



## Oregon Zoo Bond Citizens' Oversight Committee

Oregon Zoo – Conference Call  
Wednesday, Dec. 19, 2012  
3 to 4 p.m.

Oregon Zoo Bond  
Citizens' Oversight  
Committee  
Conference Call  
Dec. 19, 2012  
Discussion Minutes

### MINUTES

#### MEMBERS PRESENT

Deidra Krys-Rusoff (Chair)  
David Evans  
Sharon Harmon  
Bill Kabaiseman  
Carter MacNichol

#### AFFILIATION

Ferguson Wellman Capital Management  
The ODS Companies  
Oregon Humane Society  
Garvey Schubert Barer  
Shiels Oblatz Johnsen, Inc.

#### MEMBERS ABSENT

Marcela Alcantar  
Jacqueline Bishop  
Greg Gahan  
Ann Gravatt  
Jim Irvine  
Benjamin Jackson  
Tony Jones  
Sheryl Manning  
Ray Phelps  
Penny Serrurier  
Michael Sestric  
Bob Tackett

#### AFFILIATION

Alcantar & Associates  
Jacqueline Bishop Law, LLC  
NW Construction Management, Inc.  
Climate Solutions  
The Conifer Group, Inc.  
REAP, Inc.; Jefferson High School; Portland Community College  
Metropolitan Contractor Improvement Partnership  
Oregon Zoo Bond Citizens' Oversight Committee  
Allied Waste Services  
Stoel Rives LLP  
Michael Sestric Facilities Planning  
Northwest Oregon Labor Council

#### ELECTED OFFICIALS AND STAFF PRESENT

Shirley Craddock	Metro Councilor
Jim Mitchell	Oregon Zoo Bond Construction Manager
Joel Morton	Metro Senior Attorney
Linnea Nelson	Oregon Zoo Bond Program Coordinator
Scott Robinson	Metro Deputy Chief Operating Officer
Marcia Sinclair	Oregon Zoo Public Involvement
Kim Smith	Oregon Zoo Director
Craig Stroud	Oregon Zoo Director of Operations; A Better Zoo (Oregon Zoo Bond Program) Director

#### A. **Welcome / Introduction**

Deidra Krys-Rusoff, Oregon Zoo Bond Citizens' Oversight Committee ("Oversight Committee" or "the Committee") Chair, welcomed those who joined the conference call by phone.

#### B. **Metro Council direction to zoo bond program staff regarding the Elephant Lands budget**

Craig Stroud explained that the Metro Council met yesterday, Tuesday, Dec. 18, 2012, and resolved to spend \$4.9 million of the \$10.4 million bond premium on the Elephant Lands

(formerly titled Elephant Habitat and Related Infrastructure) project. In addition to the added resources, this resolution included \$8.2 million of project scope reductions. The macro changes recommended are summarized in the Council staff report, Resolution 12-4399.

When staff met with the Council a week ago on Dec. 12, 2012 in a work session, staff proposed \$9.2 million in reductions to the scope and budget. The Council directed staff to reduce the scope modifications by \$1 million, resulting in total scope reductions of \$8.2 million. The Council expressed concern that the recommended scope reductions were a bit too extensive and desired to reduce scope changes, particularly for animal and guest aspects.

Carter MacNichol asked whether the proposed cuts had included the service road portion of the elephant project. Staff explained that they had considered modifications to the service road, but found the potential construction savings did not outweigh the risks and impacts. The construction cost savings were \$500,000 or less, depending upon segment, and would have significant impacts to the campus and guest experience during construction. For example, eliminating the segment behind the cheetah exhibit would require closing the Predators of the Serengeti exhibit for long periods in order to route construction traffic.

Mr. MacNichol asked whether most of the train savings were realized by cutting the train trestle. He also asked about how that decision will affect the visitor experience and incidental operating costs. Mr. Stroud reviewed some history of the train crossing and plans to provide a more robust protection for visitors at the new crossing. The protection must also allow someone caught on the train tracks, between the crossing arms, to get away from the tracks. KPFF Consulting Engineers, a subconsultant to the design team, has train design experience and will provide design options. Mr. Stroud believes a solution can be found that balances the guest safety priority with desired aesthetics and a positive guest experience.

