

MINUTES OF THE COUNCIL ZOO COMMITTEE  
OF THE METROPOLITAN SERVICE DISTRICT

January 18, 1990

Council Chamber

Committee Members Present: Jim Gardner (Chair), Tom DeJardin, David Knowles and Mike Ragsdale

Committee Members Absent: Ruth McFarland (V. Chair)

Chair Gardner called the regular meeting to order at 4:14 p.m. Chair Gardner welcomed those present to the first meeting of the reconstituted Zoo Committee. The Metro Council adopted Resolution No. 90-1207 January 11, 1990, which separated the Council Convention, Zoo and Visitor Facilities Committee into two committees; the new Convention and Visitor Facilities Committee and the Zoo Committee.

1. Ordinance No. 90-329, For the Purpose of Submitting a Metropolitan Service District Tax Base Measure for the Washington Park Zoo

Sherry Sheng, Zoo Director, welcomed the new Committee. Ms. Sheng said staff had two recommended items with which to fund Zoo operations and capital improvements. She said the tax base as proposed by Executive Officer Cusma came to \$5.31 million per year which would allow the Zoo to maintain its operations at the level detailed by the Five-Year Financial Plan. She said the projections would allow the Zoo to operate at approximately the same level for seven years. Ms. Sheng said the second item, in addition to operating support, was the Zoo's continuing development of exhibits, some of which were outdated and in need of repair. She said the most recent Master Plan, adopted by the Council in 1987, stated the next major improvement would occur in the Children's Zoo. She said a companion piece to the \$1.512 million tax base measure was a three-year serial levy for \$5.12 million per year for renovation and improvement of the Children's Zoo. Ms. Sheng said this information was reviewed by the Convention, Zoo and Visitor Facilities Committee before Council committees were restructured.

Councilor Knowles said original Zoo financial projections were dated December 5 and revised projections were dated December 28 and that review of the two projections for enterprise revenues showed an increase of approximately \$365,000. He asked staff on what they based that projection. Ms. Sheng said major increases in enterprise revenue were for food sales under the Zoo Visitor Services Division. She noted the Africafe banquet facility had been completed. She said in the last four months the facility had been used extensively by in and out-of-town groups for recreational or business purposes.

Ms. Sheng said staff developed more detail for the next capital project. She said construction of the African Rainforest would begin this year and projected completion was the middle of 1991. Part of the project would include a small site titled Crossroads which would provide very minimal food services and also souvenirs. Staff anticipated additional

revenue from that operation. She said the \$365,000 would come from group sales and catering functions, but a portion was also attributed to Crossroads sales.

Councilor DeJardin noted staff developed projections after four months of operation. He asked what staff would do if it turned out their projections were not accurate and how staff could remedy that.

Gayle Rathbun, Visitors Services Manager, said staff was in the process of revising revenue projections for this fiscal year. He said FY 1989-90 called for the Zoo to generate \$1,700,000 in food service revenues. Staff currently anticipated the amount to total \$1,950,000 to \$2,000,000. He said last summer staff did not have enough data to make projections, but based on overall experience with Zoo food sales and the new banquet facility, estimated sales would approximate \$2,200,000 FY 1990-91.

Councilor DeJardin said historically staff had been conservative and had funds left over. Ms. Sheng said the Zoo had changed its operating approach slightly. She said the difference in past projections compared to current practice was that for the last three years the Zoo had gone through rapid physical changes. She said facilities were on-line which had not been a factor previously. She said attendance was dependent on climate which was difficult to predict. She said catering ventures were reliable because they were not driven by the weather. She noted the train attendance had increased due to upgrading of equipment and service. She said staff felt certain about predictions which had controllable elements. She said staff did not project overly optimistic figures for elements which would be affected by the weather.

Councilor DeJardin asked what kinds of activities the Zoo had hosted. Ms. Sheng said the Zoo had hosted such functions as birthday parties, wedding receptions, bar mitzvahs and family reunions.

Councilor Knowles noted staff in the two five year projections increased the cost amounts associated with visitor services in anticipation of higher attendance, but said the increases were not dollar for dollar and there would be more revenue than expenditure, resulting in net profit. Ms. Sheng agreed with Councilor Knowles and said there was always a net profit as a result of increasing revenues and increasing costs were directly related to the number of transactions. She said attendance would plateau and the Zoo planned to diversify business opportunities. She said staff hoped to base projections on concrete ventures. She said the Zoo would not use attendance alone in the future.

