

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ACCEPTING THE ) RESOLUTION NO. 16-4683  
CHIEF OPERATING OFFICER’S )  
RECOMMENDATION AND ELIMINATING )  
THE REMOTE ELEPHANT CENTER )  
SET-ASIDE FUND FROM THE METRO )  
COUNCIL’S RECOMMENDED LIST OF ) Introduced by Chief Operating Officer Martha  
PROJECTS TO BE FUNDED BY METRO ) Bennett in concurrence with Council  
BALLOT MEASURE 26-96 ) President Tom Hughes

WHEREAS, Metro adopted Metro Council Resolution No. 08-3945 on May 8, 2008 (“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”); and

WHEREAS, at the General Election held on November 4, 2008, the voters of the Metro Area approved Oregon Zoo Bond Measure 26-96; and

WHEREAS, the Remote Elephant Center Set-Aside Fund was not specifically called for in Ballot Measure 26-96’s Ballot Title, Ballot Measure Summary, or Explanatory Statement as were other mandatory projects, but was set forth in Exhibit A to Metro Council Resolution No. 08-3945; and

WHEREAS, Exhibit A to Metro Council Resolution No. 08-3945 sets forth a general description of the recommended improvements to be funded by the Ballot Measure, including those for elephants, which among other things, recommends that a fund be “set aside for potential capital needs of off-site space” (the “Remote Elephant Center Set-Aside Fund”) pending the exploration of “the feasibility of providing an off-site area for elephants;” and

WHEREAS, from 2009-2015, Zoo staff conducted a comprehensive due diligence, property evaluation and business analysis to determine the feasibility of providing an off-site area for elephants (the “Staff Feasibility Analysis”); and

WHEREAS, in 2012, the Oregon Zoo Bond Citizens Oversight Committee recommended to the Metro Council that advancing the Remote Elephant Center project be contingent upon identifying a permanent source of funding for operations; and

WHEREAS, on April 9, 2015, the Oregon Zoo Bond Citizens Oversight Committee requested that the Metro Council make a final decision on whether or not to build and operate a Remote Elephant Center; and

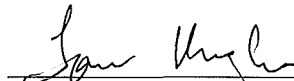
WHEREAS, in response, the Metro Chief Operating Officer appointed a third party review board to assess the feasibility of constructing and operating a Remote Elephant Center and provide her with a recommendation about whether or not to proceed; and

WHEREAS, the Remote Elephant Center Task Force met from August to November 2015, conducting four meetings and providing a final recommendation to the Chief Operating Officer on November 23, 2015, and


WHEREAS, the Chief Operating Officer has shared the Remote Elephant Center Task Force recommendations with and sought feedback from various stakeholders and developed the COO's recommendation for the Metro Council to consider as set forth in Exhibit A to the Staff Report; now therefore,

BE IT RESOLVED that the Metro Council accepts the Chief Operating Officer's recommendation and determines not to develop and operate a Remote Elephant Center; eliminates the Remote Elephant Center Set-Aside Fund from the Metro Council's recommended list of Ballot Measure 26-96 projects set forth in Metro Council Resolution No. 08-3945; and directs staff to propose alternative uses for the \$5.8 million bond funds currently allocated for that purpose.

ADOPTED by the Metro Council this 18<sup>th</sup> day of February, 2016.

  
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Tom Hughes, Council President

Approved as to Form:

  
\_\_\_\_\_  
Alison R. Kean, Metro Attorney

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4683, FOR THE PURPOSE OF ACCEPTING THE CHIEF OPERATING OFFICER'S RECOMMENDATION AND ELIMINATING THE REMOTE ELEPHANT CENTER SET-ASIDE FUND FROM THE METRO COUNCIL'S RECOMMENDED LIST OF PROJECTS TO BE FUNDED BY METRO BALLOT MEASURE 26-96

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Date: January 21, 2016

Prepared by: Martha Bennett  
Chief Operating Officer

### BACKGROUND

In 2008, the Metro Council approved Resolution No. 08-3945, which referred to voters of the metropolitan region a property tax measure designed to enhance animal health and safety protections, increase access to conservation education, improve water quality and conserve water and energy. Exhibit A of Resolution No. 08-3945 included the following statement: "The zoo is exploring the feasibility of providing an off-site area for elephants. Funds are set aside for potential capital needs of an off-site space."

