



April 18, 2014

Budget and Finance Committee
c/o Erika Pulst, Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

*"Nurturing
wildlife
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the human
experience"*

Los Angeles Zoo
5333 Zoo Drive
Los Angeles
California 90027
323/644-4200
Fax 323/662-9786
<http://www.lazoo.org>

Eric Garcetti
Mayor

Tom LaBonge
Council Member
4th District

Zoo Commissioners

Karen B. Winnick
President

Bernardo Silva
Vice President

Sue Downing, D.V.M.

Yasmine Johnson

Marc Mitchell

Richard Lichtenstein
ex officio member

John R. Lewis
Zoo Director

Honorable Councilmembers:

The Zoo Department respectfully submits this correspondence regarding the Mayor's 2014-15 Proposed Budget for your information. At the end of this month, the Zoo will open the new Rainforest of the Americas Exhibit, the culmination of a \$172 million, 15-year long Capital Improvement Program. Over that time period, the Zoo has completed 11 major exhibits, seen attendance go from 1.25 million to a high of 1.66 million visitors (FY 2011-12), increased revenues by 150%, and completely eliminated the direct General Fund subsidy from a high of \$10.6 million in Fiscal Year 2006-07. This is significant because it is the first time in the Zoo Department's 17 year existence that there is no General Fund contribution to the operating budget.

The Zoo's Proposed Budget of \$19.7 million reflects the transition to Performance Budgeting and aligns the Zoo's programs and services with the Mayor's Priority Outcomes. The Proposed Budget represents Year 1 of the Business and Marketing Plan (Plan) that was transmitted to the Mayor and Council in November 2013. This Plan also represents the strategic partnership with the Greater Los Angeles Zoo Association (GLAZA) and the Memorandum of Understanding for Marketing, Public Relations and Special Events as well. The Plan, which is currently pending before the Arts, Parks, Health, Aging and River Committee (C.F. 13-1469), aims to facilitate the achievement of the Zoo's new vision as follows:

"The Zoo also strives to continue to be a leader in wildlife conservation and animal management practices with a vision of leveraging the diverse resources of Los Angeles to be an innovator for the global zoo community, creating dynamic experiences to connect people and animals."

Consistent with the Plan, the Proposed Budget includes aggressive attendance and revenue projections, a \$1 admission fee increase across all categories, provides funding for initiatives that facilitate the accomplishment of the goals established in the Plan, all with an eye towards the future Zoo.

When the Zoo was created as its own separate City department by Ordinance in 1997, also established was the special purpose fund, the Zoo Enterprise Trust Fund (Fund), as a means for the Zoo to maintain financial stability, to be financially enterprising, maintain control of its financial resources and provide for contingency funds in the event of a revenue shortfall. The Zoo is proud of the fiscally sound financial practices that have been implemented over the years which have resulted in the Zoo not requiring a supplemental General Fund appropriation in over 11 years. Instead, the Zoo has managed through these tough fiscal times within budgeted resources and utilizing surpluses in the Fund to offset the General Fund contribution.



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Recently, with the City's financial resources so severely impacted, the Fund has had to be the bridge to drastic reductions in the General Fund appropriation, which was a high of \$10.6 million in Fiscal Year 2006-07. Over the last nine years, the Fund has provided nearly \$8.0 million in budgeted funding, without which far-reaching reductions would have had a major impact to programs and services and ultimately the Zoo's ability to achieve budgeted attendance and revenue projections. In compliance with the Mayor's budget instructions, the Zoo submitted a Proposed Budget that relied on no General Fund direct subsidy. As a result, the Proposed Budget utilizes essentially all of the available funds in the Zoo Enterprise Trust Fund (\$2.2 million) to support the Zoo's operations. The use of these funds are in essence a one-time source for which an alternative funding source will need to be identified in the future, because even with projected growth and increases in attendance and attendance-related revenues in Years 2 and 3 of the Plan, it is unlikely that this source will be able to entirely bridge this future gap.

CONCLUSION

The Los Angeles Zoo and Botanical Gardens has remained a safe, affordable family destination to the Los Angeles community for over 47 years, having served over 71 million visitors. The Los Angeles Zoo strives to be a leading conservation, educational and recreational institution that not only provides excellent care for the living collection of 1,100 animals representing 250 species, but also a destination that is able to compete among the region's theme parks, cultural attractions and other tourist destinations. The Zoo Department's Proposed Budget aligns resources to focus on results that matter most to the care of our living collection and the projected 1,665,000 million visitors, as well as identifies the metrics by which our efforts towards achieving these goals will be measured. The Budget is also the first step towards achieving the goals in the Business and Marketing Plan and working towards the Zoo's future.

Finally, a critical component to achieving the results as proposed in this budget, is the authority to manage the Department's operations within the allocated resources and, so to that end, the Zoo respectfully requests that it be exempted from the Managed Hiring Committee process should the City Council approve the continuation of this hiring policy for the 2014-15 Fiscal Year. I look forward to an open and collaborative budget process.

Respectfully submitted,



John R. Lewis, General Manager
Zoo Department

cc: Rick Cole, Office of the Mayor
Patricia Whelan, Office of the Mayor
Miguel Santana, Office of the CAO
Gerry Miller, Office of the CLA