

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) RESOLUTION NO. 12-4399A
OREGON ZOO BOND IMPLEMENTATION PLAN)
AND OREGON ZOO 20-YEAR COMPREHENSIVE) Introduced by Chief Operating Officer Martha
CAPITAL MASTER PLAN) Bennett with the concurrence of Council
) President Tom Hughes

WHEREAS, at the General Election held on November 4, 2008, the Metro Area voters approved Oregon Zoo Bond Measure 26-96, entitled “Bonds to Protect Animal Health And Safety; Conserve and Recycle Water”; and

WHEREAS, in 2010, the Zoo launched the Oregon Zoo Comprehensive Capital Master Plan process, to ensure that the Oregon Zoo Bond Measure is implemented within budget, in a fashion that effectively integrates bond projects with existing exhibits, preserves opportunities for future non-bond funded projects and makes the maximum use of existing and proposed infrastructure; and

WHEREAS, in addition to planning for and governing the implementation of the Oregon Zoo Bond projects (the “Zoo Bond Implementation Plan”), the Oregon Zoo Comprehensive Capital Master Plan will provide a 20-year plan for future non-bond funded development at the Oregon Zoo; and

WHEREAS, in September 2011, the Metro Council adopted Resolution No. 11-4292 (“For the Purpose of Approving the Oregon Zoo Bond Implementation Plan”) approving and adopting the Zoo Bond Implementation Plan portion of the Oregon Zoo Comprehensive Capital Master Plan which included budgets for the Elephant Lands Habitat and associated infrastructure (the “Elephant Lands Project”); and

WHEREAS, in November 2011, the Metro Council adopted Resolution No. 11-4304 (“For the Purpose of Approving the Oregon Zoo 20-Year Comprehensive Capital Master Plan (CCMP)”), approving and adopting the Oregon Zoo’s Comprehensive Capital Master Plan, which includes the Zoo Bond Implementation Plan; and

WHEREAS, during the design phase of the Elephant Lands Project, unforeseen geotechnical site conditions were discovered that significantly increased the cost of the Elephant Lands Project over estimates approved by the Metro Council in the Zoo Bond Implementation Plan, which now require design changes, scope reductions and budgetary adjustments; and

WHEREAS, Metro staff has proposed design changes and scope reductions as detailed in the Staff Report, netting an estimated reduction in project cost of \$9.2 million, and the Metro Council wishes to approve and adopt said changes and reductions as amendments to the Oregon Zoo Bond Implementation Plan and Oregon Zoo 20-Year Comprehensive Capital Master Plan; and

WHEREAS, further design changes and scope reductions would unacceptably diminish the Elephant Lands Project’s long-term quality, visitor experience, and make an appropriate sustainability certification more difficult to achieve; and

WHEREAS, additional funds to forestall further design changes and scope reductions are available from the unanticipated receipt of an additional \$10.4 million premium paid by buyers of the Metro bonds sold to fund the Oregon Zoo Bond Implementation Plan (the “Bond Premium”); and

WHEREAS, combined with design changes and scope reductions, the allocation of \$3.9 million in Bond Premium funds by the Metro Council to the Elephant Lands Project will maintain the Metro project vision, its sustainability components, and the quality of the visitor experience; and

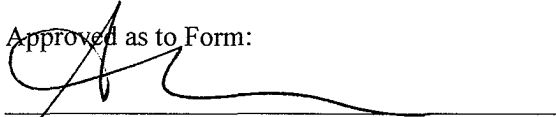
WHEREAS, the allocation of a further \$1 million in Bond Premium funds by the Metro Council to the Elephant Lands Project will restore certain specified project elements as set forth in the Staff Report, maintaining the Metro Council's "first-tier" vision for the Elephant Lands Project, now therefore

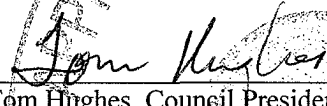
BE IT RESOLVED that the Metro Council hereby:

