

# A G E N D A

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**METRO**

## **Agenda**

MEETING: METRO COUNCIL REGULAR MEETING  
DATE: September 6, 2001  
DAY: Thursday  
TIME: 2:00 PM  
PLACE: Metro Council Chamber

### **CALL TO ORDER AND ROLL CALL**

**1. INTRODUCTIONS**

**2. CITIZEN COMMUNICATIONS**

**3. EXECUTIVE OFFICER COMMUNICATIONS**

**4. AUDITOR COMMUNICATIONS**

**5. MPAC COMMUNICATIONS**

**6. CONSENT AGENDA**

6.1 Consideration of Minutes for the August 16, 2001 Metro Council Regular Meeting.

**7. ORDINANCES - FIRST READING**

7.1 Ordinance No. 01-915, For the Purpose of Amending Metro Code Section 4.01.050, and Revising Admissions Fees at the Oregon Zoo Effective January 1, 2002.

**8. STRATEGIC PLANNING: A DISCUSSION OF MERC'S EXPERIENCE**  
*(Information Only)*

Williams

**9. COUNCILOR COMMUNICATION**

### **ADJOURN**



**Cable Schedule for Week of September 6, 2001**

	<b>Sunday (9/10)</b>	<b>Monday (9/11)</b>	<b>Tuesday (9/12)</b>	<b>Wednesday (9/13)</b>	<b>Thursday (9/6)</b>	<b>Friday 9/7)</b>	<b>Saturday (9/8)</b>
<b>CHANNEL 11</b> (Community Access Network) (most of Portland area)							
<b>CHANNEL 21</b> (TVCA) (Washington Co., Lake Oswego, Wilsonville)	7:00 P.M.	1:00 AM		7:00 P.M.			
<b>CHANNEL 30</b> (TVCA) (NE Washington Co. - people in Wash. Co. who get Portland TCI)	7:00 P.M.	1:00 A.M.		7:00 P.M.	2:00 P.M.		
<b>CHANNEL 30</b> (CityNet 30) (most of City of Portland)							
<b>CHANNEL 30</b> (West Linn Cable Access) (West Linn, Rivergrove, Lake Oswego)	4:30 P.M. (previous meeting)	6:30 P.M. (previous meeting)	10:30 PM. (previous meeting)		9:00 A.M.. (previous meeting)	11:30 A.M. (previous meeting)	1:00 P.M. (previous meeting)
<b>CHANNEL 33</b> (ATT Consumer Svcs.) (Milwaukie)	4:00 P.M. (previous meeting)					10:00 P.M. (previous meeting)	9:00 A.M. (previous meeting)

**PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES. PLEASE CALL THEM OR CHECK THEIR WEB SITES TO CONFIRM SHOWING TIMES.**

<b>Portland Cable Access</b>	<a href="http://www.pcatv.org">www.pcatv.org</a>	<b>(503) 288-1515</b>
<b>Tualatin Valley Cable Access</b>	<a href="http://www.tvca.org">www.tvca.org</a>	<b>(503) 629-8534</b>
<b>West Linn Cable Access</b>	<a href="http://www.ci.west-linn.or.us/CommunityServices/htmls/wltvsked.htm">www.ci.west-linn.or.us/CommunityServices/htmls/wltvsked.htm</a>	<b>(503) 722-3424</b>
<b>Milwaukie Cable Access</b>		<b>(503) 654-2266</b>

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542. Public Hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by email, fax or mail or in person to the Clerk of the Council. For assistance per the American Disabilities Act (ADA), dial TDD 797-



Consideration of the August 16, 2001 Regular Metro Council Meeting minutes.

Metro Council Meeting  
Thursday, September 6, 2001  
Metro Council Chamber



## MINUTES OF THE METRO COUNCIL MEETING

August 16, 2001

Metro Council Chamber

Councilors Present: David Bragdon (Presiding Officer), Susan McLain, Rod Park, Bill Atherton, Rod Monroe, Rex Burkholder

Councilors Absent: Carl Hosticka (excused)

Presiding Officer Bragdon convened the Regular Council Meeting at 2:04 p.m.

### 1. INTRODUCTIONS

There were none.

### 2. CITIZEN COMMUNICATIONS

There were none.

### 3. EXECUTIVE OFFICER COMMUNICATION

**Mike Burton**, Executive Officer, spoke to the Portland wildfire. He reported that approximately 5 to 7 acres of Metro property were burnt. There were steps being taken for stabilization. The city of Portland had taken the lead on stabilization, minimizing erosion. He expressed hope that council would monitor this issue and plan for efforts to replace vegetation with native plants.

**Councilor Monroe** spoke to his experience eradicating black berries, they were difficult to kill.

**Councilor Park** noted his experience as well and then asked how much of the acreage was in danger of erosion right now.

**Mr. Burton** said it was all subject to the erosion, his assumption was the entire length of the property was subject to erosion.

**Councilor Park** asked about City of Portland's responsibilities to prevent erosion given the fact that they had not adopted Title III yet.

**Mr. Burton** said he did to know but would find out.

### 4. AUDITOR COMMUNICATIONS

There were none.

### 5. MPAC COMMUNICATIONS

There were none.



**6. CONSENT AGENDA**

6.1 Consideration of minutes of the August 9, 2001 Regular Council Meeting.

**Motion:** **Councilor Park** moved to adopt the meeting minutes of the August 9, 2001, Regular Council meeting.

**Vote:** The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed.

**7. ORDINANCES**

7.1 **Ordinance No. 01-914**, For the Purpose of Amending Metro Code 5.01 to Change the Accounting Period for Disposal Limits on Local Transfer Stations from a Calendar Year to a Fiscal Year Basis and Declaring an Emergency.

**Motion:** **Councilor Atherton** moved to adopt Ordinance No. 01-914.

**Seconded:** **Councilor Monroe** seconded the motion.

**Councilor Atherton** indicated that this ordinance was primarily a housekeeping issue but changed the accounting period from a calendar year to a fiscal year. The Solid Waste and Recycling Committee urged a do pass recommendation.

**Councilor McLain** said they were doing this for efficiency sake which went along with other processes handled on a budget year. The ordinance supported that process and she supported the ordinance.

**Presiding Officer Bragdon** said this did not change the cap and explained why.

**Presiding Officer Bragdon** opened a public hearing on Ordinance No. 01-914. No one came forward. Presiding Officer Bragdon closed the public hearing.

**Vote:** The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed.

**8. RESOLUTIONS**

8.1 **Resolution No. 01-3090**, For the Purpose of Adopting the Regional Environmental Management Department's Strategic Plan for 2001-2002.

**Motion:** **Councilor Monroe** moved to adopt Resolution No. 01-3090.

**Seconded:** **Councilor Atherton** seconded the motion.

**Councilor Monroe** said this was the action to adopt the Regional Environmental Management Strategic Plan. He reviewed items 1 through 5 of the staff report. He noted that the plan would be reviewed periodically and a report made to Metro's elected officials. He noted that the plan may be updated.

**Councilor McLain** said Janet Matthews promised that Chart 7 would have a title and some modification as advised by the Solid Waste and Recycling Committee. The relationship between RSWAMP and this document was crucial. The implementation needed to be in place to mean



something. She cautioned that this was not done but just the first chapter in meeting goals and responsibilities.

**Councilor Park** commented on Goal 1. Retail sales of pesticides were not being reported. He was hopeful that the Council would give guidance in this area as the impact could be magnified.

**Councilor Monroe** urged support of this resolution.

**Vote:** The vote was 6aye/ 0 nay/ 0 abstain, and the motion passed.

**8.2 Resolution No. 01-3094, For the Purpose of Expressing Council Intent to Respond to Court of Appeals Opinions on Two Urban Growth Boundary Amendments Adopted in 1998 and 1999.**

**Motion:** **Councilor Park** moved to adopt Resolution No. 01-3094.

**Seconded:** **Councilor McLain** seconded the motion.

**Councilor Park** reviewed the resolution indicating it clarified the council's intent concerning the remand of Ordinances 98-782C and 99-812A, related to the Stafford and Bethany sites. He explained that the Land Use Board of Appeals and the Court of Appeals stated that Metro's decisions were incorrect and invalidated both of Metro's ordinances governing those areas. The resolution before the Council clarifies the Council's intent, and expresses that Metro will not accept any major amendments in the coming year due to preparation costs.

**Presiding Officer Bragdon** opened a public hearing on Resolution No. 01-3094.

**Steve Schopp**, 10475 SW Helenius, Tualatin, OR 97062 addressed the Wilsonville, Coffee Creek Correctional Facility and surrounding area. Although he did not know the timetable, the UGB and annexation processes were yet to be completed.

**Dan Cooper**, Legal Counsel, interrupted Mr. Schopp to caution the parties that there were currently two quasi-judicial applications in process relating to the Day Road prison area. Mr. Schopp should make his testimony to the hearings officers at the hearings related to the Day Road prison area. Further testimony during this meeting would be considered ex-parte contact, and would be out of order.

**Councilor McLain** said she wanted to make sure that Mr. Schopp understood that this process was complicated, not that the Council did not wish to hear his testimony.

**Presiding Officer Bragdon** said the resolution before the Council did not sound as though it pertained to Mr. Schopp's concerns.

**Mr. Schopp** said he respected Mr. Cooper's recommendation, but questioned the opinion that he was out of order. He requested permission to continue.

**Presiding Officer Bragdon** asked if his comments pertained to the resolution before this Council.

**Mr. Schopp** said they did not; but definitely pertained to the approach that Council had taken regarding the urban growth boundary expansion and its criteria.



**Presiding Officer Bragdon** said if Mr. Schopp wanted to talk in very general terms about the urban growth boundary, he would be allowed to do so.

**Councilor Park** asked Mr. Cooper to verify that the resolution as currently written did not impact the two quasi-judicial amendments that are in process.

**Mr. Cooper** responded said yes, that was correct.

**Mr. Schopp** said he had general comments about the urban growth boundary. He had studied various materials extensively, and it appeared to him that there were inconsistencies, and lack of oversight by the Council and staff.

**Presiding Officer Bragdon** thanked the witness.

**Mr. Schopp** said he respected the clarification and noted the lack of detailed agenda information on the website.

**Councilor McLain** thanked him for his testimony.

**Councilor Monroe** commented further that ex-parte contact greatly complicated the situation.

**Presiding Officer Bragdon** closed the public hearing.

**Councilor McLain** said the Council was giving a signal that it was not willing to go back to court, and that it wanted answers before the decision was made, not afterwards.

**Councilor Park** closed by saying the answers being sought were for the present as well as the future.

**Councilor Atherton** responded to Councilor Park's comment about the 20 year land law. He noted the cities of Portland, Milwaukie, West Linn, Oregon City, and others have all passed legislation urging the repeal of the expansion of the urban growth boundary.

**Vote:** The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed.

8.3 **Resolution No. 01-3096**, For the Purpose of Council Approval of Rock Creek Greenway Management Plan, Pursuant to the IGA Between Metro and the City of Hillsboro.

**Motion:** **Councilor McLain** moved to adopt Resolution No. 01-3096.

**Seconded:** **Councilor Atherton** seconded the motion.

**Councilor McLain** invited the City of Hillsboro and **Charles Ciecko**, Director of Parks and Greenspaces to come to the testimony table.

**Mr. Ciecko** said this issue had to do with the council authorizing the IGA for the Nofziger Property in Hillsboro. Mr. Ciecko introduced Mary Ordal and Scott Talbot from the City of Hillsboro.



**Ms. Mary Ordal** thanked the council and explained the aerial photo (included in the meeting record) and slides of the site. She spoke to the possible plan for the site, the main features of the site, the vegetative buffers, and the trail system. She noted the passive recreation areas and the open space benefits.

