MEMBERS PRESENT
Sheryl Manning    Oregon Zoo Bond Citizens' Oversight Committee
Marcela Alcantar   Alcantar & Associates
Jacqueline Bishop   Roberts Kaplan LLP
Steve Bloom    Portland Japanese Garden
David Evans     The ODS Companies
Greg Gahan      NW Construction Management, Inc.
Gary Gamer      Oregon Coast Aquarium
Ann Gravatt     Renewable Northwest Project
Jim Irvine      The Conifer Group, Inc.
Benjamin Jackson REAP, Inc.; Clackamas High School
Tony Jones      Metropolitan Contractor Improvement Partnership
Deidra Krys-Rusoff Fernson Wellman Capital Management
Ray Phelps      Allied Waste Services
Penny Serrurier  Stoel Rives LLP
Michael Sestric Smith Group, Inc.
Bob Tackett     Northwest Oregon Labor Council
Carol Welch     Nike, Inc.

MEMBERS ABSENT
John Mohlis Columbia Pacific Building Trades Council; Portland Development Commission
Carter MacNichol Shiels Obletz Johnsen, Inc.
Kelly Peterson Humane Society of the United States

GUESTS
David Bragdon Metro Council President
Andrew Ferguson Oregon Zoo Bond Advisory Group, Oregon Zoo Foundation

STAFF
Scott Robinson, Kim Smith, Craig Stroud, Lee Campbell, Doug Strickler, Linnea Nelson, Joanne Ossanna, and Darin Matthews
A. **Welcome / Introduction**
Sheryl Manning, Oregon Zoo Bond Citizens' Oversight Committee Chair, opened the meeting at 3:02 p.m. and welcomed members. Members introduced themselves.

B. **Approval of Feb. 10, 2010 Oversight Committee meeting minutes**
Members approved the minutes of the Feb. 10, 2010, Oregon Zoo Bond Citizens’ Oversight Committee (“Oversight Committee” or “the Committee”) meeting.

C. **Oversight Committee Charter**
Chair Manning introduced Deidra Krys-Rusoff and recommended that she be designated as the Oversight Committee Vice Chair. Members agreed.

Marcela Alcantar moved and David Evans seconded a motion to adopt the proposed Oversight Committee Charter, included in the meeting packet. The motion passed with a verbal vote.

D. **Bond Program Organization Structure – Oversight Committee Role**
Craig Stroud, bond program manager, explained the Oregon Zoo Bond Governance chart provided in the meeting packet. He reviewed the membership, purpose, focus and scope, deliverables and durations of both the Oregon Zoo Bond Advisory Group (OZBAG) and the Oregon Zoo Bond Citizens’ Oversight Committee. Scott Robinson, Metro deputy chief operating officer, further explained OZBAG’s role and membership, especially as being involved on the front end of the bond program work. He said that the Committee plays a very important role for the voters and the public, to let voters know that the program has spent their dollars efficiently and as envisioned in the original bond measure. The Committee lasts through 2025, or through the final bond expenditure, whichever occurs first. The Committee is made up of all external members, representing a wide variety of professions and interests, to be able to speak back to the public about the bond program’s promise. It is an independent voice, and not a decision-making body.

Chair Manning encouraged members to ask questions and offer suggestions.

G. **2. Oregon Zoo Bond Advisory Group Update (moved up in the agenda)**
Andrew Ferguson, Oregon Zoo Bond Advisory Group (OZBAG) Chair, talked about OZBAG’s role as an advisory body. He said the group has a good relationship with bond program staff, and he’s been impressed with the job the staff is doing. He said the bond team has been good about taking advice and providing information. He gave an example from the March 8, 2010, OZBAG meeting regarding the Penguin Filtration project. He said the group spent almost an hour discussing the various project options, gallons of water saved for each, cost, etc. By the end of the discussion, the group had come to consensus advice for the bond team. He gave the process an A+ grade. Scott Robinson discussed the overview of the skill sets comprised among members of the OZBAG group. In particular, he noted that land use attorneys and facility operation managers were two skill areas with significant input on the early bond work, and were well represented on the group.

Scott Robinson said that OZBAG also has facilities managers as members. These individuals have helped with identifying the operating considerations of the project improvements.
Mr. Ferguson said the staff has to put together presentations for OZBAG covering the major project decision points and options. Staff will send out the list of OZBAG members to the Oversight Committee.

Marcela Alcantar expressed concern that some decisions may have already occurred, and wanted to know if minorities and women were given adequate opportunities. Chair Manning indicated that the topic of procurement policies regarding minorities and women would be covered later in the agenda. Staff will provide copies of the OZBAG meeting packet to the Committee.

