Report of the Standing Policy Committee on Protection and Community Services dated July 23, 2002

Renewal of Contracts with Zoological Society of Manitoba
File PR-7.1.1 (Vol. 17)
[c/r GL-9 (Vol.18)]

6. The Standing Policy Committee on Protection and Community Services has been advised that the Zoological Society of Manitoba has operated the Zootique Gift shop since 1988. The Society remits to the City 10% of net sales from the Gift shop.

In 1997, Council also approved a five-year agreement under which the Zoological Society would operate Food Services within the Zoo. Annual return to the City was $52,000.00.

In 1997, Council also approved a "One Pass" agreement under which the Zoological Society could sell Society memberships which included free admission into the Zoo. Under the agreement the City is entitled to a share of membership revenue.

The Zoological Society of Manitoba is primarily responsible for most visitor services within the Zoo. By way of contract, they operate the Zootique Gift Shop, Food Services, as well as sell Society memberships, the revenue from which the City is entitled to as it includes free Zoo Admission.

Both the Zootique agreement as well as the One Pass agreement have expired as of December 31, 2001, while the Food Services contract expired on April 30, 2002. The Zoological Society has given notice of their desire to have these contracts renewed.

The Administration is supportive of the Zoological Society continuing to operate the Zootique Gift Shop and Food Services as well as to have the Society sell memberships under the One Pass Agreement. Not only do the City and Zoo operations benefit directly from accrued revenue, but they also benefit indirectly from revenues accruing to the Society, which significantly supports Zoo programs both monetarily as well as through services in kind.

The following are details of each agreement and recommended amendments:

Zootique Agreement

The Zootique Agreement presently requires the Zoological Society to submit 10% of sales to the City for deposit to the Assiniboine Park Enterprise Reserve. It is recommended that the contract be renewed under the same terms and conditions with one exception, that being the contract clarify that it be based upon sales net of discounts, which has been a source of confusion in the past.

Food Services Agreement

The Zoological Society has operated all food services at the Zoo since 1997. Under the existing contract, they are required to submit a flat fee of $52,000.00 annually, to be deposited to the Assiniboine Park Enterprise Reserve. The flat fee aspect of the contract has caused the Society some significant financial hardship in that attendance at the Zoo fell 30% in the first year of their operating the Food Services. The Society is desirous of changing the terms and conditions so that the fee payable will be a percentage of gross sales instead of a flat fee. The Administration is supportive of this change in the terms and conditions.

Under the existing contract, the $52,000.00 flat fee represents an average of approximately 11.7% of gross sales. The Society has requested and the Administration agrees that an appropriate fee would be 10% of gross sales. Based upon sales figures from 1999-2001, this would represent $43,264.00 to the City. (By way of comparison, the previous operator of Food Services—Marriott, remitted to the City $49,673.00 in their last year of operation (1996) on approximately 100,000 more visits.)

One other change that has been requested is in respect of the hours of operation. The present contract requires that the Food Services be operated during the hours that the Zoo is open. It is proposed that this be changed so that the hours of operation be the same as the hours of the Zoo operation, unless approved by the Coordinator of Assiniboine Park Zoo. This will allow some flexibility in operations for the Zoological Society under unusual circumstances.

One Pass Agreement

Under the existing One Pass Agreement, the Zoological Society sells memberships which include unlimited Zoo admission. The City shares in membership revenue. Presently, the City is entitled to an equal share of sales revenue, after defined business expenses are deducted. For ease of administration, it is proposed that the agreement be changed so that the City will be entitled to 1/3 of gross sales. This will avoid difficulties that have arisen in the past over definition of allowable deductible expenses. Zoological Society figures indicate that amounts to be remitted to the City from 1999-2001 averaged approximately 33%. Based upon averages 1999-2001, the City would be entitled to $21,314.00.

With respect to the existing pricing schedule for membership fees, it is suggested that it be allowed to increase in the event of increases in Zoo admission prices, with the amount of increase being subject to approval by the Director of Community Services.

Finally, with respect to all contracts, it is proposed that they terminate on December 31, 2004. The Zoo is presently on Council's Alternative Service Delivery agenda and a Master Plan is presently being prepared by the Administration for future Zoo redevelopment. As future form of

governance, roles, and financial relationships are not known at this time, it is suggested that maximum flexibility be maintained to accommodate whatever options might ultimately be pursued. The proposed termination date will allow for the continued operation of the subject facilities while future plans for the Zoo are being finalized. Under the most optimistic of circumstances, no significant redevelopment of the Zoo will be complete before the end of 2004.

The Zoological Society is in agreement with all aspects of the proposed renewals.

The Community Services Department Controller has reviewed the report and indicated there is no financial impact. Revenue from the Zootique and Concession operations are deposited to the Assiniboine Park Enterprise Reserve and Membership revenue has been included in the 2002 Adopted Budget and 2003 and 2004 Current Estimates.

The Standing Policy Committee on Protection and Community Services recommends:

I. That the existing contracts for the operation of the Assiniboine Park Zoo Zootique, concession operations at Assiniboine Park Zoo, as well as the One Pass Agreement be renewed subject to the amendments outlined below.

II. That the Zootique contract be renewed on the same terms and conditions as have existed with the following exceptions:

    A. That “net sales” be defined as sales after Zoological Society discounts.

    B. That payments be made monthly rather than quarterly.

III. That the Food Services contract be renewed on the same terms and conditions with the following exceptions:

    A. That the fee payable to the City be set at 10% of gross sales as opposed to a flat annual fee of $52,000.00.

    B. That the hours of operation be as presently required, except as otherwise approved by the Coordinator of Assiniboine Park Zoo.

    C. That payment be made monthly rather than quarterly.

IV. That the “One Pass” Agreement be renewed on the same terms and conditions subject to the following:

    A. That the fee payable to the City shall be 1/3 of gross sales.

B. That in the event that prices for Zoo admission increase, then the price of memberships shall be permitted to be increased accordingly, subject to the approval of the Director of Community Services.

V. That all the Agreements shall terminate on December 31, 2004.

VI. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.