Legislation Details (With Text)

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On agenda:	4/28/2021			**Final action:**	
Title:	Authorize a Supplemental Agreement to the twenty-five-year management agreement with Dallas Zoological Society and Dallas Zoo Management, Inc. dba The Dallas Zoo & Aquarium Education Department for the operation and maintenance of the Dallas Zoo and the Dallas Aquarium at Fair Park to amend ARTICLE III, Sections 3.01 and 3.02 and ARTICLE XII, Section 12.05 - Not to exceed $214,648,024.00 - Financing: General Fund (see Fiscal Information)				
Sponsors:					
Indexes:	4				
Code sections:					
Attachments:	1. Resolution				

Date	Ver.	Action By	Action	Result

STRATEGIC PRIORITY: Quality of Life

AGENDA DATE: April 28, 2021

COUNCIL DISTRICT(S): 4

DEPARTMENT: Park & Recreation Department

EXECUTIVE: John D. Jenkins

SUBJECT

Authorize a Supplemental Agreement to the twenty-five-year management agreement with Dallas Zoological Society and Dallas Zoo Management, Inc. dba The Dallas Zoo & Aquarium Education Department for the operation and maintenance of the Dallas Zoo and the Dallas Aquarium at Fair Park to amend ARTICLE III, Sections 3.01 and 3.02 and ARTICLE XII, Section 12.05 - Not to exceed $214,648,024.00 - Financing: General Fund (see Fiscal Information)

BACKGROUND

On September 30, 2009, the City entered into a twenty-five-year management agreement with Dallas Zoological Society (DZS) and Dallas Zoo Management, Inc. dba The Dallas Zoo & Aquarium Education Department (DZM) for the operation and maintenance of the Dallas Zoo and the Dallas Aquarium at Fair Park. This agreement allows DZM to maintain policies and programs to ensure broad access for economically disadvantaged City residents.

The terms of the Supplemental Agreement are as follows:

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ARTICLE III. MANAGEMENT FEE AND OTHER FISCAL MATTERS

The amendment will remove the annual Consumer Price Index (CPI) adjustments as well as adjust the annual management fee of $15,349,848.00, paid in equal quarterly installments. The management fee includes the funding for the Aquarium as well as an additional payment based on CPI. Effective October 1, 2020, the management fee will be reduced to $15,100,000.00. Beginning October 1, 2021 for FY 2021-22, the management fee will increase to $15,349,848.00, paid in equal quarterly installments, and will continue thereafter through the initial term of the Management Agreement expiring on September 30, 2034. In addition, payment will not be based on CPI and therefore will remain flat.

ARTICLE XII. ENVIRONMENTAL QUALITY

Currently, the City is responsible for performing routine inspection, monitoring and maintenance (preventing encroachment, trimming as necessary, checking water levels, performing maintenance, etc.) of the Zoo Wetland. The City is also responsible for reimbursing DZM $125,000.00 per year for limited direct costs associated with the implementation of the Environmental Management System.

DZM is to assume, effective October 1, 2020, responsibility from the City for performing all routine maintenance and repairs incurred in connection with the Environmental Management System or the Wetlands up to a maximum amount of $150,000.00 per fiscal year, and all capital expenditures and Extraordinary Maintenance and Repair for the Environmental Management System or the Wetlands with a cap of $25,000.00 in any given fiscal year. Any amount more than the $150,000.00 for routine maintenance and repair or the $25,000.00 cap for capital expenditure for the remainder of the fiscal year will be paid by the City. Extraordinary Maintenance and Repair are maintenance and repair expenses which cost more than $3,000.00.

All presently existing deferred maintenance and capital expenditures (as mutually identified by the City and DZM) will remain the sole responsibility of the City and shall be promptly remedied and paid for by the City. The City will not be required to continue to reimburse DZM $125,000.00 for services provided for the Environmental Management System.

The City will continue to be responsible for quarterly cleanings of all separator systems within the Dallas Zoo, capital improvement costs necessary to ensure interceptor systems function properly, and all permit and reporting processes and costs necessary for the City of Dallas to maintain Wetland compliance per the Consent Decree. DZM shall report such routine, inspection, monitoring and maintenance results to the City and fully cooperate with any requirements under the Consent Decree. DZM will also abide by an Operations and Maintenance Manual identifying specific maintenance aspects for the wetland system.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 12, 2009, City Council authorized a twenty-five-year management agreement with Dallas Zoological Society and Dallas Zoo Management, Inc. for the operation and maintenance of the Dallas Zoo and the Dallas Aquarium at Fair Park by Resolution No. 09-1968.

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On March 4, 2021, the Park and Recreation Board authorized a Supplemental Agreement with Dallas Zoological Society and Dallas Zoo Management, Inc. dba The Dallas Zoo & Aquarium Education Department to amend ARTICLE III, Sections 3.01 and 3.02 and ARTICLE XII, Section 12.05 of the twenty-five-year management agreement for the operation and maintenance of the of the Dallas Zoo and the Dallas Aquarium at Fair Park.

FISCAL INFORMATION

Fund	FY 2021	FY 2022	Future Years
General Fund	$15,100,000.00	$15,349,848.00	$184,198,176.00

Effective October 1, 2020, the management fee will be reduced to $15,100,000.00. Beginning October 1, 2021 for FY 2021-22, the management fee will increase to $15,349,848.00, paid in equal quarterly installments, and will continue thereafter through the initial term of the Management Agreement expiring on September 30, 2034.

City is also responsible for (1) any amount more than the $150,000.00 for routine maintenance; (2) capital expenditures and Extraordinary Maintenance and Repair more than $25,000.00 within the fiscal yea; (3) an overall reduction to City expenses based on the CPI; and (4) reduction in the average amount of $106,347.00 for the cost of the Wetlands maintenance.

FY	Amount
2021	$ 15,100,000.00
2022	$ 15,349,848.00
2023	$ 15,349,848.00
2024	$ 15,349,848.00
2025	$ 15,349,848.00
2026	$ 15,349,848.00
2027	$ 15,349,848.00
2028	$ 15,349,848.00
2029	$ 15,349,848.00
2030	$ 15,349,848.00
2031	$ 15,349,848.00
2032	$ 15,349,848.00
2033	$ 15,349,848.00
2034	$ 15,349,848.00
Total remaining	$214,648,024.00

OWNER

Dallas Zoo Management, Inc. dba The Dallas Zoo & Aquarium Education Department

Current Officers

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Gregg Hudson, President/Chief Executive Officer
Joan Walne, Chairman
Diane Brierley, Vice Chairman
Gayle Von Ehr, Secretary
Steve Penrose, Treasurer