

**OREGON ZOO FUTURE VISION COMMITTEE
MEETING SUMMARY
May 16, 2006
Oregon Zoo**

Committee members present

Co-Chairs:

Brian Newman (co-chair) Councilor, Metro
Penny Serrurier (co-chair) Oregon Zoo Foundation Board President

Metro/Oregon Zoo Foundation Members:

Bruce Berning Oregon Zoo Foundation Board Member
Robert Liberty Councilor, Metro
D. Carter MacNichol Oregon Zoo Foundation Board Member
C. Kregg Hanson Oregon Zoo Foundation Board Member
John R. Kruse Oregon Zoo Foundation Board Member

Citizen Members:

Sandra McDonough Portland Business Alliance Director
John Inskeep IFC Foundation

Ex-officio members:

Tony Vecchio Director, Oregon Zoo, Metro
Jeff Miller MERC General Manager, Metro
Michael Jordan Chief Operating Officer, Metro

Committee members absent

Metro/Oregon Zoo Foundation Members:

David Bragdon Council President, Metro
George Passadore Wells Fargo Northwest, Former Chief Executive Officer
Walt Pollock Portland General Electric, Former Vice President

Also present:

Kathy Rutkowski, Budget Coordinator, Metro
Amelia Porterfield, Council Support Specialist, Metro
Lake McTighe, Policy Associate Intern, Metro

Introduction

Brian Newman opened the meeting and introduced Metro staff Kathy Rutkowski, Budget Coordinator, and Amelia Porterfield, Council Support Specialist. Newman noted that Rutowski was at the meeting to answer questions regarding the budget and that Porterfield would be attending many of the meetings as support staff.

Two points were clarified regarding the meetings:

- The Future Vision Committee meetings are open public meetings and any interested person may sit in on the meetings.
- All comments made in the meetings are “on the record” and can be used by journalists that may attend the meetings.

Member communications

There were no member communications.

Acceptance of the minutes for the 4-18-06 meeting

Robert Liberty requested one correction to the minutes. On page 3, under vision statements of the committee members, one point was missing and should be added:

- The experience of the animals at the zoo should be considered in the master planning process

The minutes were accepted with the above correction.

Notifying Zoo neighbors

Liberty asked whether the zoo's most immediate neighbors – the Children's Museum, the World Forestry Center, and the City – had been notified that the committee was meeting. They have not yet been notified.

Tony Vecchio stated that he would send a letter to the director of the Children's Museum and the World Forestry Center, as well as the City, notifying them of the committee's role and objectives. Vecchio also stated that he would put the issue on the Parking Lot Operating Committee, of which all of the zoo neighbors are members, and which was meeting the following day.

Zoo organization

Vecchio went over the organization of the zoo, referring committee members to the "Zoo Operational Chart" included in the information packet.

History of zoo organization

Historically the typical zoo organization structure has been zookeepers and a senior zookeeper that reports to a zoo director. Zoo business, such as sales, food, and marketing was traditionally contracted out. In the 1970s the structure began to change as zoos received less public funding. Zoos began look for zoo directors with business expertise who would run zoos more as a business.

Oregon Zoo operational structure

The Oregon Zoo has been very entrepreneurial. Two-thirds of the zoo's budget is from enterprise revenue, such as guest services and catering. Fifty-five percent of the zoo's staff work at non-animal related jobs.

The zoos current organizational structure was adopted five years ago and reflects the zoo's entrepreneurial spirit.

The zoo director position has an external and visionary focus. The director focuses on administration, media, marketing, PR and advertising – not the historically typical focus of a zoo director.

The zoo's two Deputy Directors are Mike Keele and Carmen Handell. Keele is the Deputy Director of Living Collection, all animal related activities, and oversees volunteer resources, conservation/education, and living collections. Handell is Deputy Director of Operations – all non-animal activities - and oversees construction/maintenance and guest services.

Liberty asked if other zoos had comparable operational charts or typical structures.

Vecchio responded that no, most other zoos are still trying to make the old structure work, whereas at the Oregon Zoo has taken some revolutionary steps. For instance, conservation is the primary mission and education is the number one tool, so the zoo combined the two areas into one unit of education and science, with one manager who is a research scientist and educator. The Oregon Zoo is one of four zoos that have taken this approach to organization. This has been a big change and it has taken some staff a while to get used to it, but overall the response has been positive.

Newman asked how many of the employees were union represented by AFSCME and LIU, and how many were not.

Vecchio responded that approximately 55-60% were union represented.

Sandra McDonough asked why the Oregon Zoo Foundation was not on the chart.