Metro Ballot Measure 26-96 Oregon Zoo bond was passed in November 2008, and included a list of infrastructure and animal habitat improvement projects, such as the new water filtration system for the penguin habitat, a new veterinary medical center, Condors of the Columbia habitat and Elephant Lands, all of which have been completed on time and on budget. While a Remote Elephant Center was not included among the list of projects approved by voters when passing Measure 26-96, zoo and Metro staff have been conducting feasibility analysis of potential sites, operational plans and financials, per the Metro Council's direction as stated in Attachment A of Resolution No. 08-3945.

In June 2015, the Metro Council directed the Chief Operating Officer to convene a panel of third party reviewers to evaluate whether a Remote Elephant Center is feasible and provide a recommendation to the Chief Operating Officer. The Remote Elephant Center Task Force convened its first meeting on August 25, 2015, and subsequently met on September 30, October 28 and November 23. At its November 23 meeting, the Chief Operating Officer received the Remote Elephant Center's recommendation (Attachment 2) stating that, in no uncertain terms, a Remote Elephant Center is not feasible for the Oregon Zoo to undertake.

Prior to developing the Chief Operating Officer's recommendation for Metro Council's consideration regarding the Remote Elephant Center, the Task Force's recommendation and rationale was discussed among stakeholders across the zoo, including the elephant curator and elephant care team, the zoo's conservation manager, executive team and bond steering group, the Oregon Zoo Bond Citizens' Oversight Committee, Oregon Zoo Foundation Executive Committee of the Board of Trustees and other affected zoo staff and volunteers.

Feedback, ideas and input gathered from each of these stakeholders factored into the Chief Operating Officer's recommendation for Metro Council regarding the Remote Elephant Center. As explained in the Chief Operating Officer's recommendation for Metro Council regarding the Oregon Zoo Remote Elephant Center (Attachment 1), the Chief Operating Officer recommends that the Metro Council approve

Resolution No. 16-4683. Approval would effectively terminate the Remote Elephant Center project and, allow Metro and the Oregon Zoo, with the support of the Oregon Zoo Bond Citizens' Oversight Committee and Oregon Zoo Foundation Board of Trustees, and affected program staff to determine appropriate next steps for the remaining \$7.1 million in funds \$5.8 million in bond funds and \$1.3 million in OZF funds) allocated to the project.

## **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.
3. **Anticipated Effects** Metro and Oregon Zoo staff can begin determining alternate uses for the \$7.1 million in Oregon Zoo bond funds allocated to the Remote Elephant Center. Staff will work with zoo partners and stakeholders, including the Oregon Zoo Bond Citizens' Oversight Committee and Oregon Zoo Foundation Board of Trustees, to develop options for Metro Council consideration in the near future.
4. **Budget Impacts** None. \*

## **RECOMMENDED ACTION**

Approve Resolution 16-4683 which thereby accepts the Chief Operating Officer's recommendation to terminate the Remote Elephant Center project and eliminate the Remote Elephant Center set-aside fund from the Metro Council's recommended list of projects to be funded by Metro Ballot Measure 26-96. In addition, direct Metro and Oregon Zoo staff to work with key stakeholders to identify options for alternate uses of the set-aside funds.

\*Would release \$5.8 million of bond program dollars for consideration by Metro Council for reprogramming to the Zoo bond program.

## Attachment 1



Date: January 21, 2016  
To: Metro Council  
From: Martha Bennett, Metro Chief Operating Officer  
Subject: Recommendation regarding the Oregon Zoo Remote Elephant Center

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Since 2009, Metro and Oregon Zoo staff have conducted thorough site, operational, financial and legal analysis to determine the feasibility of developing and operating a Remote Elephant Center. Though not an approved project included in Measure 26-96, Metro's \$125 million zoo bond measure, the concept of creating an off-site habitat for the zoo's elephant program was discussed prior to and following its passage in 2008. To that end, \$7.2 million of bond proceeds and private donations was set aside to fund due diligence, property purchase and construction if the Metro Council determined that a Remote Elephant Center were feasible.

In 2012, the Metro Council agreed with the Oregon Zoo Bond Citizens' Oversight Committee's recommendation that no additional zoo bond funds be spent on a Remote Elephant Center until a permanent operating funding source was identified.