Councilor Knowles referred to "Other Revenue" which included donations, federal grants and interest. He noted that area had increased and asked the basis for the increase. Ms. Sheng noted in December 1989, the Friends of the Zoo (FOZ) consolidated resources into a more permanent

staff and work force and hired an executive director. She said FOZ was an adjunct organization to the Zoo and the Zoo could legitimately rely on FOZ for a level of contribution to work operations as well as capital projects. She said staff's projection reflected that change. Councilor Knowles asked if staff anticipated increased donations. Ms. Sheng said there would be through FOZ.

Chair Gardner asked Mr. Rathbun in relation to the current year, food service, and staff's projections, if increased revenue was offset by higher costs. Mr. Rathbun said staff developed a pro forma calculation that tied together the Zoo's costs for tableware and labor. He said costs did go up, but would be tied to revenue on a percentage basis and said the result was more dollar profit but the percentage profit would remain the same.

Councilor Knowles said when the Convention Center opened the Zoo could be marketed to various groups who had not had the opportunity to view the Zoo. He said the Portland/Oregon Visitors Association (P/OVA) could market the Zoo in addition to the Convention Center for family oriented convention events.

Main Motion: Councilor DeJardin moved to recommend the full Council adopt Ordinance 90-329.

First Motion to Amend: Councilor Knowles moved to amend Ordinance No. 90-329, Section 7 of the Ballot Title, to change the amount of the initial tax from \$5,310,000 to \$5,100,000.

Councilor Knowles said the higher figure was presented at the last Committee meeting and included accommodation for Metro changing to the Public Employees' Retirement System (PERS) program. He said since that meeting, he received the Five-Year Plan with the narrative and new amounts and was prepared to accept that service level commitment, based on what Zoo staff told the Council they needed to operate during the next five years. He said the amount of money the Zoo estimated for PERS was approximately 3.5 percent of the budget, or slightly less than \$200,000. He said the question of whether Metro joined PERS should be decided by the Council for the whole agency. He said staff requested \$5,310,000 for the tax base from which he subtracted the \$200,000 included in the budget for PERS, which would reduce the tax base needed to \$5,100,000. Councilor Knowles said sufficient funds were built into the bond measure that the amendment would not constrain Zoo resources.

Councilor DeJardin said Councilor Knowles' rationale was acceptable but asked staff their opinion. Ray Phelps, Director of Finance & Administration, said Administration wanted the region to have a tax base for a period of time which would carry the Zoo for more than five years, allow it to stabilize operations and be responsive to community directions and/or programs. He said the higher figure would allow the

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Zoo to operate until the year 2000 and included funds to operate the new Rainforest exhibit and the new Children's Zoo, as well as the upgraded Bear Grotto. He believed the Zoo had not been funded as much as it could have been in the past and said the Zoo was one of the top 10 zoos in the United States and should continue to receive adequate funding. Mr. Phelps noted some portions of Zoo property had an unstable soil base which would require funds for remediation.

Councilor DeJardin believed the Zoo should receive the higher amount. Councilor Knowles said staff assumed expenditure levels were inflexible and if they did not receive \$5.3 million they would have to go to the voters in the future. He said it would be possible to adjust allocations in the future if tax revenues in the future were not sufficient. He did not believe that situation would occur. He said half of the Zoo's operating costs would be funded by taxes and half would be funded by enterprise revenues. He said staff projected enterprise revenues would increase a predicted \$300,000 in FY 1990-91. He noted the higher figure included PERS and the lower amount was for programs only.

Ms. Sheng said the amount requested by staff minus the cost for PERS conversion really amounted to \$5.2 million rather than \$5.1 million. The Committee and staff discussed PERS projections. Councilor Knowles said the figures were close.

Ms. Sheng recalled before PERS and transfer funds were changed, based on Zoo staff's projections for a pro rated five year time frame, the figure was \$5.2 million. She said people committed to working on the campaign and said the tax base would greatly benefit the Zoo and that a great deal of effort would be put into the public information phase of the campaign. She wanted to be sure Metro proposed an amount that would serve the Zoo for the time necessary.

Councilor Knowles appreciated staff's arguments in favor of the higher amount. He said all the projections put forth were fairly close and would serve the Zoo's needs.

Chair Gardner concurred with Councilor Knowles. Chair Gardner agreed with the lower amount proposed, and noted Metro must be able to tell voters the tax base would continue to improve Zoo exhibits and maintain high quality educational programs with an eye towards low costs and efficiency. He said \$5.3 million minus PERS costs was sufficient and the PERS decision was a policy decision which should be made separately. He said \$5.1 million met the Zoo's improved needs for the foreseeable future.

