



Oregon Zoo Bond Citizens' Oversight Committee

November 14, 2018

Situation Assessment

- Each project was allocated a budget in 2011
- Construction cost escalation has significant impact on final projects
- Cost estimates for remaining projects exceed current budget
- Resources available due to premiums received on the bond sales, project savings/reallocation, and OZF contributions

Situation Assessment

- Previous committee recommendation and Metro Council direction was to hold unallocated funds for remaining projects and future planning, as needed
- Bond program resources are available to cover estimated remaining project costs

Guiding Principles

- 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 non-bond sources.

Committee Q & A

- Zoo prefers all remaining bond funds be dedicated to final projects, as needed
- Zoo prepared to prioritize master plan update, land use permit, and operation of new projects
- Administrative forecast updated; cost allocation for central services is capped
- Cost escalation continues to impact the project
- PPR project bid date is Dec. 11, 2018

Remaining Resources

Total available program resources	\$4.7 million
New allocation for Administrative Overhead	<u>\$1.65 million</u>
Resources available for allocating to PPR budget	\$3.05 million

Current Project Budget

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)

Scenarios

Scenario A: Construction cost within current budget

Possible construction bids \$33 million or less

Existing construction budget \$33 million

No budget allocation needed

Scenarios

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 available bond program resources	\$ 3.05 million
Budget allocation needed by Metro Council	

Scenarios

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 available bond program resources	\$ 3.05 million
Costs covered by zoo funds (outside bond program)	\$ 1.0 million
Budget allocation needed by Metro Council	

Scenarios

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 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

Potential scope reductions

- Storage building (\$0.35 million)
- Café (\$1.5 million)

Questions

- Do you support the recommended funding allocation scenarios?
- If not, what is your recommended alternative approach?