Later that year, the Metro Council approved Resolution No. 12-4400 authorizing the Chief Operating Officer to execute an option to purchase property located in Clackamas County, commonly referred to as Roslyn Lake, by entering into a purchase agreement with the landowner, Portland General Electric. After significant site analysis deemed the property insufficient for the purposes of developing and operating an off-site elephant habitat, the Roslyn Lake property was eliminated as a potential site in August 2015.

Last June, the Metro Council called for the creation of a third party review board to evaluate whether a Remote Elephant Center is feasible and provide a recommendation to the Metro Chief Operating Officer. The Remote Elephant Center Task Force was convened in August 2015 with the charge of reviewing staff analysis collected to date, engaging experts and weighing the financial risks and benefits of developing and operating an off-site facility for the long-term.

On November 23, 2015, I received the recommendation from the Remote Elephant Center Task Force stating that construction and operation of a Remote Elephant Center is not a feasible undertaking for the Oregon Zoo (Attachment 2).

Since that time, I have discussed the Task Force's recommendation and rationale supporting it with a variety of stakeholders across the Oregon Zoo. I appreciate the honest discussions about the recommendations with the staff of the Oregon Zoo, particularly staff in the Living Collections Division. My recommendation to the Metro Council is the same: I do not believe the Remote Elephant Center is feasible in the short- to mid-term future for the Oregon Zoo.

**Therefore, I recommend that the Metro Council terminate the Remote Elephant Center project and, with the support of the Oregon Zoo Bond Citizens' Oversight Committee and Oregon Zoo Foundation Board of Trustees, determine the appropriate next steps for the remaining \$7.1 million in funds allocated to the project.** Below are my reasons.

1. **The financial risks are too great for the Oregon Zoo, Metro and our region, to undertake.** Financial analysis concludes that an endowment of roughly \$50 million would need to be established to fund the necessary start-up costs, estimated at \$20–30 million, and ongoing annual operational costs of \$2.3 million. As the fiduciary manager responsible for the Oregon Zoo’s budget and operations, and as steward of the bond funds allocated by the 2008 Oregon Zoo bond measure, I share the Remote Elephant Center Task Force’s finding that the financial burden of a Remote Elephant Center would seriously compromise the zoo’s primary mission of animal welfare, conservation and research.
2. **The Oregon Zoo has accomplished and continues to produce significant contributions towards the conservation of the elephant species and there are emerging opportunities to expand on this great work without a Remote Elephant Center.** More than 50 years of the zoo’s research, knowledge-sharing and support of conservation efforts has shaped elephant care and welfare across the globe. With our new state-of-the art habitat, Elephant Lands, the zoo has a unique opportunity to build upon this vast body of work and increase its reach in behavioral research, species conservation and animal welfare, while inspiring new audiences to take action on behalf of elephants. We can export this growing knowledge base to organizations in Southeast Asia and Africa who need our help while elephants, whose habitats are being destroyed at an alarming rate, are increasingly placed in human care. I believe the redirection of the private funds previously donated for the Remote Elephant Center could make a significant difference for the survival of the species. I look forward to continued conversations with our partners at the Oregon Zoo Foundation and other stakeholders to seize this opportunity for greater impact in elephant conservation and research.
3. **Even if it proved to be financially feasible, there is not appropriate property within the Metro region to locate a Remote Elephant Center.** Prior to selecting Roslyn Lake as a potential site, staff evaluated multiple locations, which, similar to Roslyn Lake, pose persistent problems such as land use restrictions that limit use, state regulations that restrict movement and activity of elephants near water sources, and challenges with neighboring properties. As a regional initiative, it isn’t prudent to search for potential locations outside of the Metro boundary.

Oregon Zoo and Metro staff and zoo bond supporters envisioned an inspiring and innovative project concept with the Remote Elephant Center in 2008 and I applaud the out-of-the-box thinking. However I am fully convinced that the financial and operational challenges far outweigh the benefits an off-site facility would generate. With Elephant Lands and a growing list of options to support elephant species conservation and research, I am convinced the Oregon Zoo can make a greater impact in these areas.

