

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> April 11, 2011
	<p><b>Agenda Item No.</b> [Agenda Item]  <b>Roll Call No.</b> <u>11-591</u>  <b>Communication No.</b> <u>11-219</u>  <b>Submitted by:</b> <b>Donald M. Tripp, Director of Parks and Recreation</b></p>

**AGENDA HEADING:**

Setting date of hearing on a long-term lease agreement between the City and the A.H. Blank Park Zoo Foundation, Inc. for operations, management and maintenance of the A.H. Blank Park Zoo.

Setting date of hearing on the vacation of A.H. Blank Park and A.H. Blank Park Zoo as parkland.

**SYNOPSIS:**

Approving the setting date of hearing on the attached long-term lease agreement (lease agreement) with A.H. Blank Park Zoo Foundation (BPZF) for operations, management and maintenance of the A.H. Blank Park Zoo (Zoo), which will increase the BPZF’s level of responsibility, authority, and management over Zoo facilities and operations. Together with an additional, separate action being requested on the part of City Council on April 25, 2011, regarding an economic development grant agreement, the lease agreement provides assurance of the City’s financial subsidy commitment for Zoo operations and capital improvements.

Approving the setting of a hearing on the vacation of A.H. Blank Park, located at 7011 Southwest 9<sup>th</sup> Street and A.H. Blank Park Zoo located at 7401 Southwest 9<sup>th</sup> Street, as parkland; this action will allow the property to continue to serve the public in a park-like manner while allowing expanded utilization.

**FISCAL IMPACT:**

A combination of funding included in the adopted budget plus anticipated future funding by BRAVO Greater Des Moines, Inc. (BRAVO). Completion of projects necessary for existing Zoo infrastructure to comply with specifications of the Americans with Disabilities Act’s (ADA) Project Civic Access Settlement Agreement (Settlement Agreement) are at the City’s expense funded through the CIP. The amount of funding indicated below includes these lease agreement CIP expenses in addition to \$8.1 million outlined in the separate action being requested of Council on April 25, 2011, regarding an economic development grant agreement. The hotel/motel tax including BRAVO funding (approval pending) is proposed for operations expenses.

Amount:

Economic Development/CIP:

- Economic Development Grants: \$8,100,000 (included in Adopted CIP)
- ADA City Transition Plan/Project Civic Access: \$600,000 (included in Adopted CIP)

Total Economic Development/CIP: \$8,700,000

**Annual Operating Support:**

Hotel/Motel Tax: \$290,000 (included in the Adopted Budget)

BRAVO: \$150,000 (approval pending)

Total Operating Support: \$440,000 (\$150,000 by BRAVO pending approval)

Funding Sources: 2011-2012 CIP, Page PKS-4, Blank Park Zoo Improvements, PKS013 Being: \$3,200,000 G.O. Bonds Issued; and \$4,900,000 of G.O. Bonds to be issued (\$1,050,000 (FY12), \$2,700,000 (FY13), and \$1,150,000 (FY14); plus an additional \$600,000 FY 2011-2012 CIP, Page Mun. Bldg – 4, ADA Modifications for Municipal Buildings, BLD042, Being G.O. Bonds Issued and to be Issued.

FY2012 Operating Budget Park and Recreation Department - Zoo, GE001 PKS130000, page 212; Operating Budget Finance Department – Community Partnership Programs, GE001 FIN010400, page 106.

**ADDITIONAL INFORMATION:**

The A.H. Blank Park Zoo (Zoo) is owned by the City but managed and operated by the A.H. Blank Park Zoo Foundation (BPZF) through a 28E Agreement approved by City Council in 2005 (Roll Call No. 05-376). The BPZF has been successful in expanding Zoo attendance, developing new and innovative exhibits, and fundraising to underwrite operations and improvements. The Foundation would like to expand their role with the Zoo to include greater flexibility of control necessary for further expansion of the facility and its exhibits. BPZF is proposing \$24.7 million in planned improvements to the Zoo by the end of 2015.

