



Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Skyline Room
Thursday, March 9, 2017
4 to 5 p.m.

Oregon Zoo Bond
Citizens' Oversight
Committee Meeting

March 9, 2017

Minutes

MINUTES

MEMBERS PRESENT

Ruth Shelly (Chair)
Daniel Aja
Heidi Goertzen
Susan Hartnett
Jill Mellen
Daniel Morris
Robyn K. Pierce
Christine L. Taylor
Karen Weylandt (via speakerphone)

AFFILIATION

Portland Children's Museum
Banfield Pet Hospital
Ferguson Wellman Capital Management
Spectator Facilities and Development, City of Portland
Research Biologist
Our Oregon
Pierce, Bonyhadi & Associates
Miller Nash Graham & Dunn
Providence Health & Services

MEMBERS ABSENT

Noah Bishop
Linda S. Craig
Deborah Herron
Mickey Lee
Bill Kabeiseman
Katherine A. Porras
Mike Schofield
Kevin Spellman
Dick Stenson
Tom Turnbull

AFFILIATION

Bishop Bankruptcy Law, LLC
Retired CPA; nonprofit treasurer
Walmart
MPower Oregon
Bateman Seidel
Meyer Memorial Trust
Gresham-Barlow School District
Spellman Consulting, Inc.
Retired healthcare executive; community volunteer
OpenSesame Inc.

GUESTS

None

AFFILIATION

ELECTED OFFICIALS AND STAFF

Scott Cruickshank
Caleb Ford
Kate Giraud
Sarah Keane
Jim Mitchell
Joel Morton
Heidi Rahn
Scott Robinson
Marcia Sinclair
Craig Stroud

Metro Visitor Venues General Manager
Metro Assistant Finance Director
Oregon Zoo Bond Assistant Project Manager
Oregon Zoo Finance Manager
Oregon Zoo Bond Construction Manager
Metro Senior Attorney
Oregon Zoo Bond Program Director
Metro Deputy Chief Operating Officer
Oregon Zoo Marketing
Oregon Zoo Deputy Director of Operations

A. Welcome / Introduction

Ruth Shelly, chair of the Oregon Zoo Bond Citizens' Oversight Committee Chair ("Oversight Committee" or "the Committee"), opened the meeting at 4:02 p.m. Chair Shelly welcomed Scott Cruickshank, Metro Visitor Venues General Manager. Heidi Rahn introduced Sarah Keane, Oregon Zoo Finance Manager, who was in attendance to answer any questions asked by the Budget Subcommittee. Ms. Rahn also introduced Caleb Ford, Metro Assistant Finance Director, who works closely with the zoo regarding unallocated funds, and Marcia Sinclair with Oregon Zoo Marketing, who assists with zoo communications.

B. Approval of Minutes of the Feb. 8, 2017, Oversight Committee meeting

Members approved the minutes of the Feb. 8, 2017, Oregon Zoo Bond Citizens' Oversight Committee meeting.

**C. Approval of proposed budget allocation for the remaining bond funds
Budget Subcommittee recommendation**

Robyn Pierce, who led the Budget Subcommittee, thanked members Ruth Shelly, Heidi Goertzen, Susan Hartnett, Dick Stenson, Karen Weylandt, Katherine Porras, and Kevin Spellman. The Subcommittee convened three times with the main purpose of providing a recommendation to the Oversight Committee regarding project modifications and remaining unallocated bond funds. Considerations were given to animal welfare, cost escalations, building code changes, legal requirements and impacts, operational impacts, and construction cost escalation.

Members of the Budget Subcommittee approved the minutes of the Sept. 8, 2016, Budget Subcommittee meeting #1, the minutes of the Feb. 16, 2017 Budget Subcommittee meeting #2, and the email vote record from the cancelled Zoo Budget Subcommittee meeting #3, which was originally scheduled for Feb. 28, 2017, but cancelled due to lack of attendance and the vote conducted instead via email and due on Friday, March 3.

Heidi Rahn and Jim Mitchell presented a budget allocation recommendation. Ms. Rahn explained that construction cost escalation has gone up significantly, and reviewed proposed scope modifications. The design for Polar Passage has been significantly value engineered to reduce costs, and an alternative preschematic design for primates is in development. Mr. Mitchell highlighted Turner Construction's escalation data, noting that several companies are in agreement with escalation percentage numbers, including Mortenson Construction and Polar Passage construction management general contractor (CM/GC) Lease Crutcher Lewis. Cost escalation and ballot measure commitments are driving the budget allocation recommendations.

Ms. Rahn highlighted the project scope and schedule modifications for the Polar Passage and primates projects. One primary project modification for Polar Passage was the addition of a saltwater filtration system, which supports the zoo's animal welfare priority. Craig Stroud noted that in order to provide conservation education research data, having the zoo's polar bears in saltwater is extremely beneficial. Part of the new primates project scope is to demolish the existing building to alleviate challenges for both animals and staff. To support the zoo's goal for sustainable infrastructure, the utility systems near each bond project will be upgraded. The budget allocation proposal includes additional upgrades for electrical utilities and replacing nonfunctioning generators that support animal welfare. Ms. Rahn noted that the program administration costs exceeded the original budget due to a revised Metro central service cost allocation methodology and zoo bond program schedule extension, and the budget will need to be increased.