I want to thank the Metro Council for its deliberate and thoughtful considerations regarding the Oregon Zoo’s Remote Elephant Center and look forward to future conversations. I also would like to thank the members of the Remote Elephant Center Task Force for their diligence in research and analysis and for asking thought-provoking questions of our staff. Lastly, I want to share my continued thanks to the Oregon Zoo Bond Citizens’ Oversight Committee for serving as prudent advisors to staff as we continue to administer the projects outlined in the 2008 Oregon Zoo bond measure and the Oregon Zoo Foundation Board of Trustees for their ongoing partnership of support of the zoo’s mission.

## **Remote Elephant Center Task Force**

### **Recommendation to Metro Chief Operating Officer Martha Bennett on the Feasibility of the Oregon Zoo Constructing and Operating a Remote Elephant Center**

**November 23, 2015**

#### **Background**

In 2008, voters approved the Oregon Zoo bond to provide funding to enhance animal health and safety protections, increase access to conservation education, improve water quality, and conserve water and energy.

Exhibit A of Metro Council Resolution 08-3945, which approved sending this measure to voters, stated: “The zoo is exploring the feasibility of providing an off-site area for elephants. Funds are set aside for potential capital needs of an off-site space.” While the purpose of the habitat was not described in the language, the zoo’s intent was to create a facility for a growing herd; it was not intended as an end-of-life sanctuary for elephants. To this end, Metro Council allocated \$5.8 million in bond funds and the Oregon Zoo Foundation contributed \$1.4 million, for a total of \$7.2 million set aside for a potential off-site elephant habitat. These funds were intended to cover due diligence, potential land purchase, and partial construction of a Remote Elephant Center.

Oregon Zoo and Metro staff have been working to complete this feasibility study. In 2011, the Oregon Zoo Bond Citizens’ Oversight Committee recommended that no additional bond funds be expended on the Remote Elephant Center until a permanent operating funding source had been identified. In its 2015 report, the committee recommended that Metro Council make a final determination on the feasibility of a Remote Elephant Center by the end of the calendar year.

At Metro Council’s request, Metro Chief Operating Officer Martha Bennett appointed a Task Force to assess staff findings and make a recommendation on the feasibility of the Remote Elephant Center.

#### **Task Force Charge**

The Remote Elephant Center Task Force, comprised of eight civic and business leaders, met four times, on the following dates: August 25, September 30, October 28, and November 23, 2015.

The Task Force is charged with making a recommendation to the Metro Chief Operating Officer regarding the feasibility of the Oregon Zoo constructing and operating an off-site elephant facility in accordance with Metro Council Resolution No. 08-3945. The final recommendation will be presented to

the Metro Chief Operating Officer, who will bring it to Metro Council along with input from the Oregon Zoo Director.

The first meeting provided an opportunity to tour the Elephant Lands habitat and discuss the proposed Remote Elephant Center and Asian elephant welfare, conservation, and research with Oregon Zoo and Metro staff. The second meeting focused on the financial outlook for the zoo and the estimated costs of building and operating the facility. In the third meeting, the Task Force discussed the key findings of these earlier meetings and came to consensus about a recommendation. The final recommendation was approved at the fourth meeting.

### **Recommendation and Considerations**

After reviewing the materials developed by the Oregon Zoo and Metro since 2008 and engaging in direct dialogue with zoo and Metro staff, the Task Force identified the following concerns:

- **There appears to be no compelling need for a Remote Elephant Center at this time.** Conservation of the Asian elephant species aligns with the zoo's vision for a better future for wildlife, and the Asian elephant is of considerable historical significance to the Oregon Zoo. However, no compelling case has been made that a remote facility will contribute more to endangered elephant conservation than the work the zoo is currently doing.

The Oregon Zoo has a robust conservation and research program, and is responsible for much of what we now know about Asian elephants, including their capacity for infrasonic communication and their reproductive cycles. The new Elephant Lands habitat provides additional research opportunities into herd wellbeing, through encouraging movement and enrichment activities. Per zoo staff, the elephants are responding well to their new habitat, and there is space for the herd to grow. The zoo staff also indicated that if research were funded at the Remote Elephant Center (not included in operating cost estimates), it would be "more of the same."

