

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) RESOLUTION NO. 16-4684
OREGON ZOO BOND)
IMPLEMENTATION PLAN) Introduced by Chief Operating Officer
) Martha J. Bennett in concurrence with
) 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, via Metro Council Resolution 11-4292, entitled "For the Purpose of Approving the Oregon Zoo Bond Implementation Plan," the Metro Council approved the Zoo Bond Implementation Plan portion of the Oregon Zoo Comprehensive Capital Master Plan; and

WHEREAS, the Zoo Bond Implementation Plan contains bond fund allocation project budgets ("Project Budgets") for each Oregon Zoo Bond Measure project. The polar bear construction budget listed in the 2011 Bond Implementation Plan was \$18,079,392. Including project staff and owner's contingency costs, the total Project Budget was established at \$20.1 million; and

WHEREAS, as a result of escalating costs in the construction market and based on its experiences on previous bond projects, Metro estimates needing an additional \$3.6 million to meet the Polar Bear Project scope of work, exceeding the Project Budget for the Polar Bear Project approved by the Metro Council in the Zoo Bond Implementation Plan; and

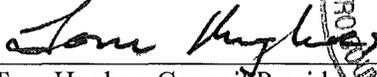
WHEREAS, the Zoo bond program holds \$4.8 million in unallocated program contingency funds, and the allocation of \$3.6 million of said funds to the Polar Bear Project would leave only \$1.2 million remaining in the unallocated Zoo bond program contingency fund; and

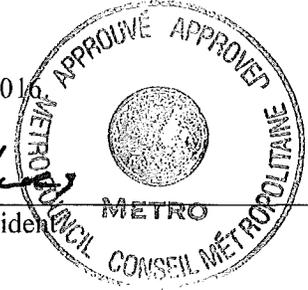
WHEREAS, a combination of Polar Bear Project scope reduction of \$1.0 million, to be identified by engaging internal and external stakeholders in thorough decision-making processes during the design phase, and the allocation of \$2.6 million of contingency funds to the Polar Bear Project, will ensure that design and construction of the Polar Bear Project proceeds on schedule and project vision is retained, while preserving \$2.2 million in the unallocated Zoo bond program contingency fund to better ensure that Metro retains the flexibility to meet the future budget needs of the primate/rhino project in the context of continuing construction cost escalations; now therefore

BE IT RESOLVED that the Metro Council hereby:

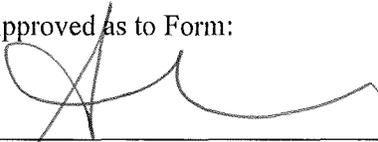
Amends the Zoo Bond Implementation Plan portion of the Oregon Zoo Comprehensive Capital Master Plan to accept \$1 million in Polar Bear Project scope reductions, and approves the allocation of \$2.6 million of Zoo bond program contingency funds to the Polar Bear Project, for a new project budget of \$22,707,853.

ADOPTED by the Metro Council this 4th day of February 2016


Tom Hughes, Council President



Approved as to Form:


Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4684 FOR THE PURPOSE OF AMENDING THE OREGON ZOO BOND IMPLEMENTATION PLAN

Date: January 25, 2016

Prepared by: Heidi Rahn
503-220-5709

BACKGROUND

At the General Election held on November 4, 2008, Metro Area voters approved Oregon Zoo Bond Measure 26-96, entitled “Bonds to Protect Animal Health and Safety; Conserve and Recycle Water.” This measure outlined a series of capital improvements that will provide enhanced welfare and care for Zoo animals, protect animal health and safety, increase access to conservation education, conserve water and harvest storm water for reuse, and improve water quality.

The zoo bond program is more than half way through upgrading 40 percent of the zoo campus. Projects complete include the new veterinary medical center, installation of the modern filtration system for the penguin pool, Condors of the Columbia, and Elephant Lands. The new education center is currently under construction. Remaining projects include the new polar bear habitat and related infrastructure and expansion of the primate and rhino habitats. Construction is scheduled to be complete on all projects in 2020.

Metro developed a 20-year Comprehensive Capital Master Plan (CCMP) for the zoo campus. The bond measure project portion of the CCMP is called the bond project implementation plan, and it includes a strategy, schedule, and budget to implement the bond measure projects.

Prior to seeking proposals for design and construction services on the new polar bear habitat and related infrastructure project, staff analyzed the commitment to voters, the pre-schematic design, and cost estimates approved in the bond implementation plan against current market conditions.

Commitment to voters

The zoo committed to protecting the health of polar bears and providing cooler temperatures and more humane conditions by removing concrete and adding land and pool space.

Pre-schematic design

The vision is to develop a new and larger habitat to encourage and promote exploring, digging, swimming, scratching and other natural behaviors. As the world’s largest land predators, polar bears need space and the proposed upgrade will offer them not only more room but also a safer and more natural and diverse habitat to explore.

As envisioned, the project will expand the bears’ access to natural substrate, renovate and increase the efficiency of the water-filtration system, reduce temperatures, chill the pool water, provide vistas, and increase both land and pool space. New holding areas will have better lighting and ventilation, allowing for better care for the animals.

