



## Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Skyline Room  
Wednesday, Aug. 10, 2011  
3 to 4:30 p.m.

Oregon Zoo Bond  
Citizens' Oversight  
Committee Meeting

Aug. 10, 2011

Minutes

### MINUTES

#### MEMBERS PRESENT

Sheryl Manning  
Jacqueline Bishop  
Greg Gahan  
Ann Gravatt  
Benjamin Jackson  
Tony Jones  
Carter MacNichol  
Deidra Kryz-Rusoff  
Bob Tackett  
Carol Welch

#### MEMBERS ABSENT

Marcela Alcantar  
Steve Bloom  
David Evans  
Jim Irvine  
Ray Phelps  
Penny Serrurier  
Michael Sestric

#### GUESTS

Scott Beckstead  
Jackie Beckstead  
Maria Gromysh  
Greg McLagan  
Hussain Mirza  
Syd Most  
Michelle Pawliger  
Rex Ruckert  
(Not legible)

#### STAFF

Kristin Lieber  
Jim Mitchell  
Joel Morton  
Linnea Nelson  
Joanne Ossanna  
Scott Robinson  
Marcia Sinclair  
Kim Smith  
Craig Stroud  
Cheryl Twete

#### AFFILIATION

Oregon Zoo Bond Citizens' Oversight Committee (Chair)  
Attorney  
NW Construction Management, Inc.  
Renewable Northwest Project  
REAP, Inc.; Clackamas High School  
Metropolitan Contractor Improvement Partnership  
Shiels Oblatz Johnsen, Inc.  
Ferguson Wellman Capital Management  
Northwest Oregon Labor Council  
Nike, Inc.

#### AFFILIATION

Alcantar & Associates  
Portland Japanese Garden  
The ODS Companies  
The Conifer Group, Inc.  
Allied Waste Services  
Stoel Rives LLP  
Smith Group, Inc.

The Humane Society of the United States  
The Humane Society of the United States  
Guest  
McLagan Farms, LLC  
SRG Partnership, Inc.  
Out To Pasture Sanctuary.Org  
The Humane Society of the United States  
Guest  
Ananda Animal Rescue

Metro Auditor's staff  
Oregon Zoo Bond Construction Manager  
Metro Senior Attorney  
Oregon Zoo Bond Program Coordinator  
Oregon Zoo Finance Manager  
Metro Deputy Chief Operating Officer  
Oregon Zoo Public Involvement  
Oregon Zoo Director  
A Better Zoo (Oregon Zoo Bond Program) Director  
Metro Senior Development Advisor

**A. Welcome / Introduction**

Sheryl Manning, Oregon Zoo Bond Citizens' Oversight Committee Chair, opened the meeting at 3:10 p.m. and welcomed members.

**B. Approval of June 8, 2011, Oversight Committee meeting minutes**

Members approved the minutes of the June 8, 2011, Oregon Zoo Bond Citizens' Oversight Committee ("Oversight Committee" or "the Committee") meeting.

**C. Comprehensive Capital Master Plan Team Introduction**

Craig Stroud, A Better Zoo program director, introduced the Comprehensive Capital Master Plan (CCMP) update. It has been almost a year-long engagement and the effort is nearing completion. The review and approval for the bond implementation plan will be presented to Metro Council in late September. The review and approval for the 20-year master plan vision (which also incorporates the bond implementation plan) will be presented to the Metro Council in late October. The two elements were split for review and approval to reduce confusion and complexity.

Mr. Stroud reviewed the financial aspect of the CCMP work. The project estimates and forecast costs balance to bond resources available. The CCMP team has worked with the zoo's independent cost estimator and SRG's cost estimator. The estimators are comfortable with the cost estimates, which include construction escalation and contingencies. The team has honored the principle of conservative estimates in budget and timelines to help mitigate financial risk.

Hussain Mirza with SRG Partnership used a PowerPoint to present the remaining bond program pre-schematic designs (a copy of his presentation is included with the record). He presented the sequence of projects as elephants, Conservation Discovery Zone (CDZ), polar bears and primates/rhino. The condor habitat project is small enough in scope and campus impact to sequence at Metro's discretion, once land use approvals are obtained. He noted that the sequencing could be opportunistically modified, particularly the sequencing/order of Polar Bears and CDZ.

Mr. Stroud stated that on Aug. 4, 2011, the Metro Council passed a Council Resolution to remove the hippo filtration project from the bond portfolio. Hippos will leave the zoo's collection in the future and the rhino habitat will be expanded into the existing hippo habitat.

Mr. Mirza reviewed the summary of bond fund allocation by project and at the program level (presented on page 22 of the PowerPoint). The summary includes a \$7.2 million offsite elephant allocation and indicates outside train funding of \$4 million. Kim Smith, zoo director, stated that she is submitting a formal proposal to The Oregon Zoo Foundation to fund the train modifications to maximize bond funds for animal improvements. Ms. Smith stated that if the OZF declined to fund, or only partially fund, the train modifications, that she was committed to explore funding from other Metro sources, such as a loan, or to modify the existing bond project scopes to make the funding available. Ms. Smith concluded that she is committed to ensuring project scopes are balanced to available funds, even if that means value engineering scopes.