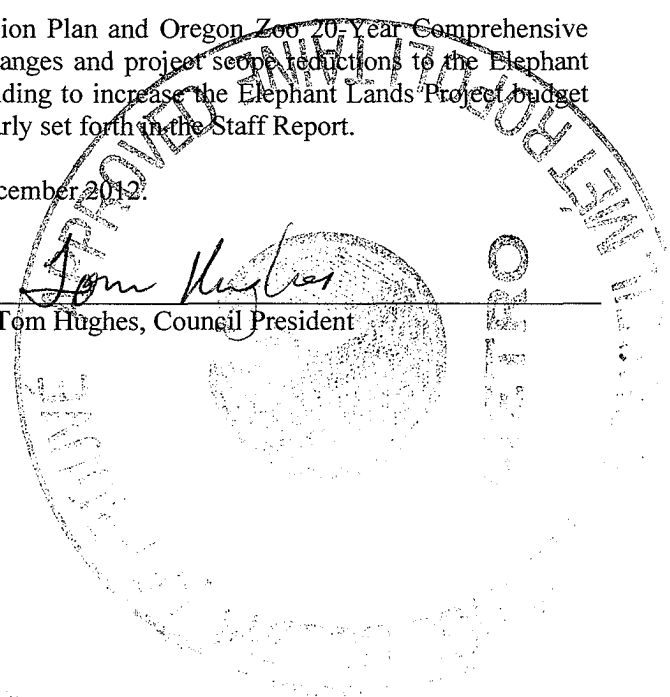
Amends the Oregon Zoo Bond Implementation Plan and Oregon Zoo 20-Year Comprehensive Capital Master Plan to approve and adopt design changes and project scope reductions to the Elephant Lands Project and add \$4.9 million of additional funding to increase the Elephant Lands Project budget from \$39.5 million to \$44.4 million, as more particularly set forth in the Staff Report.

ADOPTED by the Metro Council this 18th day of December 2012.

Approved as to Form:


Alison Kean Campbell, Metro Attorney


Tom Hughes, Council President



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) RESOLUTION NO. 12-4399
OREGON ZOO BOND IMPLEMENTATION PLAN)
AND OREGON ZOO 20-YEAR COMPREHENSIVE) Introduced by Chief Operating Officer Martha
CAPITAL MASTER PLAN) Bennett with the concurrence of Council
) President Tom Hughes

WHEREAS, at the General Election held on November 4, 2008, the Metro Area voters approved Oregon Zoo Bond Measure 26-96, entitled “Bonds to Protect Animal Health And Safety; Conserve and Recycle Water”; and

WHEREAS, in 2010, the Zoo launched the Oregon Zoo Comprehensive Capital Master Plan process, to ensure that the Oregon Zoo Bond Measure is implemented within budget, in a fashion that effectively integrates bond projects with existing exhibits, preserves opportunities for future non-bond funded projects and makes the maximum use of existing and proposed infrastructure; and

WHEREAS, in addition to planning for and governing the implementation of the Oregon Zoo Bond projects (the “Zoo Bond Implementation Plan”), the Oregon Zoo Comprehensive Capital Master Plan will provide a 20-year plan for future non-bond funded development at the Oregon Zoo; and

WHEREAS, in September 2011, the Metro Council adopted Resolution No. 11-4290 (“For the Purpose of Approving the Oregon Zoo Bond Implementation Plan”) approving and adopting the Zoo Bond Implementation Plan portion of the Oregon Zoo Comprehensive Capital Master Plan which included budgets for the Elephant Lands Habitat and associated infrastructure (the “Elephant Lands Project”); and

WHEREAS, in November 2011, the Metro Council adopted Metro Council Resolution No. 11-4304 (“For the Purpose of Approving the Oregon Zoo 20-Year Comprehensive Capital Master Plan (CCMP)”), approving and adopting the Oregon Zoo’s Comprehensive Capital Master Plan, which includes the Zoo Bond Implementation Plan; and

