



Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Skyline Room
Wednesday, June 8, 2011
3 to 5 p.m.

Oregon Zoo Bond
Citizens' Oversight
Committee Meeting

June 8, 2011

Minutes

MINUTES

MEMBERS PRESENT

Sheryl Manning
Jacqueline Bishop
Steve Bloom
David Evans
Ann Gravatt
Benjamin Jackson
Tony Jones
Carter MacNichol
Penny Serrurier
Michael Sestric
Bob Tackett
Carol Welch

AFFILIATION

Oregon Zoo Bond Citizens' Oversight Committee
Citizen Member
Portland Japanese Garden
The ODS Companies
Renewable Northwest Project
REAP, Inc.; Clackamas High School
Metropolitan Contractor Improvement Partnership
Shiels Oblatz Johnsen, Inc.
Stoel Rives LLP
Smith Group, Inc.
Northwest Oregon Labor Council
Nike, Inc.

MEMBERS ABSENT

Marcela Alcantar
Greg Gahan
Jim Irvine
Deidra Krys-Rusoff
Kelly Peterson
Ray Phelps

AFFILIATION

Alcantar & Associates
NW Construction Management, Inc.
The Conifer Group, Inc.
Ferguson Wellman Capital Management
Humane Society of the United States
Allied Waste Services

GUESTS

Suzanne Flynn
Kristen Lieber
Scott Lewis
Hussain Mirza
Emily Dawson
Greg Dykstra
Eric Bode
Graham Roy
Billy O'Donovan

Metro Auditor
Metro Auditor's staff
Oppenheim Lewis
SRG Partnership
SRG Partnership
CLR Design
Atelier Dreiseitl
Rider Levett Bucknall
Rider Levett Bucknall

STAFF

Mike Keele, Jim Mitchell, Joel Morton, Linnea Nelson, Joanne Ossanna, Chris Pfefferkorn, Scott Robinson, Marcia Sinclair, Craig Stroud and Cheryl Twete.

A. Welcome / Introduction

Sheryl Manning, Oregon Zoo Bond Citizens' Oversight Committee Chair, opened the meeting at 3:04 p.m. and welcomed members.

B. Approval of Feb. 16, 2011, Oversight Committee meeting minutes

Members approved the minutes of the Feb. 16, 2011, Oregon Zoo Bond Citizens' Oversight Committee ("Oversight Committee" or "the Committee") meeting.

C. Follow-up to 2009 Zoo Capital Construction Audit

Metro Auditor Suzanne Flynn explained the follow-up to the 2009 Zoo Capital Construction audit. She and her staff will review the bond program's progress implementing the audit report recommendations. She explained that the follow-up process will take about 200 person hours over two months, and is just beginning. The Committee can let her know if they have any areas of concern. She expects to have a draft by the end of July, and have the final report by the end of August.

D. Comprehensive Capital Master Plan Update

Hussain Mirza and members of the SRG Partnership team used a PowerPoint presentation (a copy of which is included in the record) to update the Committee on progress on the Comprehensive Capital Master Plan project. The presentation includes specific estimated budgets for each bond project and conceptual drawings. Interim Report #4 was issued in May, and provided to the Committee before the meeting.

They reviewed the budgetary numbers for the \$110 million available for the remaining bond projects (expenses totaling approximately \$15 million have been incurred to complete the Veterinary Medical Center (VMC), Penguin Life Support System Upgrade, Water Main Building, Master Planning, Campus Survey, and Stormwater analysis and minor projects, land use, and general administration). The team has been using a "soft cost" percentage of 45.4 percent that is applied to direct construction costs. This percentage includes all program costs outside of direct exhibit construction, such as architecture/engineering consultants; furniture, fixtures and equipment; interpretive display and messaging; project management and program administration; one-percent for art requirements; and 15 percent owner contingency.

