

MINUTES OF THE COUNCIL REGIONAL FACILITIES AND METRO OPERATIONS COMMITTEE

Thursday, July 12, 2001

Council Annex

Members Present: Councilor Rex Burkholder (Chair), Councilor Carl Hosticka

Members Absent: Councilor Rod Park (excused)

Others Present: Presiding Officer David Bragdon

Chair Burkholder called the meeting to order at 10:05 a.m.

1. Consideration of the Minutes

The minutes of the May 31, 2001, and June 14, 2001, Regional Facilities and Metro Operations Committee meetings were moved by Councilor Hosticka and unanimously approved without revision.

2. Zoo Dialogue/Worksession

Chair Burkholder requested a continuation of the zoo dialogue commenced at the last meeting. He stated this committee wanted to be aware of zoo policy and other important issues that the zoo wished to bring forward, for example, the zoo foundation agreement. He referenced a handout previously distributed.

Tony Vecchio, Zoo Director, spoke to the zoo's masterplan, with the next step being the development of the Asian section, due in 3-5 years. It will be coordinated with other Metro issues, and taken to the voters for approval.

Dan Cooper provided a history of the zoo. On or about 1978, the Friends of the Zoo came into being as a non-profit entity to provide political support for future ballot measures to fund the zoo, since there was no permanent tax base for funding in place. Eventually the permanent tax base was converted to a permanent, uncompressed rate structure. The Friends' focus was on membership and outreach, and community support for the zoo. In 1986, the current agreement between the Friends of the Zoo and Metro was approved by Council. Subsequently, an amendment was made to define the ratio of zoo membership passes the non-profit entity could give out and the reimbursement to the zoo for those passes. In the 1990s, due to expanding capital improvement projects, the Friends' development staff and the zoo development staff were competing in the community for capital funding. In about 1996, due to philosophical differences with the zoo, the Friends organization updated its 501(c)(3) status, adopted new articles of incorporation and bylaws, and changed its name to the Oregon Zoo Foundation to create more emphasis on attracting major capital donations. The zoo development staff

transferred to the Foundation and the Zoo Director was appointed to the Foundation board, but does not vote nor receive compensation. Mr. Burton signed an amendment acknowledging the foregoing and the Zoo Director's role as head of the Foundation. The Foundation's 501(c)(3) allows them to spend no more than 5% of their annual expenditures on lobbying activities. To campaign for a tax measure, a political committee of the Foundation would have to be formed. The enhanced 501(c)(3) status of the Foundation enables them to attract major donors with a guaranteed charitable deduction, and the donation will be dedicated to the zoo. The Board of Directors appoints its vacancies. The 1986 agreement remains to be officially updated.

Mr. Vecchio commented on the effectiveness of the current zoo director/foundation structure. Further issues addressed were the legalities of foundation employees working in a government office structure, and differences in pay and benefits. **Kathy Kiaunis** stated that there were two separate payroll systems, and benefits were equal, with the exception of PERS. The foundation has its own retirement program. **Katie Pool**, Legal Counsel, said the new agreement, as well as the amendment signed by Mr. Burton, have and will cover issues of that nature. Those issues are being monitored by counsel.

Chair Burkholder re-stated the purpose of the foundation: to attract capital donors and through membership gifts develop a political background for passage of levies. His concern was that revenue was going to the foundation that could be going directly to the zoo. Metro has no control over the foundation and the revenue gathered while the entity through which this is occurring, the zoo, is a Metro owned and operated facility. The revenue received by the foundation is not subject to the excise tax, and not considered Metro revenue. The discussion results were: the foundation sells memberships in the foundation which include zoo admission. The zoo is reimbursed based on a calculation of 2 and one-half visits, or \$16.25, which amount is subject to excise tax, with the remaining funds residing with the foundation for dedicated capital zoo projects.

