

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: August 9, 2022

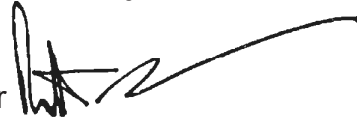
CAO File No. 0220-05886-0000

Council File No. 14-0600-S223

Council District: 4 and All

To: Honorable Members of the City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: C.F. 14-0600-S223

Subject: **SEVENTH AMENDMENT TO THE OPERATING AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND THE GREATER LOS ANGELES ZOO ASSOCIATION (C-95894)**

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### RECOMMENDATIONS

That the City Council:

1. Authorize the Zoo Department to negotiate and execute a Seventh Amendment to the Operating Agreement C-95894 between the City of Los Angeles and the Greater Los Angeles Zoo Association (GLAZA) that extends the contract term for six months, September 29, 2022 to March 29, 2023, with an additional six-month extension option, subject to the approval of the City Attorney as to form. The amended Operating Agreement shall incorporate the terms of the expired Memoranda of Understanding (MOU) for Marketing, Public Relations, Site Rentals, Catered Events, Financial Assistance, Special Events, Community Affairs, Membership, Publications, and Volunteer Programs, and incorporate the current Standard Provisions for City Contracts;
2. Instruct the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with the assistance of the Zoo Department and City Attorney, to continue to negotiate a new operating agreement between the City and GLAZA; and,
3. Instruct the CAO and CLA, with the assistance of the Zoo Department and City Attorney, to report back no later than June 30, 2023 on the status of a new operating agreement between the City and GLAZA.

### SUMMARY

On May 15, 2019, the City Council instructed the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with the assistance of the Zoo Director and City Attorney, to

negotiate a new agreement between the City and the Greater Los Angeles Zoo Association (GLAZA), and transmit a proposed agreement to the City Council for approval within 120 days as the existing Operating Agreement (Agreement) will expire on September 29, 2022 (C.F. 14-0600-S223). Since this Council action, there have been extensive discussions and negotiations regarding the terms of a new Agreement between the City and GLAZA. Due to unprecedented events such as the COVID- 19 pandemic, negotiations have been extended and the existing Agreement will expire before contract negotiations have concluded. Recommendation Nos. 1 and 2 of this report, respectively, authorize an amendment to the existing Agreement to extend the term by six months, with an additional six-month extension option, and authorize all involved parties to continue negotiations on the new operating agreement.

Negotiations are currently paused due to a proposed City Parks and Recreational Facilities Parcel Tax slated for the November 8, 2022 election, which would fund the implementation of the first phase of the Zoo Vision Plan (C.F. Nos. 22-0620 and 22-1100-S6). Voter approval of this ballot measure could impact the terms of the operating agreement. Therefore, it was necessary to pause the negotiations pending the outcome of the November election. Recommendation No. 3 instructs the involved parties to report back on the status of a new operating agreement, no later than June 30, 2023.

## BACKGROUND

The Los Angeles Zoo opened on November 28, 1966 under the management and control of the Department of Recreation and Parks until the Zoo Department (Department) was established by ordinance (Ordinance No. 171636) as a City Department on July 1, 1997 (C.F. 94-0989-S1). The Department was 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, with the most recent Agreement between the City and GLAZA, executed in September 1997, set to expire on September 29, 2022. A summary of the Memoranda of Understanding and the terms of the existing Agreement are included in this report as Attachment 1. The proposed extension continues the existing terms through March 29, 2023, with an additional six-month extension option. In light of this Amendment, GLAZA will be subject to current standard contract provisions. Attachment 2 of this report outlines the current organizational roles of the Department and GLAZA.

The following is a chronology of the City-GLAZA operating agreement negotiations.

### **NEGOTIATIONS: AUGUST 2019 – MAY 2020**

The City began negotiating with GLAZA on a new operating agreement in August 2019. The negotiating team consisted of representatives from the CAO, CLA, City Attorney, Zoo Department, and GLAZA. These discussions included detailed presentations by GLAZA on the organization's programs and services, financing, and Zoo shared revenue streams.

### **Negotiations Paused: June 2020 – June 2021**

In June 2020, as a result of the COVID-19 pandemic, these meetings were placed on hold while the City focused its attention and resources on responding to, managing, and guiding the recovery from this unprecedented crisis. Further, the negotiations were stalled due to an outstanding GLAZA Zoo Lights payment to the Zoo Department that was resolved in June 2021.

### **RESUMPTION OF NEGOTIATIONS: AUGUST 2021 – JUNE 2022**

The City resumed meetings with GLAZA to discuss a new operating agreement in August 2021 with a proposal by the Zoo to restructure the roles and responsibilities to create a model that provides financial sustainability of the Zoo and its priorities in the areas of animal care and welfare, conservation and environmental sustainability, learning and engagement, community partnerships and diversity, equity, inclusion and accessibility. During this time, new GLAZA Board and CAO staff joined the negotiating team resulting in a reset of negotiations.

### **NEGOTIATIONS PAUSED: JUNE 2022 – CURRENT**

By mutual agreement, negotiations paused pending the outcome of the City Parks and Recreational Facilities Parcel Tax slated for the November 8, 2022 election.

### **FISCAL IMPACT STATEMENT**

The recommendations in this report have no impact on the General Fund or the Zoo Enterprise Trust Fund. The proposed Seventh Amendment only extends the current contract term and the extension has no impact on the 2022-23 Adopted Budget assumptions.

### **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies.

*MWS:DC:08230003*

Attachments

## ATTACHMENT 1

### **Operating Agreement and Memoranda of Understanding**

The Operating Agreement specifies the responsibilities and roles of each entity, including GLAZA's responsibility to obtain financial contributions and similar support from the private sector, to be used for the City's operations and capital improvements at the Zoo. Under the terms of this Agreement, the Zoo Director is authorized to negotiate and execute separate Memoranda of Understanding (MOU) for fundraising, membership program, and other activities or services to be performed by GLAZA, provided that the terms do not exceed the expiration date of the Operating Agreement or a maximum of three years. Each MOU must be approved by the City Attorney and comply with the objectives and strategies of the Business and Marketing Plan approved and adopted by the City Council.

The Zoo has previously executed MOUs with GLAZA for the following programs and services:

- Financial Assistance,
- Special Events and Community Affairs;
- Membership,
- Publications and Volunteers;
- Marketing, Public Relations, Site Rentals and Catered Events; and
- Concessions.

The 1981 Concessions Agreement was terminated and new terms and conditions for the Zoo concessions program managed by GLAZA were incorporated into the most recent Sixth Amendment to the Operating Agreement (May 2019), as such there is no Concessions MOU. All other MOUs expired on June 30, 2017 with the exception of the Marketing, Public Relations, Site Rentals and Catered Events MOU which expired on June 30, 2018. Notwithstanding their expiration, the Zoo and GLAZA have continued to operate under the previous terms of these MOUs.

Attachment 2

Operations	Current Structure
Administration	■
Animal Care & Welfare	●
Animal Health	●
Capital Planning & Sustainability	●
Community Affairs	◆
Concessions Contract	◆
Conservation	●
Construction & Maintenance	●
Diversity Initiatives	●
Docent & Volunteer Program	◆
Fundraising	◆
Guest Services	●
Learning & Engagement (includes Graphics & Audio Visual Services)	●
Marketing & Public Relations (includes Zoo website & social media)	◆
Membership	◆
Public Relations (includes Photography & Commercial Filming)	●
Publications	◆
Site Rentals & Catered Events	◆
Special Events	◆
Sponsorships	◆

Legend:
● Zoo
◆ GLAZA
■ Zoo & GLAZA