The team reviewed Phase 1, which includes the Onsite Elephant Habitat and related infrastructure project, which includes construction of new buildings and the perimeter service road, train relocation, Wildlife Live relocation, and water and energy infrastructure. The existing elephant building will stay operational during the construction of the new exhibit and the elephant herd will remain onsite. They reviewed the visitor experience and viewing points, and the elephant barn and forest hall (indoor habitat) designs.

The Phase 1 budget includes standard construction cost assumptions, as detailed in the PowerPoint presentation. These numbers do not reflect inflation, which will be included in the overall plans in the coming weeks as the final budget estimates for all projects come together. The project is expected to take 16 months for design and 24 months for construction.

Phase 2 includes the Conservation Discovery Zone (CDZ) on the west hub, and utilities on the west end of the spine. It is designed as a base camp for education programs and as a general visitor area, with drop-off area for zoo camps. The building is designed to be open and flexible, with openings to

a water feature and views of Primates. Adjacent to existing administration building and across from the train and Tiger Exhibit, it will have some fixed exhibits, train tickets, food service, a nature exchange, a butterfly lab, and a green roof. The team is looking at alternative funding for photovoltaics on this project. Photovoltaics may be funded on a campus-wide basis and not project-by-project.

The Phase 3, Polar Bears, includes costs for the final build out of Elk Meadow for the new elephant exhibit, after construction staging for the Elephant habitat is complete. The Polar Bear exhibit will include pools, streams, visitor viewing, an interpretive building with underwater viewing, an off-exhibit yard, back-of-house management area with maximum flexibility, and a life support building to support the pools. The relocated train trestle will go over the edge of the exhibit.

Phase 4 includes Primates and Hippo/Rhino, with the main primate focus on chimps and mandrills. The long-term vision for primates is to provide “treeways” for movement across the exhibit to multiple outdoor animal spaces, new visitor paths and increased viewing points. If rhinos are substituted for hippos, the change could accommodate merged space with the other African species.

Phase 5 is for Condors in the Cascade exhibit area, between Cougar and the new VMC. The project is broken into two phases, with meshed aviary, small pools and a building in the first phase. This project is small enough scope and impact that it could be combined with any of the first four phases, at zoo discretion.

The Offsite Elephant Habitat is listed in the estimated budget to place hold bond funds, but is not part of the SRG Comprehensive Capital Master Plan scope for the zoo campus development.

The Committee asked about communication with The Oregon Zoo Foundation (OZF) for fundraising. Mr. Stroud explained that OZF is developing a development plan, expected to be done by midsummer, targeting \$15-20 million of additional support. The bond program is not assuming any outside funds to design or construct the base bond projects. This assumption is to help ensure the full bond project portfolio can be completed regardless of fundraising success. Additional funds could be targeted to project add alternates.

Craig Stroud, bond program director, noted some advantages and disadvantages of spending such a large percentage of the bond funds early in the process (Phase 1), discussed the issue of allocation of funds, and posed the question and provided rationale about the allocation for Elephants. The Committee discussed that elephants are the zoo’s signature species, had the most acreage commitment in the bond measure, and are the most popular with visitors. Metro would prefer to reduce scopes in projects other than Elephants, since the zoo is a world leader in elephants. A primary bond measure promise was to deliver an enhanced exhibit for elephants. Greg Dykstra, CLR Design, commented that the elephant habitat project cost estimate is in line with other world-class elephant exhibits.

The Committee noted the cost advantage of including more scope in Phase 1 (due to inflation risks), and asked if any other scopes could be included. Mr. Stroud responded that the land use amendment discussion with city staff is limited to the elephant project, and that the remaining bond projects would be included in the new land use permit.

In September, the SRG team will have its final estimates, including escalation/inflation. They will present the bond project schematic designs, cost estimates, and schedules to the Metro Council in September. They will present the final Master Plan report to Council in October. The team will return to present at the Aug. 10 Oversight Committee meeting.

