

Memorandum



CITY OF DALLAS

DATE July 31, 2009

TO Honorable Mayor and
Members of the City Council

Thru: *Forest E. Turner*
Forest E. Turner
Assistant City Manager

SUBJECT August 5, 2009 City Council Agenda
"Dallas Zoo Management Agreement"

Attached is a copy of the "Dallas Zoo Management Agreement" briefing which will be presented to the City Council on August 5, 2009.

Please contact me at 214-670-4071 if you have any questions.

A handwritten signature in black ink that reads "Paul Dyer".

Paul D. Dyer, Director
Park and Recreation Department

c: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Dave Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

Dallas Zoo Management Agreement



City Council Briefing
August 5, 2009

History



- Dallas Zoological Society (DZS) formed in 1955 to support the Dallas Zoo
- Since 1992 DZS has successfully managed all fund raising, membership, marketing/public relations, special events, food services, retail operation and volunteer programs for Zoo under management contract with City



Fund Raising

□ Major fund raising projects by DZS include:	
■ Jake L. Hamon Gorilla Center	\$4m
■ A.H. Meadows Animal Hospital	\$4m
■ Kimberly-Clark Chimpanzee Forest	\$1m
■ Exxon Tiger Exhibit	\$1m
■ Lacerte Family Children's Zoo	\$7m
■ Betty Moroney Norsworthy Otter Outpost	\$2m
■ Various Renovation projects	\$2m
■ New Savanna project	\$5m
□ TOTAL	\$26M



Organization

- Dallas Zoological Society (DZS) will continue to provide financial support thru fund raising, sponsorships and memberships
- Dallas Zoo Management, Inc. (DZM), a new non-profit and affiliate of DZS formed to operate the Zoo



Recommendation

- ❑ City to contract with DZM/DZS for the management, maintenance and operation of the Dallas Zoo
- ❑ City to pay an annual management fee to DZM/DZS for the operation of the Zoo
- ❑ The Zoo will continue to be an asset owned by the City of Dallas, and managed by the not-for-profit entities DZM/DZS



Recommendation

- ❑ Similar contracts exist for the management of the Dallas Arboretum and Trinity River Audubon Center
- ❑ Similar contracts exist for the management of municipal zoos in most major cities across the country, a few of these cities include:
 - Fort Worth
 - Houston
 - Cincinnati
 - Seattle
 - St. Louis



Assets

- ❑ City will transfer Personal Property utilized by the Zoo for daily operations
 - This Personal Property includes, but is not limited to:
 - ❑ Equipment
 - ❑ Supplies
 - ❑ Furnishings
 - ❑ Technical and intellectual property (non-confidential and unrestricted)
 - ❑ Rolling stock: pickups, trucksters, carts, trailers, forklifts, etc.
 - ❑ Hospital equipment
 - ❑ Animal management equipment
 - ❑ Monorail system



Assets

- Personal Property and collections plus additions and replacements, shall be conveyed to the City upon termination of this agreement
- City's existing contracts (leases, concessions, vendor supplies, etc.) will be assigned to DZM/DZS or terminated as determined by the parties



Assets

- ❑ A technology plan shall be developed and implemented for the transfer and transition of IT items
- ❑ Ownership of the animal collection shall be transferred to DZM/DZS per accreditation requirements of the Association of Zoo and Aquariums (AZA)
- ❑ City shall retain ownership of all land, real property interests, buildings and improvements



Management Obligations

- ❑ DZM/DZS shall be responsible for full operational management, repair and maintenance of the Zoo and will bear all costs associated with these responsibilities
- ❑ DZM shall operate the Zoo to a standard that is similar or exceeds what has historically been implemented by the City of Dallas
- ❑ DZM will be responsible for all permitting and accreditations associated with Zoo operations including, but not limited to, USDA and AZA



