



"Creating a just and sustainable world where people and wildlife thrive, together."

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& Zoo Director

October 11, 2023

Honorable City Council
c/o City Clerk, Room 395, City Hall
Los Angeles, CA 90012

PROPOSED INTERIM AGREEMENT BETWEEN THE CITY AND THE GREATER LOS ANGELES ZOO ASSOCIATION

SUMMARY

The City has negotiated the terms of a new Interim Agreement between the City, by and through the Department of the Zoo (Department), and the Greater Los Angeles Zoo Association (GLAZA) to provide the following programs and related support services: Fundraising, Membership, Special Events, Sponsorship, Marketing and Public Relations, Site Rentals and Catered Events, Publications, and Volunteer Programs. The Interim Agreement will be for the limited term of October 1, 2023 through September 30, 2024, with an option to extend through June 30, 2025, pending the completion of a Request for Proposals (RFP) process to establish a new long-term agreement for support services for the Zoo.

BACKGROUND

The Los Angeles Zoo opened on November 28, 1966 under the management and control of the Department of Recreation and Parks until the Department was established by ordinance (Ordinance No. 171636) on July 1, 1997 (C.F. 94-0989-S1). The Department is authorized to independently operate, manage, maintain, and control all of the Zoo property. GLAZA is a non-profit corporation established in 1963 for the purpose of assisting the City with the establishment, development, beautification, and improvement of the Zoo. This relationship has been codified in various agreements over nearly six decades, the most recent of which was a 25-year Operating Agreement between the City and GLAZA that was executed in September 1997 with an expiration date of September 29, 2022.

In anticipation of the expiration of the 1997 agreement, the City Council instructed the City Administrative Officer (CAO), with the assistance of the Department, the City Attorney, and the Chief Legislative Analyst (CLA), to identify options to increase the Zoo's revenue share, including the possibility of negotiating a new long-term agreement with GLAZA and/or the feasibility of issuing a Request for Proposals to support operations at the Zoo (C.F. 21-0600-S72).



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With these ongoing discussions, on September 2, 2022, the City Council authorized the Department to negotiate and execute a Seventh Amendment to the Operating Agreement between the City and GLAZA that extended the contract term for six months, from September 30, 2022 to March 31, 2023, with an additional six-month extension option, subject to the approval of the City Attorney as to form (C.F. 14-0600-S223). The City and GLAZA extended the term of the Operating Agreement for six-months, and thereafter exercised the additional six-month extension, which brought the final expiration date to September 30, 2023.

Since the City Council's September 2022 action, and after further negotiations with GLAZA, there have been extensive discussions relative to next steps to establish a future agreement for support of the Zoo. In the context of these discussions, the City has prioritized the City Controller's Audit (2018) of the Department and GLAZA and the report's findings that future contracted services should ensure transparency, accountability, and support the Zoo's long-term operational success. The City has determined that careful and transparent stewardship of public resources requires the issuance of an RFP for future services to be provided to the Department.

As a result, the City will issue an RFP for programs and services to be contracted out to support the Zoo in order to promote fairness, transparency, and ensure that the City is obtaining services at the best possible price. The CAO, with the assistance of the Department, is leading the RFP process on behalf of the City. The RFP process is projected to take nearly one year to administer, including City Council approval of a new long-term agreement that results from this process.

The City recognizes and values GLAZA's long-standing partnership with the Department, which has provided services and support for several decades including fundraising efforts that supported the Zoo Capital Improvement Program (1997–2015) of nearly \$30 million. In order to ensure the continuity of programs and services to the Department during the RFP process, an Interim Agreement is proposed to cover the limited time period between the expiration of the current Operating Agreement and the conclusion of the RFP process. The material terms of the proposed Interim Agreement between the City and GLAZA are included in Attachment A to this report.

RECOMMENDATION

That the City Council:

Authorize the Department to execute a new Interim Agreement between the City of Los Angeles and the Greater Los Angeles Zoo Association (GLAZA), consistent with the terms

included in Attachment A to this report, for a contract term of one year, October 1, 2023 to September 30, 2024, with an option to extend through June 30, 2025, subject to the approval of the City Attorney as to form.

FISCAL IMPACT STATEMENT

Approval of the Interim Agreement will result in \$640,000 in additional revenue to the Zoo Department, that will currently offset projected year-end revenue shortfalls related to the Fiscal Year 2023-24 Adopted Budget. However, there will be no overall impact on the General Fund.