**Councilor Monroe** asked how much of the property was under water in 1996.

**Ms. Ordal** said about one third of the property was under water.

**Councilor Burkholder** asked where the lightrail station was.

**Ms. Ordal** showed the council on the map.

**Councilor Burkholder** spoke to the value for wildlife and the policy concerning dogs on the property.

**Mr. Ciecko** spoke to Metro's policy, they did not allow pets, in some areas horses were allowed.

**Ms. Ordal** spoke to the issues of dogs.

**Councilor Burkholder** said it was a particular issue for the Metro Council and felt they should be talking about it.

**Mr. Talbot** clarified that they had discussed the dog issue at length. There was a fairly established constituency that wanted a place to take their dogs. It was Hillsboro's current policy to allow dogs on this type of land.

**Councilor McLain** said in her experience at the Washington County Fair she had received many comments about dog parks. She suggested that they recognize the issue and that it needed to be discussed.

**Mr. Ciecko** responded that he was more than happy to take up the issue. Currently the policy was that pets were not allowed.

**Councilor McLain** said the discussion should be with other park providers.

**Ms. Ordal** said in Hillsboro the fine for dogs off lease was \$175.00. They had discussions about other sites being off lease sites for dogs.

**Councilor McLain** thanked Hillsboro for their hard work. She pointed out that there was more work than any of us could do.

**Vote:** The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed

8.4 **Resolution No. 01-3100**, For the Purpose of establishing criteria for the Green Ribbon Committee to utilize to open and operate certain Metro Greenspaces Sites to the public.

**Motion:** **Councilor Park** moved to adopt Resolution No. 01-3096.

**Seconded:** **Councilor Atherton** seconded the motion.



**Councilor Park** reviewed the resolution noting the information in the staff report (a copy of which was in the meeting record).

**Presiding Officer Bragdon** commented that they were asking the committee to do a pretty big job. It was the council's opinion that they owed them some guidance on what made a site worthy as well as the type of support that was out there both intergovernmental and volunteer. He commended the resolution.

**Councilor Park** urged an aye vote.

**Vote:** The vote was 6 aye/ 0 nay/ 0 abstain, and the motion passed.

## 9. COUNCILOR COMMUNICATION

**Councilor McLain** spoke to the cancelled budget meeting and noted that it would be rescheduled.

**Councilor Park** welcomed back Councilor Burkholder who had come back from Argentina.

**Councilor Burkholder** shared some of his experience about his travels.

**Councilor Atherton** asked Councilor Burkholder about sprawl in Argentina.

**Councilor Burkholder** indicated that it was very dense and designed around people walking.

**Councilor Park** said he was glad to learn that land use planning was cultural.

**Presiding Officer Bragdon** said they would not be having any council meetings in the next two weeks. The first Green Ribbon Committee would be August 20<sup>th</sup> and the tour was scheduled for September 8<sup>th</sup>.

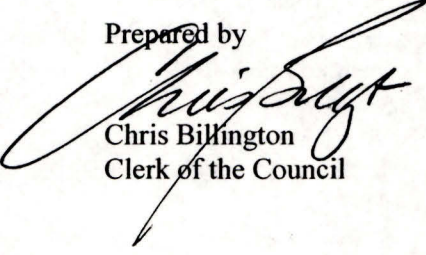
**Councilor Monroe** reviewed the MTIP process, including the September 4<sup>th</sup> Community Planning public hearing in the evening and that it would be before JPACT on September 13<sup>th</sup>.

**Presiding Officer Bragdon** said that MTIP would be considered at the September 20<sup>th</sup> Metro Council meeting.

## 10. ADJOURN

There being no further business to come before the Metro Council, Presiding Officer Bragdon adjourned the meeting at 3:10 p.m.

Prepared by



Chris Billington  
Clerk of the Council



**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF AUGUST 16, 2001**

TOPIC	DOCUMENT DATE	DOCUMENT DESCRIPTION	DOCUMENT NUMBER
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Agenda Item Number 7.1

**Ordinance No. 01-915, For the Purpose of Amending Metro Code Section 4.01.050, and Revising Admissions Fees  
at the Oregon Zoo Effective January 1, 2002.**

***First Reading***

Metro Council Meeting  
Thursday, September 6, 2001  
Metro Council Chamber



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING ) ORDINANCE NO 01-915  
METRO CODE SECTION 4.01.050, AND )  
REVISING ADMISSIONS FEES AT ) Introduced by Mike Burton, Executive Officer  
THE OREGON ZOO EFFECTIVE )  
JANUARY 1, 2002

WHEREAS, the Oregon Zoo periodically needs to increase admission charges to keep pace with increased operating costs; and

WHEREAS, Oregon Zoo admission fees have not been increased since October 1, 1999; and

WHEREAS, the Oregon Zoo's Adopted FY 01-02 budget incorporates an admission fee increase; and

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That Metro Code Section 4.01.050 is amended to read as follows:

4.01.050 Admission Fees and Policies

(a) Regular Fee Schedule

Adult (12 years and over) ~~\$6.50~~ \$7.50

Youth (3 years through 11 years) ~~\$4.00~~ \$4.50

Child (2 years and younger) free

Senior Citizen (65 years and over) ~~\$5.00~~ \$6.00

(b) Free and Reduced Admission

- (1) The Director may set free or reduced price admission rates for groups, special events, or as otherwise in accordance with this Chapter.



- (2) A free admission pass will entitle the holder only to enter the Zoo without paying an admission fee.
- (3) A reduced admission pass will entitle the holder only to enter the Zoo by paying a reduced admission fee.
- (4) Free or reduced admission passes may be issued to the following groups or individuals and shall be administered as follows:
  - (A) Metro employees shall be entitled to free regular Zoo admission upon presentation of a current Metro employee identification card.
  - (B) Metro councilors and the Metro executive officer shall be entitled to free admission.
  - (C) Free admission passes in the form of volunteer identification cards may, at the director's discretion, be issued to persons who perform volunteer work at the Zoo. Cards shall bear the name of the volunteer, shall be signed by the director, shall be non-transferable, and shall terminate at the end of each calendar year or upon termination of volunteer duty, whichever date occurs first. New identification cards may be issued at the beginning of each new calendar year for active Zoo volunteers.
- (5) Admission to the Zoo shall be free for all persons during a portion of a day each month, to be designated by the Director.

(c) Special Events. The Zoo, or portions thereof, may be utilized for special events designed to enhance Zoo revenues during hours that the Zoo is not normally open to the public. The number, nature of, and admission fees for such events shall be determined by the Zoo Director.

- 2. That the admission fee increase set forth above shall take effect January 1, 2002.



ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

\_\_\_\_\_  
David Bragdon, Presiding Officer

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, General Counsel



## STAFF REPORT

### CONSIDERATION OF ORDINANCE 01-915 AMENDING METRO CODE SECTION 4.01.050, AND REVISING ADMISSIONS FEES AT THE OREGON ZOO EFFECTIVE JANUARY 1, 2002.

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Date: July 25, 2001

Presented by: Tony Vecchio  
Daniel Cooper

## FACTUAL BACKGROUND AND ANALYSIS

In the past, the admissions charged at the Zoo were increased on a fairly regular basis to cover the increases in operating costs at the Zoo. It was decided that admissions increases would be on hold during the construction of the Tri-Met light rail station, the reconfiguration of the main visitor parking lot, and new entry facilities. Since the completion of those projects the first fee increase since January, 1994 was implemented on October 1, 1999. It has been determined that a new fee increase is needed January 1, 2002 to keep up with rising labor and benefit costs.

The fees are proposed to change as follows:

CLASS	CURRENT	PROPOSED	INCREASE	%
Adults	\$6.50	\$7.50	\$1.00	15.4
Children	\$4.00	\$4.50	\$ .50	12.5
Seniors	\$5.00	\$6.00	\$1.00	20.0

Since 1994 this represents an annualized increase of 4.5% for Adults; 3.6% for Children and 6.25% for Seniors.

## BUDGET IMPACT

The additional revenue generated by the increase in admissions is estimated to generate \$242,000 for the remainder of fiscal year 2002 (January – June) or approximately \$500,000 annually. This estimate is based upon a budgeted attendance figure of \$1,100,000 and may be conservative based on the past two years having higher than 1,200,000 in attendance.

## EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 01-915



# METRO COUNCIL ROLL CALL AND VOTE RECORD

Meeting Date: 9-6-01

Agenda Item No.: Minutes 8/16/01

Start		Present/ Absent	Moved	2nd	Aye	Nay	Abstain
	Monroe				✓		
	Atherton				✓		
	Hosticka				✓		
	McLain				✓		
	Burkholder				✓		
	Park		✓		✓		
	Bragdon				✓		

The vote is:

Agenda Item No.: Ord No 01-915 to Ops

Start		Present/ Absent	Moved	2nd	Aye	Nay	Abstain
	Monroe						
	Atherton						
	Hosticka						
	McLain						
	Burkholder						
	Park						
	Bragdon						

The vote is:

Agenda Item No.:

Start		Present/ Absent	Moved	2nd	Aye	Nay	Abstain
	Monroe						
	Atherton						
	Hosticka						
	McLain						
	Burkholder						
	Park						
	Bragdon						

The vote is:



# **METRO**

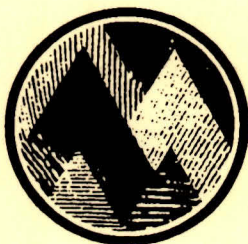
## **The Oregon Zoo**

### ***Construction Management***

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**September 2001**

A Report by the Office of the Auditor



**METRO**

2001-10797-AUD

**Alexis Dow, CPA**  
**Metro Auditor**

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**METRO**  
**The Oregon Zoo**

***Construction Management***

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**September 2001**

A Report by the Office of the Auditor



**METRO**

2001-10797-AUD

**Alexis Dow, CPA**  
**Metro Auditor**

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**METRO**  
**OFFICE OF THE AUDITOR**

September 6, 2001

To the Metro Council and Executive Officer:

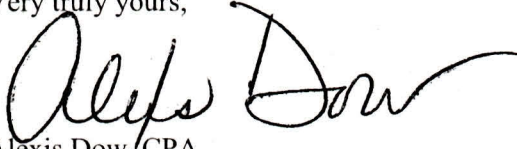
In September 1996, Metro-area voters approved a \$28.8 million bond measure to enable the Oregon Zoo to improve exhibits, construct natural habitats for threatened Oregon animals, provide better access to the zoo and become more self-sufficient. Metro initiated The Great Northwest Project to implement the bond measure. This report discusses our evaluation of the project's accomplishments to date, what will likely be accomplished during the remainder of the project and the adequacy of the management processes used to achieve the project's goals.

Many planned components of the project have been completed, resulting in increased zoo attendance and revenues, reduced zoo reliance on property taxes for operating costs and better accessibility to zoo exhibits and facilities. The zoo, however, could have used a more structured approach to planning and managing the project, resulting in the project's budget being better aligned with scope of work envisioned. It would also help establish procedures for initiating and monitoring projects, define staff roles and responsibilities, and generate more realistic cost estimates, budgets and schedules. Such a structured approach would have applicability not only for this project, but for other Metro construction projects as well.

We have made several recommendations for improving Metro's management of large projects and for completing the Great Northwest Project. The Executive Officer agreed with these recommendations and is in the process of developing agency-wide guidelines for managing large projects. Such guidelines will provide a needed framework for assuring that large projects are carried out economically, efficiently and effectively.

The last section of this report contains the Executive Officer's response to the report and our recommendations. We appreciate the cooperation and assistance provided by Metro management and staff during this review.

