



Oregon Zoo Bond Citizens' Oversight Committee

Special Phone-in Meeting

Friday, Jan. 8, 2016

4 to 5 p.m.

MINUTES

MEMBERS PRESENT

Bill Kabeiseman (Chair)
Noah Bishop
Linda S. Craig
Sharon Harmon
Susan Hartnett
Deborah Herron
Dick Stenson
Karen Weylandt

AFFILIATION

Garvey Schubert Barer
Bishop Bankruptcy Law, LLC
Retired CPA; nonprofit treasurer
Oregon Humane Society
Spectator Facilities and Development, City of Portland
Walmart
Retired healthcare executive; community volunteer
Providence Health & Services

MEMBERS ABSENT

Mickey Lee
Daniel Morris
Robyn K. Pierce
Kevin Spellman
Mike Schofield
Ruth Shelly
Tom Turnbull

AFFILIATION

MPower Oregon
Our Oregon
Pierce, Bonyhadi & Associates
Spellman Consulting, Inc.
Gresham-Barlow School District
Portland Children's Museum
OpenSesame Inc.

ELECTED OFFICIALS AND STAFF

Teri Dresler
Caleb Ford
Jani Iverson
Jim Mitchell
Joel Morton
Heidi Rahn
Scott Robinson

Oregon Zoo Interim Director
Oregon Zoo Budget and Finance Manager
Oregon Zoo Foundation Director
Oregon Zoo Bond Construction Manager
Metro Senior Attorney
Oregon Zoo Bond Program Director
Metro Deputy Chief Operating Officer

A. Welcome / Phone-in meeting protocols

Attendees phoned in to participate in the meeting via conference phone. Bill Kabeiseman, Oregon Zoo Bond Citizens' Oversight Committee Chair, opened the meeting at 4:00 p.m. Heidi Rahn, Zoo Bond Program Director, indicated that she had called this special meeting to have the Committee weigh in on the two agenda items before they go to the Metro Council. She sent two memos with background information to Committee members in advance of the meeting.

B. Remote Elephant Center

Scott Robinson, Metro Deputy Chief Operating Officer, reviewed the progress to date on the Remote Elephant Center feasibility analysis, also outlined in the Jan. 7, 2016, memo provided to

members. An independent REC task force met four times and recommended to Metro Chief Operating Officer Martha Bennett that “the construction and operation of a Remote Elephant Center is not a feasible undertaking for the Oregon Zoo.”

After gathering additional input from other stakeholders, Ms. Bennett is scheduled to make her own recommendation to the Metro Council on Thursday, Jan. 21, 2016. The item is open for public comment starting at that meeting and continuing until Feb. 18, 2016, when it is scheduled for Council action.

Members discussed the issue. Three members had served on the REC Task Force, and one of those three, Karen Weylandt, was in attendance at the meeting. She confirmed that Mr. Robinson provided an accurate summary. Susan Hartnett framed the discussion, indicating that the staff memo provided a comprehensive analysis and clearly indicated the issue had been carefully and thoroughly reviewed, with a fairly obvious conclusion. If the Metro Council decides not to pursue the REC project, Bond Program Director Heidi Rahn will create a process to get guidance from the Zoo Oversight Committee at a future meeting regarding how to reallocate those funds (\$5.8 million in bond funds and \$1.3 million from the Oregon Zoo Foundation). Part of the Oversight Committee charter specifically calls for the Committee to review reallocation of bond funds.

Sharon Harmon, Oregon Humane Society Executive Director, indicated that she agreed with the recommendations of the task force given the totality of the landscape, financial and feasibility. She shared her belief that there were some missteps with the campaign, leading her constituents to think this project was going to occur.

The eight members participating in the phone meeting provided a quorum to support the REC Task Force recommendation not to pursue an REC.

C. Polar Bear Habitat Budget

Heidi Rahn reviewed the Polar Bear Habitat project budget, also outlined in the Jan. 7, 2016, memo provided to members. The item is scheduled to be considered by the Metro Council on Thursday, Feb. 4, 2016. Right after that, in order to stay on schedule, staff is scheduled to release a request for proposal for the project design, followed soon after by another RFP for the construction management by general contractor.

In 2011, the project budget was set at \$20.1 million, with a cost escalation estimate of 6 percent. Actual escalation to date and forecasted escalation at the start of construction in 2017 is estimated to be 18 percent. In addition, updated staffing, contingency and interpretive cost estimates have increased the project estimate. To keep the Polar Bear project whole as in the preschematic design and as promised to voters, \$3.6 million more is needed.

Staff presented three options as outlined in the memo: A.) Reduce the project scope to stay within the original budget, significantly limiting the scale and diversity of the planned natural habitat; B.) Add \$3.6 million from program unallocated contingency, leaving \$1.2 million contingency for the remaining projects; and C.) Reduce the scope by \$1 million and add \$2.2 million from program contingency.

Members discussed the issue, and expressed their support for Option C. This option would preserve the scale of the project civil and site work, while still leaving \$2.6 million in program contingency.

Members wanted to make sure that adequate contingency remained for the last two projects, Primates and Rhino. Since the final two projects are smaller, simpler and do not include major infrastructure work, staff estimates the remaining contingency to be adequate.

Members asked that if Metro does not pursue the REC and those funds are reallocated, that a priority be given to restoring the \$1 million in scope reductions for the Polar Bear project. Staff is proceeding with a budget amendment for the Polar Bear project prior to the Metro Council decision regarding the REC because they need to proceed with the RFPs earlier to stay on schedule. Staff felt that adding in the \$1 million after an REC decision is made would still allow for an efficient design process as the architect would likely not be on board until May and the project would still be in schematic design. Member Kevin Spellman was not present, but indicated before the meeting that he supported Option C, provided adequate program contingency remained.

Members discussed the program funding. Susan Hartnett framed the discussion by asking about the total program contingency and how that relates to the remaining dollars to be spent. To date, \$80 million has been spent. The program received a \$10.7 million bond sale premium, and \$4.8 of that remains unallocated. In March, Metro is going out for a \$30 million bond sale, and due to lack of competition and Metro's solid rating, is hopeful for a bond premium of a "material amount" (\$1 million to \$2 million). For now, Metro is working with the funding it has, and is not counting on a premium. Members considered a "worse case scenario" in which no additional funding was available from the REC budget or a new bond premium. Staff indicated it would be tight, but the program could still deliver on all the projects.

Members agreed that it is best to not delay the Polar Bear project given that construction is still in high demand, and support expanding it in the future if funding is available. They noted that it is easier to expand the project later than have to shrink it later.

Deborah Herron observed that economics and dynamics have changed over the last five years, and will change again in the next five years. That is what happens with bond projects. Much as you want to be able to predict where you will end up, that just doesn't happen. The job of the Committee is to be the preserver of flexibility to the extent that it can, when it has to make these decisions. She is glad the Committee could have this conversation.

All expressed their support to move forward with the staff recommendation, Option C.

In the spring, the Committee will talk again about the unallocated bond funds.

D. Adjournment

Ms. Rahn and Chair Kabeiseman thanked everyone for their help in thinking through the options, and for their dedication to calling in on a Friday afternoon. Chair Kabeiseman adjourned the meeting at 4:55 p.m.

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

Feb. 10, 2016 Skyline Room, Oregon Zoo
Spring 2016 TBD
May 11, 2016 Kalahari Room, Oregon Zoo
Sept. 14, 2016 Skyline Room, Oregon Zoo
Nov. 9, 2016 Skyline Room, Oregon Zoo