Steve Bloom expressed concern that the staff is being asked to prepare for too many meetings and not have time to get any work done.

Mr. Robinson said that the oversight has been good for thinking through the structure and decision-making process for the program. He feels the program is at an appropriate balance at this time. There’s much work in getting it up and running, but good work. Kim Smith, Oregon Zoo director, confirmed that she thinks this oversight work has not kept the staff from moving forward with its work, and has not seen a negative impact. She thinks it has been very positive.

Craig Stroud identified the bond program staff members and their roles. On July 1, the communications staff person and exhibits manager will become full-time bond positions. The Communications person is ramping up with the bond measure now. Mr. Stroud reports to Scott Robinson, and Kim Smith also reports to Scott Robinson. Ms. Smith identified zoo animal staff who are part of the design teams for the bond projects. Mr. Stroud said that the program may bring in outside experts for key issues as the program progresses, as well as draw on the several hundred staff at Metro for expertise. The program’s processes are becoming more efficient.

Tony Jones asked about the reporting to the public. Chair Manning said the Committee will appear once a year before the Metro Council and issue an annual report. Chair Manning said that she would work with Mr. Stroud on developing future Oversight Committee agendas to help structure the annual report.

Ray Phelps asked to get a copy of the materials that were provided in the voters’ pamphlet for the bond measure. (Staff will provide it.) He also asked for the report of spending trends over time, so he is able to anticipate how money will be spent over time. (The OZBAG May 10 meeting packet included an expenditures draw down schedule and will be provided to the Committee.)

Jim Irvine asked about the process for making modifications to budgets and contracts. He said he presumes that if there were significant modifications to projects, the process by which that happened would be brought to the Committee. Mr. Robinson said that the role of the Committee is to look at whether the process that the staff used to arrive at a decision was sound.

Chair Manning noted that there have not been a lot of big decisions for the Committee to review yet, but more will come after the Comprehensive Capital Master Planning process is complete.
David Bragdon, Metro Council President, said it is very worthwhile for the staff to be able to tap into the brains and experience of the Committee members. It is also important to build constituency with the member groups the Committee members represent. He used the Natural Areas bond measure experience as an example. He said Metro is asking the Committee to validate the processes used by staff. Metro is not asking the Committee to make decisions that the management should make.

E. Metro/Zoo Financial Background Information
Joanne Ossanna, Zoo Budget and Finance manager, provided information about her previous experience at the Beaverton School District where they implemented a large bond measure, with $70 to $80 million in expenditures in some years. She assured the Committee that she has adequate experience working with bond expenditures and capital projects. She reviewed the memo she provided in the meeting packet, which compares the Zoo Bond Program budget to the magnitude of Metro’s annual financial budget. She welcomed questions on the bond program finances as it progresses.

Mr. Irvine asked about accounting for capital expenditures. He wants to understand if funds can be used from one fund for another fund’s project. He wants to know if capital expenditures from one fund can be hidden by spending in another project or from a different funding source. Mr. Stroud explained that bond proceeds can only be spent on bond projects. The fund revenues and expenditures are isolated in a separate fund within Metro’s accounting system. Also, there are internal and external audits of Metro’s expenditures. It was also noted that some fundraising may be done for additional aspects of projects. Carol Welch said it would be helpful to increase the committee’s understanding of Metro’s audits. This could be an agenda item for a future committee meeting.

F. Status of Zoo Internal Audit Recommendations – Management Response
Craig Stroud presented the current status of the Oregon Zoo Capital Construction Audit recommendations from November 2009. All audit recommendations have been addressed through systemic or process improvements. The bond program team continues to explore, identify and implement best practices.

G. Update on Program Activities
1. Bond Program Management Quarterly Report (FY10 Q3)
Craig Stroud introduced the Bond Program Management Quarterly Report (FY10 Q3) which is also presented to the Metro Council on a quarterly basis. Chair Manning asked about project budgets. Mr. Stroud explained that when the bond passed, it included target budgets by project that included large amounts of contingency. This was done because project schematic designs had not been completed. Those target budgets are not necessarily adequate and staff has low confidence in the overall targets; however, because much scope control exists for each project, the overall bond amount should be able to deliver the voter’s vision.
Through the Comprehensive Capital Master Planning effort, the program will look at timing, dependencies, geotechnical concerns, animal welfare, etc. to lay out the blueprint for the program build-out. By using an external consulting team for Comprehensive Capital Master Planning, the program will reduce risk and ensure success by using experienced experts. Over the next year, specific project budgets will be developed with contingencies and schedules.
Chair Manning asked about overhead expenditures, and Mr. Stroud identified two types: 1) Allocated overhead from Metro for internal services (human resources, internal audit, legal, insurance, accounting, leadership and Council, etc.). 2) Bond program overhead, primarily for the governance committees and bond staff generally supporting the bond program’s activities (i.e., Mr. Stroud’s payroll costs). The program has looked at other zoos’ and organizations’ overhead and is in the process of determining what the target not-to-exceed overhead should be for the program. Additional work in this area will be forthcoming.