Very truly yours,

  
Alexis Dow, CPA  
Metro Auditor

Auditor: Douglas U'Ren, Certified Internal Auditor



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## Executive Summary

In September 1996, Metro-area voters approved a \$28.8 million bond measure to enable the Oregon Zoo to improve exhibits, construct natural habitats for threatened Oregon animals, provide better access to the zoo and become more self-sufficient. The zoo then initiated a project – The Great Northwest Project – to implement the bond measure. We reviewed what Metro and the Oregon Zoo have accomplished with funds spent to date, and what they are likely to accomplish during the remainder of the project. We also assessed the adequacy of the management processes used to achieve the goals and objectives of the bond measure.

Many planned components of the Great Northwest Project have been completed. The zoo has a new main entrance, a new restaurant/catering facility, two new pathways and a new educational facility. It also has two new exhibits – one featuring mountain goats, the other featuring sea lions, sea otters, a research station and tide pool animals. These additions helped increase attendance and revenues, reduce the zoo's reliance on property taxes for operating costs and make the zoo's facilities more accessible.

Several issues of concern were also noted. The zoo has been unable to build some planned exhibits due to a combination of unexpectedly high construction costs and early cost estimates that were incomplete and overly optimistic. The zoo responded by increasing the project budget, stretching the construction schedule and cutting a lion exhibit. Stretching the construction schedule provided time to generate additional funds by increasing interest earned on unspent bond proceeds and by seeking donations. The project's final phase – primarily a set of forest exhibits for bears, cougars, eagles and other animals – is now scheduled for completion four years beyond the original estimate of Spring 2001. However, with remaining project funds at about \$4.9 million, compared with early estimates to construct the forest exhibits ranging from \$7 million to \$9 million, it will be a challenge for the zoo to build the number and kind of exhibits originally envisioned unless additional funding is found.

A more structured approach to planning and managing the project would have enabled the zoo to better align the project's budget with the scope of work envisioned. It would also help establish various procedures for initiating and monitoring projects, define staff roles and responsibilities, and generate more accurate and realistic cost estimates, budgets and schedules. Such an approach would have applicability not only for this project, but for Metro's many other construction projects as well. Our more specific recommendations with regard to such an approach are listed on the following pages.



## Recommendations

### Improving Project Management Practices Metro-Wide

The following recommendations, if implemented, would better ensure that projects achieve expectations and will be carried out economically, efficiently and effectively.

1. Define and document the authority, roles and responsibilities of the organizations and positions that are involved in overseeing major projects, including department managers, project managers, the Chief Operating Officer and Executive Officer and the Metro Council.
2. Develop a system for reviewing, approving and revising the cost, scope, schedule and priorities of major projects.
3. Designate a "Project Coordinator" in each department that conducts a significant number of projects. This coordinator would receive training in project management, ensure that projects are properly planned and administered, and help develop guidelines and procedures for administering projects at Metro.
4. Implement the recommendations contained in a previously issued audit report on Metro contracting which called for establishing minimum qualifications for project managers and developing a system to formally evaluate their performance.
5. Develop a system of procedures and controls to ensure for each project that:
  - roles, responsibilities and authority of project managers and project team members – including contractors – are clearly defined and communicated
  - project managers are adequately qualified and trained to carry out their responsibilities
  - goals are clearly defined and measurable
  - the project's scope and priorities provide the best means of achieving the project's goals and objectives
  - the project's scope can be carried out within its budget
  - the project budget is complete, including a contingency for unforeseen problems
  - a project management plan is developed and monitored. The plan should describe how all the project management systems are to operate. There are a number of project management software packages that can facilitate plan development.
  - project milestones and performance indicators are established
  - project status, scope changes, progress, performance and other issues are communicated to its stakeholders, including the Executive Officer and Council, at regular intervals.



6. Before undertaking future construction work that will utilize the CM/GC approach, Metro should obtain a written opinion from a qualified construction consultant as to whether the project scope and project budget are in balance. The consultant could be an architect, a construction firm or a construction consultant.
7. When using the CM/GC approach in future construction projects, Metro should obtain written assurance from the project architect or a qualified construction consultant that the contractor's proposed Guaranteed Maximum Price and reimbursable expenditures budget are reasonably priced.

### **Completing the Great Northwest Project**

1. Define and document the authority, roles and responsibilities of the managers, staff and groups that will be involved with the remaining parts of the project. This includes the Zoo Director, Deputy Zoo Director, construction coordinator, design staff, division managers and working groups.
2. Develop a list of the project priorities that provides the best opportunity for completing the work scope described in the 1996 bond measure and use this list to plan the remaining affordable elements of the project.
3. Develop a project plan that includes the following:
  - an approved procedure for setting and revising the project's scope
  - a documented assessment of significant project risks and how they will be managed
  - a time management system that identifies the key project management activities that must be carried out, assigns responsibility for performing these activities to members of the project team and ensures they are performed in the required time frames. Examples of key project management activities include administering contracts, monitoring and reporting project performance and coordinating decisions.
  - performance measures linked to the bond measure that address the project's scope, cost, schedule and quality goals
  - an information system that will provide stakeholders with timely information as to the project's performance, progress, status and issues, as well as updates on how well the project plan is functioning.



## Introduction and Background

The Great Northwest Project, a multifaceted project for improving the Oregon Zoo, was the outgrowth of a bond issue approved by voters in September 1996. The project was established with an initial budget of \$30.5 million, and while a formal goal for completing it was never established, zoo management initially believed it would be completed in 2001. Although there were many positive aspects of this project, the project's budget rose to \$35.6 million, its scope was scaled back, and completion of the smaller-scoped version of the project is not expected until 2005. As part of our audit program for Metro, we examined this project in greater depth to determine what lessons might be learned for this and future Metro construction projects.

### Background on the Great Northwest Project

In September 1996, voters approved a \$28.8 million general obligation bond measure for the Great Northwest Project at the Oregon Zoo. The purposes of the measure were to:

- create a new exhibit containing such Oregon animals as cougars, black bears, wolverines, eagles, heron, salmon and sea otters
- construct a new main entry, including a restaurant and gift shop to help generate revenue for the zoo
- provide new resources for teachers and children, including a family farm exhibit and classrooms
- save \$4 million in maintenance costs
- build a new pathway linking the Africa exhibit to the main part of the zoo.

As the project developed, contracts were let to the following major firms:

- The lead architect for the Great Northwest Project was **Ankrom Moisan Associated Architects**, a firm headquartered in Portland. The architect in turn hired two major sub-consultants to assist in developing designs and monitoring construction work:
  - **The Portico Group**, based in Seattle, Washington, designed the new exhibits.
  - **Mayer/Reed**, located in Portland, developed landscape designs and specifications.
- **Hoffman Construction Company** of Portland was the project's construction manager/general contractor (CM/CG). Under the CM/CG contracting approach, Hoffman oversaw the construction process, subcontracts with other firms such as excavation, electrical and mechanical contractors, and received a fixed percentage of direct construction costs (3.6 percent) for its oversight role.

The planned project was divided into four major phases, as shown in table 1.

**Table 1**  
**Main Phases of the Great Northwest Project**

Phase	Main activity
1	Provide a new path connecting the Africa exhibits to the main zoo pathway, so visitors do not have to backtrack to return to the center of the zoo; place new pre-fabricated classrooms in the former bear grottoes.
2	Build a new restaurant and banquet building, a new gift shop, move the main entry to a site closer to a new light rail station and build a Cascade Crest exhibit, which features mountain goats in an alpine meadow setting.
3	Build several new exhibits featuring ocean habitat, including sea lions, sea otters, a Steller Cove research station and a tide pool.
4	Build forest exhibits containing homes for most of the animals covered in the bond measure, including wolverines, black bears, bobcats, cougars, eagles, trout and Great blue heron; build a family farm exhibit; and build a new lion exhibit to replace exhibit displaced by Steller Cove exhibits.

The project's budget has changed several times. It was initially set at \$30.5 million – \$28.8 million from the bonds, \$1.7 million from interest on unspent bond proceeds. After Hoffman Construction was hired in early 1997, it was determined that the project could not be fully constructed for the budgeted amount. In 1998, the Council approved raising the budget to \$34.6 million. Of the approximately \$4 million increase, \$2 million came from a transfer of funds from the Zoo Operating Fund, and an additional \$2 million was expected from donations. In 2000, the project budget was raised to \$35.6 million by recognizing an additional \$1 million in interest that had been earned on unspent bond proceeds. Table 2 summarizes project resources and expenditures through April 2001.



**Table 2**  
**Resources and Expenditures of the Great Northwest Project**

<u>Project Resources</u>	<u>Amount</u>
Funds provided by general obligation bonds	\$ 28,800,000
Interest earned on unspent bond proceeds (estimate)	2,800,000
Donations earmarked for Great NW	2,000,000
Transfer from Zoo Operating Fund	<u>2,000,000</u>
TOTAL RESOURCES	35,600,000
<u>Project Expenditures</u>	
Construction contract expenditures	24,300,000
Architectural services	4,200,000
Project management	300,000
Owner purchased items (furnishings, equipment, 1% for art, etc.)	1,600,000
Fees, permit costs and other expenditures	<u>300,000</u>
TOTAL EXPENDITURES	<u>\$ 30,700,000</u>
<b>Remaining funds available for the Great NW project at April 30, 2001</b>	<b>\$ 4,900,000</b>

Management currently estimates that completing the Great Northwest Project (not including the lion exhibit) will require increasing the budget to \$37.6 million.

**Audit Objectives** This audit had two main objectives. The first was to review the results of the project – that is, to determine what Metro and the Oregon Zoo have accomplished with funds spent to date, and what they are likely to accomplish during the remainder of the project. The second was to identify an appropriate framework for managing and controlling large-dollar construction projects and evaluate the Zoo's management processes in the context of this framework.

The second objective has potential implications both for the Great Northwest Project and for other Metro projects. Although three of the four phases of the Great Northwest Project have been completed, the final phase is still in the planning stage, meaning that the recommendations contained in this report still apply to this project. More significantly, the recommendations could also be applied to other construction projects that Metro and its affiliate, the Metropolitan Exposition-Recreation Commission (MERC), are planning or have under way. This includes the \$116 million expansion of the Oregon Convention Center.

**Audit Approach** We carried out the audit by interviewing key participants in the project, including Metro and zoo staff and members of the design team. We also reviewed an extensive array of records and reports, including bond measure documents, project files and contracts, Metro Council resolutions and meeting minutes and Metro budget reports. We also prepared a questionnaire for the deputy zoo director.

Our audit was performed from November 2000 through June 2001 in accordance with generally accepted government auditing standards.



## **Project Has Provided Significant Benefits, But Scope Is Less Than Initially Proposed**

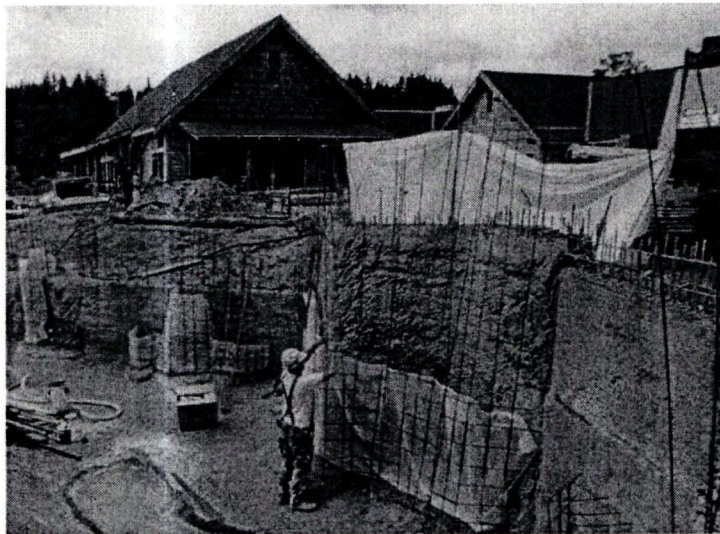
Through April 2001, the Oregon Zoo had spent \$30.7 million of the Great Northwest Project's \$35.6 million budget. Many of the project's planned components have been completed. These components have led to a number of benefits: attendance and revenues are up, the zoo is less reliant on property taxes as a revenue source, and exhibits have been improved and made more accessible. However, completion of the project will take four years longer than expected, the project project's scope has been narrowed from the plans originally announced, and there is some question as to whether sufficient revenue will be available to complete the final phase of the scaled-down version.