Respectfully Submitted,

A handwritten signature in black ink that reads "Denise Verret". The signature is written in a cursive, flowing style.

Denise M. Verret, General Manager
Zoo Department

Attachment

cc: Jacqueline Hamilton, Office of the Mayor
Steve Houchin, Office of the City Attorney
Sharon Tso, Office of the Chief Legislative Analyst
Matt Szabo, Office of the City Administrative Officer

TERM SHEET

INTERIM AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND THE GREATER LOS ANGELES ZOO ASSOCIATION

DURATION

The term of the Agreement will be from October 1, 2023, to September 30, 2024, with an option to extend to June 30, 2025 upon mutual agreement of the parties. The Agreement will include a ratification clause to incorporate any work performed between the effective date and the date of execution.

SERVICES TO BE PROVIDED

GLAZA will provide and manage the following programs and related services for the Zoo: (1) Fundraising Program; (2) Membership Program; (3) Publications Program; (4) Volunteer Program; (5) Sponsorship Program; (6) Special Events Program; (7) Site Rentals and Catered Events; and (8) Marketing and Public Relations Program.

1. Fundraising Program

GLAZA will manage the Zoo's Fundraising Program designed to attract financial contributions and similar support for the Zoo, based on priorities established by the Zoo Director.

Restricted Fundraising:

- The restricted fundraising goal for Fiscal Year 2023-24 established by the Zoo and previously agreed to by GLAZA is \$1,872,200. The parties will negotiate a new benchmark for the period that extends beyond Fiscal Year 2023-24.
- GLAZA must obtain the Zoo Director's approval prior to engaging in any campaign to solicit restricted funds.
- GLAZA may initially retain an indirect cost recovery rate of 10% on all restricted gifts for expenses related to the fundraising of restricted gifts and managing bequests/deferred gifts.

Unrestricted Fundraising:

- For Fiscal Year 2023-24, GLAZA will provide to the Zoo the first \$300,000 of unrestricted funds received to be used as directed by the Zoo Director. The parties will negotiate a new benchmark for the period that extends beyond Fiscal Year 2023-2024.

- Unrestricted funds shall be made available through the existing Zoo Assistance Fund during the course of the fiscal year upon the request of the Zoo. GLAZA will continue to provide accounting, reporting, and check/ACH payments for funds in the Zoo Assistance Fund.
- GLAZA may retain additional unrestricted funds for direct and indirect expenses not already paid by any other source and incurred in the performance of GLAZA's remaining responsibilities under the Agreement. All remaining unrestricted funds will be shared equally with the Zoo.

2. Membership Program

GLAZA will manage the Zoo's Membership Program, including the recruiting/solicitation of new members and member renewals.

Terms of Membership Program

- Terms of the Membership Program, including fees, benefits, and activities shall be approved by the Zoo.

Use of Membership Revenue

- Revenue derived from the Membership Program allows for the support of additional programs, such as Publications, the L.A. Zoo website and social media, and the Volunteer Program, in addition to the direct costs of the Membership Program.
- GLAZA may retain up to 28% of the membership revenue to cover the direct costs of the Membership Program.
- GLAZA may retain up to 15% of the membership revenue to cover the direct costs of the Publications Program, L.A. Zoo website and social media, and the Volunteer Program.
- GLAZA may retain up to 22% of membership revenue for its administrative overhead expenses.
- Not less than 35% of the remaining membership revenue shall be transferred to the Zoo. If GLAZA expenses do not reach the full amount of membership revenue apportioned, any remaining revenue after expenses as budgeted shall be transferred to the Zoo.

3. Publications Program

GLAZA will continue to produce and distribute print and/or digital publications for the Zoo, to include member, employee, and other publications including but not limited to *Zoo View* (quarterly), *Zooscape* (monthly), and the *Gnus* (twice

monthly). Content and production of these publications shall be done in coordination with the Zoo.

4. Volunteer Program

GLAZA will manage the Zoo's Volunteer Program, including docents, docent specialists, and general, research, enrichment, and food preparation volunteers based on the needs of the Zoo.

- The program shall include recruitment, training, scheduling, and compliance with all applicable employment rules and regulations as well as alignment with the Zoo's diversity goals and initiatives.