Vecchio responded that the chart is a Metro document and part of the Metro budget, so only shows Metro employees.

McDonough asked how many non-Metro employees worked at the zoo.

Vecchio responded that 12 Oregon Zoo Foundation employees worked at the zoo for fundraising and the membership program.

In 1997 the zoo had a fundraising department that was inefficient. The OZF has since taken on that role.

Budget

Newman asked Vecchio to go over the last two or three budget cycles of the zoo. The committee referred to the budget documents provided in the handout.

Jon Kruse asked what resources came from the Metro central office for the zoo.

Vecchio listed several of the departments that provided services to the zoo, and are under "allocated costs" in the budget, such as informational services, human resources, legal, risk management, budget and finances, payroll, accounting, auditor, etc. Also, staff from the Metro central office and the zoo will work together on projects, such as turtle conservation or composting. This would not be an allocated cost.

Kregg Hanson asked what percentage of the budget goes to employee costs and fringe benefits.

Vecchio - 63-64%

Hanson wanted to know if this was typical for most zoos.

Tony stated that no, it was not, that it was higher than most zoos, that the zoo has a high number of zookeepers to animals, and that the zoo has excellent benefits.

McDonough asked if there was a common benchmark number of the number of employees for the number of animals and services provided.

Vecchio stated that the Director of the Wichita Zoo compiles information on benchmarks, and that the Oregon Zoo scores the highest in the country in terms of ratio of zoo keepers to animals.

Newman mentioned the AZA survey on the state of the industry as another source of information for employee ratios.

Liberty asked whether the ratio of zookeepers to animals was the only high area or if other employee to services ratios were high.

Vecchio replied that the zoo has a lot more staff than many zoos, for example many zoos do not have an exhibit department.

Vecchio then talked about the trend over the last few years of positions being cut at the zoo. In the last 4 years 20 FTE have been cut. Unfortunately these were not strategic reductions. The cuts were made when a position was voluntarily vacated – instead of filling the position, it was cut. This past year the cuts have been much more strategic, such as cutting non-represented managerial positions, and combining departments.

Restructuring of Metro central services

Jordan stated that Metro has combined the operating departments into the general fund, giving the Council greater purview and flexibility to allocate and cover costs, such as \$5 million to renewal and replacement costs. In terms of central services, Metro has been working on a program where a business design team is looking at Metro functions and how to deliver services in the best way possible. About 6 out of 25 functions have been reviewed. It was found that many departments have had positions performing the same functions as those performed in central services. The business design team is studying each position and through attrition cutting positions as needed.

Penny Serrurier asked how much of the zoo budget goes to central services.

Jordan responded that it is possibly \$2-3 million – he did not have the numbers in front of him.

Serrurier asked whether the consolidation is complete.

Jordan stated that Metro will be looking at positions for awhile. It is difficult to predict what will happen because inefficiencies are still being found.

Serrurier commented that there is a balance between efficiency and compromising the job being done.

Jordan responded that he agreed, that there is an appropriate balance between centralization and decentralization, and that that is being taken into account by the business design team.

Serrurier asked if there were union employees working in both the operations and in living collections departments.

Vecchio responded that approximately 55% of the employees working the operations department were union, and 45% in living collections. He stated that all of the employees are well paid for the job that they do. The lowest paying jobs are the seasonal positions that high school and college students fill in the summer.

McDonough asked if the zoo had benchmarked employee costs against other zoos, including PERS.

Vecchio stated that the Wichita Zoo studies looked at salaries, but not the total compensation package. The zoo has a great benefits package for the employees.

Carter MacNichol asked how long contracts were for.

Jordan replied that the contracts are for three years. The contracts with LIU will be negotiated this year, July 1st and AFSCME will be next year a year from July 1st. The contracts are negotiated for all departments of Metro – there is no separate zoo contract. Staff is involved in the negotiations.

Vecchio noted that City of Portland negotiations with LIU can affect Metro's negotiations.

Revenue

Property taxes are a primary source of revenue for the zoo and generate close to \$10 million a year. The zoo does unusually well with its enterprise revenue, especially with food and catering. The amount spent per person at the zoo has increased. A general concern in the industry is that people only have so much to spend when at the zoo. The usual stay for visitors is approximately two hours. If visitors stay longer they are more likely to eat. However if visitors stay longer it also means that parking space is occupied, limiting the number of available spaces. The zoo has been aggressive about public transportation because it means more visitors without reducing parking spaces.

The zoo train now pays for itself, though it did not use to. Changes in the train management made it more cost effective. The ticket price was increased by 25 cents, the

train operators are now temporary seasonal employees, and the steam train, which is more expensive to run, is only used for special events.

