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: $1.65 million
- 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)
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
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?