E. Land Use Projects Status

Cheryl Twete, Metro senior development advisor, discussed the land use work underway. It will be divided into two separate land use applications: 1.) an amendment to the existing conditional use master plan (CU MS) and 2.) a new CU MS for a new land use permit. The amendment will be to allow the new Onsite Elephant Habitat and related infrastructure to move forward without a new CU MS. Ms. Twete noted that the last land use permit approval took five years due to multiple appeals, mostly regarding transportation and parking issues. The City of Portland has agreed to defer addressing transportation issues for the amendment to the CU MS, but it will be addressing environmental issues as the project impacts environmental zone overlays.

Metro plans to apply for the amendment in August, and is working closely with city staff to ensure the application addresses requirements. For the amendment, staff is working on three main issues: 1.) Document the environmental inventory in place in the environmental zones today (that legislation or requirement was not in place in prior years and must now be documented); 2.) Document an alternatives analysis, to demonstrate that the designs considered alternatives and propose the development with the least environmental zone impact; and 3.) Mitigate for construction impacts and show new plantings to requirements.

Staff is also proactively working with external stakeholders to be responsive to their issues (primarily parking and access). Metro has added to the consultants' scope of technical land use work to assess nonconforming conditions, environmental zone analysis and alternatives, and detailed planning for the elephant habitat amendment and updated conditional use applications. At the conclusion of the Veterinary Medical Center amendment to the current permit, city staff stated they would not process additional amendments. Since that time, the program successfully negotiated with the city to submit an application to amend the existing permit for the elephant project and related infrastructure.

Metro plans to submit the new land use permit application, in mid-October, and now has \$288,000 for consultant contracts to support that work. Costs may go higher if a pre-application conference with the city identifies additional application materials that must be created. Staff is working with city staff in advance to identify all required submittal information. The largest scope for the new application is related to access and parking. The Bookin Group's land use contract totals \$99,700. Chair Manning asked Carter MacNichol what he thought of the amount of land use related costs and he said he was not surprised given the complexity of the project. Stormwater management and environmental mitigation are large, technical issues to address.

Ms. Twete explained that the process for the hearings officer is anticipated to take five to six months, but could take longer. After the hearings officer's decision is an appeals period. Appeals first go to the City Council and then on to the state. To appeal, a person must have participated in the process and submitted comments.

The Committee asked about whether the program is getting adequate legal advice, given the complexities of land use issues. Metro has good internal counsel, but will supplement with external

counsel, which it plans to hire as the final application is prepared. Scott Robinson, Metro deputy chief operating officer, cautioned that every land use process has risk that cannot be completely controlled. Metro has mitigated the risks by working at all levels – with elected officials, city staff, neighbors, stakeholders, etc. The Committee recommended hiring outside counsel with specific expertise in complex land use issues. The land use budget does not yet have a line item for outside Counsel. As it did in its annual report to the Metro Council, the Committee reiterated that land use remains a threat to future schedules. Chair Manning expressed concerns about the amount of expenditure to date on land use related issues and concern that the program have the right expertise. She requested that at the next meeting staff come with more budget information and biographies for the land use team the program plans to use, including external counsel.

Staff has been working on community engagement to build trust and support the land use process. The zoo held three open houses this spring and a special three-hour meeting with adjacent neighborhood association members. Comments from the open houses were generally positive and supportive of the Comprehensive Capital Master Planning to date. Neighbors, while supportive of the zoo's exhibit and campus improvements, expressed concerns about access and parking.

Mr. Bloom asked if the proposed zoo train work will preclude the possibility of using the train as a transportation option to the Rose Garden and Washington Park. Staff assured him that it will not preclude that as a future possibility, and the train will continue to travel to Washington Park. For now, though, the train is an amusement experience and upgrading it to a transportation function is not in the scope of the current bond program.

F. Remote Elephant Center – Information Update

Prior to discussing Items F and G, Chair Manning reminded the Committee of its charge by the Metro Council.

