# Oregon Zoo Bond
## Citizens’ Oversight Committee
### Conservation Hall, Education Center, Oregon Zoo
#### Wednesday, Nov. 14, 2018
##### 3 to 5 p.m.

## AGENDA

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTION</th>
<th>ANNUAL REPORT</th>
<th>LEAD</th>
<th>TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Welcome / Introductions</td>
<td>Review</td>
<td>Susan Hartnett</td>
<td>3:00</td>
</tr>
<tr>
<td></td>
<td>• Agenda overview</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Introductions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Minutes of Sept. 12, 2018, Committee meeting</td>
<td>Approve</td>
<td>Susan Hartnett</td>
<td>3:05</td>
</tr>
<tr>
<td>C.</td>
<td>Monthly Project Status Reports</td>
<td>Discuss</td>
<td>Heidi Rahn, Jim Mitchell</td>
<td>3:10</td>
</tr>
<tr>
<td></td>
<td>1. Education Center</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Polar Passage/Primate Forest/Rhino</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Interpretive Experience – No report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Percent-for-Art – No report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Electrical Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Lower Service Road Generator Replacement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Close-out project: Tree mitigation – No report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>Program Status and Financial Information</td>
<td>Discuss, Recommend</td>
<td>Heidi Rahn, Caleb Ford, Jim Mitchell</td>
<td>3:20</td>
</tr>
<tr>
<td></td>
<td>1. Administrative overhead cost allocation updated forecast (Nov. 6, 2018)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Budget options for Polar Passage/Primate Forest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Background information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Budget Scenarios</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Answers to Committee Questions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.</td>
<td>Program and Projects Schedule</td>
<td>Discuss</td>
<td>Heidi Rahn</td>
<td>4:00</td>
</tr>
<tr>
<td>F.</td>
<td>Interpretives Plan for Polar Passage/Primate Forest/Rhino project</td>
<td>Discuss</td>
<td>Grant Spickelmier, Kate Giraud</td>
<td>4:05</td>
</tr>
<tr>
<td>G.</td>
<td>Subcommittee selection for Oversight Committee annual report</td>
<td>Select</td>
<td>Susan Hartnett</td>
<td>4:25</td>
</tr>
<tr>
<td>H.</td>
<td>Zoo and Oregon Zoo Foundation Updates</td>
<td>Update</td>
<td>Don Moore, Julie Fitzgerald</td>
<td>4:35</td>
</tr>
<tr>
<td>I.</td>
<td>Open Discussion/Questions</td>
<td>Discuss</td>
<td>Susan Hartnett</td>
<td>4:45</td>
</tr>
</tbody>
</table>

## Upcoming 2019 meeting dates – Wednesdays, 3 to 5 p.m.:
- Feb. 13, 2019 Conservation Hall, Education Center, Oregon Zoo
- May 8, 2019 Conservation Hall, Education Center, Oregon Zoo
- Sept. 11, 2019 Conservation Hall, Education Center, Oregon Zoo
- Nov. 13, 2019 Conservation Hall, Education Center, Oregon Zoo
# Oregon Zoo Bond Citizens’ Oversight Committee

### Oregon Zoo – Conservation Hall

**Wednesday, Sept. 12, 2018**

3 to 5 p.m.

## MINUTES

### MEMBERS PRESENT

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Hartnett (Chair)</td>
<td>Spectator Venues, City of Portland</td>
</tr>
<tr>
<td>Dan Aja</td>
<td>Banfield Pet Hospital</td>
</tr>
<tr>
<td>Naomi Bishop</td>
<td>California State University, Northridge (professor emerita)</td>
</tr>
<tr>
<td>Heidi Goertzen</td>
<td>Confluence Wealth Management</td>
</tr>
<tr>
<td>Daniel Hauser</td>
<td>Oregon Center for Public Policy</td>
</tr>
<tr>
<td>Nan Heim</td>
<td>Nan Heim Associates; Oregon Zoo Foundation Board of Directors</td>
</tr>
<tr>
<td>Kate Jones</td>
<td>Morley Capital Management</td>
</tr>
<tr>
<td>Chin See Ming</td>
<td>Smith Freed &amp; Eberhard</td>
</tr>
<tr>
<td>Robyn K. Pierce</td>
<td>Pierce, Bonyhadi &amp; Associates</td>
</tr>
<tr>
<td>Ruth Shelly</td>
<td>Portland Children's Museum</td>
</tr>
<tr>
<td>Kevin Spellman</td>
<td>Spellman Consulting, Inc.</td>
</tr>
<tr>
<td>Dick Stenson</td>
<td>Retired healthcare executive; community volunteer</td>
</tr>
<tr>
<td>Emma Stocker</td>
<td>Emergency Management, Portland State University</td>
</tr>
<tr>
<td>Christine Taylor</td>
<td>Oregon Department of Justice</td>
</tr>
<tr>
<td>Karen Weylandt</td>
<td>Retired from Providence Health &amp; Services</td>
</tr>
</tbody>
</table>

### MEMBERS ABSENT

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laurel Brown</td>
<td>Facilities and Property Management, Portland State University</td>
</tr>
<tr>
<td>Cynthia Johnson Haruyama</td>
<td>Oregon Japanese Garden</td>
</tr>
<tr>
<td>Jill Mellen</td>
<td>Research Biologist</td>
</tr>
<tr>
<td>Javier Mena</td>
<td>Portland Housing Bureau, City of Portland</td>
</tr>
<tr>
<td>Katherine A. Porras</td>
<td>Meyer Memorial Trust</td>
</tr>
</tbody>
</table>

### GUESTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
</table>

### ELECTED OFFICIALS AND STAFF

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shirley Craddick</td>
<td>Metro Councilor</td>
</tr>
<tr>
<td>Scott Cruickshank</td>
<td>General Manager, Metro Visitor Venues</td>
</tr>
<tr>
<td>Julie Fitzgerald</td>
<td>Oregon Zoo Foundation Executive Director</td>
</tr>
<tr>
<td>Ruth Walkowski</td>
<td>Oregon Zoo Foundation</td>
</tr>
<tr>
<td>Caleb Ford</td>
<td>Metro Assistant Finance Director</td>
</tr>
<tr>
<td>Sarah Keane</td>
<td>Oregon Zoo Finance Manager</td>
</tr>
<tr>
<td>Jim Mitchell</td>
<td>Oregon Zoo Bond Construction Manager</td>
</tr>
<tr>
<td>Don Moore</td>
<td>Oregon Zoo Director</td>
</tr>
<tr>
<td>Joel Morton</td>
<td>Metro Senior Attorney</td>
</tr>
<tr>
<td>Linnea Nelson</td>
<td>Oregon Zoo Bond Program Coordinator</td>
</tr>
<tr>
<td>Heidi Rahn</td>
<td>Metro Asset Management and Capital Planning Program Director</td>
</tr>
<tr>
<td>Andrew Scott</td>
<td>Metro Deputy Chief Operating Officer</td>
</tr>
<tr>
<td>Marcia Sinclair</td>
<td>Oregon Zoo Marketing</td>
</tr>
</tbody>
</table>
A. Welcome / Introduction
Susan Hartnett, Oregon Zoo Bond Citizens’ Oversight Committee Chair, opened the meeting at 3:02 p.m., and members and guests introduced themselves. Andrew Scott, new Metro Deputy Chief Operating Officer attended for the first time. Councilor Craddick noted how much she appreciates the Oversight Committee and its effectiveness, and Susan Hartnett complimented the staff.

B. Approval of May 9, 2018, Oversight Committee meeting minutes
Members approved the minutes of the May 9, 2018, Oregon Zoo Bond Citizens’ Oversight Committee (“Oversight Committee” or “the Committee”) meeting.

C. Monthly Project Updates
1. Education Center – No report
2. Interpretive Experience – No report; Interpretives for the Polar Passage/Primate Forest/Rhino project are included in the PPR project budget and reporting, and will be presented at the next Committee meeting.
3. Percent-for-Art – The bond program includes three central plazas with commissioned artworks for each. The commissioned artist team of Veronica and Edwin Dam de Nogales are proceeding well with fabrication of the artwork for Polar Passage and the third plaza. Staff will send Committee members recent photos of that progress. In August, the zoo funded repair of the Survival totem pole by Rex and Ray Losey, one of the historic totem poles the bond program had earlier relocated due to construction. It now looks gorgeous where it stands near the cougar habitat.
4. Electrical Infrastructure – Four of the six subprojects are completed, and the final two were combined into the Generator Replacement and Feeders project. The project budget and schedule are both showing “caution.” The budget is marked “caution” because the project has a very small contingency of 6 percent, instead of the 10 percent contingency normally carried on other bond projects. Another reason for the budget caution is due to not knowing yet the extent of damage to some broken and jammed underground conduits that need to be used for the project. The “caution” on the schedule is because the manufacturer is not able to give a confirmed date for delivery of the generator, which was planned for mid-October. The generator is being built and assembled here in the US for this project (not a prefabricated generator), and the contractor does not know the new substantial completion date. The schedule on this project will not delay or affect the Polar Passage/Primate Forest/Rhino project. After the generator is delivered, there will be at least two months of work to complete the project.
5. Polar Passage/Primate Forest/Rhino – Jim Mitchell reviewed the project monthly report for the Polar Passage/Primate Forest/Rhino (PPR) project. This project is also showing “cautions.” The budget has a “caution,” despite having been through many stages of value engineering (VE; scope and cost reductions) and budgeting. It is still about $2.2 million over budget. The project is in the final design stage, with design workshop #10 going on this week. It will be the final workshop before permit submission to the city. At some point the team has to stop making changes in order to submit for permits, but staff will continue to look for places to save money.