### **Three of Project's Four Phases Have Been Completed**

The zoo has completed three of the project's four planned phases, as shown in table 3 on the following page. A formal goal for completing the entire project was never established. Until at least March 1998, zoo management told the Metro Council that the last phase (the forest exhibits, which contain most of the animal habitats that were described in the bond measure) would be completed by Spring 2001. Completion of this phase is now scheduled for 2005, according to recent management estimates.

**Table 3**  
**Status of Main Phases of the Great Northwest Project**

Phase	Main activity	Status
1	Provide a new path connecting the Africa exhibits to the main zoo pathway, so visitors do not have to backtrack to return to the center of the zoo; place new pre-fabricated classrooms in the former bear grottoes.	Completed in December 1997

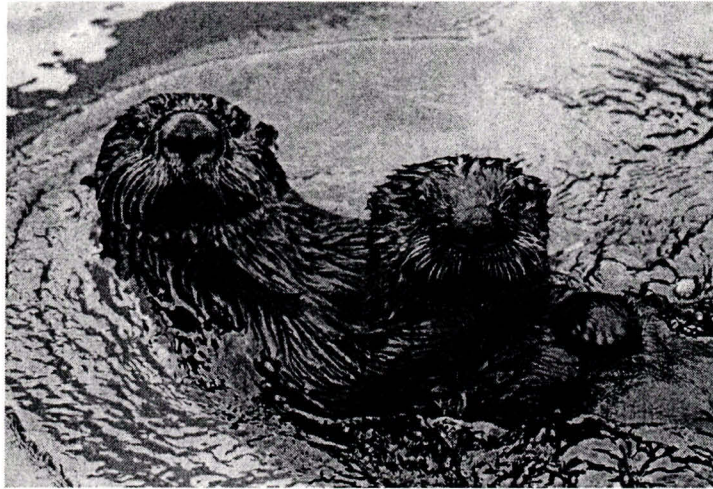


- |   |   |                             |
|---|---|-----------------------------|
| 2 | Build a new restaurant and banquet building, a new gift shop, move the main entry to a site closer to a new light rail station, and build a Cascade Crest exhibit, which features mountain goats in an alpine meadow setting. | Completed in September 1998 |
|---|---|-----------------------------|





- |   |   |                        |
|---|---|------------------------|
| 3 | Build several new exhibits featuring ocean habitat, including sea lions, sea otters, a Steller Cove research station and a tide pool. | Completed in July 2000 |
|---|---|------------------------|



- |   |   |   |
|---|---|---|
| 4 | Build forest exhibits containing homes for most of the animals covered in the bond measure, including wolverines, black bears, bobcats, cougars, eagles, trout and Great blue heron; build a family farm exhibit; and build a new lion exhibit to replace exhibit displaced by Steller Cove exhibits. | Forest exhibits and family farm not yet begun; new lion exhibit deferred and transferred to separate funding source |
|---|---|---|

Appendix A provides a more detailed view of the project's status.

**Progress in Accomplishing Project Goals Could Not Be Evaluated, But a Variety of Benefits Can Be Cataloged**

We were unable to assess the extent to which the project's declared goals have been achieved. Zoo management indicated that the bond measure had three overall goals: to provide better homes for animals; to make the zoo easier to use; and to enable the zoo to become financially more self-sufficient. Although it appears the zoo has made significant headway toward achieving at least two of these goals, we were unable to assess the extent of the progress because management did not develop a system to measure performance related to these goals. A performance measurement system would translate the broadly written bond measure goals into a set of measurable, operational goals, then provide a means for tracking and reporting actual performance made toward achieving the goals.

Although we could not evaluate the project's accomplishments in relationship to the stated goals, a variety of indicators show that the completed phases of the project have benefited the zoo and its patrons in a number of ways:

- ***Zoo attendance increased steadily between FY 1997 and 2001,*** despite the impacts of major construction work associated with the Great Northwest Project and a nearby light rail station. It appears that at least some of this higher attendance was spurred by the new exhibits and facilities funded by the zoo's 1996 bond measure.
- According to our calculations, ***the zoo is becoming less dependent on property tax revenues to fund its operations.*** In FY 1999, property taxes provided the zoo with about 41% of its total revenue. By FY 2001, that level had dropped to about 37%. These results are in line with a Metro Council policy requiring that the zoo derive no more than 50% of its operating support from property taxes.
- ***Revenue from admission fees and food and gift shop sales has increased significantly.*** It appears that much of the increased revenue can be attributed to the new exhibits and facilities funded by the 1996 bond measure.
- With the completion of a new path to the Africa exhibits, ***zoo patrons no longer have to backtrack to return to the center of the zoo.***
- ***The Cascade Crest (mountain goat) exhibit received a Best Project of the Year award*** in 1999 from the American Society of Landscape Architects.
- ***Access to the zoo has improved*** by relocating the main entrance closer to a new light rail station.

Two aspects of the project team's management of the project were also notable:

- ***The project had an excellent construction safety record.*** According to a May 2000 construction status report prepared by the CM/GC, no lost time accidents occurred through a construction project that required over 200,000 man-hours of labor to complete.
- According to management estimates, ***construction on phases 1-3 will cost about \$100,000 less than the maximum allowed*** under Metro's contract with Hoffman Construction.

**Part of Planned Work Has Been Deferred, and Availability of Sufficient Funds for Final Phase Is Uncertain**

Once the project was under construction, project managers found that it could not be completed within the project's original budget of \$30.5 million. One reason was that a very active local construction market in 1997 and 1998 created a temporary labor scarcity that led to unexpectedly high bids for some construction work. Although the project's budget has been raised to \$35.6 million, one aspect of the initial project has been deferred, and the scope of the final phase remains uncertain. More specifically:



- The original project budget included funds to construct a lion exhibit to replace one that was torn down to make way for the Steller Cove exhibits. The lion exhibit has since been deferred, transferred to a different project, and management expects it will be funded with donations. The lion exhibit is now listed as a separate, \$1.9 million project in Metro's Capital Improvement Plan.
- There is some question as to whether phase 4 of the project can be fully completed with the remaining funds. Through April 2001, actual project costs had totaled \$30.7 million, leaving \$4.9 million unspent from the revised \$35.6 million budget. Early estimates indicated, however, that the Forest exhibits would cost between \$7 million and \$9 million. Since only \$4.9 million in funds remain, it appears that the number and/or scope of forest exhibits built will have to be reduced in comparison to the original concepts unless additional sources of funding are developed. We were unable to assess the financial feasibility of completing the forest and lion exhibits since a detailed project plan has not been developed yet. Management currently expects the forest exhibits, not including the train station changes, to cost about \$7 million. They plan to seek additional donations to close the shortfall between remaining funds and this \$7 million estimate.
- Some work completed in preparation for the remainder of the project may or may not be fully utilized. According to our analysis, Metro has paid Portico, the project's exhibit designer, slightly more than \$300,000 for design work on exhibits and improvements that have either been deferred to phase 4 or canceled. The exhibits that are partially designed but not built include lions, cougars, family farm, black bear, eagle canyon and train station. It is unclear how much of this design work will eventually be used.

## **Metro Needs a More Comprehensive Approach For Managing Major Projects**

The remaining phase of the Great Northwest Project – and Metro construction projects in general – would benefit from a more comprehensive planning and management approach. A stronger planning and management system would have enabled the zoo to better align the project's budget with the scope of work and the bond measure and to ensure that cost estimates, budgets and schedules were more accurate and realistic. Both for this project and for future construction projects, Metro would benefit by developing policies and procedures for initiating, managing and monitoring projects; defining the roles and responsibilities of Metro managers overseeing budgets; and using available expertise to better ensure budgets and schedules are reasonable and achievable.

### **Effective Management Framework Requires Multiple Systems**

A well-developed set of project management systems needs to have a number of components, according to our research on recognized practices. This research indicated that an effective management framework usually needs to have the elements shown in table 4 (on the following page), such as systems for managing time, cost, quality and risk. Having these systems in place and operating effectively does not guarantee that a project will be successful. For example, these systems could not have prevented the unexpectedly high bids for some of the construction work that was performed. However, the systems do enhance the odds of reaching desired goals and using resources efficiently and effectively.



**Table 4**  
**Elements of an Effective Framework for Project Management**

<b>Element</b>	<b>Purpose</b>
Scope management system	Ensures the project's scope is clearly defined, will achieve the project's objectives and will adequately control scope changes
Time management system	Identifies the key project management activities that need to be carried out and ensures they are performed in the required time frames
Cost management system	Provides accurate estimates of project costs and ensures the project work scope, as defined, can be completed within the approved budget
Human resource system	Identifies the roles, responsibilities and authority of the project team and major stakeholders and ensures members of the project team have the skills needed to carry out their responsibilities
Quality management system	Identifies quality standards that will be followed, describes how project results will be monitored to determine if they comply with the standards and identifies how unsatisfactory performance will be addressed
Communications management system	Ensures timely development, collection, distribution of appropriate performance information to project stakeholders and retention of key information and documents
Risk management system	Identifies the major project risks and determines how they should be managed to best ensure the project's objectives are achieved and undesired outcomes, such as cost and schedule overruns, are avoided
Procurement management system	Ensures services are obtained in accordance with established requirements at reasonable cost
Written project plan	Integrates the various systems and provides control over project changes

Source: Adapted from A Guide to the Project Management Body of Knowledge

**Metro Took Steps  
to Manage the  
Project,  
But Some  
Components Were  
Lacking**

The steps Metro took put part of this structure into effect. Metro's Executive Officer took several actions to help ensure the project would be properly managed. In a letter to the zoo's director at the time, he outlined his expectation that the project would be completed on time and within budget while protecting the safety and welfare of the zoo's animals and its patrons. He appointed an independent citizen committee to advise him on the project and also appointed an experienced construction project manager to oversee the project.<sup>1</sup>

Teams were formed to plan and oversee the project. A planning team, composed of zoo managers and staff, made design and construction decisions and worked with a number of subcommittees that addressed specialized issues, such as those affecting the restaurant or the Steller Cove exhibit. A project management team, which was composed of representatives from the zoo, the design team and the general contractor, developed a written procedure for controlling design and construction changes to the project. Metro's Executive Officer met with zoo management at least twice a month; however, documentation of project-related decisions made during those meetings is lacking.

Although these initiatives formed part of a project management framework, they did not provide a complete set of the systems shown in Table 4. In addition, the systems in place did not always provide adequate documentation of decisions. A few examples of weaknesses found are described below.

*Managing Cost and  
Scope*

We found no evidence of a defined process for ensuring that the project's initial \$30.5 million budget would be adequate to accomplish the goals and provide the deliverables described in the 1996 bond measure. This amount soon turned out to be insufficient. Shortly after the bond measure passed, the architects gave Metro a cost estimate that totaled \$38 million for construction work alone, and management told us the contractor's initial construction estimate was about \$50 million. The initial budget also did not include estimates for furnishings and equipment, project management expenses and certain administrative (indirect construction) costs that Hoffman Construction was allowed to charge to the project.

Another component of a system for effectively controlling cost and scope is the expertise of the architectural firm. We found that this expertise was apparently not used as fully as it could have been. Under the contract between the zoo and Hoffman Construction, the total cost of work on each phase of the project could not exceed a dollar amount that was

<sup>1</sup> The project has seen several construction project managers. The first manager oversaw phases 1 and 2 of the project, while the second manager coordinated phase 3. For phase 4, the zoo hired a construction superintendent and intends to manage the construction work in-house.



mutually agreed upon. This dollar amount is known as the “guaranteed maximum price.” A high guaranteed maximum price increases the risk of overpaying the contractor. Having the architectural team review this amount for reasonableness gives the owner (in this case, Metro) information to use in deciding whether the amount should be approved. The architectural team reviewed Hoffman’s early cost estimates and expressed concerns about them, but we found no evidence that Metro addressed the team’s concerns or asked the team to review the budgets and prices eventually submitted to the Council.