The recommended option is to shift unallocated bond resources to modify the project scope and combine design and construction of the remaining projects to effectively manage construction on campus. If Polar Passage and primate/rhino projects are combined, efficiencies include savings in contractor mobilization, general contractor and subcontractor costs, and a decrease of eight months of construction time. In addition, the project completions could be phased to minimize lost zoo revenue and limit the visitor coordination needed to accommodate construction vehicles. Competitive bidding will be maintained under a single CM/GC since the subcontractors will still bid competitively for each project scope of work. The recommended option sets aside money to accommodate new standards and project modifications, evaluate effectiveness and ensure that the projects work for the zoo.

Ms. Rahn clarified that completion of the bond-funded phase one of the zoo Master Plan is still mid-2020. Scott Robinson noted that an updated master plan would need to be developed before seeking funding for any further enhancements associated with a future bond measure. Daniel Aja inquired about mitigating construction noise for the elephants due to proximity. Mr. Mitchell noted that elephants seem to be tolerant of noise, and the zoo keepers will continue to monitor all animals in the vicinity and make adjustments as needed. The crane used on the construction site will need to be approved by keeper staff. Chair Shelly explained that the design adjustments to the primates project will likely modify the zoo’s species collection, but will allow the zoo to better support fewer species. Ms. Pierce noted that the Budget Subcommittee unanimously approved the recommended scope modifications and reallocation of funds.

Susan Hartnett requested that the term “reduce” be changed to “modified” when referring to the project scopes. Members approved Ms. Hartnett’s request and the proposed funding allocations.

Vote:	<p>All members present voted to recommend approval of the project modifications and \$12.5 million funding allocations as presented by staff:</p> <ul style="list-style-type: none"> • Shift existing unallocated bond resources to the projects. • Modify project scopes and related costs. • Combine Polar Passage and primate/rhino design and construction contracts. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Unallocated</td> <td style="text-align: right;">\$12.5 million</td> </tr> <tr> <td>Primate /rhino –cost escalation</td> <td style="text-align: right;">(\$2.6 million)</td> </tr> <tr> <td>Polar Passage –cost escalation*</td> <td style="text-align: right;">(\$1.0 million)</td> </tr> <tr> <td>Polar Passage - OZF enhancements</td> <td style="text-align: right;">(\$1.3 million)</td> </tr> <tr> <td>Electrical infrastructure</td> <td style="text-align: right;">(\$1.5 million)</td> </tr> <tr> <td>Contingency for bond close out</td> <td style="text-align: right;">(\$1.0 million)</td> </tr> <tr> <td>Program administration</td> <td style="text-align: right;"><u>(\$3.3 million)</u></td> </tr> <tr> <td>Remaining unallocated**</td> <td style="text-align: right;">\$1.8 million</td> </tr> </table> <p>*Metro Council approved \$2.6M for project cost escalation to date. Additional \$2M in cost escalation forecasted; consider \$1M from unallocated reserves and \$1M from contract savings.</p> <p>**Hold for infrastructure and/or master plan update.</p>	Unallocated	\$12.5 million	Primate /rhino –cost escalation	(\$2.6 million)	Polar Passage –cost escalation*	(\$1.0 million)	Polar Passage - OZF enhancements	(\$1.3 million)	Electrical infrastructure	(\$1.5 million)	Contingency for bond close out	(\$1.0 million)	Program administration	<u>(\$3.3 million)</u>	Remaining unallocated**	\$1.8 million
Unallocated	\$12.5 million																
Primate /rhino –cost escalation	(\$2.6 million)																
Polar Passage –cost escalation*	(\$1.0 million)																
Polar Passage - OZF enhancements	(\$1.3 million)																
Electrical infrastructure	(\$1.5 million)																
Contingency for bond close out	(\$1.0 million)																
Program administration	<u>(\$3.3 million)</u>																
Remaining unallocated**	\$1.8 million																

The Oversight Committee recommendations will go to the Metro Council on March 16, 2017. Chair Shelly will be on hand to provide information relating to the Oversight Committee and Budget Subcommittee. Ms. Rahn will present a summary of where the additional funds will be allocated.

Ms. Rahn noted that the Metro Council was supportive overall, and the in-depth conversation at the Council's work session on March 7, 2017, was thoughtful and engaging. Councilors' questions were in line with the questions asked by the Budget Subcommittee.

D. Open Discussion/Questions

The Oversight Committee's annual report to the Metro Council and the community for the calendar year 2016 will be presented by Chair Shelly at the Metro Council meeting on April 13, 2017. She will highlight the Committee's recommendations and findings.

Chair Shelly congratulated Oregon Zoo staff and the Committee on the successful grand opening of the Education Center on March 2, 2017. The next Committee meeting will take place in Conservation Hall in the Education Center on May 10, 2017.

E. Adjournment

Chair Shelly adjourned the meeting at 4:52 p.m.

Upcoming 2017 meeting dates – Wednesdays

May 10, 2017 Conservation Hall, Education Center, Oregon Zoo
Sept. 13, 2017 Skyline Room, Oregon Zoo
Nov. 8, 2017 Skyline Room, Oregon Zoo