The schedule is also showing “caution” since the value engineering process put the project a little behind schedule, about four months, and the big unknown is the time for permits to be approved by the city. The project schedule includes five months for permits, but staff is hearing it could be four to seven months, and no one can say for sure. Bond staff have spent a lot of time building
relationships with city permit staff, and met with them this week. The project is now on its third permit processor at the city, but Mr. Mitchell is optimistic.

The PPR Early Work Package started in July 2018, and is $4.5 million. It includes demolition and site grading, and severing the old primate building from the Red Ape building, to make the Red Ape a stand-alone building with new electrical, heating, gas, phone, etc. The wild pig building has already been demolished. In a few weeks, demolition of the polar bear building will begin, after cutting off some electrical connections. With the rate of escalation in construction costs, it was important to start work as soon as possible. After two years in design, it was time to begin construction.

Mr. Mitchell used a PowerPoint presentation (a copy of which is included with the record), to review the design process and the process to monitor the budget at the various stages of design. The design process starts with owner project requirements, which includes items related to animals and animal welfare, habitat features, visitor-related elements, and budget limitations. For polar bears, design considerations included providing chilled salt water, vistas for the bears to have long views from up high, and a natural habitat substrate. For primates it included high climbing structures (chimps like to be 30-40 feet up), mesh habitat and spaces for group activities, where animals could choose where and with whom they want to be.

The next design step is conceptual design, which is a high-level design where the designer’s artistic licenses are allowed to introduce creative concepts. Schematic Design (SD) follows and includes building locations, habitat boundaries and features, and defined visitor amenities and routing. Schematic design has many assumptions. At this point, the owner starts to pull back to control costs. Design Development (DD) translates schematic design into physical form, with floor plans, elevations to scale, complete site grading, and overall, fewer assumptions. Construction Documents (CD) is the final design stage with documents ready for permits, bidding and construction.

Per contracts, estimates are completed at the three main stages of design: 100 percent SD, 100 percent DD and 50 percent CD. Estimates are done by the by the Construction Management by General Contractor (CM/GC) and an estimating firm hired by the architect. Those estimates are then reconciled to within 3 percent of each other, per the contract. It can be difficult to reconcile estimates, since they can be done with different styles of estimating. For PPR, it took two months for the first reconciliation, although subsequent reconciliations were faster. If estimates are over the established budget, then the team initiates a value engineering (cost reduction) process. This usually involves simplifying the design, but also can mean eliminating or deferring an entire building or feature. For example, PPR deferred a public restroom that was not required, as agreed to by the city, and staff sees a better location for it in the future. The team also deferred the polar bear maternity building and habitat, but saved the space, in case the zoo wants to add it later.

Zoo Director Don Moore explained why the maternity den was not needed at this time. Ice in the Arctic is receding so much that more and more polar bears are on shore and coming into towns looking for food because they are starving. Historically, zoos have helped to place black and brown bears and mountain lions when they have been in conflict with humans. So given that supply of bears, zoos do not breed black and brown bears and mountain lions. In years past it was thought that the polar bear population was declining and it would be good to be able to breed them in zoos, but now polar bears need to be relocated in human care and not euthanized, so the Oregon Zoo does not need the maternity den at this time.
In March 2017, the Metro Council approved the recommendation from the Oversight Committee and staff to combine the Polar Passage and Primates/Rhino projects, to save $1 million and provide construction efficiencies. Still, separate estimates are developed and separate budgets are maintained for the two projects to assess cost against the Council adopted budgets. The shared costs of soft costs and utilities are split on a percentage basis, with 61 percent for Polar Passage and 39 percent for Primate Forest/Rhino. Detailed estimates will have 65 to 75 pages.

For PPR, at each of the estimating stages, the estimates were over budget. At 100 percent SD in March 2017, it was $4.4 million over budget. At 100 percent DD in March 2018, it was $10 million over budget. (That $10 million over means the team has to take $6.6 million out of direct costs, which due to markups and contingency/escalation totals $10 million. The VE process goes into direct costs.) At 50 percent CD in August 2018, the cost estimate was $2.2 million over budget. As the design progresses, the estimate is more accurate because it contains fewer assumptions.

Throughout the estimating process, the contractor reaches out to subcontractors to get help on the estimates, but in the current construction market with contractors so busy with work, the response is minimal.

The VE exercises cut many things. Mr. Mitchell displayed site maps and a long list of VE reductions to the 100 percent DD that reduced the cost of design by $8 million. The bond team uses a budget options log to track scope reductions. Some examples were to remove the gibbon space, simplify the bear cave, reduce view shelters, reduce the primate building, and delete the primate off-exhibit yard (which could be added back in; the existing outdoor habitat space will remain). The team also reduced the design and engineering contingency to 6 percent and reduced escalation to 3.5 percent, given that bidding will be soon.

All zoo staff are critical to the design process, and staff from all parts of the zoo participate in the VE process, especially the zookeepers and Guest Services team, who are good at solving the design problems. The bond team does not make the VE decisions about what to cut or defer.

Dr. Moore explained that the gibbons will live with the orangutans or be relocated – the zoo has not made a decision on that yet.

Mr. Mitchell reviewed the key success factors in the design process:

- Ballot measure commitments and guiding principles
- Zoo staff identifying priorities and trade offs
- Design team that brings best practices and solutions
- Combining final projects for design coordination
- CMGC involved in design and cost estimating
- Experienced zoo bond team to help lead and problem solve.

He praised CLR Design, the PPR architectural lead firm, which is very creative and a great partner. Combining the projects saved $1 million in construction efficiencies, and having a CM/GC helped with design and estimating. Ms. Rahn said another big part of the success is Mr. Mitchell’s 10 years of experience on the zoo site and his many years in the industry.
D. Program Status and Financial Information at a Glance

Chair Harnett introduced the discussion and referred to two memos provided to Committee members this week and in print at the meeting, as background information to discuss budgets, allocations and how to proceed:

- **Polar Passage, Primate Forest, Rhino Cost Estimate** memo dated Sept. 12, 2018 (Revised)
- **Oregon Zoo Bond Administrative Overhead** memo dated Sept. 10, 2018

The Committee does not need to make a decision today. Important information will be coming in October, so today is for information gathering, with a decision likely in November.

The printed copy of the PPR memo provided at the meeting and dated Sept. 12, 2018, is a revised copy with a few corrections. Most importantly, it indicates that the total resources are actually $152 million.

Heidi Rahn reviewed the Program Status and Financial information at a Glance spreadsheet. The Close-out fund (for work needed after a project is complete), which was recommended by the Oversight Committee and allocated by the Metro Council in March 2017, is $1 million.

Funds not yet received by the program total $2.36 million, but all of those funds are on track to be received. Remaining forecasted interest on the bond funds is $75,318, and Caleb Ford said Metro will likely earn that interest in a month or two. The Oregon Zoo Foundation has committed to contributing $1.9 million more, and Julie Fitzgerald indicated there is no risk in delivering that amount, and a schedule has been set for making those payments. The final item not yet received is $385,334 for a grant from Portland General Electric for solar facilities on the Education Center. OZF has received that money, and will transfer it to the bond program.

Ms. Rahn used a PowerPoint presentation (a copy of which is included with the record). She reviewed the Committee’s purpose and charter that calls for the Committee to make recommendations regarding significant project modifications and budget allocation. The bond program is in its last two years and almost done, with only the final three projects remaining and planned to wrap up in late 2020. The bond program has been completing all of its projects on schedule and under budget, and fulfilling on the ballot measure promises.

Of the $152 million forecasted total program resources as of July 31, 2018, $104.5 million has been spent, $43.9 million is budgeted or designated to be spent, and $3.68 million remains as unallocated program reserves.

The current cost estimate for the remaining projects exceeds the project budget, particularly due to construction cost escalation that is running 27 to 31 percent, and not the 6 percent as originally estimated. Some scope modifications also affected the project cost, such as the decisions to take down the old primates building and to add salt water for the polar bears. The schedule extension, mostly due to the additional time needed for value engineering, will increase administrative costs. With $3.68 million unallocated contingency and $1 million in close-out fund that is mostly not planned to be spent, the program has $4.68 million in funds available for allocation.

In 2017, the program had $12.5 million unallocated, and a budget subcommittee of the Oversight Committee looked at costs and project modifications, and made a recommendation to the full Committee that then made a recommendation to the Metro Council. In that process, the subcommittee set guiding principles for how to allocate those dollars. The Committee will likely go
through a similar process now, but avoids the need for a subcommittee, since that work was already
done to set the process and principles for decision making. The 2017 allocation included some funds
from OZF, and left $1.8 million as unallocated. That increased to $3.68 million due to the bond sale
premium, project savings and reallocations, and partner contributions.

Current cost estimates for PPR show that $2.2 million more will be needed for construction, and
new forecasts for administrative services show an additional $1.65 million will be needed, for a total
of $3.85 million. With $4.68 million in unallocated funds, Ms. Rahn feels the program has adequate
resources, but won’t know until bids are received for the PPR project. The options are to shift
existing unallocated and/or close-out contingency resources to the projects, or further modify
project scopes and related costs.

The program is expecting to receive actual bid numbers in October [post meeting update: bids are
now expected in December], and come back to the Committee at its next meeting on Nov. 14 to see
if the program will proceed with a Metro Council budget amendment. With construction and close
out of the program in late 2020, the program is at the finish line, and it is important that it can show
it delivered on the promises of the bond measure.

Scott Cruickshank, general manager of visitor venues, clarified that there are not really any scopes
left to modify that would not severely impact the visitor experience and zoo financials.

Don Moore indicated that the zoo is committed to animal welfare. Animal keepers are committed to
salt water and other items that are beneficial for the animals. And the zoo values the guest
experience. The original design of the master plan had hubs or plazas for guest facilities, and that
helps to drive the zoo’s revenue. For example, the zoo needs restrooms so kids can learn and thrive.
So the zoo balances guest needs with other considerations.