*Defining Roles and Responsibilities*

A written project management plan was not prepared and did not sufficiently define and document the roles, responsibility and authority levels of project team members and other Metro officials. One consequence was that we were unable to determine if project scope and cost decisions and approvals were made at appropriate management levels. Another consequence was that decisions made or reviewed by the Executive Officer and other managers were not documented.

*Documenting Key Systems and Procedures*

The only project-specific procedures we were able to locate pertained to controlling design and construction changes that occurred during construction work. Other key systems were undocumented. For example, we found no evidence of a formal system to ensure that planned construction work would best accomplish the goals and provide the facilities and exhibits described in the 1996 bond measure. Given the broad scope of the bond measure language and the limited dollars to carry out that scope, a well-defined system for prioritizing the work scope was essential.

*Evaluating Contracting Risk*

Metro’s contract with the general contractor, Hoffman Construction Company, called for work to be done on a cost-plus basis within guaranteed maximum amounts. Due to the large size of this contract (over \$20 million), its complexity and cost-plus structure, it was relatively high risk in nature. We found no evidence that the zoo or project management team formally and comprehensively assessed the risks of this contract and developed procedures and practices designed to control those risks. Examples of contract risks include: being charged excessive prices for materials and services, being charged for services not received or needed, work not being done according to contract specifications, and not receiving services provided for in contract.

**Framework Could Be Useful Metro-Wide**

Because Metro is involved in many construction projects, there is merit in applying the lessons learned in the Great Northwest Project not only to the remainder of this project, but also to Metro as a whole. Although individual Metro departments may have adequate project management systems in place, there is no overall oversight system to ensure that

projects are properly managed and controlled. Such an oversight system could ensure, for example, that:

- project managers and members of project teams are properly qualified and trained to effectively carry out projects
- roles, responsibilities and authority of project managers and other significant project stakeholders are sufficiently defined, appropriate, communicated and documented
- project scope is feasible given available funds, and priorities are clear
- project budgets anticipate all costs that can be reasonably foreseen, such as the costs of the 1% for Art program, managing the project, and equipping and furnishing buildings once they have been constructed
- key project milestones and performance indicators are established
- the scope, costs and schedules of major projects are adequately monitored after the Metro Council has approved them
- project status, scope changes, progress, performance and other issues are communicated to stakeholders at appropriate intervals

Another reason implementing such an oversight system would be desirable is that while the Metro Council authorizes and reviews these projects, the Council's monitoring systems are designed to operate at a much higher level. For example, Metro has a Capital Improvement Planning process, but its primary function is to help the Council set priorities among different projects and best meet the region's needs using limited financial resources. The Capital Improvement Plan is not oriented toward setting priorities within individual projects that are as large and complex as the Great Northwest Project, nor is it directly concerned with setting a clear scope for projects or their schedules. Similarly, although the Council has an opportunity to review projects in conjunction with its review and approval of Metro's annual budgets. However, the budget process focuses on a single year of planned activities, whereas large projects, such as Great Northwest, can span several years. In addition, the budget process is not typically used to set or revise the goals and priorities of individual projects or to comprehensively review their results.

For these reasons, we think Metro should examine the issues raised in this report from an agency-wide perspective. Our recommendations, both for Metro as a whole and for the Great Northwest Project in particular, are contained at the beginning of this report.



## **Appendix A**

Exhibits and Facilities Described in 1996 Bond Measure

## Exhibits and Facilities Described in 1996 Bond Measure

<u>Exhibits</u>	<u>Status</u>		
	<u>Completed</u>	<u>Planned</u>	<u>Deleted from Project</u>
<b><i>Mountain</i></b>			
Marmots	✓	- not a live display	
Mountain goats	✓		
Snow cave*	✓		
<b><i>Forest</i></b>			
Bald eagles		✓	
Beavers	✓		
Black bears		✓	
Bobcats		✓	
Cougars		✓	
Great blue herons		✓	
Great grey owls			✓
River otters	✓		
Spotted owls*		✓	
Tree house elevator			✓
Trout & salmon		✓	
Wolverines		✓	
Giant fallen log w/mountain beavers, snakes, salamanders		✓	
<b><i>Waters (Steller Cove)</i></b>			
Harbor seals		✓	
Research station	✓		
Sea lions	✓		
Sea otters	✓		
Tide pool animals	✓		
<b><i>Lion Exhibit</i></b>			✓**
<b><i>Family Farm Exhibit</i></b>		✓	
<b><u>Improved Access</u></b>			
New pathway linking Africa Rain Forest to entrance	✓		
Relocate zoo entrance	✓		
<b><u>New Revenue Sources</u></b>			
New restaurant	✓		
New gift shop	✓		
<b><u>Education Classrooms</u></b>		✓	

\* Not listed in bond measure, but included with Great Northwest project

\*\* Now a separate project



## Response to the Report



METRO

August 30, 2001

Honorable Alexis Dow, CPA  
Metro Auditor  
600 NE Grand Avenue  
Portland, OR 97232-2736

Re: Construction Management Audit of The Oregon Zoo (August, 2001)

Dear Auditor Dow:

I have reviewed your final draft report on the management of the Great Northwest construction project at The Oregon Zoo. I appreciate the hard work and professional expertise that you and your staff invested in the audit. The report does an excellent job describing the successes of the Great Northwest Project and identifying the lessons we should learn from it. This letter constitutes my response required by Metro Code.

I concur with the report's recommendations for improving project management practices Metro-wide. By the end of 2001, I will issue project management guidelines standardizing Metro's construction management practices for large-scale projects and implement the guidelines, subject as always to resource constraints.

While I believe the success of the first three phases of the Great Northwest Project speaks well for the project's management, I concur with the report's recommendations for completing Phase IV. I will use the project management guidelines mentioned above to complete the project.

I am extremely pleased with the progress of the Great Northwest Project. By every measure, so is the public. I am confident that we will achieve similar success with Phase IV. I hired a Zoo director in 1998 who has a record of building world-class exhibits at a reasonable cost. I also recruited an outstanding group of business and civic leaders to serve on the board of the Oregon Zoo Foundation. The board and the thousands of dedicated Foundation members have done a truly remarkable job accelerating the fundraising for the project. I fully expect the Foundation to meet, and perhaps exceed, its goals.

Zoo Director Tony Vecchio and I appreciate your assistance and guidance. We look forward to finishing a project the public will be proud of.

Sincerely,

Mike Burton  
Executive Officer

cc: Tony Vecchio, Zoo Director





METRO

## Metro Auditor Report Evaluation Form

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**Name of Audit Report:** The Oregon Zoo: Construction Management

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: \_\_\_\_\_  
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**Thanks for taking the time to help us.**

Fax: 503.797.1831  
Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736  
Call: Alexis Dow, CPA, Metro Auditor, 503.797.1891  
Email: [dowa@metro.dst.or.us](mailto:dowa@metro.dst.or.us)

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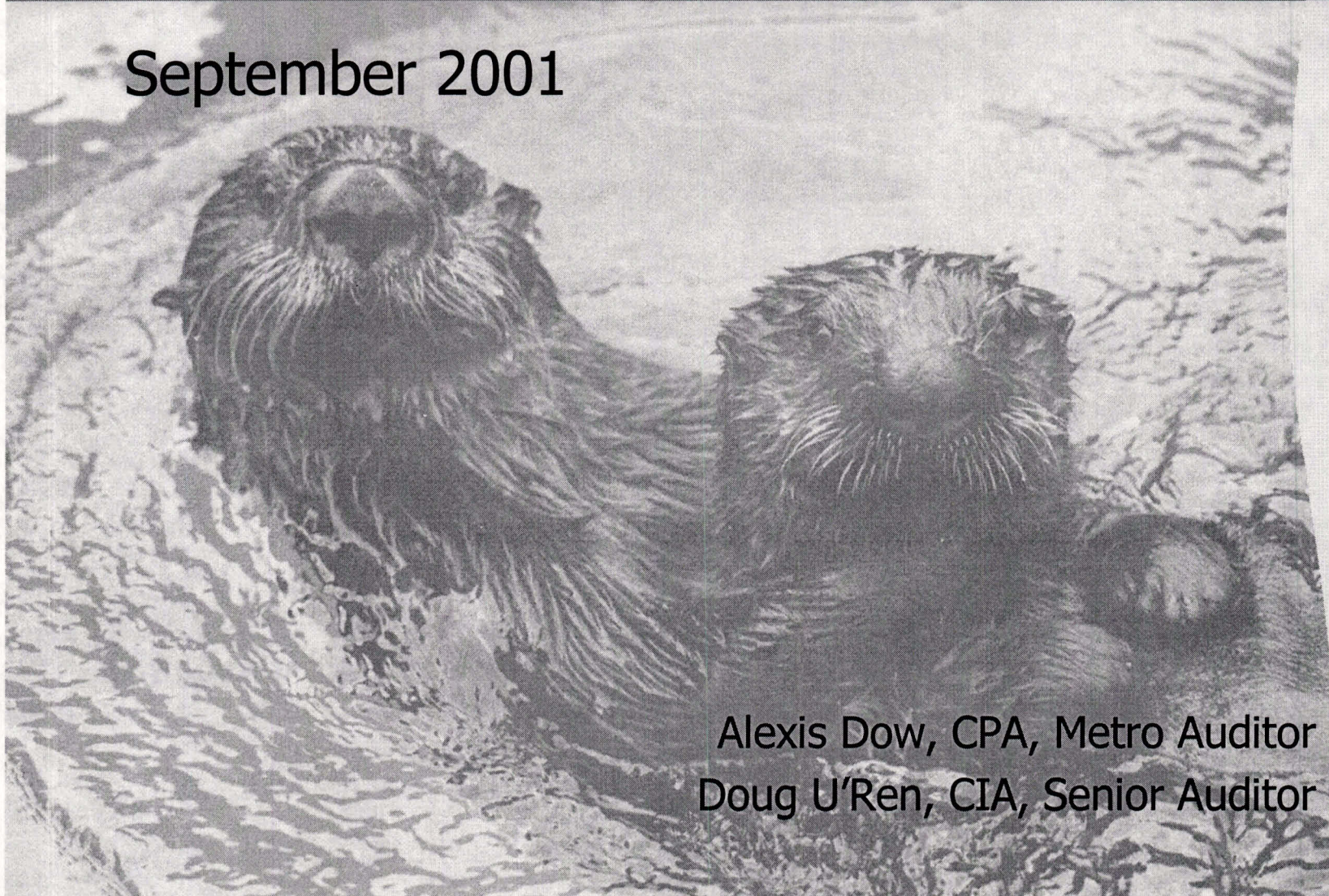
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**Metro Auditor Alexis Dow, CPA**  
**(503) 797-1891**



