

Mayor and Council Communication

DATE: 12/13/22

M&C FILE NUMBER: M&C 22-1062

LOG NAME: 8023ZOO MANAGEMENT CONTRACT RENEWAL

SUBJECT

(CD 9) Authorize the Renewal Agreement with the Fort Worth Zoological Association for the Management, Operation and Development of the Fort Worth Zoo

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute a thirty-year renewal agreement with the Fort Worth Zoological Association for the provision of management services and oversight of operations for the Fort Worth Zoo.

DISCUSSION:

The purpose of this M&C is to seek authority from the City Council to execute a renewal agreement with the Fort Worth Zoological Association (FWZA) for the provision of management services to the Fort Worth Zoo for a thirty-year period.

This action will represent the third long-term management agreement with FWZA following contracts approved in 1991 and 2010 (M&C C-12867: City Secretary Contract No. 18454; M&C C-24194: CSC No. 40564).

Although the term of the current contract does not expire until 2030, renewal discussions were initiated in advance to make it easier for the FWZA to obtain favorable rates and terms on financing for construction and other projects; to obtain long-term commitments from various foundations and endowments whose bylaws require a long-term operating structure; to assist in the recruitment and retention of employees desirous of a stable, long-term employer; and to facilitate the FWZA's long-term planning and fundraising.

History and Performance

Over the past 31 years the FWZA has fundraised, managed, subsidized and underwritten capital improvements at the City-owned Zoo totaling over \$300 million, with the City taking title to the improvements following their completion. The list of FWZA's capital accomplishments includes the recently opened African Savanna and Elephant Springs exhibits.

During the time FWZA has been managing the Zoo, it has grown into a world-class facility. The Zoo has been identified as a "top zoo in the nation" by Family Life magazine, the "World's Greatest Zoo" by Bloomberg TV, the "#1 Zoo in the U.S." by both the Los Angeles Times and USA Today, as one of the "top zoos in the south" by Southern Living Reader's Choice Awards, and as the "#1 attraction in the Dallas/Fort Worth Metroplex" by the renowned Zagat's Family Travel Guide.

Annually, the Zoo attracts approximately 800,000 visitors from outside of Fort Worth and a total of one million visitors overall with an annual economic impact for the City of Fort Worth that is currently estimated at \$228.5 million. The Zoo also provides free admission annually for more than 5,000 children in Fort Worth and continues operating well-regarded educational programs that include outreach to area schools.

Terms of Proposed Renewal Agreement

The major terms of the proposed contract include the following:

- 30-year term beginning October 1, 2023, and expiring September 30, 2052;
- Annual management fee to be based off the FY23 figure (\$9,350,000.00) as modified and increased by a Consumer Price Index (CPI) (cumulative and compounded) adjustment;
- Continued exemption of Zoo events from the City's outdoor events ordinance; and
- Restrictions on admission fee as in keeping with current practice under the existing contract. (Note: Zoo ticket prices have stayed well under these allowed levels for the past 30 years and the FWZA has delivered the "#1 Zoo" in the country while offering the public an admission price that is far less than that of other competing zoos in Texas.)

Provisions differing from the current contract, as amended, consist of:

- Either party can terminate for convenience following twelve (12) months' notice with a wind-down period of up to forty-eight (48) months;
- Memorializing the ability of the Zoo to obtain a noise-ordinance clearance letter from the City in accordance with past practice;
- Clarifying the use of interest earnings on the 5% endowment the FWZA provides along with each new exhibit it opens to reflect such revenues are used for maintenance of Zoo facilities provided that the corpus of the endowment remains in place for so long as the endowed exhibits continue to exist;
- Requires the FWZA to provide forward-looking estimates regarding the projected costs of utility relocations and extensions (for which the City is obligated to pay) to allow the City to budget accordingly for such expenses; and
- Increasing the City Manager's authority for approval of project fees from \$50,000 to \$100,000 to keep it consistent with the current

agreement and practice by having the figure correspond to the Manager's delegated authority for contract/amendment execution under the City Code.

The other elements of the current agreement, as amended, remain in place, including the Zoo boundary, which was established by City Ordinance No. 10261, which was adopted on February 28, 1989 (M&C G-7944).

The Fort Worth Zoo is located in COUNCIL DISTRICT 9 and is classified as a Special-Use Facility that serves on a City-wide and regional basis.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds will be included in the operating budget, as appropriated, of the General Fund and that, prior to an expenditure being made, the Park and Recreation Department has the responsibility to validate the availability of funds.

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