The zoo is an enterprise venue that receives 30 percent of its revenue from Metro, but the zoo has
to provide the other 70 percent on its own. So the zoo needs to be financially sustainable. The focus
is on maintaining the promise to voters to create a world-class zoo and to be sustainable in finances.

Members were asked:
- What additional information do you need to make a recommendation in November?
- What priorities do you support with the unallocated program contingency?

The intent was for members to raise their questions in the meeting, and staff would research the
answers and provide them later in preparation for the November meeting. Members raised various
questions, some of which were addressed in the meeting. Complete responses will be provided by
staff for the discussion at the next meeting.

One member asked if the schedule now includes the potential permit delay of seven months.

Another asked how much would be a reasonable amount to leave in closeout contingency? Mr.
Mitchell said the program will not need the $1 million allocated to close out project fund. He did
note that the zoo is designing new features, unlike a standard building such as a school or hospital,
and sometimes new designs don’t work because they are cutting edge. So the bond program has
had some things not work that needed to be fixed after the project was done, and those repairs
were paid from the close-out fund.
Ms. Rahn noted that of the unallocated funds, approximately $800,000 are nonbond funds that could be used to support the ongoing operation of the projects.

Kevin Spellman asked if the program is going to get ultimate bid prices with deductive or additive alternates. Mr. Mitchell said that if they have alternates, they would be deductive, and Mr. Spellman concurred that that would be helpful.

Mr. Mitchell explained that the program is carrying a 10 percent ($4 million) contingency within the PPR project. Based on past projects, the program usually spends down that project contingency.

Ruth Shelly said she is eager to hear from the zoo how much money would be ideal to have left over? How much cushion do you feel you want, for remediation to fix things, or for the next master plan?

Heidi Goertzen asked what else could possibly come up between now and 2020 for which the program might need funds? Mr. Mitchell answered that it is hard to say what may come up. At the zoo, because of aging infrastructure, construction often runs into problems. The sewer lines are 18 feet deep due to former moats, which is much deeper than the typical six feet deep. The Elephant Lands project ran into an ancient land slide. Despite these unexpected items, previous projects have gotten through on the project contingency.

Mr. Spellman also asked if the program will have a pretty good estimate of the interest earnings. Mr. Ford explained that the program is starting to earn interest on the $30 million in bonds that it sold last year, and is actually earning more than it is paying right now since construction has been somewhat delayed. This situation is called arbitrage, and may require that the project will have to pay some of that interest to arbitrage. For now the program is holding those funds and will not allocate them, in case they have to be paid for arbitrage. This will not take away from the project, and is not good or bad.

Councilor Shirley Craddick asked if staff expects that funds will be available at the end of the program to do the next zoo master plan. Ms. Rahn said the first priority is getting the bond projects built. In accordance with its standard process for funding, OZF will discuss the need and potential opportunity to help with funding the next master plan, if needed. Chair Hartnett said it is important to her to have the zoo set up well for its next steps, and her commitment is to continue to ask those types of questions.

Dan Aja asked if the program is realizing any benefits or savings from the new tax situation. Mr. Ford responded that as a government entity, Metro does not pay taxes, and therefore is not realizing a benefit. Julie Fitzgerald indicated that OZF may not realize a tax savings, but it may affect donor giving. Given the anticipated changes in taxes for this year, some major donors at the higher gift level made larger gifts last year, so they may skip a large gift this year. OZF does not know yet, but contributions are going well for now.

One member asked if OZF funds are dedicated to certain projects. The majority are dedicated to specific projects, but the program still has approximately $600,000 of unallocated OZF funds that were part of the original OZF allocations early in the program.
Daniel Hauser observed that as tax rates go down, the value of a deduction is minimized. He asked to hear thoughts of the potential impact of a recession. Mr. Mitchell indicated that a recession would definitely put the program in better shape. The Veterinary Medical Center was built during the construction recession for $8.8 million, but in today's market it would be double that. Some parts of the U.S. are already seeing a slowdown in construction, e.g., in New York. Chair Hartnett noted that labor availability is such an issue now. A softening in construction might not make projects cheaper, but it might decrease delays. The limited workforce is a huge factor. The impact of the new tariffs on steel have already been accounted for in the PPR cost estimate, but any new tariffs on other materials could have an impact.

Emma Stocker wants to support the priorities of the zoo, and asked what staff would like to add back into the remaining project if more funds were available?

Ms. Shelley asked if the tight labor market will impact the COBID utilization goal for PPR. Ms. Rahn replied that yes, the program will be hard-pressed to meet its 15 percent COBID utilization goal. Staff will have updates on that in November from Lease Crutcher Lewis.

Ms. Rahn, will send a list of questions from the discussion today. She said that Metro takes these issues seriously, and noted the significant presence of Metro leadership attending today's meeting.

Robyn Pierce chaired the Committee's finance subcommittee in 2016-2017, when they looked at the requirements of the bond and allocating the additional resources. She will not be at the November meeting, so wanted to share her thoughts today. The budget consideration for PPR is such a wonderful collaborative process, with a great discussion at today's meeting. Since the 2017 budget subcommittee already established the guiding principles and framework, there is no need to recreate the subcommittee again. The Metro Council helped the bond program leave a good contingency in 2017. With good project management, and additional financial resources from OZF, the program is in good shape. It feels so good for the program to be where it is today.

E. Program Schedule
The Electrical Infrastructure project is scheduled to be complete by the end of 2018. Then PPR and the final art installation are the final projects remaining.

F. Zoo and Oregon Zoo Foundation Updates
Julie Fitzgerald, Oregon Zoo Foundation executive director, reviewed OZF’s fundraising. It is doing a comprehensive campaign to increase in the short and long term the donor base for the zoo. OZF has traditionally organized its campaigns around a specific habitat project at the zoo. To broaden their base and involve different donor interests, this campaign has a larger, more comprehensive goal, to raise $8.5 million over a 3.5-year period for programs and habitat enhancements. That includes the $3.5 million for the bond program. OZF agreed to cover all the costs, $750,000, for the Rhino Habitat, $1.7 million for Polar Passage; and $750,000 for Primate Forest. The remaining $5 million fits in with other zoo priorities: $1 million for animal welfare, $2 million for education, and $2 million for conservation. The campaign is planned to finish the end of the calendar year 2020, to coincide with end of the bond program. [Post meeting note: The $8.5 million campaign includes $300,000 for OZF fundraising costs, per an agreement with the zoo.]

As of June 30, 2018, OZF has collected approximately 40 percent of the total campaign goal. OZF is preparing literature for the campaign and has already been submitting proposals. The Clark
Foundation, a longtime supporter, has announced it is committing $500,000 for the Rhino habitat. The large campaign has been inspiring some initial donors to give larger than average gifts. As an example, OZF submitted a proposal to fund the educational programming in Polar Passage as well as the interpretive elements to be built. By packaging requests for key programs as well as habitat enhancements, they can qualify for some larger gifts and grants.

Don Moore, Oregon Zoo director, gave a zoo update. The concert season wraps up tonight. Proceeds from food and beverage at the concerts help fund the zoo’s animal welfare. The Association of Zoos and Aquariums has its annual national conference in Seattle Sept. 22-28, 2018. Approximately 100 conference goers will come to the Oregon Zoo Sept. 22 for a tour, and the zoo will show off its award-winning bond-funded facilities. OZF staff will work with sponsors to develop swag bags for the AZA guests.

Instead of a groundbreaking ceremony, the zoo is hosting a demolition party to celebrate the beginning of construction of the Polar Passage/Primate Forest/Rhino project. The event will be on Tuesday, Oct. 16 in the morning [post meeting update: now set for 8:30 a.m.], and Oversight Committee members are invited. An invitation will be sent soon.

One member mentioned that she is a fan of the zoo’s Tiny Goat Visits video series, and Dr. Moore indicated that 215 million people have viewed the zoo’s Facebook shows, and the tiny goats have 80,000 online followers.

One member asked about whether the zoo had had any issues with the animals with all the smoke from forest fires this summer. Dr. Moore said the animals did come inside during the really bad air quality week.

G. Other
Chair Hartnett explained that at the next Committee meeting on Nov. 14, members will talk about beginning work on the Committee’s annual report. She will do a call for participating in subcommittees to prepare the report. It is a good opportunity to dive into details of the program, work with other members, get better acquainted, and derive more satisfaction from serving as a member. Members can begin thinking about that request in preparation for the next meeting.

H. Adjournment
Chair Hartnett adjourned the meeting at 4:49 p.m.

Upcoming 2018 and 2019 meeting dates –Wednesdays, 3 to 5 p.m.:
Nov. 14, 2018 Conservation Hall, Education Center, Oregon Zoo
Feb. 13, 2019 Conservation Hall, Education Center, Oregon Zoo
May 8, 2019 Conservation Hall, Education Center, Oregon Zoo
Sept. 11, 2019 Conservation Hall, Education Center, Oregon Zoo
Nov. 13, 2019 Conservation Hall, Education Center, Oregon Zoo
Oregon Zoo Bond Citizens’ Oversight Committee meeting

Nov. 14, 2018

Agenda Item C. Monthly Project Status Reports

1. Education Center
2. Polar Passage/Primate Forest/Rhino
3. Interpretive Experience – No report
4. Percent-for-Art – No report
5. Electrical Infrastructure
6. Close-out project: Tree mitigation – No report
Oregon Zoo Bond Project Status Report
Education Center

Project Title: Zoo Education Center
Project Manager: Kate Giraud

Reporting Period #058/Status Date: November 6, 2018
Project Manager Phone: 503-548-2677

Architect/Engineering Design Consultant: Opsis Architecture
Construction Manager/General Contractor: Fortis Construction

Project Description: The zoo Education Center will be located at the site of the original zoo entrance. It will provide flexible and engaging education program activity spaces for camps, classes, and zoo visitor and program partner use. In addition to the education programming at the Center, the project includes visitor comfort amenities identified for the “West Hub” in the Comprehensive Capital Master Plan, including but not limited to: train ticket sales, restrooms, wayfinding/trip-planning material, seating and food. Finally, this project includes a portion of infrastructure improvement work, identified in the Master Plan, to address storm water and aging site utilities.