# **The Oregon Zoo: Construction Management**

September 2001



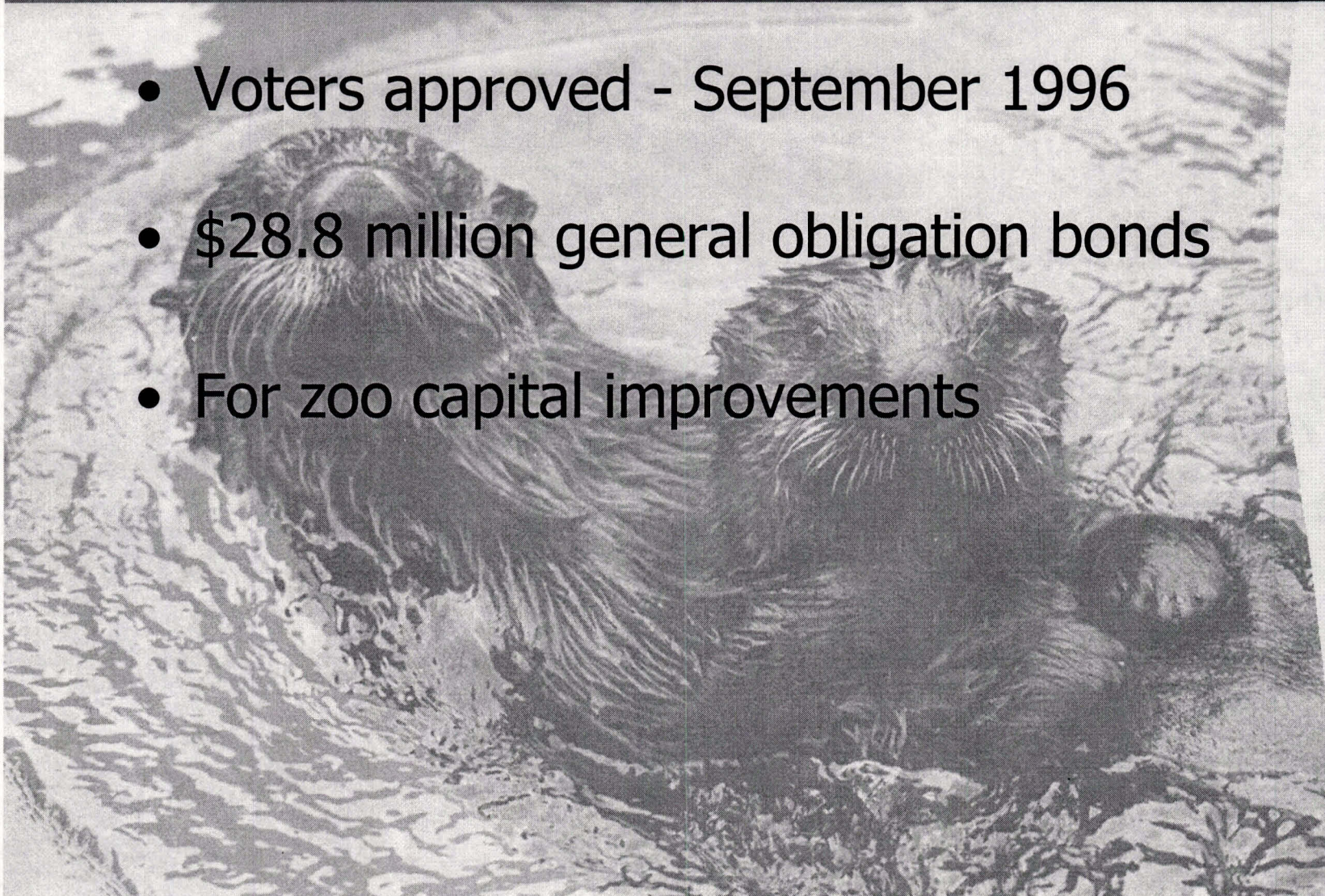
Alexis Dow, CPA, Metro Auditor  
Doug U'Ren, CIA, Senior Auditor

090601c-02



# 1996 Zoo Bond Measure

- Voters approved - September 1996
- \$28.8 million general obligation bonds
- For zoo capital improvements





# 1996 Zoo Bond Measure Goals

- Improve animal habitat
  - replace some older exhibits
  - add new ones featuring Oregon animals
- Improve access to the zoo
- Avoid refurbishing cost of replaced exhibits
- Enable zoo to be more self-sufficient (more operating income)





# Great Northwest Project

(Initially - The Oregon Project)

- Started September 1996
- Initial budget - \$30.5 million
  - bond proceeds plus bond interest earnings
- Purpose: to carry out the zoo bond measure





# Purpose of Audit

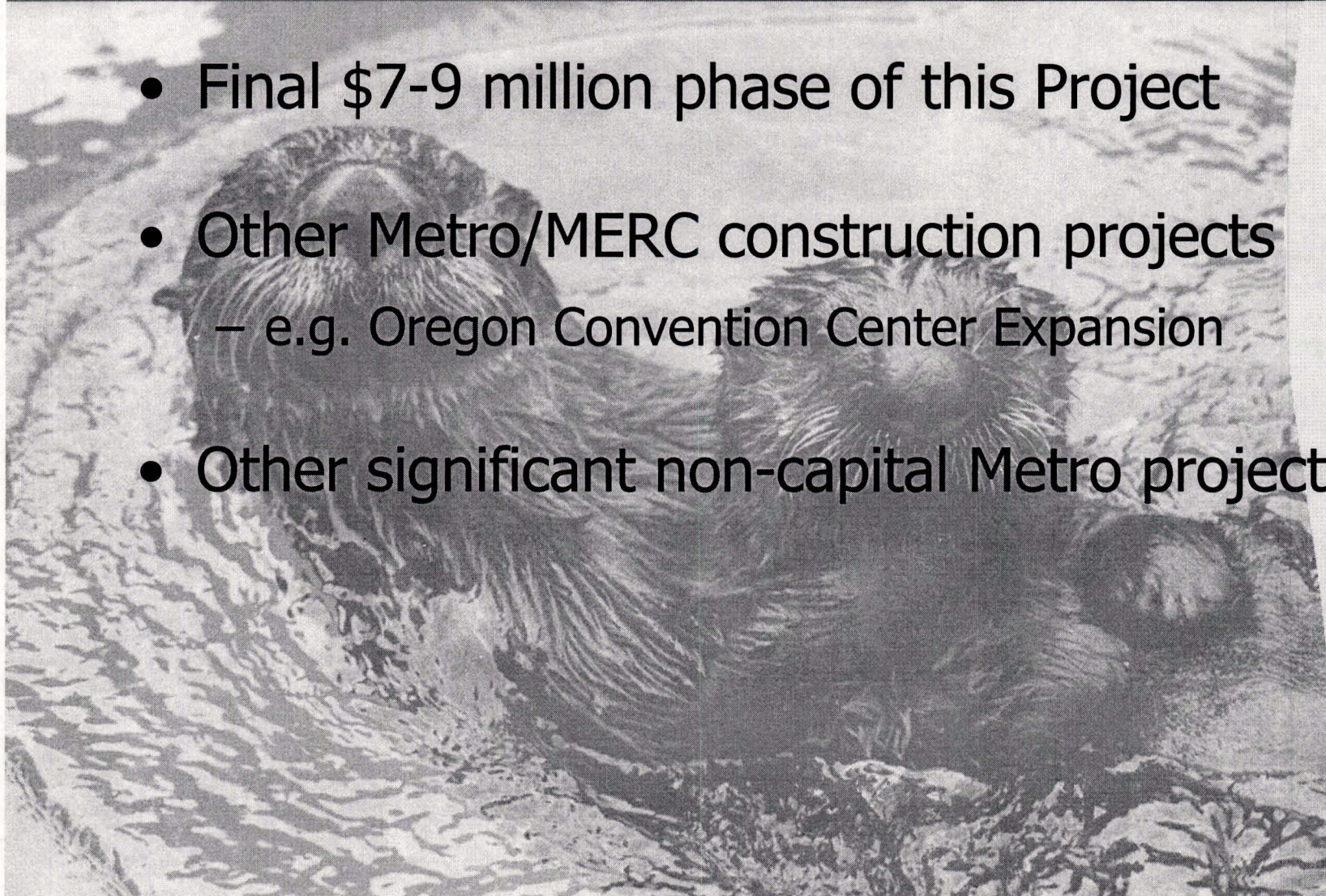
- Review adequacy of systems to manage Great Northwest Project
- Evaluate if bond measure goals achieved





# Potential Applicability of Audit Recommendations

- Final \$7-9 million phase of this Project
- Other Metro/MERC construction projects
  - e.g. Oregon Convention Center Expansion
- Other significant non-capital Metro projects





# Results to Date: Great Northwest Project

Three of four planned phases are completed:

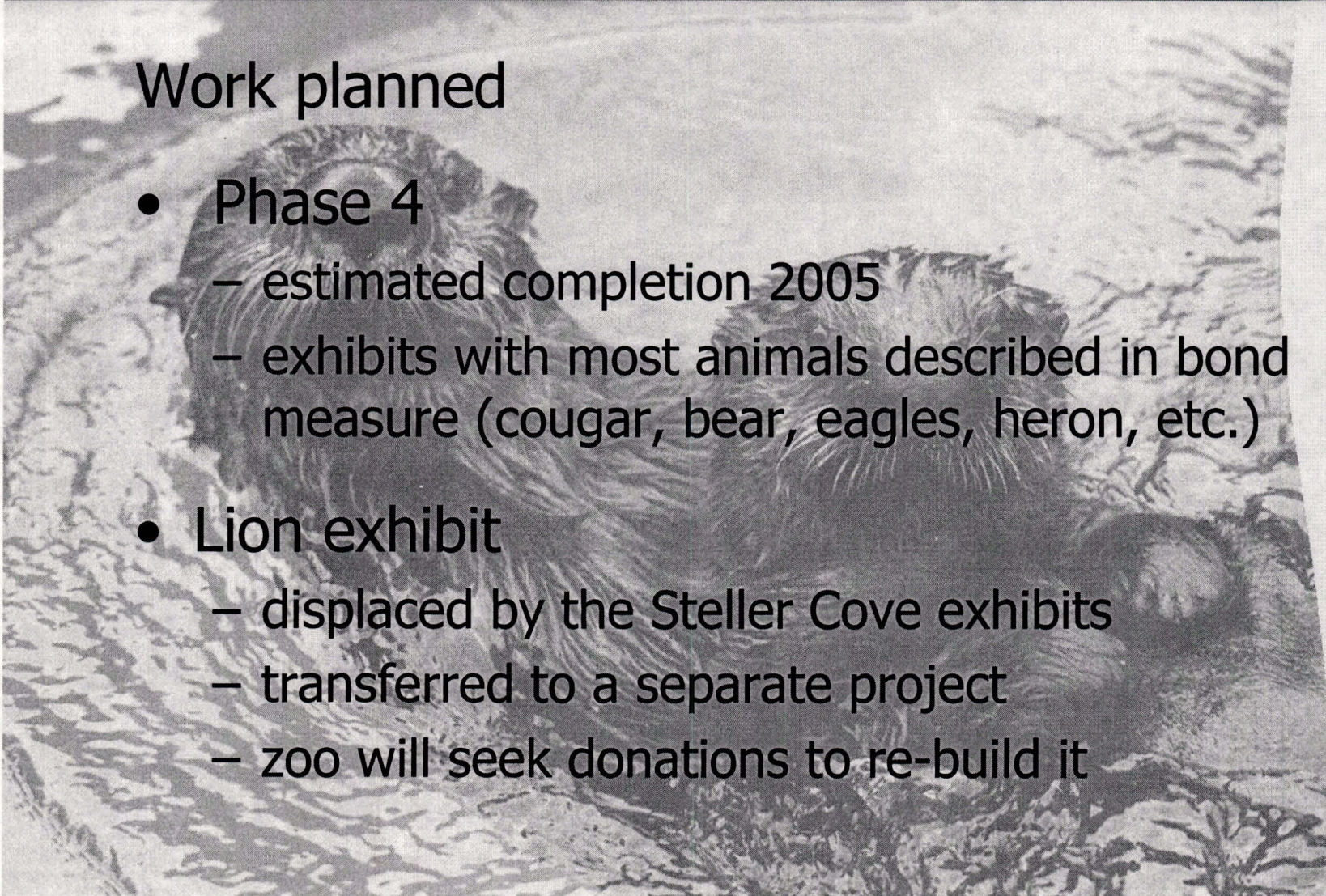
- Phase 1
  - new classrooms
  - new pathway from Africa exhibits to center of zoo
- Phase 2
  - new main entry
  - new restaurant and gift shop
  - Cascade Crest exhibit (mountain goat)
- Phase 3
  - "waters" exhibit (sea otters, sea lions & tide pool)



