horiszny, Oregon Zoo deputy director of Living Collections, gave an update and presentation (a copy of which is included with the record) on construction proactivity – what the zoo is doing to prepare for the upcoming construction starting this spring of Polar Passage/Primate Forest/Rhino that will affect a major portion of the center of the zoo campus. Twenty-one planning teams of zoo staff are participating, led by zoo Facilities. The goal is to provide excellent guest experiences during construction. In preparation, staff, animals and materials are being relocated, and staff are looking at financial impacts, safety and operations. They are also looking for wildlife, including birds, and encouraging them to go elsewhere in a way that is beneficial for their welfare, so they are not impacted by construction. Staff have been using an acoustic system of predator noises to deter birds from building nests and laying eggs, and staff conduct weekly walks looking for the beginnings of nests in the areas that will be impacted by construction

To provide a richer guest experience, the zoo is trying to put new animals on exhibit, such as the porcupine and sloth, and offering paid and unpaid animal encounters. The zoo is also planning to offer more keeper talks than normal, and more demos and shows, such as the zoo's summer animal show that is also planned to be offered at other times of the year. Visitors will have opportunities to pay to have a closer encounter with animals. For example, they may be able to see the goat kids for

\$10 per person, providing a fun, immersive experience. Other planned encounter opportunities include sea otters, prehensile-tail porcupine, tortoise and insects in the Insect Zoo. Phase two will include aardvark, lions, elephants and others. These encounters create alternative animal experiences for people. When visitors have a live person present with an animal, giving a presentation, then the visitors ask more questions and have more engagement. The zoo is looking at other ways to reach out to visitors, helping them to notice more areas of the zoo that are not under construction.

The zoo is working on creating a giraffe feeding area platform that will put visitors face-to face with giraffes, to feed them. The platform may possibly open in June, but giraffes may not be there until July, since it takes them time to adapt to a new environment. Ms. Horiszny has experience with such a feeding station at the Santa Barbara Zoo where she previously worked. Buttercup, one of the Oregon Zoo's giraffes, is offspring of a giraffe at the Santa Barbara Zoo that generates a quarter million dollars per year at the feeding station in Santa Barbara.

Since BearWalk Café will be demolished during construction, the zoo is talking about having several food trucks instead. The zoo has experimented with food trucks for events, and it has been working well. The bond team will work to get the new café opened as soon as possible, but the BearWalk Café will be closed at least a year and a half. Other zoo food service areas, such as the Cascade Grill and AfriCafé, will remain open. The zoo is now doing a refresh of AfriCafé in preparation for the construction period and closing of BearWalk Café.

Visitors will have access to get around the construction areas, and the zoo will make it interesting, with holes in the construction fences to peak in, a playful guide to construction equipment, etc.

During construction, orangutans will go to the Veterinary Medical Center, and the chimps will move to the orangutan habitat, modified for them. In the VMC, the orangutans can enjoy the retractable roof in some of the animal areas. In total, the zoo has sent out 42 animals, representing 14 species in preparation for construction.

Councilor Shirley Craddick asked about plans to create a story of this moving process for the public, since she thinks there would be interest. Zoo Marketing is looking at project milestones and storytelling.

Ms. Rahn thanked the Committee for its excellent report, noting that it is the Committee's report and not a staff report. She also thanked Chair Shelly for her leadership and acknowledged that this was her last meeting to chair. Members also thanked Chair Shelly for being a great facilitator and leader, and for guiding the Committee through the report draft so quickly.

H. Adjournment

Chair Shelly adjourned the meeting at 4:51p.m.

Upcoming 2018 meeting dates –Wednesdays, 3 to 5 p.m.:

May 9, 2018 Conservation Hall, Education Center, Oregon Zoo
Sept. 12, 2018 Conservation Hall, Education Center, Oregon Zoo
Nov. 14, 2018 Conservation Hall, Education Center, Oregon Zoo