Status at a Glance

<table>
<thead>
<tr>
<th>Status Item</th>
<th>On Track</th>
<th>Caution</th>
<th>Off-track</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule and signoffs</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deliverables</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LEGEND:
- Moving along nicely, no significant concerns at this time.
- Must be addressed or may be escalated to off-track mode.
- Causing significant impact to the project.

Design and Construction Schedule

<table>
<thead>
<tr>
<th>START DATE</th>
<th>COMPLETION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATED</td>
<td>CONTRACT</td>
</tr>
<tr>
<td>ESTIMATED</td>
<td>SUBSTANTIAL COMPLETION</td>
</tr>
<tr>
<td>4/21/14</td>
<td>6/25/14</td>
</tr>
<tr>
<td>1/3/17</td>
<td>12/28/16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORIGINAL BASELINE</th>
<th>REVISED BASELINE</th>
<th>COSTS TO DATE OF STATUS</th>
<th>ESTIMATE AT COMPLETION</th>
<th>ESTIMATED BUDGET VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,899,510</td>
<td>$17,699,157*</td>
<td>$17,411,134</td>
<td>$17,482,791</td>
<td>($216,366)</td>
</tr>
</tbody>
</table>

* The Education Center budget was updated in December 2017 with all allocated resources. In April 2016 the budget was updated with funding from unallocated bond contingency (authorized by Metro Council) for add-alternate list and net-zero solar energy, plus additional funding for south entry storm pipe construction (co-funded with City of Portland), Metro Resource Conservation and Recycling funds for the Wildlife Garden construction, and previous bond project savings reinvested to meet state solar requirements and security infrastructure.

Critical Issues
None at this time.

Summary Status
Milestones/deliverables/information for this reporting period:
- The Education Center project received the Leadership in Energy and Environmental Design (LEED) Platinum Certification, exceeding the project goal for Gold.
- On November 2, the American Institute of Architects (AIA) Portland Chapter presented the Architecture 2030 Award to Opsis Architecture and the Oregon Zoo. The award recognized the effort to reduce the use of greenhouse gas emitting fossil fuels in the design of the Education Center.
Education Center

- Opis registered the project for the International Living Future Institute’s (ILFI) Zero Energy Building Certification. Bond staff and consultants will be monitoring the building’s energy input and output over the next year.
- General contractor Fortis Construction has submitted the final billing and retainage payout for the project. Those final payments will be reflected in financials next month.
- The project will finish at approximately $300,000 under budget. Final project costs will be provided once all expenditures are complete.
- The final COBID\(^1\) utilization rate for the Education Center construction is 29.5 percent, nearly double the project goal of 15 percent.

Planned milestones/deliverables/information for the next reporting period:
- Bond staff are compiling the Fortis Construction Manager/General Contractor (CM/GC) report to be delivered to the Metro Council in December, as required.
- Zoo Marketing staff are preparing a LEED Platinum plaque to be mounted in the Education Center.

---

\(^1\) COBID refers to the State of Oregon Certification Office for Business Inclusion and Diversity that certifies minority-owned business enterprises (MBE), women-owned business enterprises (MBE), service-disabled veteran-owned businesses (SDV) and emerging small businesses (ESB).
Oregon Zoo Bond Project Status Report
Polar Passage/Primate Forest/Rhino

**Project Title:** Polar Passage/Primate Forest/Rhino

**Reporting Period #034/Status Date:** November 2, 2018

**Project Manager:** Jim Mitchell

**Project Manager Phone:** 503-914-6025

**Architect/Engineering Design Consultant:** CLR Design

**Construction Manager/General Contractor:** Lease Crutcher Lewis (LCL)

**Polar Passage Project Description:** The new polar bear habitat is needed to increase access to natural substrate; increase the efficiency of the water-filtration system; reduce temperatures; chill the pool water; and increase both land and pool space. Construct modern natural holding areas with better lighting and ventilation, allowing better care for the animals. Space requirements, water quality and housing conditions will meet or exceed the Manitoba Protocols established for zoo polar bears. New utilities will complete the system upgrade installed with previous bond-funded projects. Guest services will be enhanced at the new central plaza.

**Primate Forest/Rhino Project Description:** The current schematic design demolishes the existing building (except for the newer Red Ape Reserve) and rebuilds on the current primate site for chimpanzees. Orangutans will live in the existing Red Ape Reserve. The Metro Council approved the project scope modifications on March 16, 2017. Rhino habitat: Remove the hippo dump-and-fill pool, remove the barrier between the rhino/hippo habitats and re-grade both habitats for rhino use only.

**Status at a Glance**

<table>
<thead>
<tr>
<th>Status Item</th>
<th>On Track</th>
<th>Caution</th>
<th>Off-track</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Schedule and signoffs</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Deliverables</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**LEGEND:**
- Moving along nicely, no significant concerns at this time.
- Must be addressed or may be escalated to off-track mode.
- Causing significant impact to the project.

**Design and Construction Schedule**

<table>
<thead>
<tr>
<th>START DATE</th>
<th>COMPLETION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATED CONTRACT</td>
<td>ESTIMATED SUBSTANTIAL COMPLETION</td>
</tr>
<tr>
<td>05/2016</td>
<td>6/2016</td>
</tr>
</tbody>
</table>

**Project Budget and Expenditures**

<table>
<thead>
<tr>
<th>ORIGINAL BASELINE</th>
<th>REVISED BASELINE</th>
<th>COSTS TO DATE OF STATUS</th>
<th>ESTIMATE AT COMPLETION</th>
<th>ESTIMATED BUDGET VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$34,348,074</td>
<td>$43,802,256*</td>
<td>$3,803,390</td>
<td>$43,802,256</td>
<td>$0</td>
</tr>
</tbody>
</table>

*On Feb. 4, 2016, the Metro Council approved the bond team’s recommendation to increase the Polar Passage project budget by $2.6 million to cover escalation costs exceeding the original estimated escalation.

On March 16, 2017, the Metro Council approved additional bond fund resources increasing the Polar Passage project budget by $3,248,334 ($2,200,000 from OZF and 1,048,334 from the program contingency) and increased the Primate Forest/Rhino project budget by $2,605,848 to offset escalation costs.

On April 6, 2017, the Metro Council approved an exemption to competitive procurement by combining Polar Passage and Primate/Rhino projects under the existing design and Construction Management/General Contractor contracts to save an estimated $1.3 million in construction costs. Project budgets and schedules have been combined.

In August 2017, the Nancy Parr estate donation of $237,333 for Primate Forest was added to the project budget.

On October 5, 2017, OZF approved $750,000 (including the $237,333 Nancy Parr estate donation) for Primate Forest and $250,000 for Rhino.

On April 5, 2018, OZF approved redirecting $500,000 previously committed for Polar Passage maternity den (which will not be built in this phase) to fund the rhino habitat project in total, $750,000. Bond funds previously allocated for the rhino project will be redirected to the Polar Passage project.

---

*On Feb. 4, 2016, the Metro Council approved the bond team’s recommendation to increase the Polar Passage project budget by $2.6 million to cover escalation costs exceeding the original estimated escalation.*
Critical Issues

Schedule: The construction schedule in Status at a Glance is showing a “caution” due to the following:
  ➢ Unknown timeline related to permit review on the main project. Recent estimates are six to seven months; the construction schedule is showing five months.
  ➢ Schedule delays due to the estimates coming in over budget, the efforts and time needed to reconcile the estimates, and the extensive value engineering process.

Budget: The Budget in Status at a Glance is showing “caution” due to the following:
  ➢ Construction cost escalation and limited contractor/workforce availability continue to impact the budget.
  ➢ Additional scope reduction will not meet the zoo’s goals for the project.
  ➢ Pending the bid outcome in early December, staff may be seeking approval to utilize a portion of the program contingency funds to cover a potential budget deficit.

Summary Status

Milestones/deliverables/information items for this reporting period:
  ➢ The project estimates remain at approximately $2.3 million over budget.
  ➢ 100 percent construction documents for permitting and bidding on the main project have been received.
  ➢ A demolition party was held on October 16 to kick off construction.

Construction progress:
  ➢ The existing polar bear, sun bear and wild pig buildings have been demolished.
  ➢ The site has been wintered-in with filter fabric and crushed rock approximately 18 inches deep covering the site.
  ➢ Selective demolition has started on the primate building.

Planned milestones/deliverables/information for the next reporting period:
  ➢ The permit intake has been scheduled for early November.
  ➢ The overall project schedule has been updated and the revised Substantial Completion dates are:
    o Rhino - September 2019
    o Café - December 2019
    o Primate Forest - August 2020
    o Polar Passage - November 2020
  ➢ Submit the Type II Amendment to the Conditional Use Master Plan to the City for review.
  ➢ The main project bid package is scheduled for release on November 12 with bids due on December 11.
Oregon Zoo Bond Project Status Report
Electrical Infrastructure

Project Title: Zoo Electrical Infrastructure  
Project Manager: Jim Mitchell

Reporting Period #17/Status Date: November 5, 2018  
Project Manager Phone: 503-914-6025

Architect/Engineering Design Consultant:  
Sazan Group Engineering

General Contractor:  
High Point Construction, Tice Electric

Project Description: The Electrical Infrastructure project replaces two outdated emergency power generators and associated electrical infrastructure critical to servicing animal areas and supporting animal and guest safety. It includes six subprojects – each with its own scope, schedule and budget – that are being managed by zoo Facilities Management and paid with zoo bond funds, per a signed Memorandum of Understanding with the zoo bond program. The final two projects are being overseen by the zoo bond construction manager, due to their complexity and scale:

1. Lower Service Road Feeders
2. Roundhouse Automatic Transfer Switch
3. AfriCafé Panel Replacement
4. Animal Nutrition Center Panel Replacement
5. Middle Service Road Feeders
6. Generator Replacement

This project was added to the bond program by the Metro Council on March 16, 2017.