# Current Status: Great Northwest Project

## Work planned

- Phase 4
  - estimated completion 2005
  - exhibits with most animals described in bond measure (cougar, bear, eagles, heron, etc.)
- Lion exhibit
  - displaced by the Steller Cove exhibits
  - transferred to a separate project
  - zoo will seek donations to re-build it

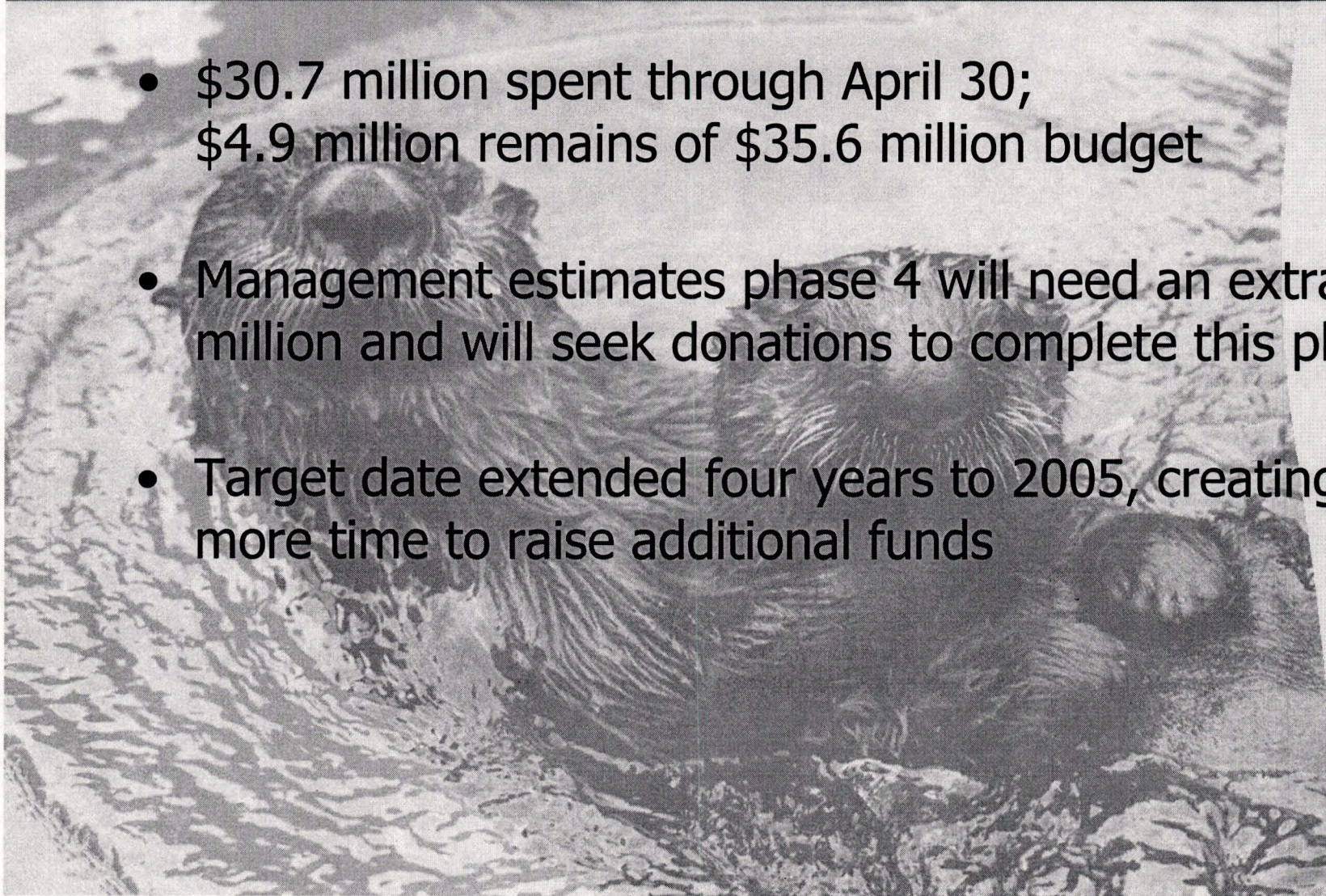




# Current Status:

## Great Northwest Project (Continued)

- \$30.7 million spent through April 30;  
\$4.9 million remains of \$35.6 million budget
- Management estimates phase 4 will need an extra \$2 million and will seek donations to complete this phase
- Target date extended four years to 2005, creating more time to raise additional funds





# Outcomes: Great Northwest Project

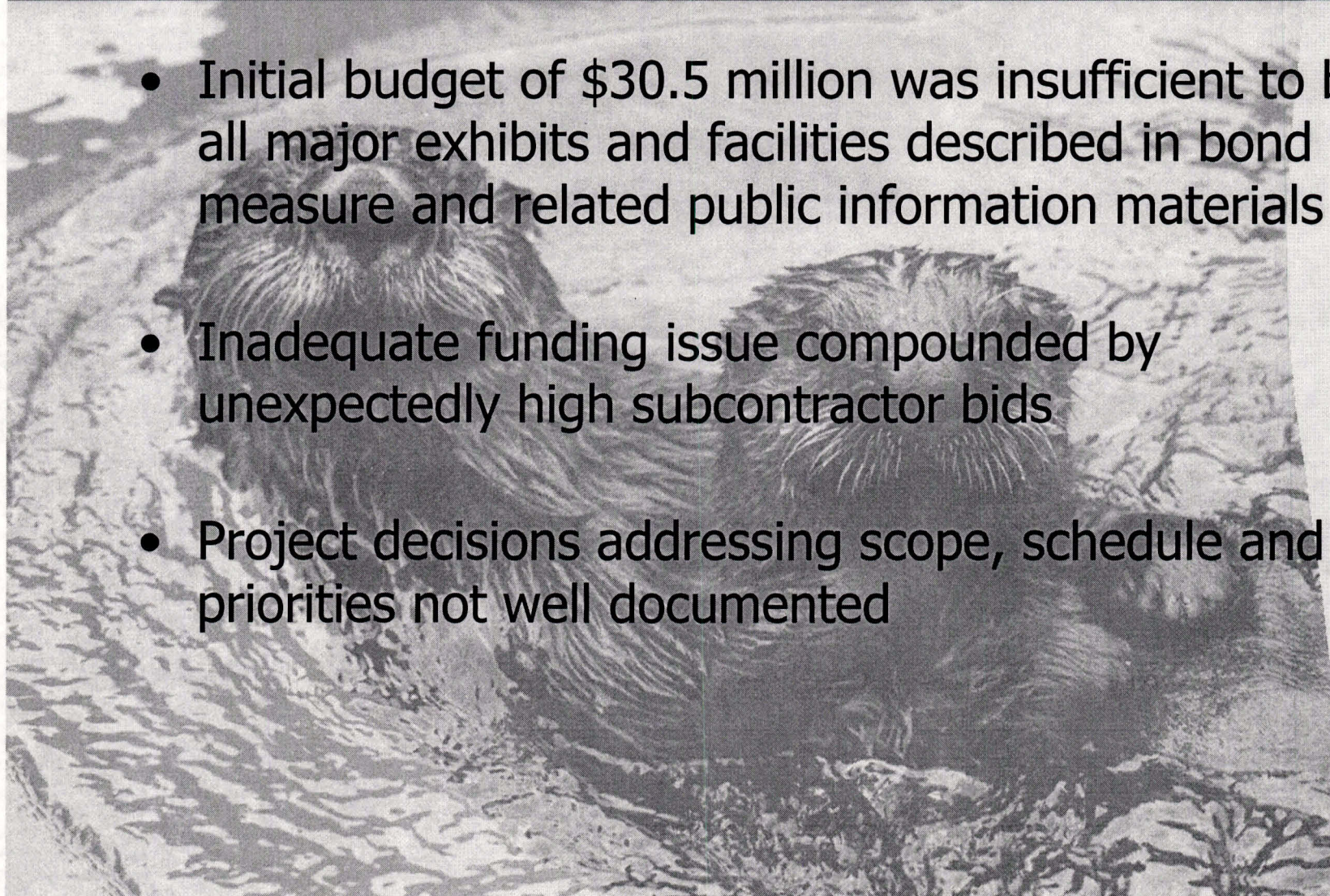
- Zoo attendance and revenues increased significantly
- Zoo slightly less dependent on property taxes for operating costs
- Access improved
  - new entry close to a light rail station
  - new pathways
- Mountain goat exhibit received national recognition
  - Best Project of the Year Award,  
American Society of Landscape Architects





# Audit Findings

- Initial budget of \$30.5 million was insufficient to build all major exhibits and facilities described in bond measure and related public information materials
- Inadequate funding issue compounded by unexpectedly high subcontractor bids
- Project decisions addressing scope, schedule and priorities not well documented





# Audit Findings (Continued)

- Roles, responsibilities and authority of team members and management not adequately defined and communicated
- Broad bond measure goals not translated into clear, achievable project objectives that:
  - provide managers with well-defined context for making scope and schedule decisions as project proceeds
  - enable us to readily evaluate project performance in achieving bond measure goals



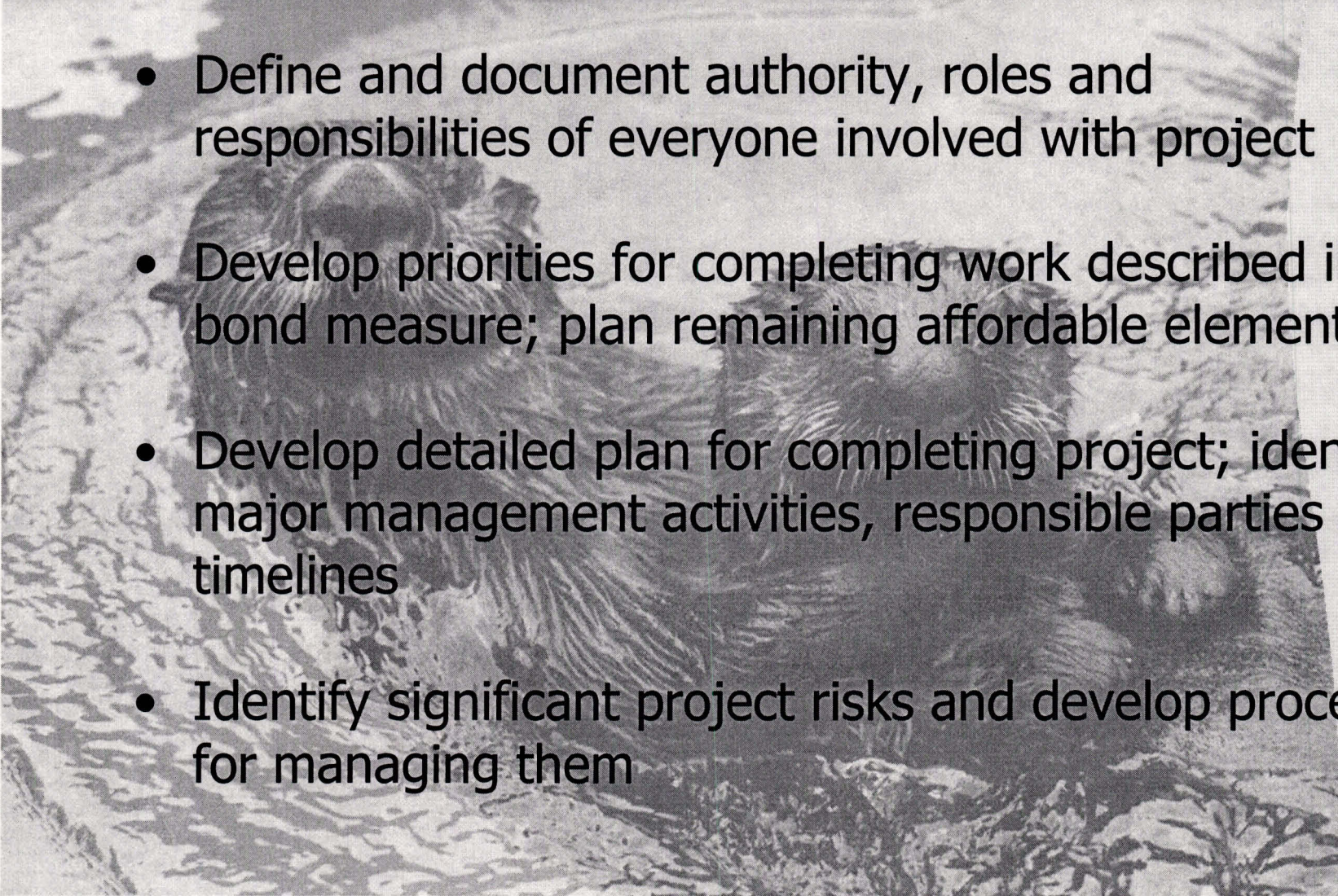
# Audit Findings (Continued)