Councilor DeJardin asked if funds allocated for PERS were removed now, but after union negotiations were incorporated, whether there would be a safety net. Chair Gardner said funds were not on paper for that purpose

but contingency funds could be utilized. Mr. Phelps said there were no current negotiations. He said Executive Officer Cusma would like the PERS system for Metro and that Senator Glenn Otto had recommended it as a system which would improve the agency. He said discussion was in preliminary stages only. He said if PERS should be implemented later, program funds might need to be used. Councilor DeJardin stated he preferred the \$5.31 million as recommended by staff and would vote nay on the motion to amend.

Vote on First Motion to Amend: Councilors Gardner, Knowles and Ragsdale voted aye. Councilor DeJardin voted nay. Councilor McFarland was absent. The motion to amend passed.

Second Motion to Amend: Councilor Knowles moved to amend Ordinance No. 90-329 Section 7, Ballot Title, to change language "The Zoo has no tax base (\$0) now" to "Metro has no tax base (\$0) now."

Jessica Marlitt, Council Analyst, said Don Carlson, Council Administrator, spoke with Dan Cooper, General Counsel, about clarification of ballot title language. Ms. Marlitt said staff believed it should be clear the Zoo did not have a separate tax base and Metro had the legal authority to introduce the tax base.

Mr. Phelps said voters might believe the funding was for Metro in general and not specifically for the Zoo. Mr. Carlson said it was a requirement Metro state the current tax base. He said Mr. Cooper did not say the language change had legal basis, but believed the change would clarify the tax base would be dedicated to the Zoo. The Committee and staff discussed the ballot title language further.

Third Motion to Amend: Councilor Ragsdale moved to amend Ordinance No. 90-329, Section 7, Ballot Title, with the addition and deletion of language (additions underlined and deletions bracketed): "This measure provides a \$5,100,000 tax base to operate the Zoo. It starts July 1, 1990, when the current \$5,500,000 voter-approved levy for Zoo operation and construction ends. [The Zoo has no tax base now (\$0) now.] Currently there is no tax base to (\$0) to operate the Zoo. The tax base will be used with Zoo gate and sales income to operate and maintain the Zoo. The estimated tax rate resulting from the base would be 15 cents per \$1,000 of assessed value at current values, or \$9.01 for a home assessed at \$60,000. Any constitutionally authorized increase in the tax base subsequently levied by the Council shall be apportioned to the functions or activities specified by the Council in the ballot title in the same proportion as the original allocation. If the District reduces or ceases to provide a function or activity for which the tax base has been allocated, then the Council may use that portion of the tax base for any lawful purpose of the District."

Withdrawal of Second Motion to Amend: Councilor Knowles withdrew his motion to amend the ordinance.

Vote on Third Motion to Amend: Councilors DeJardin, Gardner, Knowles and Ragsdale voted aye. Councilor McFarland was absent. The vote was unanimous and the motion to amend passed.

Fourth Motion to Amend: Councilor Ragsdale moved to amend Ordinance No. 90-329 by insertion of the word "Zoo" in Section 7, Ballot Title, in the sixth sentence to read: "Any constitutionally authorized increase in the tax base subsequently levied by the Council shall be apportioned to the Zoo functions or activities specified by the Council in the ballot title in the same proportion as the original allocation."

Mr. Phelps said language before the Committee was from the statute. Ms. Marlitt said the language was verbatim from the statute and required that it be incorporated in the explanation and did not count towards the flesch test and readability. Mr. Phelps noted one governmental agency had faced litigation difficulties with their ballot title and the court had to rewrite the ballot title. Ms. Marlitt said Mr. Cooper could clarify whether the language was amendable or not.

Councilor Ragsdale said the fourth motion to amend was made with the understanding that if General Counsel did not find it acceptable the ordinance would be referred to Council without the language change resulting from the motion. Councilor Ragsdale said the language change would clarify funds were intended for Zoo and not Metro purposes. Chair Gardner concurred with Councilor Ragsdale.

Vote on Fourth Motion to Amend: Councilors DeJardin, Gardner, Knowles and Ragsdale voted aye. Councilor McFarland was absent. The vote was unanimous and the motion to amend passed.

Fifth Motion to Amend: Councilor Knowles moved to amend Ordinance No. 90-329 by insertion of the word "concession" in Section 7, Ballot Title, in the fourth sentence to read as follows: "The tax base will be used with Zoo gate and concession sales income to operate and maintain the Zoo."

Ms. Marlitt said the flesch test should be referred to for compliance.

Vote on Fifth Motion to Amend: Councilors DeJardin, Gardner, Knowles and Ragsdale voted aye. Councilor McFarland was absent. The vote was unanimous and the motion to amend passed.