Status at a Glance

<table>
<thead>
<tr>
<th>Status Item</th>
<th>On Track</th>
<th>Caution</th>
<th>Off-track</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Schedule and signoffs</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Deliverables</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LEGEND:
- Moving along nicely, no significant concerns at this time.
- Must be addressed or may be escalated to off-track mode.
- Causing significant impact to the project.

Design and Construction Schedule

<table>
<thead>
<tr>
<th>START DATE</th>
<th>COMPLETION DATE</th>
<th>ESTIMATED CONTRACT</th>
<th>ESTIMATED CONTRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1/16</td>
<td>various</td>
<td>10/31/18</td>
<td>12/5/18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ORIGINAL BASELINE</th>
<th>REVISED BASELINE</th>
<th>COSTS TO DATE OF STATUS</th>
<th>ESTIMATE AT COMPLETION</th>
<th>ESTIMATED BUDGET VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500,000</td>
<td>$1,500,000*</td>
<td>$725,642</td>
<td>$1,500,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

*In March 2018, the project budget and estimate at completion were updated to reflect the removal of $576,600 in resources from Portland General Electric; this amount was previously added to fund upgrades to zoo generators for Dispatchable Service Generation participation, but DSG costs exceeded the project budget and DSG was removed from the project scope.

Critical Issues

- Budget: The budget shows caution due to the low contingency of 6 percent, and unknown amount of damaged underground electrical conduit that will need to be replaced to pull new feeders.

Summary Status

Milestones/deliverables/information for this reporting period:

- Zoo Facilities Management continues to manage the generator replacement and Middle Service Road feeders project (now combined), with oversight from the zoo bond Construction Manager Jim Mitchell, due to the project complexity and scale.
- The new switchgear has been installed.
- The generator was lifted into place on November 5.
Electrical Infrastructure

Planned milestones/deliverables/information for the next reporting period:

- Complete generator installation.
- Install new electrical feeders in Middle Service Rd.
## Program Budgets and Expenditures

<table>
<thead>
<tr>
<th>Construction Projects</th>
<th>Pre-Schematic Design</th>
<th>Design Development</th>
<th>Construction Docs</th>
<th>Contracting</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterinary Medical Center</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td>$9,464,299</td>
<td>$8,840,329 $8,840,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$8,840,329</td>
<td>$8,840,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$160,000</td>
<td>$176,250</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$176,250</td>
<td>$176,250</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$267,459</td>
<td>$242,495</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$242,495</td>
<td>$242,495</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$57,561,443</td>
<td>$54,347,246 $1,260,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$57,407,246</td>
<td>$57,407,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,628,592</td>
<td>$2,215,609</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,215,609</td>
<td>$2,215,609</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,766,640</td>
<td>$39,672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$117,864</td>
<td>$117,864</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$17,699,157</td>
<td>$15,797,791 $1,163,343</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$17,482,791</td>
<td>$17,482,791</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$43,802,256</td>
<td>$3,802,512 $878</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,803,390</td>
<td>$43,802,256</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,500,000</td>
<td>$725,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$725,642</td>
<td>$1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$24,814</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,814</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,766,640</td>
<td>$2,210,962 $301,993</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,532,955</td>
<td>$2,766,640</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,691,504</td>
<td>$1,597,979 $1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,597,979</td>
<td>$1,597,979</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,500,000</td>
<td>$725,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$725,642</td>
<td>$1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$24,814</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,814</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$95%</td>
<td>95%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,766,640</td>
<td>$2,210,962 $301,993</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,532,955</td>
<td>$2,766,640</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,691,504</td>
<td>$1,597,979 $1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,597,979</td>
<td>$1,597,979</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,500,000</td>
<td>$725,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$725,642</td>
<td>$1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$24,814</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,814</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$95%</td>
<td>95%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,766,640</td>
<td>$2,210,962 $301,993</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,532,955</td>
<td>$2,766,640</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,691,504</td>
<td>$1,597,979 $1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,597,979</td>
<td>$1,597,979</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$843,154</td>
<td>$687,297 $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$737,297</td>
<td>$843,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,500,000</td>
<td>$725,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$725,642</td>
<td>$1,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$24,814</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$24,814</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Program Resources

<table>
<thead>
<tr>
<th>Program Resources</th>
<th>Expected Amount</th>
<th>Zoo Bond Fund Revenues</th>
<th>Nonbond Revenues</th>
<th>Total Revenues</th>
<th>Funds Not Yet Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds, premiums and interest</td>
<td>$142,696,320</td>
<td>$142,768,647</td>
<td>$142,768,647</td>
<td>$142,768,647</td>
<td></td>
</tr>
<tr>
<td>Oregon Zoo Foundation</td>
<td>$7,918,000</td>
<td>$6,018,000</td>
<td>$6,018,000</td>
<td>$6,018,000</td>
<td></td>
</tr>
<tr>
<td>Grants, donations, rebates and partner investments - Note 1</td>
<td>$1,458,998</td>
<td>$1,458,998</td>
<td>$1,458,998</td>
<td>$1,458,998</td>
<td></td>
</tr>
</tbody>
</table>

### Notes:

- **Note 1** - In Oct. 2018, Metro received $14,529 from the Energy Trust of Oregon for the Education Center monitoring and reporting of energy and resources use.
This memo serves as a response to the Oregon Zoo Bond Citizens’ Oversight Committee’s request for annual reporting regarding the administration and bond-issuance costs incurred by the Zoo Bond Program. The last update provided to the Oversight Committee occurred in January 2017.

Background
The Oregon Zoo Bond Program provides a project status and financial report to the Oversight Committee detailing project budgets, expenditures and forecasts on a monthly basis. One of the items reported is Program Administration, which consists of program administrative staff expenditures, Metro central service costs, expenses from bond issuance, and incidental costs related to the Oversight Committee such as audit fees and meeting management. This budget was first set in August 2011 at $3.91 million and amended to $7.20 million in March 2017.

Forecasted Expenditures
Program Administration is currently forecasted to cost $8.85 million through the duration of the zoo bond program schedule, approximately six percent of the current program resources of $152.07 million. The current budget is less than the forecasted expenditure, but total expenditures for the bond program are still well within available resources. Staff feels that the administrative costs are reasonable and necessary for the continued successful execution of the bond promise.

Current estimates are based on the best set of assumptions available and will be assessed periodically as more and better information becomes available. While individual project budgets are generally static, we expect that the administrative program costs will continue to fluctuate due to adjustments in payroll, benefits, and Metro central service transfers. Administrative costs for the program are currently forecasted as follows:

- **Program Staffing** – Of the $8.85 million projected for direct zoo bond administrative costs, $2.30 million will go toward program administration. Appropriate staffing is critical for the success of the bond program. Administrative staffing levels increased slightly since the original forecast to ensure the appropriate level of oversight and project management and to adjust to
the schedule extension through FY 2019-20. The total level of staffing will gradually decline as we near the completion of bond-funded activity. The administrative workload is anticipated to increase towards the end of the program, as well as the proportion of staff allocated to this area, as the focus will shift from direct project work to close-out activities.

All position-related costs are updated during Metro’s annual budget process using five-year, organization-wide assumptions. This includes best estimates for fringe costs such as health insurance and Public Employee Retirement System (PERS) rates. In revising the bond projections, new fringe rates have had a net increase on Program Administration expenses.

- **Materials and Services** – Approximately $800,000 is projected to be spent on materials and services. This majority of this amount, $523,000, is the cost of the issuance of bonds. The remainder is for oversight committee costs, investment advisory fees and miscellaneous expenditures such as computers required by the program staff.

- **Central Services** – Of the $8.85 million forecasted for zoo bond administrative costs, the central services transfer is projected at $5.85 million. In preparation for the end of the program, an agreement has been reached to cap any cost allocation plan transfers at this level. This will allow program staff to assign unallocated resources with a high level of confidence. If actual central services costs are determined to be at a lower level, those resources will remain with the zoo bond program.

Metro’s cost allocation plan is reviewed and approved annually by the Oregon Department of Transportation on behalf of the Federal Highway Administration, as required by law for entities receiving federal funding to ensure there are no subsidies built into the cost plan. The plan is based on the principle of equitably allocating central service costs, such as accounting, information services, human resources, and general administration to “benefitted activities on a reasonable and consistent basis.”

Cost allocation for central service support is proportional to program activity and expenditure levels. As the program budget has increased due to bond issuance premiums and generous support from the Oregon Zoo Foundation and other partners, the proportional cost of Metro Central Services allocated to the Zoo Bond Program is also anticipated to increase.

**Administrative Costs to Date**
Program administration and bond issuance costs total $5.97 million of the zoo bond program’s total expenditures through September 30, 2018.

**Budget Adjustment**
An allocation of an additional $1.65 million is needed to cover the administrative expenses through the end of the program. Staff anticipate another potential change to the administrative budget, based on a potential IRS arbitrage liability. Rising interest yields on the bond program’s invested funds are exceeding the cost of borrowing, which will likely lead to a penalty payment to the IRS that cannot be calculated at this time. Higher-than-anticipated interest earnings will cover the additional expense.

---

1 Executive Office of the President of the United States, Office of Management and Budget Circular A-87 Revised, [http://www.whitehouse.gov/omb/circulars_a087_2004/](http://www.whitehouse.gov/omb/circulars_a087_2004/)
Comparison with other Bond Programs
An analysis of the Oregon Zoo, Beaverton School District, Portland Public School District, and Portland Community College bond programs in January 2015 resulted in a range of administrative costs between 3.6 percent and 7.2 percent of the total program budget. The Oregon Zoo Bond Program administrative costs are estimated at 6.2 percent of the total program budget. The Oregon Zoo’s bond program administrative costs are comparable to other local public bond-funded projects.