Mr. Mirza reviewed the suggested sequencing and timelines for the projects (shown on page 23 of the presentation). The Condor project is not listed as that project will be opportunistically incorporated into the timeline at Metro's discretion.

Each project is now designed to the pre-schematic level. The next major design phases are design development, construction documents, and then bidding/contracting. The bond program will use Construction Management/General Contractor (CM/GC) for the elephant project, as already authorized by the Metro Council. State law requires Metro to have Council approval for each CM/GC project. The program expects to use CM/GC contracting for many of the projects.

The Committee discussed plan costs and funding. The plan includes escalation costs by project for construction inflation. Ms. Smith emphasized that the team has developed tight project scopes and schematics, and that she is committed to accomplishing project goals with the funds available. Mr. Stroud stated that the funding plan assumes no outside funding sources and has been developed from a conservative mindset. Outside funds will be used for scope enhancements and not critical (base) project elements. OZF is working on a development plan that has development alternates that can be added in at any time.

The design on the new elephant habitat is expected to last into early 2013 with the project ground breaking soon after. The program will proceed with diligence to compress the timeline.

#### **D. Land Use Projects Status**

Cheryl Twete, Metro senior policy advisor, provided an update on the land use projects. She referred Committee members to the information provided in the meeting packet.

Metro has a high level of confidence in the team assembled to work on the land use projects. The Bookin Group has supported more conditional use master plans with the City of Portland than any other firm in the region, except for some law firms. The transportation firms are high caliber, and have been involved with the zoo for 15 or more years. They understand the needs of the institutions involved and their stakeholders. The firms were selected via a request for proposal process. The Comprehensive Capital Master Plan consultant team will also support certain elements of the Conditional Use Master Plan applications.

Metro also hired a legal firm, Black Helterline, LLP, via an RFP process. Staff responded to the Oversight Committee's advice at the last meeting to bring on legal advice earlier rather than later, and thanked the Committee for that input.

Chair Manning asked about Ms. Twete's involvement in prior land use projects. Ms. Twete reviewed her experience on similar, complex projects, including the creation of a plan district for Oregon Health Sciences University. She was part of the steering committee and worked with OHSU and city staff on the project. She was also the Senior Project Manager for the South Waterfront plan district and development agreement. Ms. Twete has many years of experience working effectively with city bureaus.

Ms. Twete was also the project manager for the Expo Center's successful Conditional Use Master Plan in June 2011, which was approved with no appeals. Ms. Twete stated that the city was very complimentary of the project.

Ms. Twete reviewed the detailed, projected land use budget prepared for the Committee. The project has many components, fees and a tremendous amount of required technical work. Since the zoo's last land use approval in 1997, many the city's standards have changed, and this has created much work on the part of the zoo to create "baseline" technical information.

The largest known issue to address in the application is visitor access and vehicle parking. Parking in particular was a key issue during the zoo's last Conditional Use Master Plan application and was a primary reason for that application's five-years of appeals. City staff is requiring detailed analysis and forecasting of total traffic demand for the parking lot over the ten-year period the updated Conditional Use Master Plan will cover. Metro is working with other Washington Park Alliance members on this forecast, as the lot is shared. Metro is assessing strategies to increase the use of alternative transportation modes for visitors to access the zoo, putting significant focus on improving the poor visitor experience that currently exists for parking and shuttle systems. Part of this strategy is to work with the stakeholders sharing the lot to identify common goals and activities that improve the current condition.

Chair Manning asked about the land use budget, and what were comparable costs at OHSU or other similar projects. She said the zoo numbers seem high. Ms. Twete said that Ms. Bookin managed the Kaiser Permanent hospital land use application in Hillsboro and was paid \$122,000 for that work, compared to the \$100,000 contract for supporting the zoo's updated Conditional Use Master Plan application. Ms. Twete noted that these types of direct comparisons can be misleading as conditions for the two entities are different and the jurisdictions were different. Ms. Twete agreed to check with the Port of Portland on its airport land use costs. MS. Twete stated that the zoo's Conditional Use Master Plan will cost much less than the creation of a plan district, which was the original idea for this latest phase of development planning.

Mr. MacNichol commented that the Kittleson fee seemed high given his understanding of the project scope, but that he has not reviewed the scopes of work they are completing. He said it is important to determine what the city requires and to ensure the traffic engineers are only preparing the required information. Ms. Twete responded that the scopes are appropriate for the technical application needs, as well as the needs of Metro for ultimately improving the access and parking problems.

Some members expressed surprise at the SRG Partnership fees for land use work, especially given its current contract for CCMP work. Mr. Stroud explained that the land use work was new scope and in addition to their original CCMP scope of work. After the decision was made to pursue a new Conditional Use Master Plan rather than a plan district designation, the necessary scope of services were added to provide the technical and zoning analysis information. The SRG team is assisting with the nonconforming conditions analysis.