WHEREAS, during the design phase of the Elephant Lands Habitat, unforeseen geotechnical site conditions were discovered that significantly increased the cost of the Elephant Lands Project over estimates approved by the Metro Council in the Zoo Bond Implementation Plan, which now require design changes, scope reductions and budgetary adjustments; and

WHEREAS, Metro staff has proposed design changes and scope reductions as detailed in the Staff Report, netting an estimated reduction in project cost of \$9.2 million, and the Metro Council wishes to approve and adopt said changes and reductions as amendments to the Oregon Zoo Bond Implementation Plan and Oregon Zoo 20-Year Comprehensive Capital Master Plan; and

WHEREAS, further design changes and scope reductions would unacceptably diminish the Elephant Lands Project’s long-term quality, visitor experience, and make an appropriate sustainability certification more difficult to achieve; and

WHEREAS, additional funds to forestall further design changes and scope reductions are available from the unanticipated receipt of an additional \$10.4 million premium paid by buyers of the Metro bonds sold to fund the Oregon Zoo Bond Implementation Plan (the “Bond Premium”); and

WHEREAS, combined with design changes and scope reductions, an allocation of \$3.9 million in Bond Premium funds by the Metro Council to the Elephant Lands Project will maintain the Metro

Council's "first-tier" vision for the project, its sustainability components, and the quality of the visitor experience; now therefore

BE IT RESOLVED that the Metro Council hereby:

Amends the Oregon Zoo Bond Implementation Plan and Oregon Zoo 20-Year Comprehensive Capital Master Plan to approve and adopt the design changes and project scope reductions to the Elephant Lands Project and add \$3.9 million of additional funding to increase the Elephant Lands Project budget from \$39.5 million to \$43.4 million, as more particularly set forth in the Staff Report.

ADOPTED by the Metro Council this 18th day of December 2012.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12- 4399, FOR THE PURPOSE OF AMENDING THE OREGON ZOO BOND IMPLEMENTATION PLAN AND OREGON ZOO 20-YEAR COMPREHENSIVE CAPITAL MASTER PLAN

Date: December 18, 2012

Prepared by: Craig Stroud
(503) 220-2451

BACKGROUND

The Oregon Zoo has been designing a new elephant habitat as part of implementing the 2008 capital improvements bond. The project includes the elephant habitats and buildings, as well as associated infrastructure work; a new perimeter service road, relocating the zoo train route, relocating birds of prey mews and upgrading utilities. Over the past two months, project consultants have quantified bid results for the infrastructure and revised estimates for the elephant habitats and building components. The revised project plan costs exceed identified budget.

As previously discussed with the Metro Council, the zoo campus has inherent geotechnical challenges. For the western half of the zoo campus, a series of improvements since the zoo opened in 1959 has mitigated and addressed geotechnical conditions. Master planning located the new expanded elephant habitat along the eastern edge of the campus. This location was the only option to meet the six acre size condition and has the least impact to existing animal habitats and other major existing improvements. This area of the campus has the least historic geotechnical condition information due to lack of construction over the past fifty years.

Throughout project design, Metro has contracted with geotechnical engineering firms to analyze site conditions through testing and analyses. This work informed the design and in response to findings the zoo modified pre-schematic designs to avoid problem areas and expensive mitigations.

As one would expect, the geotechnical mitigations for minor surface improvements are much less expensive than improvements that require deep footings, retaining walls, dewatering, and robust structural components adequate to safely house elephants and the other infrastructure work. Some improvements were more easily modified than others and current estimates reflect those realities. For example, the train track design to avoid visitor crossings by constructing an elevated trestle proved extremely costly. The original design of structural concrete footings was deemed inadequate to safely support the trestles and the revised designs include anchoring the trestle supports to soil and rock 70 feet below the surface. In addition, each trestle support requires 30 or more days of settling time before the support can be finished. These types of challenges increased the plan costs significantly more than the design team expected.