5. Sponsorship Program

GLAZA will manage a corporate sponsorship program to generate revenue for the Zoo.

- All new sponsors, terms and benefits, and corresponding agreements will be subject to Zoo Director's review and pre-approval and will be memorialized in a contract in writing between the sponsor and GLAZA on behalf of the Zoo. All executed agreements will be copied to the Zoo. No new sponsorship agreement will extend beyond the term of the Agreement, unless the Zoo is a party to the sponsorship agreement or the sponsorship agreement is assignable to the Zoo at the Zoo's option.
- Sponsor corporate values and operations must reflect the Zoo's mission and conservation and sustainability values.
- GLAZA may retain up to 75% of annual sponsorship revenue during the term of the Agreement to support the Sponsorship Program and, separately, the Marketing and Public Relations Program expenses. All remaining sponsorship revenue generated by GLAZA shall be due to the Zoo.
- GLAZA will provide to the Zoo a copy of every agreement where the sponsor's consent is provided. For any sponsor who does not consent, GLAZA will provide to the Zoo the name, schedule of payments, nature of sponsorship and term of agreement with the sponsor.

6. Special Events Program

GLAZA will produce and execute employee events, as well as member events, donor events, promotional/public events, and night-time ticketed events to generate revenue for the Zoo.

- All proposed special events must be pre-approved by the Zoo, including proposed budgets for ticketed events.

- Expenses for the production of night-time ticketed events shall be deducted from event ticket revenue for these events with the balance of revenue transferred to the Zoo. GLAZA shall remain responsible for the cost of any events that result in a net loss of revenue.
- Expenses for the production of member events shall be included as part of the direct expenses for the Membership Program as referenced in the Membership section above.
- Expenses associated with all other events shall be the responsibility of GLAZA through unrestricted fundraising revenue.
- All equipment and materials purchased by or accounted for by GLAZA as a programmatic expense shall be the property of the Zoo.

7. Site Rentals and Catered Events

GLAZA will manage and facilitate site rentals and catered Events for private parties, to generate revenue and build connections for the Zoo.

- All inquiries shall be reviewed and pre-approved by the Zoo prior to commitment to the private party.
- Any associated admissions revenue and catering commissions for private events shall go directly to the Zoo. In addition, GLAZA shall remit 25% of any site rental fee to the Zoo. All other revenue shall be used to offset GLAZA's expenses associated with the events.

8. Marketing and Public Relations

GLAZA will be responsible for the Zoo's Marketing and Public Relations Program, including the L.A. Zoo website and social media accounts, to increase Zoo attendance and revenue.

- As soon as practicable after the execution of the Agreement, GLAZA will transfer the ownership, access, username, and password for the Zoo's website, domain name, username and social media accounts to the Zoo. During the term of the Agreement, the Zoo will provide to GLAZA access to the Zoo's website, domain name, and social media accounts for the purpose of performing the marketing and public relations services under the agreement. GLAZA will work to ensure a smooth transition of full functionality of the Zoo's website and social media accounts to the Zoo.

CONCESSIONS

The Zoo will be responsible for all concessions and special vending and will assume GLAZA's existing Concessions Service Agreement with SSA Group, LLC.

GLAZA shall provide copies of existing special vending agreements (Foto Fantasy, Sight Instruments, and Penny Man) within 30 days of execution of this agreement, and consent to assignment of the contracts at the option of the Zoo.

BUDGET PROVISIONS

These provisions shall apply to all programs and related services provided by GLAZA under the Agreement, in order to provide clarity on financial commitments, track actual expenditures compared to budgeted projections, and define expectations and metrics. This will allow for mutual discussion on meeting the Zoo's program goals.

- An annual operating budget for all of the direct expenses and GLAZA's overhead and administrative expenses shall be provided to the Zoo for the 2023-24 Fiscal Year within 10 days following GLAZA Board of Trustees approval, including a detailed breakdown of all projected revenue and direct and indirect expenses. The parties will negotiate a new benchmark for the period that extends beyond Fiscal Year 2023-24.
- GLAZA is authorized to retain certain funds (as specified herein) that it collects on behalf of the Zoo to pay for direct and indirect expenses incurred in the performance of its responsibilities under the Agreement (as reflected in the annual budget referenced above).
- GLAZA shall inform the Zoo Director of any expenditures that will, or are reasonably expected to, result in a variance equal to or greater than 10 percent of the budget for any expense category. Notwithstanding the negotiated revenue sharing percentages set forth above, all revenue generated by GLAZA in excess of its actual direct and indirect expenses shall be shared equally with the Zoo.
- Neither lobbying nor legal costs incurred by GLAZA may be credited toward GLAZA's costs, direct or indirect, unless the costs are itemized and would be an appropriate expenditure of City resources.

