

List of Attachments

1. Council Instructions (C.F. No. 14-0600-S223)
2. Revised LA Zoo Business and Marketing Plan
3. Marketing and Public Relations and Site Rentals and Catered Events MOU and First, Second, and proposed Third Amendments
4. GLAZA Programs Summary
5. Membership, Publications, and Volunteer Programs MOU
6. Concessions MOU
7. Financial Assistance, Special Events, and Community Affairs MOU
8. Tom Mankiewicz Conservation Carousel MOU
9. Financing Agreement for the Pachyderm Forest Exhibit

14-0600-S223

ADOPTED BUDGET RECOMMENDATION

INSTRUCT the Zoo Department to report to the Arts, Parks, Health, Aging and River Committee on all of the City's MOUs with GLAZA, such as the carousel, membership, publications, volunteers, financial assistance, special events, concessions, public relations and marketing. The CAO should include a comprehensive analysis of funding that GLAZA receives from the City (example diversion of Zoo ticket sales, membership fees, recoup factor) and any funding provided by GLAZA to the Zoo Department. The report should address the difference and the interrelationship between the Business and Marketing Plan and the Marketing MOU, the reason for the projected deficits and the interrelationship between the gate fee and membership.

(Pursuant to adoption of the Mayor's 2014-15 Budget on May 21, 2014)

MAY 21 2014 REFERRED TO ARTS, PARKS, HEALTH, AGING
AND RIVER



August 18, 2014

Arts, Parks, Health, Aging and River Committee
 c/o Adam Lid, Office of the City Clerk
 Room 395, City Hall
 Los Angeles, CA 90012

*"Nurturing
 wildlife
 and enriching
 the human
 experience"*

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John R. Lewis
 Zoo Director

Honorable Members:

On November 1, 2013, the Los Angeles Zoo transmitted for Mayor and Council approval a three-year Strategic Business and Marketing Plan (Fiscal Year 2014–2015 through FY 2016–2017) (C.F. 13-1469). The purpose of this Plan was to provide the structure by which to examine the current nature of the Zoo's business, coalesce around the existing mission and new vision for the future, and chart courses of action that will enable the Zoo to meet its goals. At the direction of the Budget and Finance Committee and Arts, Parks, Health, Aging and River Committee, the Zoo Department has updated this Plan to eliminate assumptions about the General Fund contribution in future years and assumptions regarding a blanket exemption from the managed hiring process, as well as provides additional detail to the marketing budgets included in the Plan. Further, the Zoo has updated Fiscal Year 2013-14 financial information with preliminary actual data and reflected adopted budget information for Fiscal Year 2014-15 which previously represented projections.

SUMMARY

The three-year Business and Marketing Plan essentially remains the same with the new vision statement and four key goals that were developed that focus on the Zoo campus, conservation, the community and human capital. This vision ties together actions and investments the Zoo must prioritize to stand out among American zoos in this century, as well as provide a zoo experience that evokes from visitors a sense of awe.

Vision Statement (2028)

We will leverage the diverse resources of Los Angeles to be an innovator for the global zoo community, creating dynamic experiences to connect visitors and animals.



An Equal
 Employment
 Opportunity
 Affirmative
 Action
 Employer

Accredited by the Association
 of Zoos and Aquariums

Accredited by the American
 Association of Museums

Member of the California
 Association of Zoos and Aquariums

The following four goals were established, with the supporting strategies and tactics, within the context of the Zoo's mission and operations to realize this vision:

1. **Campus:** We will upgrade the campus with a focus on habitat, sustainability and the guest experience.
2. **Conservation:** We will create model conservation programs that encourage local action in Los Angeles for the global community as well as local action in global locations where we are active.
3. **Community:** We will create dynamic experiences to connect people with wildlife.
4. **Human Capital:** Create a work environment where the Los Angeles Zoo's vision is shared and employees, docents and volunteers understand their role in attaining the vision and achieving the strategic goals and objectives.

Revenue, Budget Projections, Assumptions and Marketing Budget – Updated July 2014

The Plan discusses the Zoo's operating budget by both reflecting on its history, and making projections for the future. Important to this discussion is the General Fund contribution to the Zoo which has varied greatly over the years, with the contribution decreasing by over 97 percent during the last eight years. In the 2013 Plan initially submitted, the budget projections assumed a 10 percent contribution from the General Fund for each of the next three years. In the July 2014 Plan, the Zoo has restated this assumption as follows: *"As a result, the budget projections represent the Zoo's goal of minimizing its reliance on the General Fund and makes no assumption regarding annual appropriations which are determined by the Mayor and Council annually as part of the City's budget process."*