The estimated construction costs were estimated by the design team to be \$13.1 million greater than the \$39.5 million construction budget.

OPTIONS AVAILABLE

Zoo staff and consultants immediately began identifying opportunities to reduce plan costs and balance the budget. Two primary options have been identified: 1) reducing project costs through scope reductions, and 2) adding resources to the project.

Reducing Project Costs

To frame the option of reducing project scopes, it is helpful to review the 2008 Bond Measure Explanatory Statement and Metro Council Resolution 08-0945 language pertinent to the elephant habitat project. The language states:

Measure 26-96 Explanatory Statement for the elephant habitat project

“Outdoor space will increase from 1.5 to 6 acres, adding watering holes, shade structures, large trees, and boulders, providing more outside exercise and offering a more natural environment.”

Metro Council Resolution 08-3945 elephant habitat excerpts

- Space increase from 1.5 to 6 acres
- Naturalized with watering holes, shade structures, large trees and boulders, with a thicket of bamboo as a backdrop
- Barn will be replaced with a larger building

All options presented comply with the explanatory statement and resolution commitments.

Zoo staff and consultants have identified \$9.2 million of scope reductions for relocating the train route and elephant habitats and buildings. Reductions were identified and considered for the planned perimeter service road. Staff believes the savings that would be achieved do not outweigh the value the service road provides to visitor safety during construction of the elephant habitat and future bond projects. The road also provides long-term value to future campus operations and services. Therefore, no changes to the road are recommended. The relocated birds of prey mews required scope reductions; however, the revised cost estimates have been balanced to the target budget and this report will not address that associated project.

The major changes proposed to the train route design include:

- Modifying the design to eliminate the overhead trestle. The means the track will remain at existing grade with a major visitor path crossing. To ensure guest safety for this crossing, the design has been modified to include robust safety barriers so that guests, particularly young children, are safely separated from the tracks. The trestle elimination will modify and possibly eliminate views from the train into the future polar bear habitat, but the views in the forthcoming Elephant Meadow remain. This change also requires the trains to ascend a steep slope to return to the visitor station. Each of the zoo trains is uniquely constructed and has differing limitations for maximum slope. Solutions to assist the trains on this climb are being reviewed and have not been decided.
- Reducing the train storage and maintenance building scopes and size. This change will likely require a strategic change to the train maintenance and repair operations. Currently, train staff fabricates some parts on-site in a maintenance building that will be displaced by the new elephant habitat. Historically, this work has been procured from professional fabrication shops. Reducing the building scope and size may preclude the equipment and fabrication areas necessary to fabricate parts.

These changes allow the campus return loop trestle to remain in scope. This element is important to running the train during the winter ZooLights festival. In addition, the route to Washington Park remains in place. These routes are important and allow the train to continue to operate as a zoo revenue generating activity.

The major changes proposed to the elephant habitats and buildings include:

- Reducing the size of the elephant plunge pool and associated water filtration. The smaller pool is still significantly larger than the existing habitat's pool and will provide a great experience for the elephants and guests.
- Reducing the Forest Hall building square footage. The reduction is primarily in storage, amenity, and visitor spaces, although the hall will still have excellent visitor viewing. The large sand space for elephants remains at the target size.
- Modifying the demonstration yard through scope reductions and simplifications.
- Simplifying the visitor bridge that transects the habitat. The bridge maintains all functional requirements, but in a simpler, less costly manner.
- Numerous changes to design elements and finishes, most of which would be unnoticeable to all but the closest project stakeholders.

These changes maintain the elephant project vision and bond measure commitments. The project still includes multiple spaces for elephants, sand substrates, elephant activity and choice components, sustainability features (LEED Silver achievable), and extensive visitor experience opportunities.

Modifying the project design for the changes to the train and elephant habitats and buildings eliminates \$9.2 million of cost, leaving the estimated project construction costs \$3.9 million over the resources allocated in the Bond Implementation Plan adopted by Metro Council in 2011.