The Oregon Zoo has the opportunity to educate guests about climate change as well as the research the zoo conducts with polar bears to assess the impacts of such changes. A key component of the new polar

bear exhibit will be to bring the zoo's research and positive reinforcement training activities to the forefront of the visitor experience. One of the main objectives of the interpretive messaging will be to introduce facts about climate change, polar bear conservation, and actions visitors can take to preserve polar bears and their arctic habitat.

Infrastructure work associated with the polar bear project includes a public plaza with guest amenities, visitor path upgrades, and the final phase of upgrading utilities as part of the bond program water and energy conservation measures. The polar bear project will also connect to the geothermal slinky system installed during the construction of Elephant Lands to exchange heat and cooling between the habitats.

See Attachment 1 for the pre-schematic design of the new polar bear habitat.

Cost estimate

The Metro Council approved the Bond Implementation Plan and project budgets in 2011. The polar bear project budget, including staffing, interpretives and contingency, was established at \$20,107,853¹. Construction cost escalation was estimated at 6 percent. Actual escalation to date, plus forecasted escalation² at the start of construction in 2017, is estimated to be 18 percent. Project management and interpretive fabrication costs have increased due to known requirements needed to successfully complete the project.

The revised cost estimate to meet the approved pre-schematic design exceeds the original project budget. Given the current construction market and experiences on previous projects, zoo bond staff estimates needing an additional \$3.6 million to meet the polar bear project scope of work.

The zoo bond program has \$4,830,549 remaining in unallocated program contingency funds. The primate/rhino project will be impacted by cost escalation, but the scope and budget can be more easily managed given the limited civil/site work needed.

Options considered

The Oregon Zoo Bond Citizens' Oversight Committee and Zoo Bond Steering Group considered several options to address the additional funding need.

- **Scope Reduction**
Staff analyzed the level of scope reduction needed in order to meet the original budget. This would require a significant reduction in the size and complexity of the exhibit given the extensive site work required to create streams, shores, and vista overlooks. This limits the scale and diversity of the natural habitat designed in the pre-schematic phase.
- **Budget Addition**
Add \$3.6 million to the project budget from the unallocated bond program contingency to cover the full scope of the project. Given the projection for additional costs to complete the final projects, this option significantly limits the zoo bond program contingency fund.

¹ The polar bear budget listed in the 2011 Bond Implementation Plan was \$18,079,392. At that time, the project staff and owner's contingency budgets were in separate line items. Project staffing and owner's contingency have since been incorporated into individual project budgets, resulting in a polar bear project budget of \$20,107,853. This is not an increase over what was approved by the Metro Council, but rather just a budget reallocation.

² Rider Levett Bucknal Construction Cost Index Jan. 2012 through Feb. 2017

- **Combination of Scope Reduction and Budget Addition**
Add \$2.6 million to the polar bear project budget from the unallocated bond program contingency and identify \$1 million in scope reductions during the schematic design phase. Options for scope reduction and prioritization would be identified via a thorough decision-making process in the design phase, engaging internal and external stakeholders. Considerations will include, but are not limited to, reducing the number of holding areas, off-exhibit yards, or combining the research station with the main visitor education and viewing area. This option maintains the extent of the civil/site work needed to create a diverse habitat, and provides adequate labor, interpretive, and contingency funds. It would also provide more flexibility and security to ensure future needs can be met with the remaining unallocated program contingency funds.

ANALYSIS/INFORMATION

1. **Known Opposition** There is no known opposition of this resolution.
2. **Legal Antecedents** Metro Council Resolution No. 08-3945 (“Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$125 Million to Fund Oregon Zoo Capital Projects to Protect Animal Health and Safety, Conserve and Recycle Water, and Improve Access to Conservation Education; and Setting Forth the Official Intent of the Metro Council to Reimburse Certain Expenditures Out of the Proceeds of said Bonds Upon Issuance”), dated on May 8, 2008; Metro Ballot Measure 26-96, approved by voters at the November 4, 2008 general election; Metro Council Resolution No. 11-4292 approving the Bond Implementation Plan.

3. **Anticipated Effects**

The Oregon Zoo Bond Citizens’ Oversight committee and Zoo Bond Steering Group recommend a combination of scope reduction and budget additions for the Councils’ consideration to preserve the vision for the project, while ensuring the remainder of the bond program commitments can be fulfilled. Options for \$1 million in scope reduction and prioritization will be determined in the design phase and reviewed by the Oregon Zoo Bond Citizens’ Oversight Committee to ensure the project is able to meet the original commitment to the voters. The addition of \$2.6 million to project budget will provide the polar bears with an expanded and diverse habitat of streams, pools, shores, and vista overlooks.

4. **Budget Impacts**

Reallocate \$2.6 million from the \$4,830,549 in unallocated bond funds (bond program contingency) to the polar bear project budget. The revised polar bear habitat and related infrastructure project budget would be \$22,707,853. This will leave \$2,230,549 remaining in bond program contingency for future needs.

RECOMMENDED ACTION

Approve resolution 16-4684 for the purpose of amending the Oregon Zoo bond implementation plan and a revised polar bear habitat and related infrastructure project budget of \$22,707,853.

ATTACHMENT 1 : POLAR BEAR PRE-SCHEMATIC DESIGN