Mr. MacNichol commented that the Bookin Group fee seemed reasonable given his understanding of the project scope. He commented that the budget was carrying a substantial contingency. Ms. Twete explained that the project budget covers expenses through a City Council appeal, if that occurs. Final costs will depend on city requirements that may include additional technical analysis, negotiations to reach acceptable conditions of approval, and future appeals beyond City Council, if any. The work includes analysis of the existing conditions, future demand projections, future conditions analysis and the preparation of an updated Transportation Demand Management strategy. In the past, the zoo has assumed responsibilities

for the city-owned parking lot, and going forward, is looking at identifying what the shared responsibilities might be across the various stakeholders using the lot.

Chair Manning asked about the 20 percent contingency. Ms. Twete responded that Metro wanted to use a conservative figure for budgeting. She is exercising the Metro strategy of actively responding to prior issues and problems and being good partners to neighbors and institutional stakeholders impacted by zoo operations. Metro has been communicating early and often with stakeholders to avoid costly delays in the future. Chair Manning recommended attempting to benchmark the project in terms of costs. She suggested elements of the airport project may be useful to assess and compare.

Chair Manning added that the public outreach figures also seem high. Mr. Stroud said the bond program organization chart, last updated in 2010, identifies the land use projects as the public involvement staff's primary assignment. In addition, the public outreach costs borne by the bond program all directly support bond program activities and would be bond-funded regardless of the bond program project supported. Tracking and allocating these costs across bond projects would not change the total bond-funded amount and was expected to be materially insignificant for the minor bond projects supported. For those reasons, the decision was made to allocate the public involvement costs entirely to the land use projects.

Chair Manning asked Ms. Twete to discuss the most significant land use risks. Ms. Twete responded that to minimize risk, Metro has been working very closely with city staff to identify early the expectations for the zoo's unique conditions. The city has communicated two primary concerns, 1) transportation and 2) environmental zone impacts. The elephant, train and road project is the primary bond program project that impacts environmental zones. Metro's strategy to seek an amendment to the existing Conditional Use Master Plan for the elephant, train and road project separates this difficult issue from the transportation issues. Because the scope and budget for this project represents approximately half of the remaining bond funds, significant work can proceed while the transportation issues are resolved as part of the new Conditional Use Master Plan application for the remaining bond projects.

Chair Manning asked Ms. Twete to discuss the land use schedules. Ms. Twete said that the consultant team is working diligently to complete the amendment and updated applications and that they are on schedule for submission for Sept. 1 and Oct. 15, 2011, respectively. Once an application is submitted, the city will review the application for completeness. That step may take longer than the typical three-week process due to the complicated nature of the project. The overall project schedule acknowledges this factor and has incorporated additional time. Metro expects the city will ask Metro to sign a waiver to the 120-day rule for the city to complete its review. Caroline MacLaren, attorney with Black Helterline, reviewed the schedule and believes the schedules are reasonable. Metro is targeting the completion of both land use projects by June 2012, assuming no major appeals.

Joel Morton, Metro senior attorney, said that risks have been considered and discussed to the top of Metro, including with Dan Cooper, Metro's Interim Chief Operating Officer. Senior staff is well aware of the inherent risks and understands that there will be issues to resolve as the process unfolds.

Mr. Stroud said he understands the Committee's concern about the amount of funds budgeted and being spent to obtain land use approvals. However, he believes schedule risk is the key risk facing the land use projects and the overall bond program. A significant delay in land use approval, as Metro experienced in the last Conditional Use Master Plan effort for the zoo, could push out the program's construction schedule. In that scenario, construction inflation could generate financial impacts that far exceed the \$900,000 budgeted for the land use projects. To minimize schedule risk, the Metro strategy has been to clearly understand the city requirements and stakeholder issues prior to the application submittals. Much work has gone into communicating early and often to inform and help smooth the application and review processes.

Carol Welch asked at what point the Committee will receive updated information on costs and outcomes for the land use projects. Chair Manning asked staff to report status at the November meeting.

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

Deidra Krys-Rusoff asked about the Penguin Life Support System Upgrade project and the schedule slippage. Mr. Stroud responded that the general contractor is behind schedule. The project team is satisfied with the quality of the Life Support System installation thus far. The schedule slippage is not creating animal welfare or guest experience impacts and the general contractor is paying for additional fees as a result of the slippage.

The Committee congratulated staff for the Water Main Building coming in under budget and on time.

The Metro Council met Aug. 4, 2011, and reappointed members to the Oversight Committee to serve a new two-year term that expires Dec. 31, 2012: Benjamin Jackson, Tony Jones, Deidra Krys-Rusoff, Carter MacNichol, Penny Serrurier, Michael Sestric, Bob Tackett and Carol Welch.

**F. Program Status and Financial Information at a Glance**

Mr. MacNichol said he believes the committee should continue to review overhead costs, as they did to prepare for the Committee's first report to the Metro Council, to ensure the costs are reasonable.

**G. Consolidated Oregon Zoo Bond Program Schedule—No discussion.**

**H. Open Discussion/Questions—No discussion.**

**I. Adjournment**

Chair Manning adjourned the meeting at 4:24 p.m.

Some committee members then toured the Veterinary Medical Center construction site and building.

Next Meeting Date –Wednesday, Nov. 9, 2011, from 3 to 5 p.m. in the Oregon Zoo Skyline Room