CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

Legislation Details (With Text)

File #:	19-593	**Version:**	1	**Name:**	
Type:	Consent Item			**Status:**	Passed
File created:	9/24/2019			**In control:**	City Council/Public Finance and Economic Development Authority/Parking Authority
On agenda:	10/21/2019			**Final action:**	10/21/2019

Title: SUBJECT: Approval of Annual Agreement with Merced Zoological Society to Contribute a Minimum of $75,000 from its Total Operating Budget to the City for the Operation of Applegate Park Zoo for Fiscal Year 2019/2020 to Supplement the Zoo Operating Budget

REPORT IN BRIEF
Considers approval of annual agreement with Merced Zoological Society to supplement Zoo annual operating by at least $75,000 through collecting gate fees, operating gift shop, and holding other fundraisers.

RECOMMENDATION
City Council - Adopt a motion approving the agreement with the Merced Zoological Society for payment of at least $75,000 (approximately 24%) of the total operating budget at the Zoo and authorizing the City Manager or the Assistant City Manager to execute the necessary documents.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Zoo Society Agreement (2019-2020), 2. 2019 Zoo Financial Report.pdf

Date	Ver.	Action By	Action	Result
10/21/2019	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

Report Prepared by: Jennifer Arellano, Recreation Supervisor, Parks and Recreation

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ALTERNATIVES

1. Approve, a recommended by staff; or,
2. Approve, subject to other than recommended by staff (identify specific finding and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion; or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

As provided for in the 2019-20 Adopted Budget

DISCUSSION

Since 1994, the City of Merced has entered into annual agreements with the Merced Zoological Society for assistance with the operating costs of the Applegate Park Zoo. Generally, the contributions from the Society are used for operating expenses such as veterinary care, feed, supplies, landscaping and staff costs. The Merced Zoological Society collects money by charging an entrance fee to the Zoo, operating the Bear Creek Nature Store, as well as hosting special events and fundraisers throughout the year.

The Society has been required to reimburse the City varying amounts of money throughout the years. From 1998-2011 they provided 33% of the operating budget for the year. In fiscal year 2012 they increased their contribution to 40% of the operating budget because of the negative financial situation the City was facing. This number continually increased until 2016 when they were paying 44% of the annual operating budget. This was done by the Society agreeing to hand over 100% of gate fees collected (with a guarantee that it equal a minimum set amount) plus $15,000 of their gift shop/fundraising revenue.

In 2017, they asked the City to reduce their minimum contribution to the equivalent of 28% of the budget due to their increasing expenses and diminishing reserves. This was accomplished by reducing the gift shop/fundraising contribution to $10,000 and adding $5,000 worth of in-kind services.

In 2018, due to the same concerns they reduced their contribution to 27% of the budget, eliminating the gift shop/fundraising revenue altogether and turning over only gate fees (guaranteed to be at least $75,000) and $5,000 worth of in-kind services.

Again, in FY 2019 they voiced great concern and inability to sustain past levels of support, and the contract was again reduced further to eliminate the in-kind services. While they have been able to meet, and at times exceed the required contribution throughout the years, they have had to depend on their reserves in many cases, most recently in 2017, 2018, and 2019 paying $6,759, $16,171, and $5,856 out of their reserves when the gate revenue did not meet the anticipated amount. (In contrast to 2015 and 2016 gate fees exceeded their contracted amount and they returned an additional $5,344 and $7,647.)

The Society continues to support the City as much as possible. However, due to lack of volunteer

participation in the Society, their capacity is greatly diminished. They have had to employ a part time employee to operate the gift shop/entry gate on weekends, and are unable to open it when the City holds special events. They still continue to offer Zoo Camp, Zoo Birthday parties, and are hosting a few new smaller events this summer. There are currently eight active Zoo Society members.

In previous years, the Society was able to provide more in-kind services to the City, such as repairs, purchasing supplies, animal enrichment, docent tours, special events and fundraisers. Unfortunately, because of their lack of active members and employee expenses, they no longer have enough time or funds left over to provide the City with the level of in-kind services that they once did.

After negotiating this contract, a mutual decision was reached by the City and the Society to continue with the same terms as the year prior, contributing 24% of the Zoo's total operating budget. There is again no in-kind service requirement in this year's contract due to their diminished capacity. However, already in the first few months of this fiscal year they have been able to purchase crusher dust for the deer exhibit, food for a large volunteer event, and have raised money for a new catwalk in the mountain lion exhibit to be installed later in the year. The current Zoological Society leadership also shared that they will be retiring at the end of the current fiscal year, and are looking for new leadership to take over, which, if none were found would require the dissolution of the Society.

IMPACT ON CITY RESOURCES

The contributed funds will be placed in Zoo revenue account 024-1205-360.02-01.

ATTACHMENTS

1. Zoo Society Agreement (2019-2020)
2. 2019 Zoo Financial Report