A Remote Elephant Center would provide habitat for more animals and possibly allow for transfers from other zoos. This would benefit the Association of Zoos and Aquariums Species Survival Plan, which is focused on ensuring a genetically-viable population of elephants in accredited North American facilities. However, it is unclear how this would translate to the sustainability of Asian elephants in the wild. In fact, it is the opinion of the Task Force that the costs associated with a Remote Elephant Center could limit the ability of the zoo to contribute to other research efforts that may improve the survival of the species in their native habitats.

- **The proposed Remote Elephant Center business plan is unsustainable.** The 2011 Remote Elephant Center business plan was developed by staff with recognized expertise in Asian



elephant care and welfare. However, it is largely aspirational, and in its current state does not provide for revenue-generation or guest access, nor does it identify an ongoing funding source.

The estimated cost associated with constructing and operating a Remote Elephant Center is dependent on the number of elephants and the activities that will occur on site. The proposed business plan assumes minimum levels of staffing for two male elephants with no additional budget for research, and estimates start-up costs at \$20 million with annual operating costs of \$1.6-1.8 million. However, the goal is to house a matriarchal herd; in this case, start-up costs may run to \$30 million while operating costs could increase to up to \$2.3 million annually.

A total of \$7.2 million has been allocated to the construction of the project, which leaves up to \$22.8 million unfunded. In addition, no funding source has been identified to cover operating costs. As the current Oregon Zoo budget cannot absorb an additional \$1.6-\$2.3 million annually without sacrificing existing and future programs, the zoo must look to external funding opportunities. An endowment would require a minimum investment of approximately \$50 million, which is considerably more than the Oregon Zoo Foundation's history supports. There is low confidence that donors would find operating expenses a compelling giving opportunity, especially considering that the proposed facility does not provide for public access. Another possibility is a local option levy, but we acknowledge that this is unlikely to be a Metro Council priority at this time.

- **An appropriate location for the Remote Elephant Center has yet to be identified.** At the outset of the feasibility study, Oregon Zoo staff developed a comprehensive list of requirements for any potential Remote Elephant Center property, including size, distance to Oregon Zoo, and purchase cost. Using these parameters, Metro and the zoo considered a number of sites for the remote facility, and to date, each has been eliminated. After extensive due diligence, Roslyn Lake, the strongest candidate property, was eliminated as a possibility once it became clear that restrictions associated with the Confined Animal Feeding Operation designation would severely inhibit the movement of animals on the property. In addition, while the original plans include a perimeter fence and on-site staff, security enhancements would be highly dependent on neighboring land use.

It is likely that any properties identified in the future would face similar obstacles. While some could be overcome with infrastructure enhancements, these would also increase the cost of construction and operation beyond the current estimated budget.

**Given these findings, it is the decision of the Remote Elephant Center Task Force that the construction and operation of a Remote Elephant Center is not a feasible undertaking for the Oregon Zoo. In addition, the Task Force believes that moving forward with the Remote Elephant Center without adequate financial resources would have a detrimental effect on the Oregon Zoo and Oregon Zoo Foundation, putting the entire zoo and future Asian elephant conservation support at risk.**

The Task Force recognizes the tremendous work the Oregon Zoo has done with its Asian elephant program, and the Remote Elephant Center was initially proposed in an effort to create a better future for Asian elephants and to ensure the long term survival of the species. With this in mind, the zoo may wish to consider whether there are opportunities to expand relationships with conservation agencies in the elephants' native countries. The shifting mission of zoos toward conservation suggests the possibility of future partnerships with nonprofits that focus on species survival. The zoo currently contributes generous financial support and shares research findings with several of these organizations, and it should investigate additional opportunities to increase its exportation of knowledge and management expertise to those who request assistance.

In addition, though the Task Force recognizes this is somewhat beyond our scope of work, we suggest that the zoo consider more opportunities to partner with local and federal agencies to support the conservation of northwest species, as it has successfully done with California condor and Oregon silverspot butterfly.

#### **Remote Elephant Center Task Force Members**

Kregg Hanson, Chair  
*Banfield Pet Hospitals (ret.)*

Daniel Morris  
*Our Oregon*

Mark Dodson  
*Northwest Natural Gas Co. (ret.)*

Penny Serrurier  
*Stoel Rives, LLP*

Jon Fink  
*Portland State University*

Tom Turnbull  
*OpenSesame*

Carter MacNichol  
*Shiels Oblatz Johnsen, Inc.*

Karen Weylandt  
*Providence Health & Services*