Mr. Vecchio said this current system is better than if the zoo sold memberships because the foundation members are the zoo's professional fundraising base, skilled in finding patrons, and raising their levels of donations up the donor scale. Because the zoo foundation makes no profit, Mr. Vecchio considers them a part of the zoo because after operating expenses, the revenue is given to the zoo. Donors are more willing to donate to a 501(c)(3) organization than to a government entity. Additionally, almost every visitor spends approximately \$8.50 - \$9.00 per visit at the zoo, which means that foundation members, with free admission, continue to provide revenue through purchases made at the zoo. The membership program makes good business and political sense.

David Bragdon asked if the foundation status was more meaningful in attracting grants.

Mr. Vecchio said it probably was an advantage, but his staff would know more.

Michael Morrissey, Council Analyst, asked if there could ever be an instance when donated funds dedicated to a specific project would be contrary to a Metro Council project plan? **Ms. Kiaunis** replied that no spending can occur without approved appropriation by the Metro Council through the budgetary process. **Mr. Sandrock** said that the current agreement provides that fundraising shall be done in coordination with

the zoo director. The new draft of the agreement will go further stating that the zoo director will reject contributions that are restricted. **Mr. Sandrock** said under the current agreement, the zoo and Metro are being appropriately and fairly compensated for what is being provided to the foundation. **Councilor Bragdon** said that it's already been suggested that additional revenue is being generated by each admission to the zoo, free or otherwise. Furthermore, administrative items, such as audit reports regarding financial transfers and scheduling of foundation board meetings at a time that the two Metro appointed councilors can attend are problems that can be resolved creating a greater comfort level. There needs to be autonomy with responsibility.

Chair Burkholder concluded the foundation agenda item by stating that the above issues be considered in the rewriting of the new agreement so those involved are comfortable in all aspects of the work. **Mr. Sandrock** clarified that the Metro Council would not have the authority to approve or disapprove the foundation's budget, but would have access to the information.

Chair Burkholder went on to review contract issue problems. **Ms. Kiaunis** replied that a contract coordinator has been put in place to review all zoo contracts with Metro's contract staff. The importance of "significant impact" contracts had been overlooked, but has now been highlighted for appropriate notification.

The parking lot situation was addressed. It has not been resolved. **Mr. Vecchio** said the parking lot is leased from the City of Portland, and it will expire in 15 years, having major implications on the zoo. He suggested the City would not be interested in building a parking structure on it. There is a traffic demand committee comprised of City of Portland staff, zoo staff and Children's Museum staff. But, otherwise, no formal task force has been assembled. **Chair Burkholder** said that a recent recommendation mentioned that events at Metro facilities create a higher level of carbon dioxide released into the atmosphere. A suggestion was to include the cost of transit in the event ticket charge. Events at Metro facilities should promote public transit. At the previous night's zoo concert, when asked, about one-half of the audience acknowledged riding MAX. **Mr. Vecchio** reported that 16% of the zoo's visitors ride MAX. He also reported that after promoting park and ride to the zoo, people have complained that they cannot find a parking spot at the park and ride lot in order to ride the MAX. The park and ride lots are Tri-met's responsibility.

Other areas of concern that **Mr. Vecchio** mentioned are funding the high utility fees currently experienced at the zoo; the excise tax/allocation system for services is a burden for the zoo; and the fact that the zoo is land locked, hindering expansion. Roving animals may need more land to live comfortably. He further commented that the Parks and Greenspaces staff have been extremely helpful. The suggestion of a satellite parks/zoo was made, and a task force be created to look at such ideas.

3. Councilor Communications

None.

The meeting was adjourned at 11:22 a.m.

Respectfully submitted,

Patricia Mannhalter
Council Assistant

Attachments to the record for the meeting of
July 12, 2001

Document Date	Document Description	Document No.
June 14, 2001	Memo to Chair Rex Burkholder from Tony Vecchio, Zoo Director re: Oregon Zoo Status Report	071201.01