City staff and members of the BPZF board have been meeting to develop a plan to facilitate the BPZF's goal to propel the Zoo into a premier, regional attraction by expanding and reconfiguring its borders, and enhancing and adding facilities and exhibits, while raising the financial resources necessary to undertake and operate this concept. The primary benefit of this agreement to the City is that it transfers responsibility for the significant annual expenses of supporting the Zoo from the Des Moines taxpayers to an expanded base of financial supporters via the BPZF. The BPZF board desires the greater flexibility and control in the planning and construction of Zoo improvements and operations that are outlined in this new lease agreement, and believe it will enable them to meet fundraising levels necessary to execute their expansion goal. As has been the case with the 28E Agreement, the BPZF understands that management standards will be incorporated into the new lease and management agreement.

In 2008, by Roll Call No. 08-743, City Council approved the Conceptual SuperBlock Master Plan, which had consensus support among stakeholders and visualized stimulated economic and social growth in South Des Moines through a signature sustainable green project that included an expanded-Zoo and other area attractions.

At the March 23, 2010, City Council workshop, the BPZF notified the City of their proposal to amend the expansion plans of the Zoo due to projected costs of the project, which would thereby require a change to the SuperBlock Master Plan. Early cost estimates of the original plan had significant dollars invested in moving the infrastructure of the Zoo, leaving very little funding for new exhibits. In addition, the timing of the recession left the BPZF with a more challenging environment in which to secure

donations. These circumstances were compounded by gift requirements for monies to be spent or forfeited and compliance requirements associated with the American Zoo Association accreditation.

In January 2011, the City Manager and BPZF staff finalized a guiding principles memorandum for the proposed changes to the way the Zoo is managed. After obtaining unanimous approval of the principles from the board of the BPZF and Des Moines Park and Recreation Board, the City Manager authorized staff to develop the necessary legal agreements. The resulting documents, all of which will be submitted to City Council at their April 25 meeting, include the lease agreement, amended Superblock master plan, new Zoo master plan, economic development agreement as well as the vacation of A.H. Blank Park parkland for which hearings would be set in conjunction with this City Council communication document.

The proposed lease agreement and actions would provide for the long-term lease of the Zoo facilities while assuring the City's maximum, financial commitment towards operations subsidy after an initial period of City funding, and relieving the City of maintenance and capital investment funding responsibility, shifting that responsibility to the BPZF. In addition to the lease and management agreement, the City and BPZF would enter into a separate economic development grant agreement by which the City will provide grants that are dependent upon compliance with the lease and management agreement terms

Significant components of the agreements include the following:

- The initial term is 20 years, with two 20-year renewal options at the sole discretion of the BPZF.
- The BPZF will provide \$16.6 million in non-City funds for capital construction improvements per the Zoo master plan as will be proposed to Council and to be completed by 2015.
- The City will provide an economic development grant of \$8.1 million to the BPZF with payment of the first installment equal to all costs and expenses incurred by BPZF up to \$2.7 million. Payment of all remaining installments will be equal to 50 percent of all costs and expenses incurred by BPZF. BPZF will submit expense documentation in order to receive each City payment.
- BPZF will own the animal collection and personal property; however the collection and personal property will revert to the City upon termination of the agreement.
- The City Council will retain the right to appoint a council member and the City Manager to the BPZF Board as a voting member.
- Previous City-provided services such as all IT support and functions, insurance, skilled labor, trash removal and two full-time dedicated City employees will no longer be available to the BPZF.
- BPZF will be required to achieve a paid regular attendance of at least 200,000 visitors annually, remain accredited by the American Zoo Association and remain a public facility.
- The City will have oversight compliance on the BPZF master plan.