Ms. Welch asked about whether revisiting and reassessing the comprehensive timeline will be built into the program, since some projects will not start for many years. Mr. Stroud agreed that the program will likely need to reassess comprehensive plans on a periodic basis as progress is made. The master plan will provide schematic designs and separate consulting firms will be contracted to move individual project planning through construction documents. Ms. Smith explained that the expert zoo firms who prepare master plans will include appropriate contingency knowing that degree of uncertainty over time (the Comprehensive Capital Master Planning RFP also states this expectation). Architectural work is another stage when timelines are revisited. Ms. Welch noted that it would be appropriate to periodically revisit master plans given future economic conditions are unknown, etc.

Ann Gravatt asked about why the Penguin Filtration and Veterinary Medical Center (VMC) projects are being done before the master plan is completed and the land use effort concluded. Mr. Stroud explained that the VMC land use was approved under the zoo’s current Conditional Use Master Plan and the Penguin Filtration project is a mechanical upgrade that was not dependent on the land use decision.

Michael Sestric asked how the Metro overhead allocation formula was implemented for the bond program compared to other Metro programs and departments. Mr. Stroud responded that the formula is consistently used Metro-wide for overhead cost allocations. The method is also used for federal grant purposes.

a. Master Plan RFP Update
Mr. Stroud said the program issued a Request for Proposals (RFP) for a Comprehensive Capital Master Plan in April. Many external parties complimented the program on a well-written RFP. The bond program expects to score and award the consultant contract in midsummer to a multidisciplinary team. The program will take the master plan to the Metro Council for approval.

b. Land Use (Plan District) Update
Concurrently with the Comprehensive Capital Master Planning work, the bond program is beginning a land use effort with the city of Portland. Staff is meeting with key city of Portland officials to begin discussions. The program wants to look at alternatives to the conditional use process, and is asking the city to assign top-level staff to develop alternatives and implement a direction, as well as help with modifying city building code for innovative new approaches. The program plans to convene the city bureau heads with the bond team to look at timeline, costs, key decision-makers, etc. in June or July.
c. **Updates for Projects Underway (VMC, Penguin, Water Main)**
   The Veterinary Medical Center (VMC) and Penguin Filtration projects are proceeding. The management report provided by Mr. Stroud in the packet details this work. Mr. Stroud explained about the two-step bid process for the VMC. The bond program took the Penguin Filtration project design development alternatives to OZBAG in March for advice on scope options and related costs.

   The Water Main Replacement project is small, but the city has tied some of that work to the VMC. The water main will need to be shut down for a day or two, and staff will prepare contingencies for that project.

   Marcia Sinclair, the new bond team Communications staff person, will help with program outreach for the land use effort, as well as finalize and implement a bond program communication plan.

d. **Best Practices Research and Adoption**
   Mr. Stroud discussed outreach activities performed by the bond program staff to identify best practices. This work will continue.

e. **Project Status and Financial Info at a Glance**
   The document was provided for Committee review.

f. **Program Schedule**
   Metro plans to sell $15 million of general obligation bonds in September 2010. The next bond sale after that will most likely be a larger general obligation offering of $30 to $40 million, when the program has concluded the Comprehensive Capital Master Planning work and the land use effort.

   David Evans asked about the reporting format. Mr. Stroud said the format is negotiable, and the program is looking at other bond program examples, with stoplight format reports being one option. Mr. Stroud wants to provide the Oversight Committee what will be most helpful for it to do its job. The program will be refining the format of the reports, and will distribute the last OZBAG packet for review. David Evans said he is interested in the high-level stoplight-type reports.

   Tony Jones said he would like to have identified the key audit functions to which the Oversight Committee needs to pay attention. Chair Manning referred to the Committee role detailed in the governance chart in agenda item D. She suggested that the agenda could be tailored around the Committee key concerns in the future.

   Deidra Krys-Rusoff complimented the staff on the info provided so far. She expressed concern about whether adequate staff is provided for the program. She said it seems like it can be overwhelming. Ms. Smith noted that the zoo has done other construction projects, and the entire zoo staff is also available to assist the bond team, as well as other Metro staff. Scott Robinson said that teams are looking at each aspect – safety, animal care, security, guest experience, railroad, etc. – of the work.
Zoo staff costs (non bond) are not being charged to the bond. Ms. Smith has determined that part of their ongoing job is to help design spaces for the animals they keep, the guests they serve, etc. The zoo staff costs will be paid from the zoo general operating fund.