The 2013 Plan contained various assumptions and critical success factors including the statement that the Zoo must be exempt from the managed hiring process in order to maximize the ability to achieve the Plan's attendance and revenue projections. In the July 2014 Plan, the Zoo has restated this critical success factor as follows: *"the Zoo Department will seek support and approval of an annual hiring plan that facilitates filling positions within a fiscally responsible framework and through sound budget management."*

The Marketing Plan includes a market analysis, utilizes market research, identifies primary and secondary target audiences and examines the "share of voice" and the Zoo's competitors which informed the development of the four key marketing goals below that are supported by strategies and tactics. The 2013 Plan included a lump sum marketing budget which represents the significant investment and commitment that GLAZA is making in support of the Zoo's marketing, public relations, site rentals and catered events programs. As requested, the July 2014 Plan provides details to the lump sum budget, as well as includes the cost of staffing to provide a complete financial understanding of these efforts.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, approve the Los Angeles Zoo Strategic Business and Marketing Plan Fiscal Year 2014-15 through Fiscal Year 2016-17 updated July 2014.

FISCAL IMPACT STATEMENT

Approval of this Plan provides a roadmap for strategically planning the Zoo's future which is expected to result in increased attendance and revenue which will minimize the Zoo's reliance on the General Fund.

Respectfully submitted,



John R. Lewis
General Manager and Zoo Director
Los Angeles Zoo and Botanical Gardens

Enclosure

cc: Miguel A. Santana, City Administrative Officer
Gerry A. Miller, Chief Legislative Analyst
Dov Lesel, Office of the City Attorney
Board of Zoo Commissioners
Ryan Carpio, Office of the Mayor

LOS ANGELES ZOO & BOTANICAL GARDENS

Business Plan

Updated August 2014



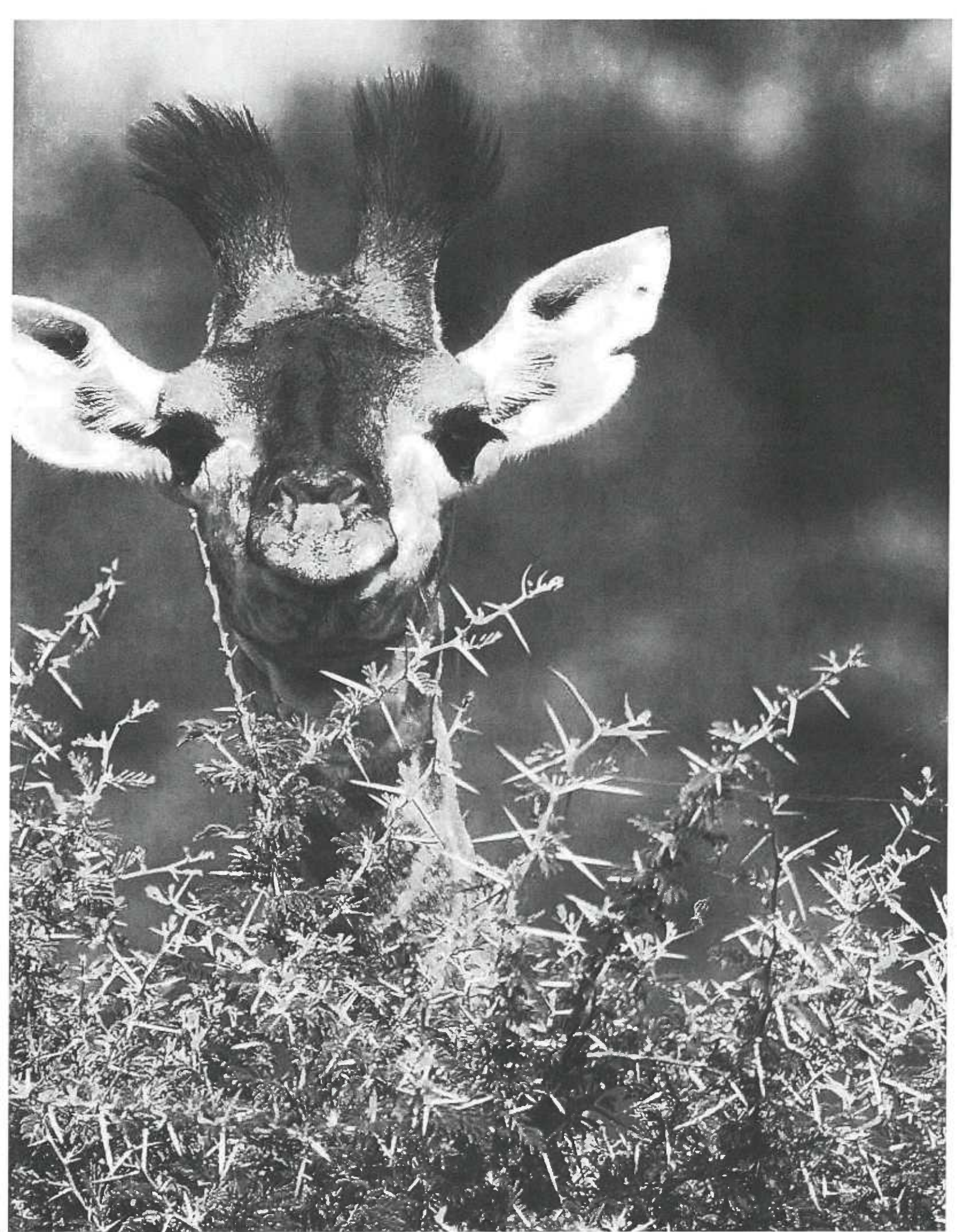
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STATEMENT OF PURPOSE

