

**CITY COUNCIL
COMMUNICATION:**

03-154

AGENDA:

APRIL 7, 2003

SUBJECT:

NEW BLANK PARK
ZOO 28E
OPERATIONAL
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Authorize the City Manager to negotiate a 28E Agreement with the Blank Park Zoo Foundation for the operation of the Blank Park Zoo consistent with the principles outlined in this Council Communication; and, return to the City Council with the agreement for final approval.

FISCAL IMPACT —

The Fiscal Year (FY) 2004 Operating Budget reduces the City's subsidy from the previous fiscal year by \$204,836. In FY2003, the total subsidy was \$575,252, consisting of a property tax subsidy of \$356,398 and a Hotel/Motel Tax subsidy of \$218,854. The \$2,371,425 in the adopted Operating Budget for the Blank Park Zoo in FY2004 includes a City subsidy consisting of only a Hotel/Motel Tax allocation totaling \$370,416, and a Capital Improvement Program (CIP) appropriation of \$250,000.

One of the principles of this agreement will have the City and the Foundation sharing some of the transitional costs of this agreement over the next two fiscal years. A maximum of \$125,000 of risk will be shared by the City, with the Foundation participating in equal amount from the first dollar.

This \$125,000 commitment will require reserving appropriated funds of other Hotel/Motel Tax supported entities. These organizations include: the Greater Des Moines Sister City Commission, the Civic Center, the Arts Center, and the Science Center. Funds in FY2004 have already been appropriated to these entities, but will be reserved to support the Zoo's transition to Foundation ownership if needed. Existing appropriations will be released by the City Council depending upon their availability at the end of the fiscal year. Funding in FY2005 and in the future will also need to be requested and justified by the aforementioned entities to the City Council in order to be appropriated.

This FY2004 Zoo budget also includes a \$1 increase in admission fees and expense reductions for vacant personnel positions and line item expenses.

RECOMMENDATION —

Authorize the City Manager to negotiate the Blank Park Zoo 28E Operational Agreement with the Blank Park Zoo Foundation.

BACKGROUND —

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The City has had a cooperative operating agreement with the Zoo Foundation since March 21, 1988, by Roll Call No. 88-1298, which was extended to July 21, 2003, by a fifth amendment on December 2, 2002, by Roll Call No. 02-2807. This Agreement provides for the Zoo Foundation to maintain a membership program and other fundraising activities to financially support capital improvements, marketing, and education programs for the Blank Park Zoo.

The City and the Zoo Foundation entered into the Web of Life Discovery Center 28E Agreement on May 3, 1999, by Roll Call No. 99-1411. This Agreement stipulates that the Zoo Foundation will pay all capital construction and annual operating costs for the new Myron and Jackie Blank Discovery Center, which opened September 1, 2001. Under terms of the agreement, the Zoo Foundation's obligations to pay the operating expenses cease with the City's acceptance of ownership of the Discovery Center. Also included in this Agreement was the intent of the parties to enter into a future new cooperative operating agreement.

On December 16, 2002, by Roll Call No. 02-2979, the City Council approved the first amendment to the Web of Life Discovery Center Agreement, whereby the City accepted ownership of the Discovery Center.

On December 16, 2002, by Roll Call No. 02-2980, the City Council approved the second amendment to the Web of Life Discovery Center Agreement whereby the Zoo Foundation agreed to continue payment of the Discovery Center operating expenses until July 1, 2003.

During the time span of these cooperative agreements between the City and the Zoo Foundation, major new exhibits have been completed resulting in increased annual Zoo attendance. Utilizing City CIP funds and private investment raised through Zoo Foundation capital campaigns, the Great Cats Exhibit was completed in 1998, and the new \$6.7 million Discovery Center opened in September, 2001. As a result, annual Zoo attendance increased from 191,247 visitors in 1977 to 275,028 visitors in 2002. Attendance for FY2004 is projected at 250,000 visitors.

During a meeting with the Blank Park Zoo Foundation Executive Committee, a series of Guiding Principles were established to serve as a foundation for a new agreement.

The proposed new 28E Operational Agreement, which will replace the existing 1988 Agreement, will contain the following principles:

- Employees will be City employees (under contract, governed by current bargaining unit agreements), under supervision of the Zoo Foundation.
- Financial risk needs to be shared between the City and the Zoo Foundation during a two-year transition period (excluding the cost of a Zoo Foundation CEO). A maximum of \$125,000 of risk will be shared by the City, with the Foundation participating in equal amount from the first dollar.

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The City's contribution, if needed, will be replaced from Hotel/Motel Tax in the following fiscal year for each of the two years of the proposed agreement.

- The Zoo will be operated by the Zoo Foundation as a regional facility.
- The Zoo Foundation will determine fees and have independent purchasing authority.
- City CIP funding will continue at \$250,000 annually.

It is the desire of the City and the Zoo Foundation to negotiate and execute a new 28E Operating Agreement to become effective no later than July 1, 2003, as the current 1988 Operating Agreement expires July 21, 2003, and the Zoo Foundation's obligation to pay the Discovery Center operating expenses ends July 1, 2003. It has been discussed with the Zoo Foundation that the term of this agreement should be two years. The expectation by both parties is that this two-year agreement, if successful, would lead to a longer-term agreement between the City and the Foundation. This subsequent agreement would continue to transfer full authority over Zoo operations to the Foundation.