Marcela Alcantar asked about the Master Plan process review. Mr. Robinson explained that no decisions have been made yet, and the program is in the midst of the process. OZBAG reviewed the master planning process and draft RFP.

Greg Gahan asked about budgets for each project. Mr. Stroud explained that we are not confident in the current target budgets. The Comprehensive Capital Master Planning will provide confident figures with adequate risk-based contingency. Mr. Sestric said he thinks the program is approaching the work in the right way. Chair Manning also complimented the work.

Scott Robinson spoke to the VMC project and its budget. It had lots of pre-design that was done, because it was required for Association of Zoos and Aquariums (AZA) accreditation. Also, Metro had firm numbers for the Penguin Filtration project.

Chair Manning applauded Metro for its transparency. She questioned whether the program has the right skill sets on the team, as staff or consultants, particularly for the land- use effort and core construction management work. She noted that while Metro has a lot of land use experience on staff, they do not have deep experience in the type of land use issues the zoo will be dealing with in completing the projects contemplated in the bond measure. She also noted that a previous successful expansion of the Convention Center (a MERC/METRO project which came in on time and under budget) hired an owners’ representative, but said she doesn’t see that contemplated on the team yet. She expects the Committee will continue discussing these questions as part of its oversight role.

Mr. Stroud responded that the two project managers on the team each have 20 to 30 years of construction management experience and are acting as owner’s representatives. For particularly risky program milestones or activities, the program is assessing how to best use internal and external resources to minimize the risk. For example, on May 10 bond program staff discussed with OZBAG how to best resource the land use effort. Mr. Irvine feels more comfortable now with program plans for the land use effort. Ann Gravatt noted that adequate staffing was an issue flagged in the audit report. Ray Phelps said the best spent money on the project will be to have someone who specifically focuses on getting it built, to deal directly with contractors, who only has Metro’s interests in mind.

H. New Zoo Director Introduction

Mr. Stroud introduced Kim Smith, Oregon Zoo director. He reviewed her extensive experience, including overseeing a $27 million construction project at Brookfield Zoo. Ms. Smith expressed that implementing her vision of the bond improvements is the opportunity of a lifetime. She wants to impact how animals are treated, and wants animal welfare to be first, foremost and very evident to zoo visitors. The Oregon Zoo has led in elephant care for years. She wants to
take that leadership to the next level by having matriarchal herds that are never broken up. She wants to have more natural exhibit floors and to have exhibits where animals spend the majority of their time. Her vision is that animals only spend small amounts of time off-exhibit each day because the exhibit space provides for all their needs. She believes exhibits should use less concrete, less water to wash down, etc. The Oregon Zoo has always pioneered sustainable practices and will continue to do so.

I. Metro Procurement policies and practices, including Minority, Women and Emerging Small Business (MWESB) program

Darin Matthews, Metro Procurement Manager, introduced Metro’s procurement guide (included in the meeting packet). He spoke to how Metro will provide outreach to minorities, women and emerging small business (MWESB). For professional services, Metro includes a portion of the scoring criteria (10 to 20 percent) to encourage diversity. On the construction side, Metro is using the Request for Bid (RFB) approach and requires prime contractors to do a good-faith effort for MWESB outreach, especially for subcontractors. At the Oregon Convention Center, Metro is listing goals for diversity.

Cost controls for change orders were addressed in the Metro audit and management response. Mr. Matthews stated that change orders over 5 percent or $25,000 must be approved by the Metro Council.

Marcela Alcantar said she disagrees that the good faith efforts are adequate for construction. Mr. Matthews offered to talk with her about her concerns.

Tony Jones said there should be an aspirational target for diversity utilization on public work projects at Metro. He wants contractors to know that Metro is serious about diversity. Mr. Matthews agreed with him, and said diversity reflects Metro’s values. Ms. Alcantar said it is important to see the firms actually in use, not just targets. She will be reviewing the work to see if the goals are actually achieved. Mr. Matthews extended an invitation to speak with anyone on procurement issues and opportunities.

J. Open Discussion--None

K. Other--Communication Protocol

Chair Manning said that if someone gets a call from a reporter, please refer the reporter to her. She will work with Scott Robinson to respond. At the next meeting the Committee will hear more about communications from Marcia Sinclair, the new bond program communications staff person.

L. Adjournment

Chair Manning adjourned the meeting at 5:00 p.m.

Next Meeting Dates – 2nd Wednesday of the month in Aug., Nov., Feb. and May (3-5 p.m.)
August 11
November 10
February 9, 2011
May 11, 2011