Mr. Stroud reminded the committee that the bond measure called for a feasibility study for an offsite elephant habitat and indicated that funds were set aside for such a study, and that the program had initially set aside funds for such a project. Zoo staff developed a business case strategy for the offsite habitat, and obtained Council approval to option property. Metro has a prominent site – Roselyn Lake near the town of Sandy – but is still looking at other properties. Finding a suitable site is very difficult. In addition to site and facility improvements that can be bond funded, Metro needs to identify new funds to pay the program's operating costs. Zoo director Kim Smith, OZF and the Metro Council are working on the operating funding issue. In September, the program will ask the Council to allocate \$7.2 million for a Remote Elephant Center (REC) as part of the overall program fund allocation for remaining bond projects.

The Committee expressed serious concern about Metro purchasing property for an offsite elephant habitat prior to identifying the source of operating funding for such property. Mr. Stroud responded that no action is imminent to purchase property and that the operating funding issue has been discussed with Council and is being addressed by staff. If the Committee has additional questions about this issue, Mr. Stroud asked that members submit those questions between now and the next Committee meeting Aug. 10, so that a response can be prepared.

Mr. MacNichol reminded the Committee that the subcommittee report in the Committee's recent annual report to the Metro Council indicated that the Committee is concerned with operating costs for all exhibits, not just the REC.

G. Hippo Filtration

Mr. Stroud stated that an overall bond measure theme was to increase sustainability at the zoo through investments in modern systems and improvements. The measure identified hippos as an example of a water saving project. As program requirements for the hippo filtration system progressed with the consultant team, it became apparent that while the improvement would save millions of gallons of water, the savings would be offset by new pumps and filters required to operate the system which would require significant electrical supply.

In addition, new zoo director Kim Smith's vision is to open the "African Savannah" into a larger exhibit space with mixed species. Available space will not allow for having good exhibits for both hippos and rhinos – the zoo will ultimately remove one of the species from the collection to make adequate space for the other.

After considering the above information, Metro consulted with outside bond counsel, who advised that the ballot title does not specifically call for installation of a new hippo filtration system. This spring, staff presented the background information on the hippo/rhino question and asked for public input from the 225 people at public open houses. Public responses supported cancelling the hippo filtration project and prioritizing rhinos. Metro surveyed 4,400 people last week and the majority supported cancelling the hippo filtration project and prioritizing rhinos.

The program plans to discuss this issue with the Metro Council and ask for direction on how to proceed. Staff will propose cancelling the hippo filtration project. If the Council approves moving forward with rhinos, it is expected bond funds will be used for the decommissioning activities and required improvements to make the space safe for and to contain rhinos.

Some Committee members asked if the zoo did not know about the issues with hippos before the bond was written and why the issue wasn't raised at the time the bond improvements were conceptualized. Chris Pfefferkorn, zoo deputy director, explained that the vision of opening the African Savannah into a mixed species exhibit did not exist until the new zoo director was hired.

H. Bond Measure Program Progress: Bond Program Management Quarterly Report (FY 11, Q3)

The Committee did not have any questions on the Bond Program Management Quarterly Report (FY11, Q3).

I. Program Status and Financial Information at a Glance

No questions.

J. Consolidated Oregon Zoo Bond Program Schedule

Mr. Stroud reported that the VMC project is on budget and schedule. The Water Main Building project is done, and the Penguin Life Support System Upgrade project schedule had a one-month extension at no cost to the zoo. It is scheduled to wrap up in late June.

K. Open Discussion/Questions

Chair Manning reminded members that if approached by the media, they are to refer comments first to her or Mr. Robinson.

Some Committee members' terms ended in January. Nearly all of those members agreed to serve another term. Mr. Stroud is developing the resolution for Metro Council to reappoint members.

The Committee submitted its first annual report to Council and it is available on the website. Committee meeting materials are now on the website and archived there.

L. Adjournment

Chair Manning adjourned the meeting at 4:57 p.m.

Next Meeting Dates –Wednesdays, from 3 to 5 p.m., in the Skyline Room:

Aug. 10, 2011

Nov. 9, 2011