Should you have any questions, please contact Heidi Rahn at 503-797-1535.

cc: Don Moore, Director, Oregon Zoo
    Scott Cruickshank, Metro General Manager of Visitor Venues
    Andrew Scott, Deputy Chief Operating Officer, Metro
Attachment A

Metro Central Service Cost Allocation Methodology

Nov. 6, 2018

Background
The Metro cost allocation plan is based on the principle of allocating central service costs such as accounting, information services, human resources and general administration to “benefitted activities on a reasonable and consistent basis.”¹ Metro uses an “allocated central services” approach where costs are allocated on a reasonable basis rather than a “billed central services” model where central services are charged on an individual fee-for-service basis. Metro’s cost allocation plan is reviewed annually by the Federal Transit Administration on behalf of the US Department of Transportation, as required by federal law for recipients of federal funds.

The cost allocation plan is developed during the annual budget process, and the estimated central services costs are included in the proposed budget for the following fiscal year. Metro uses a “Fixed with Carryforward” methodology that allows the cost allocation plan to be developed to allocate budget estimates for central service costs on a fixed basis throughout the fiscal year (July 1 – June 30), but adjusted annually to recognize actual central service costs above or below estimates through carryforwards to the following fiscal year cost allocation plan.

Metro’s Cost Allocation Plan
Metro’s plan allocates cost from multiple central service functions including:

- Finance and Accounting (budget, CFO, accounting, procurement)
- Information Services
- Human Resources
- Communications
- Insurance and Risk Management
- General Administration
- Records Information Management
- Office of Metro Attorney
- Office of the Auditor

Costs from those central service functions are allocated to benefitting departments/programs using a variety of bases. Total full-time-equivalent (FTE) of staff, expenditure amounts (personal services, materials and services, and capital outlays), and tracked time are all examples of allocations bases used. All allocation plan basis data are reviewed and updated annually by Financial Planning staff to ensure that they remain reasonable for determining the share of costs to the benefitting departments.

All calculations are based on data from two years prior. For example, the amounts charged to the zoo bond in fiscal year 2018-19 are based on the actual expenditure data from FY 2016-17. This is due to federal government requirements that “actual conditions” be used in determining allocation bases.

¹ OMB Circular A-87 Revised, http://www.whitehouse.gov/omb/circulars_a087_2004/
As activity increases in the bond program, a greater share of the pooled support services will be allocated to the bond program. Conversely, fewer expenditures equates to a lower share of the total cost of central services. Total spending in FY2016-17 was substantially lower than in FY2015-16, as construction activities related to Elephant Lands diminished. A corresponding drop in the central services charge is represented in the table above.

**Exclusions from Cost Allocation**

It is important to note that the cost allocation plan excludes a significant portion of the effort put into the bond program. A material amount of zoo staff time is dedicated to the design, coordination and oversight required to successfully execute on the promise to the voters. By not allocating bond funds to supporting or backfilling zoo operations, more funds can be directed to capital construction. However, this comes at the cost of other zoo priorities and increased workload on zoo staff. Future bond programs should take this into consideration.
The purpose of this memo is to update the Oregon Zoo Bond Citizens’ Oversight Committee on the most recent cost estimate (100 percent construction documents) for the Polar Passage, Primate Forest, and Rhino (PPR) project, and provide the information needed for the Committee to make a recommendation at its Nov. 14, 2018, meeting on how to proceed. The charter of the Oregon Zoo Bond Citizens’ Oversight Committee calls for the Committee to make recommendations regarding significant project modifications and budget allocation.

Included in this memo are:
1. Background information on the Polar Passage/Primate Forest/Rhino project budget, program finances and guiding principles for fund allocation
2. Possible scenarios for addressing the project budget, pending subcontractor bidding on the main project on Dec. 11, 2018 (Attachment A)
3. Answers to questions raised by Committee members at the Sept. 12, 2018, meeting (Attachment B)

**Background on PPR Budget, Program Financial Status and Guiding Principles**

The current project budget is $43.8 million. Of that, $33 million is designated for construction. Despite significant value engineering and scope reduction over the past six months, the current cost estimate based on 100 percent construction documents exceeds our existing construction budget by approximately $2.3 million (7 percent). This cost estimate is carrying 3.5 percent in Design and Estimating Contingency on direct construction cost, which amounts to $800,000. This amount would be used first to offset bid overage and is available in the existing budget.

The zoo bond program currently has $3.69 million in unallocated program contingency, due to premiums received on bond sales, project savings and reallocations, and Oregon Zoo Foundation contributions. The program also has $1 million currently allocated to close out bond-funded projects. Of this amount, less than $100,000 has been identified for expenditure.

The Oregon Zoo Bond Program’s total resources are $152 million; we have invested nearly $105 million to date, and implemented the first five projects within approved budgets. Previous Committee
recommendations and Metro Council direction was to hold unallocated funds for remaining projects and future planning, as needed. This wise fiscal planning means that bond program resources are available to cover the estimated remaining project costs.

**Administrative costs**
Metro’s Finance and Regulatory Services team conducted an updated administrative cost allocation forecast to assess the additional administrative and central service costs through the duration of the program. Current estimates are an additional $1.65 million, which would need to be allocated from the currently unallocated program contingency. See Administrative Cost Overhead memo from Caleb Ford dated Nov. 6, 2018, for more information.

**Market conditions**
The general contractor will be seeking subcontractor bids on the main PPR project on Dec. 11, 2018, so actual final project costs will not be known until after that. Cost escalation of 6 percent (second highest in the country) over the past year due to current construction market conditions in the region continues to impact the project. The zoo’s 2011 master plan defined our scopes, project sequencing and budgets. Our cost escalation assumption at that time was 6 percent total for these final projects. Today’s market has resulted in a regional cost escalation on construction of 27 to 31 percent from 2011-2018.

**Guiding principles**
The guiding principles to address fund allocations, defined by the Oversight Committee and supported by the Metro Council in 2016, also apply to the current budget consideration:

- Align fund allocation to comply with the requirements and commitments of the original zoo bond ballot measure 26-96 and any other applicable legal restrictions or requirements.
- Recommend fund allocation that aligns with zoo conservation programming, anticipated species focus, and animal welfare priorities to the greatest degree possible and based on the best information available – including the zoo’s conservation priorities, zoo staff input, anticipated changes to Association of Zoos and Aquariums standards, financial forecasts, and cost estimates.
- Consider and be sensitive to public perceptions, seek to provide transparency about allocation changes, and highlight “value-added” contributions from nonbond sources.

**Remaining resources**
With $3.7 million in unallocated contingency and nearly $1 million from the close-out fund, the bond program has a total of approximately $4.7 million total funds available. Of that, $1.65 million is to be allocated to program administration as a first allocation priority, leaving $3.05 million available for remaining projects. This is adequate to cover the current PPR cost estimate of $2.3 million over budget.

After allocation of the $1.65 million for administration, the Zoo Bond Steering Committee and zoo leadership prefers to have all of the remaining bond program funds available to construct the PPR project, if needed, in order to ensure we deliver on the bond measure promise to the community. This includes the unused nearly $1 million currently allocated to the close-out fund. The zoo has indicated that should a close-out need arise, it will fund that from funds outside the bond program. The zoo is also prepared to fund a master plan update, a new land use permit and operation of the bond projects.

**Project contingency**
The project budget has contingency built into various line items. Staff recommends holding the escalation, contractor, and owner contingency to manage risk throughout the project. However, the most recent cost estimate is carrying 3.5 percent in Design and Estimating Contingency on direct
construction cost, which amounts to $800,000. This amount would be used first to offset bid overage and is available in the existing budget.

**Budget Scenarios**
Since actual project costs will not be known until after subcontractor bidding in December on the main PPR project, staff would like the Committee to consider four possible budget scenarios that may result, and make a recommendation on how to proceed in each scenario. The scenarios are detailed in Attachment A.

**Questions and Answers**
At the Sept. 12, 2018, Oversight Committee meeting, staff asked members what information they would need to make a recommendation on the PPR budget, and staff has provided answers to the questions raised. See Attachment B.

**Next Steps and Recommendations**
After subcontractor bids are received on Dec. 11, the general contractor and staff will verify that the bids appropriately cover all of the scopes of work. This process is expected to be complete by early January 2019, and a total project cost will be determined. That cost will align with one of the scenarios reviewed by the Committee at its Nov. 14, 2018, meeting, and a corresponding Committee recommendation. After the final cost is known, staff will communicate via email with the Oversight Committee, and if needed, solicit a vote via email on a recommendation for proceeding. If a budget allocation is needed, staff will take the Committee’s recommendation to the Metro Council in January for budget allocation approval.
Attachment A

Possible Budget Scenarios for Polar Passage/Primate Forest/Rhino project

Nov. 14, 2018

Financials as of Sept. 30, 2018 (expressed as approximate values in millions of dollars)

Actual project costs for the Polar Passage/Primate Forest/Rhino project will not be known until after subcontractor bidding on the main project in December 2018. If funds need to be reallocated to the project budget, a budget allocation would need to be approved by the Metro Council. Staff would like the Oregon Zoo Bond Citizens’ Oversight Committee to consider four possible budget scenarios that may result, and make a recommendation at its Nov. 14, 2018, meeting on how to proceed in each scenario:

**Scenario A: Construction cost within current budget**
Possible construction bids $33 million or less
Existing construction budget $33 million
No budget allocation needed

**Scenario B: Project cost exceeds budget by up to $3 million**
Possible construction bids $33.1 to $36.0 million
Existing construction budget $33 million
Costs exceeding budget up to ($3 million)
Costs covered by existing available bond program resources $3.05 million
Budget allocation needed by Metro Council