Management Fee

Fiscal Year	Management Fee	Cost Savings To City*
10/1/2009 – 9/30/2010	\$10.8m	\$4.75m
10/1/2010 – 9/30/2011	\$10.8m	\$4.75m
10/1/2011 – 9/30/2012	\$11.8m	\$3.75m
10/1/2012 – 9/30/2013	\$13.8m	\$1.75m
10/1/2013 – 9/30/2035	\$13.8m**	\$1.75m

* Assumes flat budget for period shown

** Adjusted for CPI 10/1/2013 forward



Management Fee

- Management Fee shall be paid in advance, in quarterly installments, no later than October 21, January 15, April 15 and July 15
- The Management Fee shall be capped and limited to an amount that, when added to Zoo's earned revenues from all sources, equals but does not exceed the Zoo's operating costs (including funding of reasonable reserve accounts consistent with good industry practices)



Management Fee

- All financial payment obligations of City, including but not limited to the Management Fee, will be subject to annual appropriations and a DZM/DZS termination provision for non-appropriation is included
- Transfer of ownership by City to DZM/DZS of the Personal Property, and/or any other items shall constitute additional first year management fee/consideration beyond the \$10.8M



Management Fee

- Current City of Dallas dedicated multi-year fund balances for minor capital improvements and educational programs shall be transferred to DZM/DZS for their intended use



Revenues

- ❑ All Zoo revenues shall be retained by DZM/DZS for the operational costs and benefit of the Zoo
- ❑ Revenues shall include, but are not limited to:
 - Parking
 - Gate Receipts
 - Food Concessions
 - Ride Concessions
 - Memberships
 - Sponsorship Opportunities
- ❑ Admission prices shall be reviewed and approved by the Park and Recreation Board in accordance with the authority set forth in the Dallas City Charter

Future Capital Improvements



- ❑ All necessary capital improvements will be the responsibility of DZM/DZS
- ❑ City shall continue to consider requests for Zoo capital improvements for inclusion in future bond referendums
- ❑ DZS shall continue to develop, pursue and solicit private funding for major capital improvements and other zoo projects to match and/or exceed City capital funding contributions

Future Capital Improvements



- ❑ All future Zoo master plans shall be subject to review, approval and adoption by the Park and Recreation Board
- ❑ DZM/DZS will not undertake any major capital projects and/or improvements unless approved in the Zoo Master Plan
- ❑ City shall administer all City-funded capital improvement projects
- ❑ City shall maintain design and construction oversight of all major capital improvements, publicly and privately funded



Contract Term

- Initial Term – 25-year term commencing October 2009 (the “Effective Date”)
- Two 5-year renewal options on same terms by mutual consent
 - City Manager and Park and Recreation Department Director to act for City



Insurance

- DZM/DZS to provide insurance of types and amounts on such terms as deemed appropriate by City's Risk Management Department and the City Attorney for a contract and operation of this nature



Personnel

- All current Zoo employees will be terminated through the City's "Reduction In Force" process or reassigned as of October 1, 2009
- DZM will hire its own employees necessary to appropriately staff Zoo operations and perform obligations under this agreement
- All current Zoo employees will have the opportunity to apply for positions with DZM



Dallas Aquarium at Fair Park

- DZM will provide all management services for the Aquarium at Fair Park on the same terms as for the Zoo
- Provided, however, City shall pay DZM an additional management fee in an amount equal to the Aquarium's direct operating costs in excess of Aquarium revenues
- Admission prices shall be reviewed and approved by the Park and Recreation Board in accordance with the authority set forth in the Dallas City Charter



Dallas Aquarium at Fair Park

- ❑ DZM will submit an annual operation budget to the Park and Recreation Board for approval for the Aquarium
- ❑ Excess Aquarium revenues shall, at the City's election, be:
 - Used for the Aquarium
 - Placed in a reserve to cover future years' management fees for the Aquarium, or
 - Paid to the City
- ❑ City shall retain the option to remove the Aquarium from the Management Agreement

Contract Termination Provisions



- Non-Appropriation
- Material Default
 - 90 day notice and opportunity to cure
- For Convenience
 - 180 days notice

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