- Although a large and complex project, zoo did not use adequately defined systems to ensure project is carried out effectively and meets its objectives
- A more structured approach to managing projects like Great NW offers Metro and MERC better assurance that:
  - goals will be achieved
  - major risks will be properly managed
  - work will be carried out economically and effectively





# Audit Recommendations: Completing Great Northwest Project

- 
- Define and document authority, roles and responsibilities of everyone involved with project
  - Develop priorities for completing work described in 1996 bond measure; plan remaining affordable elements
  - Develop detailed plan for completing project; identify major management activities, responsible parties and timelines
  - Identify significant project risks and develop procedures for managing them



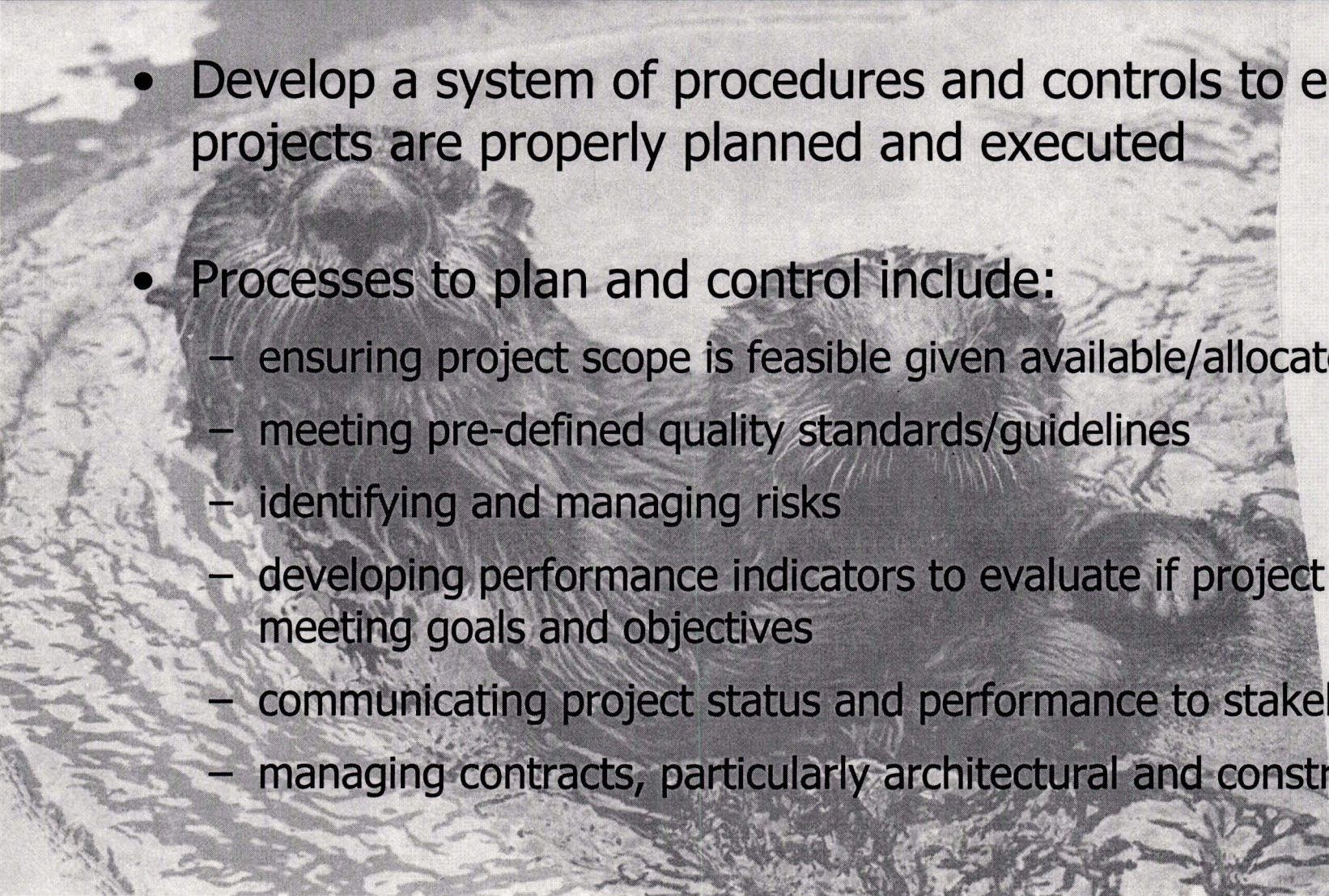
# Audit Recommendations: Metro-wide

- Develop a defined system for setting, approving and revising the objectives, cost, scope, schedule and priorities of major projects
- Define and document authority, roles and responsibilities of organizations and positions involved in overseeing projects

This should include department managers, project managers, Chief Operating Officer, Executive Officer and Metro Council



# Audit Recommendations: Metro-wide (Continued)

- 
- Develop a system of procedures and controls to ensure projects are properly planned and executed
  - Processes to plan and control include:
    - ensuring project scope is feasible given available/allocated funds
    - meeting pre-defined quality standards/guidelines
    - identifying and managing risks
    - developing performance indicators to evaluate if project is meeting goals and objectives
    - communicating project status and performance to stakeholders
    - managing contracts, particularly architectural and construction



# **The Oregon Zoo: Construction Management**





## **MERC Business Planning Process Agreement**

(February 2001)

The purpose of the business planning process is to provide MERC executive management and commission with clear guidance and a general direction on where the organization should be headed in the next few years. The business plans are a benchmarking and planning tool that ideally drives decision and policy making and budgeting throughout the organization and Metro.

### **What we want to accomplish with the planning process**

- MERC mission and goals provides a framework that guides the facilities' missions, goals and business operations.
- Facility missions and goals support and are fully integrated into the MERC business plan.
- Metro and MERC come to a shared understanding on MERC's mission and direction and how it fits with Metro.
- Address big strategic issues for long-term view for the facilities.
- General plans of attack to generate funding for capital and operating needs.
- Identify a threshold for fund balances.
- Identify how MERC reporting systems will support the business plan, so analysis and tracking can occur. Identify deficiencies in the financial information management system to be addressed.
- Integrate the business plans with PFP process and goals.
- Link business plan goals and strategies with the budget process.
- MERC maintains control of the planning process by maintaining authority for decision making and involving stakeholders as advisors.
- Key stakeholders support the plan and feel they have been involved in a meaningful way. Total stakeholder consensus is not realistic nor necessarily an outcome.
- Employees feel they have an influence in the outcomes of the plan.

### **Assumptions and Parameters for the planning process**

- The formal structure of MERC will remain the same.
- Assume the mandated relationship with Metro and MERC's authority remains the same.
- MERC's mission statement and key goals and the facility missions and goals will be examined and changed as appropriate.
- Assume no major new funding sources in the next 3-5 years.
- Identify if the approved budget will restrict or limit the major goals identified in the business plan.



- The plan will be approved by MERC and be provided to Metro elected officials as stated in the Metro Code.
- Assume that excise tax obligations and support service allocations to Metro will remain.
- Enhance the partnerships between MERC commissioners and Metro, other government partners, and key stakeholders.
- Any staffing changes must work with the contractual obligations of the unions.
- The plan will not address regional facility funding solutions, which are governmental issues and beyond MERC's scope.

### **Who will be involved?**

We identified nearly 20 groups that will have influence or will want to or need to have involved in the process at different stages. More may be selected as we move into the process.

MERC

Metro Council

Metro Executive

Metro Council Staff

Metro Executive Management Staff

Facility Advisory Committees

POVA – Board Chair and CEO

TCLA - Board Chair and President

BODS – (ballet, opera, drama, symphony)

City of Portland/PDC

Multnomah County Commission Liaison

Major Facility Users

Friends of PCPA

RACC

NWBCA

Major Vendors – Aramark, DWA, Ticketing companies.

Employee Unions, program managers, supervisors, line staff

Neighborhood Associations

Business Associations

Minority business advocates – OAME/One Stop



## MERC Strategic Business Plan

- ♦ **Project began** January 2001
- ♦ **Stakeholder interviews and analysis** Designed interview questionnaire to elicit information from stakeholders about perceptions of MERC, its facilities, finances, and relations with Metro. Stakeholders included public and private organizations, businesses, groups and individuals who have key investment or interest in the resources, services or outcomes of MERC. 46 people were interviewed—with three Metro Councilors yet to be interviewed: McLain, Monroe and Atherton.
- ♦ **Assess organizational missions** Business planning team and consultant reviewed and rewrote mission statements for MERC and its facilities. Considered the organization's identity (what it is), its purpose (what it does), and whom it serves (constituents or stakeholders). Drafted new mission statements.
- ♦ **Environmental assessment (SWOT)** The environmental assessment reviewed how internal and external conditions influence MERC and its facilities. Process assessed strengths, and weaknesses inside the organization and external opportunities and threats that have a bearing on how successful MERC is in carrying its mission and goals. The assessment was conducted by the business planning team and facilitated by the consultant.
- ♦ **Identify strategic issues** Consultant synthesized the results of research, information and analyses from the stakeholder interviews and the environmental assessment. In work sessions with the business planning team we drafted the key issues for consideration in the business plan. These strategic issues provide the framework for the goals and strategies for the next five years.
- ♦ **Facility advisory committee meetings** Consultant facilitated advisory committee meetings for each of the facilities to discuss the mission statements and strategic issues. In addition to the advisory committee members, the public was invited to attend.
- ♦ **Employee survey** All MERC employees were encouraged to complete a written questionnaire to solicit their ideas and thoughts on the missions, issues and goals proposed for MERC and its facilities. The consultant compiled and analyzed the results. Approximately 51 were received.
- ♦ **Business unit goals and strategies** Each MERC business unit (MERC Administration, OCC, PCPA, and Expo Center) is developing specific goals and strategies to address the MERC and facility specific strategic issues.



- ◆ **Draft plan and reviews** A draft plan will be made available for informal and formal reviews late September to mid October. The public review process will take place through facility advisory committee meetings and personal meetings with key stakeholders.
- ◆ **Plan adoption** The commission will be presented with a final draft plan for formal review and adoption October 24. It will then be presented to the Metro council.
- ◆ **Plan implementation** As a last step in the process, the business plan team will develop an implementation plan. This plan will include more specific timelines and detailed analysis of roles, assignments, and resource requirements necessary to carry out the goals and strategies identified in the business plan. The implementation plan also will articulate specific benchmarks to measure success.