As previously stated, a key component of the principles and resulting lease agreement involves the transfer of financial responsibility for the significant annual expenses of supporting the Zoo from the Des Moines taxpayers to an expanded base of financial supporters. The lease agreement will allow the City to shift more responsibility to BPZF and allow more flexibility to the BPZF in management of the Zoo and planning, funding and construction of Zoo improvements. The BPZF will own the improvements, personal property and animals built or acquired during the term of the lease agreement. The animal collection that is currently City-owned, property used in the operation of the Zoo, including equipment, materials, and vehicles, will be transferred to the BPZF under the proposed agreement. Upon termination of the lease agreement, the City would assume ownership of the improvements, personal

property and animals used in the operation of the Zoo. All planned improvements to the Zoo from 2011 through 2015 will be described in a conceptual Master Plan. This Master Plan will be an exhibit to the lease agreement and will be presented to the City Council for approval, but may be subject to revision to reflect donor acceptance, as well as unforeseen economic, legal, environmental, infrastructure in the future or other conditions. Proposed significant changes to the Council-approved Master Plan will need to be presented and approved by the City Council, including improvements planned for after 2015.

The A. H. Blank Park (Park) and A. H. Blank Park Zoo (Zoo) are located within a 138.11 acre site which was designated as parkland by the City Council on December 30, 1963 by Roll Call No. 6358. The Blank Municipal Golf Course is also located within this 138.11 acre site. Under the master plan included as part of the proposed lease agreement with the BPZF, the Park would no longer be a park and would become part of the Zoo, although it would be operated in a park-like manner. In order to enter in to a long term lease of the Zoo and Park property with the BPZF, its designated use as parkland must be vacated in order to allow its use by a non-City entity.

The City's investment via economic development grants to the Zoo will leverage non-City investments, while increasing the potential to regionally-fund the facility. In return, the City of Des Moines and the Greater Des Moines metropolitan area will receive a greatly improved attraction.

This proposal benefits the City, BPZF and the taxpayers for the following reasons:

- It supports the growth of the Zoo.
- The City will own all improvements constructed by BPZF at the termination of the agreement.
- City costs for the Zoo are reduced.
- BPZF has a proven track record with the City of managing the operations of the Zoo.
- The City's investment will leverage non-City investments, while increasing the potential to fund the facility regionally.

In conclusion, the City will be relieved of current infrastructure and operating costs (although the City will provide a cash investment to the Lessee; it will be similar in amount to basic infrastructure improvements and repair needs that the City would be responsible for in the event that the facility would return to the City), while in return receiving a greatly-improved attraction for the City of Des Moines.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: April 21, 2008

Roll Call Number: 08-743

Action: [Approving](#) Conceptual Plan. Moved by Meyer to adopt. Motion Carried 7-0.

Date: February 16, 2005

Roll Call Number: 05-376

Action: Approving the 28E Operational Agreement. Moved by Brooks to adopt. Motion Carried 6-1

**PREVIOUS BOARD/COMMISSION ACTION(S):**

Board: Park and Recreation Board

Date: January 25, 2011

Roll Call Number: 11-007

Action: Approval of proposed development and long-term lease amendment, guiding principles.

Date: November 23, 2010

Roll Call Number: 10-097

Action: Park and Recreation Board received and filed proposed development and long term lease amendment, guiding principles.

Date: April 27, 2010

Roll Call Number: 10-034

Action: Received and filed the Zoo Superblock presentation

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

April 25, 2011:            Recommending approval of the amended Master Plan for the Superblock  
                                  Recommending approval of the new Master Plan for the Zoo  
                                  Recommending approval of the lease and management agreement  
                                  Recommending approval of the economic development agreement  
                                  First Reading of vacation ordinance recommendation

May 9, 2011:            Second and Final reading for vacation ordinance recommendation

In addition, to these anticipated future actions, the Council will be asked to review and approve agreements related to the proposed new zoo entrance project as part of State and Federal funds that are proposed as part of this project.

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