Regarding the incremental operating costs as result of not having a train trestle, Mr. Stroud said he does not anticipate a significant difference for the cost of operating the train. The greater concern is impact on ridership volume and revenue. Without the trestle, it appears the train will go back to operating as it did for eight years in the 1960s, with the train backing onto the crossover track to gain elevation and then pulling engine first into the station. This is not ideal, as it requires the train to reverse direction for a small distance, but is required due in part to the specific operating limitations of the zoo's trains, especially related to grades exceeding 4 percent. Mr. Stroud stated that an analysis of the train operations and maintenance plans need to be performed and will be done in the future.

**C. Remote Elephant Center—Metro Council direction to execute the option to purchase the Roslyn Lake property**

Mr. Stroud reported that the Metro Council directed staff to execute an option to purchase the Roslyn Lake property for a Remote Elephant Center (Resolution 12-4400). The property option with PGE expires in October 2013. The option's terms allow adjustment of the purchase price upward a maximum of 5 percent (\$46,250) from the current price of \$925,000 if the option is exercised after Dec. 31, 2012. This increase would be based on an updated fair market value appraisal. If the fair market value appraisal purchase price increase exceeds 5 percent, Metro may terminate the option agreement without further obligations. Metro must notify PGE by the end of the month indicating its plan to exercise the option. Metro and PGE then have up to 120 days to close the transaction. During this period, the parties must complete several due

diligence steps, including PGE obtaining approval of the sale from the Public Utilities Commission.

Metro staff believes the property purchase price is a good value and that if disposal were required in the future due to the project being concluded infeasible that the future property value would recoup the funds invested now. In addition, the Metro Natural Areas bond program may be interested in the property under its own bond program.

Mr. Stroud noted that Metro is considering purchasing the property with funds other than zoo bond funds, although it is a bond-eligible purchase. He stated that the program has fulfilled the bond measure commitment to complete an REC feasibility study. He recognized that the Oversight Committee has written that it wants Metro to wait on the purchase until a funding mechanism is in place for facility operating costs.

Chair Krysov-Rusoff said she whole-heartedly approves of the proposal to not use bond funds for the property purchase, until a clear plan for REC operations funding is identified.

Sharon Harmon said she is glad Metro is pursuing the purchase. She is interested to discuss recent media reports about the elephant program vision at another time, but feels the timing is right for Metro to purchase the property.

Chair Krysov-Rusoff said that if Metro decides to not use bond funds to purchase the property, then she believes it moves the purchase out of the purview of the Oversight Committee. She asked the Committee members how they would feel, however, if Metro was not able to finance the property purchase through other funds, and purchased the property using zoo bond funds?

Dave Evans said he would like a completed operations funding plan in place prior to bond funds being used for a property purchase. Carter MacNichol agreed. Chair Krysov-Rusoff reiterated that the Committee included in its two prior annual reports the recommendation to not purchase the property until the operations costs plan is in place.

Scott Robinson stated that the Metro Council resolution said that bond funds would not be used for property improvements until the operations funding plan is in place, so the Committee is congruent with the Metro Council on that point.

Mr. MacNichol said he was concerned about first hearing about the Council action on the day it happened. Scott Robinson said there could have been better communication. He explained that when the Committee discussed the REC at its last meeting in November, Metro was not yet in a position to execute the option. Ms. Smith confirmed that things had moved ahead quicker than expected.

Chair Krysov-Rusoff said it would be helpful for the Committee members to have speaking points about the Remote Elephant Center, since members get questions. Staff agreed to provide speaking points.

**D. Adjournment**

Chair Krysov-Rusoff thanked those who took the time to call in for the meeting, and said they would be in touch for preparing their annual report. She adjourned the meeting at 3:43 p.m.

DRAFT