



## Legislation Text

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**File #:** 17-634, **Version:** 1

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**SUBJECT:** Agreement with Merced Zoological Society

### REPORT IN BRIEF

Annual agreement with Merced Zoological Society to contribute at least \$75,000 of the total operating budget for Fiscal Year 2017/2018.

### RECOMMENDATION

**City Council** - Adopt a motion approving the agreement with the Merced Zoological Society for payment of at least \$75,000 (approximately 28%) of the total operating budget at the Zoo and authorizing the City Manager or Assistant City Manager to execute the necessary documents.

### ALTERNATIVES

1. Approve, as 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 2017-18 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 animal health, 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 fundraisers throughout the year.

The Society has been required to reimburse the City varying amounts of money throughout the years. Most recently, from fiscal years 2012/13 to 2015/16, the Society began contributing a much higher amount than they had previously. They increased their support during these years because of

the financial situation facing the City. While they have been able to meet, and at times exceed the required contribution, they have had to depend on their reserves in some cases. They have also had increased expenses in the past several years, having to hire a part time employee to operate the gift shop/entry gate on weekends, due to lack of volunteer participation. Previous to their contribution being increased, the Society was able to provide more in-kind services to the City, such as repairs, purchasing supplies and animal enrichment. Unfortunately, because of their increased contribution and employee expenses, they no longer have enough funds left over to provide the City with the level of in-kind services that they once did.

Last year, the Society expressed great concern for being able to sustain a contribution of \$85,000. They asked the City to reduce their minimum contribution from \$85,000 (all entry fees plus \$15,000 from their gift shop sales/fundraisers) to \$80,000 (all entry fees, plus \$10,000 from gift shop sales/fundraisers), and provide \$5,000 worth of in-kind services instead of a monetary payment of \$5,000.

This year, they have again expressed an inability to meet the previous year's contribution level. They have again asked to reduce their minimum contribution from \$80,000 to \$75,000, while still providing any entry gate fees that exceed this amount, but without any additional contribution from gift shop sales/fundraisers. Also, they stated they will make their best effort to provide \$5,000 worth of in-kind services.

In June 2017, the City Council approved a budget for FY 2017-18 that included a contribution by the Society of at least \$80,000 (approximately 29%). Decreasing their contribution to \$75,000 will result in a \$5,000 loss of revenue, but will most likely be recovered by unanticipated revenues in other areas of the Parks and Recreation budget. In addition, based on current projections, their gate revenues could reach \$80,000.

The Society continues to support the City as much as possible. There have been many times throughout the last 20 years that their contributions have exceeded what was asked of them.

## **IMPACT ON CITY RESOURCES**

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

## **ATTACHMENTS**

1. Annual Agreement
2. Zoo Financial Report