Enterprises such as the Zoo Lights and zoo concerts are integral to the revenue health of the zoo and bring in visitors on off hours.

Liberty asked if there was national demographic information regarding the frequency visits to the zoo, and whether there is a "maximum reasonable expectation" for the number of visitors a zoo can expect.

Newman stated that in the winter when the weather turns warmer there are spikes in attendance.

Vecchio stated that it would be useful to look at the finer details and examine how attendance and weather correlate. 10,000 people is a pretty busy day. Weather can influence visitor turnout by 8,000 people. Special events draw in visitors. In Rhode Island the zoo gave special snow day discounts.

MacNichol stated that zoo is primarily an outdoor experience.

Vecchio noted that a lot of other zoos have invested heavily in indoor experiences, and attendance has not necessarily increased.

MacNichol noted that even if the zoo attracts more visitors there will be nowhere for them to park on busy days.

Newman noted that even if parking were not an issue, issues compatibility must be considered.

McDonough asked how many people were on the grounds at one time on a busy day.

Vecchio stated that it is difficult to know that number. Visitors are counted when they enter, but there length of stay is not monitored.

Newman asked about the fire marshal's limit on attendance at concerts.

Vecchio stated that concert attendance is monitored by the number of tickets sold, with a 5,000 cap, 3,700 for premier concerts.

Newman asked about the property tax, permanent levy, and how it is growing.

Jordan stated that the tax is 9.6 cents per \$1,000 on the assessed property value. It grows over time and there is a \$10.00 cap. One cent equals approximately \$1 million.

Kathy Rutkowski stated that the tax base is increasing at a growth of 6% a year.

Jon Inskeep asked if the levy was permanent.

Rutkowski stated that it is, and stated that she would provide the committee with concise and comprehensive budget information.

Vecchio pointed out that the OZF raises approximately \$600-700,000 in memberships.

Liberty noted that personnel costs are avoided with OZF.

Inskeep asked if the "performance metric" on page D-52 of the budget handout included membership transfers.

Vecchio stated that it did not.

Vecchio noted that in the budget it appears that sponsorships fluctuate widely, when this is not the case.

Inskeep asked whether the current budget was stretched or comfortable.

Vecchio stated that the zoo is stretched under the current budget.. Do not yet know what the optimal number of employees is. In guest services the staff is burnt out.

MacNichol noted that if other zoos have less staff they provide less services and are stretched more.

Vecchio agreed, and noted that the zoo does training and enrichment programs that many zoos cannot do.

Kruse asked whether the zoo is losing revenue because it is not staffed optimally.

Vecchio stated that some days food and sales revenue could be increased if more booths could be opened.

Inskeep stated that there seem to be a lot of good reasons not to maximize revenue through admission prices, because admission needs to be kept down.

MacNichol requested a budget that was all on one sheet.

RFP Discussion

The committee reviewed the draft RFP and agreed that more work was needed. The RFP needs to be clear, with clearly defined deliverables.

MacNichol asked if there was a reason to give the contract to one team.

Vecchio stated that one contractor would take the job and sub out to other contractors for each part. The advantage is to have one plan that includes all of the elements.

MacNichol asked if the word governance should be used.

It was decided not to use governance and to use management instead.

Liberty stated that we should not be asking the contractors to tell us what we already know. We need to be specific about what we don't know. The process needs to be interactive.

Liberty questioned whether one RFP would work.

Newman stated that the committee has \$250,000 for the work.

Serruier stated that it would be good to see what other zoos are doing, to be provided with models of what is working elsewhere. Serruier stated concerns about breaking the RFP into separate pieces.

Newman stated that it would be helpful to have the contractor look at the data, run the numbers, and create a business and operations model that was customized to the zoos situation.

MacNichol stated that the RFP should be more specific and should clearly state what deliverables were requested.

Liberty stated that the parking constraint was an important issue and that development scenarios would be helpful. Liberty also suggested that the deliverables expected should be clearly laid out in the RFP.

The committee agreed to form a subcommittee to work on the RFP. It was agreed that the subcommittee would meet and prepare a draft for the next meeting. The next committee meeting was pushed ahead a week to give the subcommittee time to meet.

Information Requested

- Sedgwick County Zoo, Wichita KS benchmark information
- AZA survey on state of the industry
- Clarified budget materials

Next Meeting

Full committee- Tuesday, June 27th, 2006
Office of Stoel Rives, 11:30-1:30

- Review and acceptance of the RFP. The RFP will be sent out ahead of time so that committee members have an opportunity to review it.

Prepared by:

Lake McTighe