**Scenario C: Project cost exceeds budget by $4 million**
Possible construction bids $36.1 to $37 million
Existing construction budget $33 million
Costs exceeding budget up to ($4 million)
Costs covered by existing available bond program resources $3.05 million
Costs covered by zoo funds (outside bond program) $1.0 million
Budget allocation needed by Metro Council

**Scenario D: Project cost exceeds budget by more than $4 million**
Possible construction bids more than $37 million
Existing construction budget $33 million
Costs exceeding budget more than ($4 million)
Costs covered by existing available bond program resources $3.05 million
Costs covered by zoo funds (outside bond program) $1.0 million
Budget allocation needed by Metro Council

**Costs above $37 million**
- Scope reduction required (that does not affect animal welfare)
  - Potential scope reductions
    - Storage building ($0.35 million)
    - Café ($1.5 million)

No funding available

Potential scope reductions

Storage building ($0.35 million)
Café ($1.5 million)
Nov. 14, 2018
From: Heidi Rahn, Metro Asset Management and Capital Planning Program Director
       Don Moore, Oregon Zoo Director

At the Sept. 12, 2018, meeting of the Oregon Zoo Bond Citizens’ Oversight Committee, staff presented
on budget challenges for the Polar Passage/Primate Forest/Rhino (PPR) project. This was in preparation
for the Committee’s next meeting on Nov. 14, 2018, when the Committee would be asked to make a
recommendation to staff and the Metro Council regarding the PPR budget allocation. Staff wanted to
make sure committee members had everything they would need to make an informed
recommendation. After the presentation, staff asked members the following questions:

- What additional information do you need to make a recommendation in November?
- What priorities do you support with the unallocated program contingency?

The intent was for staff to provide complete answers after the meeting and before the Committee’s
next meeting. On October 9, staff sent members an email and asked if they had any further questions,
but they did not.

Here are the questions raised by members at the meeting, and the answers now provided by staff:

1. **Does the PPR schedule now include the potential permit delay of seven months?**

   No. It includes five months for potential permit review related to the main PPR project. The monthly
   project report does show a “caution” and explanation that the timeline for permit review is
   unknown at this time. Recent estimates are six to seven months for permit review. The schedule will
   be updated when construction documents are submitted for permit review and the city can provide
   a better estimate.

2. **How much would staff feel would be a reasonable amount to leave in close-out contingency?**

   The bond program’s first priority is to deliver on the promises made to voters and construct the
   projects identified in the bond measure. If the remaining bond projects need the funds currently set
   aside in the close-out fund in order to remain whole, then that would be the priority with the close-
   out fund. The purpose of the close out fund is to ensure these projects function well and are
   meeting the needs of the zoo. The zoo is designing for animals, unlike a standard building such as a
   school or apartments, and often the zoo needs time to make sure the new habitats work for the
   animals. The close-out fund is also available to cover project evaluation and permit reporting needs.
   The zoo is prepared to take ownership of the new facilities and manage any close-out needs past the
   bond program. Zoo leadership prefers that the bond program invest in getting the project designed
   and built to best standards up front to minimize post-construction needs. Thus, the zoo prefers that
   the close out fund is allocated to the final projects, if needed.
3. **Is the program going to get ultimate bid prices with deductive or additive alternates?**

If any alternates are included in the PPR main package bidding, they will be deductive alternates.

4. **How much money would be ideal to have left over? How much cushion do you feel you want for remediation to fix things, or for the next master plan?**

See response to question #2. The bond program’s first priority is to deliver on the promises made to voters and construct the projects identified in the bond measure. If any funds remain after that, funding a capital master plan update would be considered. The zoo Comprehensive Capital Master Plan, completed in 2012, cost approximately $1.7 million and outlined a 20-year plan for zoo improvements (land use permitting costs were an additional $1 million). Costs for an update are not known. The first phase of the plan is being implemented by the current bond program. The current master plan still has another 10 years of projects outlined, so the zoo is not starting from scratch; an update will build off of the zoo’s previous vision, and outcomes from the zoo bond-funded projects.

The zoo’s community engagement will look different in a future round of planning and approvals. It will likely focus less on immediate neighborhood concerns and instead rely more on deepening relationships with community organizations and partners across the region. This will allow the zoo to consult in a more meaningful way on the future of the zoo with a more representative cross section of the community. Documenting the impacts of parking and traffic on neighbors and the community was a large part of the 2012 land use permit process. Now that Explore Washington Park manages the main zoo parking lot owned by the city, the zoo is hopeful the city will formally acknowledge Explore Washington Park’s role in managing access to and transportation within the entire Washington Park, and remove the obligation for the zoo and each of the park’s cultural institutions to manage access and traffic.

The zoo’s Capital Improvement Plan for fiscal year 2019-2020 currently has funds set aside to start scoping an update to the master plan and land use permit (a requirement for future improvements). Funding for the actual update and permit has not yet been identified, but the zoo plans to work to find funding, and may seek nonbond funding. Zoo staff continue to work closely with the Metro Council to address zoo funding. The OZF partnership is strong, and fundraising for the zoo will continue.

5. **What else could possibly come up between now and 2020 for which the bond program might need funds?**

It is hard to say what may come up, but items that may arise outside the footprint and scope of the current PPR project are not the responsibility of the bond program. At the zoo, because of aging infrastructure, construction often runs into problems. The sewer lines are 18 feet deep, which is much deeper than the typical depth. The Veterinary Medical Center project ran into an ancient land slide. Despite these unexpected items, previous projects have gotten through on the project contingency. So at this time, staff believes the PPR project contingency of 10 percent is sufficient for mitigating unknown project risks.
6. **Will the bond program have a pretty good estimate for administrative costs?**

   Yes, the program has an updated estimate for administrative costs, as presented in the draft memo dated Sept. 10, 2018 and provided to the Oversight Committee at its Sept. 12 meeting. Program Administration is currently forecasted to cost $8.85 million through the duration of the zoo bond program schedule, approximately 6 percent of the current program resources of $152.07 million. Of the $8.85 million forecasted for zoo bond administrative costs, the central services transfer is projected at $5.85 million. In preparation for the end of the program, Metro has agreed to cap any cost allocation plan transfers at this level, and this is the most the bond program will pay. This will allow program staff to assign unallocated resources with a high level of confidence. If actual central services costs are determined to be at a lower level, those resources will remain with the zoo bond program. The other portion of administrative costs is primarily direct staff time and bond issuance costs. Those are able to be projected with a reasonable level of confidence.

7. **Does staff expect that funds will be available at the end of the program to do the next zoo master plan?**

   The first priority for the bond funds is getting the bond projects built. After the bond projects are completed, if unallocated funds remain, staff will go through a process of reallocation with the zoo Oversight Committee’s input and make a recommendation to the Metro Council. If needed, the Oregon Zoo Foundation, in accordance with its standard process for funding, will discuss the need and potential opportunity to help with funding the next master plan.

8. **At the end of the bond program, will the zoo be set up well for its next steps? What will it take for the zoo to be set up well for its next steps?**

   At the end of the current bond program, the zoo anticipates that all bond projects will have been completed on time and within budget. By fulfilling the promises made to voters, the zoo will have built on the community’s trust and willingness to fund future improvements at the zoo. Updating the zoo’s 20-year Comprehensive Capital Master Plan, completed in 2012, will help identify the next set of priorities and projects for continuing to build a world-class zoo. See response to question #4.

   The zoo will also be set up to operate the new projects. With the completion of many zoo bond projects, the zoo has less renewal and replacement that needs to be done on the portion of the campus rebuilt by the bond program and lower energy costs with sustainable operations. The bond funds have supported significant upgrades to the infrastructure at the zoo, which lays the groundwork for more efficient operations and future investments.

   Prior to turning over completed projects to zoo staff, the zoo bond staff works collaboratively with the zoo team to ensure the zoo has what it needs to operate the projects as planned and built.

9. **Is the program realizing any benefits or savings from the new tax situation?**

   As a government entity, Metro does not pay taxes, and therefore is not realizing a benefit. The new tax situation may affect donor giving to the Oregon Zoo Foundation, a nonprofit. Given the anticipated changes in taxes for this year, some major donors at the higher-gift level made larger
gifts last year, so they may skip a large gift this year. OZF does not know yet, but contributions are going well for now.

10. Are Oregon Zoo Foundation funds dedicated to certain projects?
The majority of OZF funds are dedicated to specific projects, but the bond program still has approximately $600,000 of unallocated OZF funds that were part of the original OZF allocations early in the program. Since these are not currently dedicated to a project and not restricted in how they can be spent (like bond funds), these funds provide more flexibility.

11. What are your thoughts on the potential impacts of a recession on the bond program?
With less demand for construction during a recession, prices are typically lower. As construction demand has risen in recent years, construction costs have escalated significantly. The final bond-funded projects will be bid prior to a potential recession. Thus, the impact of a recession would not necessarily save the program costs. Some parts of the U.S. are already seeing a slowdown in construction, e.g., in New York. The current limited workforce is a big factor affecting all construction projects.

12. Do the new tariffs affect the project costs?
Steel for the final projects is factored at current market conditions, and the cost estimate is assuming 3.5 percent cost escalation given that bids are due in December, plus is carrying a 3.5 percent cost escalation contingency for possible cost increases over the course of the project. Thus, the impacts of the tariffs on steel have already been accounted for in the cost estimate. Any new tariffs on other materials could have an impact.

Overall cost escalation is the major challenge to the project budget. For example, in the second quarter alone of 2018, roofing systems costs went up by 12.5 percent and electrical systems went up 9.2 percent.1

13. What would staff like to add back into the remaining project if more funds were available?
Any add backs would be a burden to the schedule and costly in design and implementation. We are not considering adding anything back at this time. If funds remain available, we will reassess the needs of all of the bond-funded projects to ensure they continue to meet the zoo’s needs and focus on future master planning.