Vote on Main Motion as Amended: Councilors DeJardin, Gardner, Knowles and Ragsdale voted aye. Councilor McFarland was absent. The vote was unanimous and the motion passed.

2. Resolution No. 90-1194, Approving the Zoo Five-Year Financial Plan and Submitting a Metropolitan Service Zoo Capital Serial Levy to District Voters

Motion: Councilor Knowles moved to recommend the full Council adopt Resolution No. 90-1194.

Chair Gardner asked for discussion on the motion. Ms. Marlitt asked if a motion was necessary to make the Five-Year Plan consistent with amended Ordinance No. 90-329. Chair Gardner stated Committee intent was that the Five-Year Financial Plan be consistent with action taken previously this meeting on Ordinance No. 90-329.

Vote: Councilors DeJardin, Gardner, Knowles and Ragsdale voted aye. Councilor McFarland was absent. The vote was unanimous and the motion passed.

Chair Gardner noted he had to leave the meeting early and appointed Councilor Knowles Acting Chair since Vice Chair McFarland was absent.

3. Ordinance No. 90-326, For the Purpose of Amending the Metro Code Section 4.01.060 Regarding Admission Fees and Policies at Metro Washington Park Zoo (Public Hearing)

Kay Rich, Assistant Zoo Director, referred to staff's report and said proposed was a fee increase from \$3.00 per adult to \$3.50; children 3 to 11 years of age would go to \$2.00; children under 3 years of age would still be admitted for free; and senior citizen rates would increase to \$2.00 per adult. He said \$1.00 per person was recommended for individuals in education groups effective February 1, 1990.

Acting Chair Knowles opened the public hearing.

No persons present wished to testify and the public hearing was closed.

Motion: Councilor DeJardin moved to recommend the full Council adopt Ordinance No. 90-326.

Councilor DeJardin asked staff if the Zoo would still retain its Free Days policy. Mr. Rich said yes.

Councilor Knowles asked how much FOZ members would be charged. Mr. Rich said FOZ memberships were in lieu of admission prices. Councilor Knowles asked how much FOZ memberships cost. Mr. Rich said FOZ charged

\$8.75 per family membership. He noted groups of 25 or more other than educational groups received a 20 percent discount.

Vote: Councilors DeJardin, Knowles and Ragsdale voted aye. Councilors Gardner and McFarland were absent. The vote was unanimous and the motion passed.

4. Resolution No. 90-1205, Authorizing the Executive Officer or Her Designee to Dispose of Residential Property Bequeathed to the Metro Washington Park Zoo

Ellen Lanier Phelps, Zoo Development Director, explained Edward Gordon Emerson, Sr., died November 7, 1987, leaving his entire estate to the Zoo. Ms. Phelps said Mr. Emerson did not include his four children in the will and they filed a will dispute which went through a complete judicial process and was ruled upon January 1989, by Judge Johnson, in the Zoo's favor. She explained the bulk of the estate were two houses in three taxable lots in Northeast Portland. Ms. Phelps said an offer was received for one house at \$39,450 and the house was listed at \$39,950. Staff wanted to move quickly with that sale. Ms. Phelps said the second house was small, had no foundation and was deemed difficult to sell. Staff hoped to receive a certain minimum level for the second house and were asking to be able to sell the first house immediately and have the authority to sell the second house for no less than \$25,000.

Motion: Councilor DeJardin moved to recommend the full Council adopt Resolution No. 90-1205.

Ray Phelps expressed concern about Metro's costs/liability with regard to the second house because it would be hard to sell. He said he had hoped to package both properties to sell as one and asked Councilor Ragsdale if that was a feasible option. Councilor Ragsdale asked appraisal on the lot value. Ms. Phelps said staff had the tax assessment and the lots were valued at \$11,000 apiece for a total of \$33,000 and were contiguous lots. Ms. Phelps described the lots further. She said realtors told staff if the three were combined it would be difficult to sell the houses and lots as a package because of the condition of the second house. Councilor Ragsdale and Ms. Phelps discussed the houses and lots further. Councilor Ragsdale said the action requested was sensible.

Vote: Councilors DeJardin, Knowles and Ragsdale voted aye. Councilors Gardner and McFarland were absent. The vote was unanimous and the motion passed.

5. Discussion of Upcoming Agenda Items and Program Reviews for FY 90-91 Budget and Process

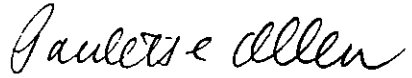
Deferred.



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Acting Chair Knowles adjourned the meeting at 5:36 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Paulette Allen".

Paulette Allen  
Committee Clerk  
CZC90.018