It is important to note that the construction contingency funds set aside for the project remain intact and have not been used to help balance the budget. Staff recommends maintaining those funds to address unforeseen conditions that could arise during construction.

Further Reductions

Zoo staff discussed further scope reductions that had been identified with the Metro Council at the Dec. 11, 2012 Metro Council work session. Councilors expressed concerns about the project's long-term quality and visitor experiences if the scope reductions and cost savings were too impactful and asked staff to return with options for using unanticipated bond sale premium funds to add resources to the project.

Adding Resources to the Project

In May 2012, Metro issued \$65 million of bonds of the zoo's remaining \$105 million of bond authority. Given market conditions and Metro's excellent credit ratings, the bonds sold at considerable unanticipated premium. A premium is a condition where bonds sell for an amount greater than the published value of debt issued and required to be repaid. In this instance, Metro sold \$65 million of bonds and received a \$10.4 million premium, with proceeds totaling \$75.4 million. These unanticipated funds are not allocated to any specific bond projects and are being held as general program resources. A portion of these funds could be allocated to the elephant habitat and related infrastructure project.

Option 1 – Allocate \$3.9 million of bond sale premium funds to the project. This recommendation maintains the elephant habitat project vision, sustainability components, and visitor experiences. The Forest Hall would be maintained as an indoor visitor viewing area at a slightly smaller size than prior

designs, allowing guests to see the elephants on cold, rainy days. For the train, the ZooLights loop and Washington Park routes could be maintained for visitors.

Option 2 – Allocate \$4.9 million of bond sale premium funds to the project. This recommendation incorporates the scopes discussed in option 1, and adds \$1 million of resources for the following three primary purposes:

- Add additional square footage to Forest Hall visitor and amenity spaces
- Increase elephant management options that include transfer chute flexibility and outdoor shelter options
- Additional scopes targeted to elephant activity and choice components

IMPLICATIONS AND SUGGESTIONS

Allocating a portion of the \$10.4 million bond sale premium funds to the project reduces the amount available for future projects. With the completion of this project, the program will have completed more than half the dollar value of the bond measure projects. Each of the remaining projects has design, construction, and escalation contingency amounts budgeted and set aside. Using either \$3.9 million or \$4.9 million of the unanticipated bond sale premium funds for the elephant habitat project does not put future projects at risk and maintains more than half of the unanticipated premium for remaining projects.

QUESTION PRESENTED FOR CONSIDERATION

Staff seeks Metro Council direction via resolution to balance the project budget to resources. Council members can direct staff to implement the recommended action or suggest a different mix of options.

ANALYSIS/INFORMATION

1. **Known Opposition** – none

2. **Legal Antecedents**

Ballot Measure No. 26-96: Bonds to Protect Animal Health and Safety; Conserve, Recycle Water;

Resolution No. 11-4277, Authorizing the Chief Operating Officer to Begin Procuring the Design and Construction of the New Zoo Elephant Habitat and Associated Infrastructure Prior to Completion and Adoption of the Oregon Zoo Comprehensive Capital Master Plan;

Resolution No. 11-4292, Approving the Oregon Zoo Bond Implementation Plan;

Resolution No. 11-4304 Approving the Oregon Zoo 20-Year Comprehensive Capital Master Plan (CCMP)");

3. **Anticipated Effects**

The resolution provides staff direction to reduce elephant and train project scopes by the \$9.2 million previously discussed and to allocate unanticipated bond premium sale resources to the project totaling either \$3.9 million or \$4.9 million, at the Council's discretion.

4. **Budget Impacts**

The resolution increases the elephant and related infrastructure project construction budget of \$39.5 million by either \$3.9 million or \$4.9 million.

RECOMMENDED ACTION

Staff recommends reducing the project costs by the \$9.2 million previously discussed and allocating unanticipated bond sale premium funds to balance the project budget to resources. The Metro Council can choose between options 1 or 2, at its discretion.