14. Will the tight labor market impact the COBID utilization goal for Polar the Passage/Primate Forest/Rhino project?
Lease Crutcher Lewis (LCL), the Construction Management by General Contractor (CM/GC) for PPR, has been actively working for the past two years to foster and attract COBID-certified firms.2 LCL has

---

1 Mortenson Construction Cost Index – Seattle, WA, 2nd Quarter 2018
2 COBID refers to the State of Oregon Certification Office for Business Inclusion and Diversity that certifies minority-owned business enterprises (MBE), women-owned business enterprises (MBE), service-disabled veteran-owned businesses (SDV) and emerging small businesses (ESB).
been a local leader in the industry, mentoring COBID firms, hiring minority and women apprentices, and doing extensive outreach to COBID firms. LCL’s efforts were detailed in its Diversity in Workforce and Contracting Plan submitted in April 2018. It was shared with the zoo Oversight Committee at its May 9, 2018, meeting and published in the zoo bond Equity in Contracting Quarterly Report for April 2018. After bids for the main PPR project are submitted in December, LCL will provide updates on its COBID utilization for the project.

That said, staff believes it will be challenging to meet the 15 percent COBID utilization goal for PPR. The current construction market has created a huge demand for workforce, and especially for COBID-certified firms being sought by other public projects. The zoo’s PPR project has specialized scopes of work that are not typically provided by COBID-certified firms. Standard building designs such as the Education Center, without specialized animal habitats, have more and larger scopes of work typically provided by COBID firms.

Zoo bond staff appreciates the questions, review and dedication of the Oversight Committee members, and strives to provide everything needed for you to make a recommendation. Please let us know if you would like any additional information.

We look forward to your discussion at the Nov. 14 meeting.
Oregon Zoo Bond Program
Polar Passage/Primate Forest/Rhino (PPR) project budget options summary

Nov. 13, 2018
Financials as of Sept. 30, 2018 (expressed as approximate values in millions of dollars)

Resources
Unallocated program resources $3.7 million
Available resources from Close-out project budget $1.0 million
Total available program resources $4.7 million

New Administrative Overhead forecasted total cost $8.85 million
Existing Administrative Overhead budget $7.2 million
New allocation needed for Administrative Overhead ($1.65 million)

Zoo Bond Program Resources available for allocating to PPR budget $3.05 million

PPR Budget and Cost Estimate
PPR existing project budget $43.8 million
Construction portion of that project budget $33.0 million
Current cost estimate for construction portion $35.3 million
Current construction cost estimate exceeds budget ($ 2.3 million)

PPR subcontractor bids on main project due Dec. 11, 2018.
Actual construction costs not known until those are reconciled by early January 2019.

Possible PPR construction cost scenarios
Scenario A: Construction cost within current budget
Possible construction bids $33 million or less
Existing construction budget $33 million
No budget allocation needed

Scenario B: Project cost exceeds budget by up to $3 million
Possible construction bids $33.1 to $36.0 million
Existing construction budget $33 million
Costs exceeding budget up to ($ 3 million)
Costs covered by existing available bond program resources $ 3.05 million
Budget allocation needed by Metro Council

Scenario C: Project cost exceeds budget by $4 million
Possible construction bids $36.1 to $37 million
Existing construction budget $33 million
Costs exceeding budget up to ($ 4 million)
Costs covered by existing available bond program resources $ 3.05 million
Costs covered by zoo funds (outside bond program) $ 1.0 million
Budget allocation needed by Metro Council
Scenario D: Project cost exceeds budget by more than $4 million

Possible construction bids more than $37 million
Existing construction budget $33 million
Costs exceeding budget more than ($ 4 million)
Costs covered by existing available bond program resources $3.05 million
Costs covered by zoo funds (outside bond program) $1.0 million
Budget allocation needed by Metro Council

Costs above $37 million No funding available

- Scope reduction required (that does not affect animal welfare)

  Potential scope reductions
  
  Storage building ($0.35 million)
  Café ($1.5 million)
<table>
<thead>
<tr>
<th>Task Name</th>
<th>Start</th>
<th>Finish</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon Zoo Bond Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of Oct. 25, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects Schedule 20181025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Main Building</td>
<td>10/26/09</td>
<td>7/29/11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veterinary Medical Center</td>
<td>11/12/09</td>
<td>1/24/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Use Permits</td>
<td>3/16/10</td>
<td>1/28/13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive Capital Master Plan</td>
<td>6/2/10</td>
<td>1/31/11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penguinarium Filtration</td>
<td>11/7/10</td>
<td>2/28/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condors of the Columbia</td>
<td>7/25/12</td>
<td>3/4/14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elephant Lands</td>
<td>1/17/11</td>
<td>12/7/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent for Art</td>
<td>10/1/09</td>
<td>6/26/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VMC Commissioned Art</td>
<td>10/1/09</td>
<td>1/31/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art Conservation/Remove-Relocate Art</td>
<td>5/16/12</td>
<td>6/30/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Art Commission #1 (Elephant Lands)</td>
<td>5/13/13</td>
<td>9/30/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Art Commission #2 (Education Center)</td>
<td>4/1/14</td>
<td>11/30/16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major Art Commission #3 (Polar Passage)</td>
<td>3/1/16</td>
<td>6/26/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interpretive Experience</td>
<td>3/10/12</td>
<td>9/25/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interpretive Roadmap</td>
<td>3/10/12</td>
<td>9/30/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condors of the Columbia Interpretive</td>
<td>6/14/12</td>
<td>3/17/14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elephant Lands Interpretive</td>
<td>6/25/12</td>
<td>11/13/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wayfinding Design/Solicitation</td>
<td>3/17/14</td>
<td>12/31/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wayfinding Construction/Install Pylons/4 Kiosks</td>
<td>1/2/16</td>
<td>6/28/17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wayfinding Install Central Plaza Kiosk, Post-construction</td>
<td>8/3/20</td>
<td>9/25/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Center</td>
<td>3/21/13</td>
<td>6/30/17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Demolition</td>
<td>3/21/13</td>
<td>6/12/13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFP Design</td>
<td>1/21/14</td>
<td>4/18/14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>4/21/14</td>
<td>9/11/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>9/15/15</td>
<td>12/28/16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Construction</td>
<td>12/29/16</td>
<td>6/30/17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polar Passage/Primate Forest/Rhino</td>
<td>2/5/16</td>
<td>1/13/21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFP Design</td>
<td>2/9/16</td>
<td>6/20/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polar Passage Design</td>
<td>6/2/16</td>
<td>5/13/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primate Forest/Rhino Design</td>
<td>11/17/16</td>
<td>8/31/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>8/1/18</td>
<td>11/13/20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Construction</td>
<td>11/16/20</td>
<td>1/13/21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical Infrastructure</td>
<td>10/6/16</td>
<td>12/5/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A. Zoo Bond Citizens’ Oversight Committee Authorizing Ordinance in Metro Code

The Metro Council established the Oregon Zoo Bond Citizens’ Oversight Committee (Oversight Committee) on January 21, 2010, by amending Metro Code Chapter 2.19 via Ordinance No. 10-1232.

B. Oversight Committee’s Purpose and Authority

The purpose and authority of the Oversight Committee is to convene periodically to review progress on the Oregon Zoo Bond Measure 26-96 project improvements, monitor spending (“Program Progress”), and consider and recommend project modifications if inflationary increases in construction costs exceed current budget estimates. The Oversight Committee shall report annually to the Metro Council regarding such Program Progress, which report shall set forth the Oversight Committee’s recommendations for project modifications, if any.

C. Period of Time Necessary for the Oversight Committee to Carry Out its Purpose

The Oversight Committee shall be dissolved on July 1, 2025, or upon the issuance of a final report by the Committee after all funds authorized by the Oregon Zoo Bond Measure 26-96 have been spent, whichever is earlier.

D. Frequency of Meetings

The Oversight Committee shall meet no fewer than two times per year. Meetings shall be held at a time and location to be determined by the Chair.

E. Membership

The Oversight Committee shall be composed of no fewer than 13 and no more than 19 members, to be appointed by the Metro Council President subject to Metro Council confirmation. The Oversight Committee’s members shall primarily be professionals with experience in construction, sustainability, finance, auditing, public budgeting, banking and general business.

A portion of initial Oversight Committee members shall be appointed to serve a one-year term, and may be reappointed to serve up to two additional two-year terms, and the other portion of the initial Oversight Committee members shall be appointed to serve a two-year term, and may be reappointed to serve up to one additional two-year term.

F. Chair and Vice Chair

The Metro Council President shall designate one member to serve as Chair of the Oversight Committee. The Chair shall preside over meetings of the Oversight Committee. When the Oversight Committee is not in session, the Chair’s duties include acting as its representative and spokesperson.

The Chair shall appoint a member of the Oversight Committee to serve as Vice Chair. The Vice Chair shall assist the Chair and support the Chair’s responsibilities in the absence of the Chair.
G. Oversight Committee Annual Report

The Oversight Committee shall prepare and deliver an annual report to the Metro Council regarding Program Progress, which:

1. Shall assess Oregon Zoo’s Program Progress in implementing the Oregon Zoo Bond Measure 26-96 project improvements.

2. Shall report on project spending trends and current cost projections, and review and report upon the annual independent financial audit of spending.

3. May recommend project modifications intended to account for increases in construction costs in excess of budget estimates, to ensure that the purpose and promise of the Oregon Zoo Bond Measure 26-96 is fully realized.

H. Metro Responsible for Providing the Necessary Support

Metro will provide the facilities and support staff necessary to conduct meetings and support the activities of the Oversight Committee. Oversight Committee members will not be compensated for their services. Metro will pay costs associated with the provision of reasonable accommodations for people when such costs are directly associated with the conduct of the Oversight Committee meetings and reporting activities. In addition, Metro will provide funds annually to support the development and publishing of the Oversight Committee’s annual report.

I. Date of Charter

Original: May 12, 2010