FUNDS, ACCOUNTING & FISCAL RESPONSIBILITIES

In collecting funds on behalf of the Zoo, GLAZA shall act as the Zoo's fiduciary and fiscal agent and ensure proper accounting for all funds collected and any interest earned. GLAZA shall maintain a method of accounting in compliance with generally accepted accounting principles. All documents, books, and accounting records shall be open for inspection at any reasonable time during the term of the Agreement.

REPORTING REQUIREMENTS; TRANSPARENCY & ACCOUNTABILITY

GLAZA will agree to reasonable oversight by the Zoo Director of performance under the Agreement. GLAZA shall provide the Zoo Director with monthly financial reports on all monies under GLAZA's control, as well as budget vs actuals relative to revenue and expenditures. These reports should provide an explanation for any deviations from budgeted projections, including plans to achieve the targets by the end of the term of this agreement.

GLAZA shall provide the Zoo Director with a quarterly report on all performance metrics including an explanation for any deviations from expectations and plans to achieve the targets by the end of the fiscal year and pro-rated remaining term of the Agreement.

GLAZA shall have its books and records audited annually by an independent accounting firm acceptable to the Zoo at GLAZA's expense. GLAZA will provide the Zoo with the annual audited financial report. GLAZA will continue to maintain and administer the Zoo Assistance Fund (ZAF) and the Zoo Surplus Development Fund (ZSDF) on behalf of the Zoo.

GLAZA shall provide data to the Zoo related to donors, members, volunteers, and ticket buyers.

PERFORMANCE METRICS

In order to align the programs included under the Agreement with the Zoo's goals, and increase transparency and accountability, achievement of defined metrics will be reviewed and agreed upon prior to execution of the Agreement. Specific performance metrics, including but not limited to suggestions by the City Controller, will be incorporated into the final Agreement.

ADDITIONAL SERVICES

GLAZA will continue to provide the following additional services related to its responsibilities under the terms of the Agreement.

- Functions related to the management of Zoo restricted funds, Zoo Surplus Development Fund (ZSDF), and Zoo Assistance Fund (ZAF)
 - Vendor payments (check or ACH)
 - Vendor liaison (W-9s, address and payment type verifications)
 - Vendor records maintenance and research
 - International wire transfers
 - Credit card management
 - Zoo employees' travel expense payments/reimbursements
 - Purchase orders
 - Monthly statements and account reconciliations for ZSDF, Zoo restricted funds, and ZAF
 - Draft legal agreements with vendors and contractors paid from these funds

- Restricted grant and project financial reporting, research and analysis
- Monthly Zoo Commission reporting regarding Zoo attendance statistics, fundraising achievements, marketing efforts, membership, and other earned revenue
- Plan and execute Zoo and GLAZA employee staff celebrations, such as annual Zoo and GLAZA employee holiday luncheon and Zoo Lights staff party

ADMINISTRATIVE OFFICE SPACE

The Zoo will provide GLAZA and its staff access to the Zoo campus, including the office spaces in what is currently assigned as the GLAZA Administration Building located at 5333 Zoo Drive, Los Angeles, California, as well as associated utilities and parking. Facilities and resources as required for the conduct of the services in this agreement shall be allowed in coordination and with consent of the Zoo as needed.

DISSOLUTION/TERMINATION

In the event of GLAZA's dissolution, all debts and obligations incurred by GLAZA in its operations shall be discharged and all monies remaining in GLAZA funds and accounts shall be paid over in full to the Zoo.

In the event of the termination of the Agreement with no extension or successor agreement in place, should either party declare an impasse in negotiations, nothing in the Agreement will constitute a waiver of the rights of parties with regard to funds held by GLAZA.

CITY'S STANDARD CONTRACT PROVISIONS

The most current version of the City's Standard Provisions for City Contracts will be incorporated into the bridge agreement.