The purpose of this three-year Strategic Business and Marketing Plan is to provide the Los Angeles Zoo with the structure by which to examine the current nature of the business, develop a long-range vision for the future (15 years) and chart courses of action that will enable it to meet its goals.

This plan is intended to formulate strategies and tactics for the Los Angeles Zoo and envision a 3-year time span from Fiscal Year (FY) 2014–2015 through FY 2016–2017. Additionally, in accordance with the Ordinance that created the Zoo as an independent Council-controlled City Department, and Los Angeles Administrative Code Section 22.711, this Business and Marketing Plan “shall contain marketing and financial projections for the Department for a maximum period of five (5) years, and shall include, but not be limited to, methods to attract additional visitors and funds to the Zoo and calculations of funds anticipated to be received from fund raising, admissions (paid attendance) at the Zoo, City General Fund, membership, grants, concession(s), and other commercial enterprises.”

The key goals, strategies and objectives that are presented in this Plan will also guide the various divisions within the Zoo Department over the next three fiscal years.

These divisions include:

- Project Design, Management, and Construction staff work together to improve infrastructure and maintenance deficiencies to strengthen planning and execution of future capital projects and facility improvements.
- Administrative Services oversees admissions to the Los Angeles Zoo and guest relations, as well as internal support services including the areas of budget and finance, accounting and information technology.
- Grounds Maintenance and Custodial Services deliver essential guest services in the areas of building and landscape maintenance services.
- Public Relations promotes the Zoo’s key messages in the areas of animal welfare, conservation and education messages, as well as manages the Zoo’s crisis communications function.

- Education creates dynamic educational opportunities that demonstrate biodiversity; introduces a conservation ethic; creates a developmentally appropriate learning environment for guests of all ages; and observes the highest formal science standards.
- Animal Care provides optimal husbandry and care to the Zoo's animal collection and manages the animal collection plan and animal conservation and research programs.
- Animal Health provides veterinary care through medical care, specialized diets and medical research.

The Los Angeles Zoo also receives support from the Greater Los Angeles Zoo Association (GLAZA) in accordance with the 25-year Operating Agreement between the City of Los Angeles and GLAZA approved by the City Council (C.F. 94-0989-S1) and executed in September 1997.¹ GLAZA was established as a California nonprofit charitable corporation formed for the purpose of assisting the City in establishing, developing, beautifying and improving the Los Angeles Zoo.

Under the terms of the Operating Agreement, the Zoo and GLAZA are authorized to enter into a Memorandum of Understanding (MOU) which is an agreement that, "reasonably identifies the subject matter of the contract, indicates that the parties have agreed to perform or promised to perform the subject matter of the contract, identifies the consideration to be exchanged between the parties and states with reasonable certainty the essential terms of the performance required." The Operating Agreement identifies MOUs to be entered into for the following: (1) the annual goals and details of fund raising; (2) terms and conditions of membership in

GLAZA and the distribution of membership funds between the Zoo and GLAZA; and as appropriate, (3) activities, other than fund raising, to be performed by GLAZA. Each MOU, which is limited to a maximum term of three years, shall conform with and carry out the objectives and strategies in the Business and Marketing Plan as approved and adopted by the Mayor and City Council. Historically, the Zoo and GLAZA have executed MOUs in the following areas:

- Financial Assistance, Special Events and Community Affairs
- Membership, Publications and Volunteer Programs
- Concessions
- Marketing, Public Relations, Site Rentals, Catered and Special Events²

The goals, strategies and tactics that are presented in this Plan are based on a set of key assumptions relating to funding, operations, attendance and the development of the next phase of the Zoo Master Plan. Continued growth and improvement, as well as support from key strategic audiences, is critical for the Zoo to accomplish that which is set forth in this Plan.



¹ The Operating Agreement expires September 29, 2022.

² This MOU is new and became effective May 3, 2013.

