

**CITY COUNCIL
COMMUNICATION:**

03-217

AGENDA:

MAY 5, 2003

SUBJECT:

NEW BLANK PARK
ZOO 28E
OPERATIONAL
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

ITEM 77

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

SYNOPSIS

Approve a new Blank Park Zoo 28E Operational Agreement with the Blank Park Zoo Foundation for the management and operation of the Blank Park Zoo. The term of this agreement is for two years, and it will replace the existing 1988 cooperative operating agreement.

FISCAL IMPACT

The Fiscal Year (FY) 2004 adopted operating budget for the Blank Park Zoo is \$2,371,425, which includes a Hotel/Motel Tax allocation of \$370,416. One of the provisions of this agreement requires the City and the Foundation to share some of the transitional costs. A maximum of \$125,000 of risk associated with operating revenues will be shared by the City, with the Foundation participating in equal amounts from the first dollar. 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.

Under the terms of this agreement, the City also agrees to provide Capital Improvement Program (CIP) funds of \$300,000 for Zoo capital improvements in each of the two years of the proposed agreement.

RECOMMENDATION

Approve the Blank Park Zoo 28E Operational Agreement with the Blank Park Zoo Foundation.

BACKGROUND

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 fund-raising 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 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 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.

On April 7, 2003, by Roll Call No. 03-154, the City Council authorized the City Manager to negotiate a new 28E Operational Agreement with the Zoo Foundation, based on the following Guiding 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. 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 \$300,000 annually.

The major provisions of the proposed new agreement are that the Zoo Foundation shall manage and operate the Zoo, receive all operating revenues and pay all operating expenses. The City shall retain ownership of all real and personal property. All current SPM, MEA and CIPEC employees at the Zoo shall remain City employees, with the Foundation reimbursing the City for payroll and benefit costs. Current Miscellaneous employees shall become employees of the Zoo Foundation. The City shall identify at least two persons, including the Park and Recreation Director, to be members of the Zoo Foundation's Executive Committee.

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

	<p>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. 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.</p>
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