



April 21, 2022

Honorable Members of the Budget and Finance Committee
Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

*"Creating
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to connect
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animals"*

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Denise M. Verret
Chief Executive Officer
& Zoo Director



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Honorable Councilmembers:

The Zoo respectfully submits this correspondence for your information and consideration regarding the Mayor's Fiscal Year 2022-23 Proposed Budget. The impacts of the COVID-19 pandemic continue to challenge us all in addressing critical services, reassessing our priorities, and reimagining our future; and the ongoing impacts are still clouded in some uncertainty in the near and long term as we continue our economic recovery.

The Zoo's proposed budget was based on economic forecasts and known factors impacting the Zoo's ability to achieve attendance and revenue projections, as well as restore resources and operations to pre-pandemic levels. This assessment included uncertainty around the continued economic and social impact of the pandemic and warranted a conservative approach to the FY 2022-23 Zoo Revenue Projections. While the road to recovery is continuing, the forecast also indicates that future COVID-19 variants may continue to impact consumer recreational choices, so there is no guarantee that consumer behavior will automatically revert to pre-pandemic norms and translate to increased attendance and revenue for the Zoo. As a result, the lingering pandemic will continue to impact attendance and revenue during the 2022-23 Fiscal Year.

The Mayor's proposed budget includes higher revenue projections (\$4,625,000) than the Zoo's projections which assumes resumption of programs and operations above and beyond pre-pandemic levels. The Zoo's ability to achieve revenue projections as proposed will be predicated on a complete recovery from the pandemic, which at this time is impossible to assume will occur given the unknowns about COVID-19, potential variants and persistent uncertainty.

While the Zoo is hopeful for continued recovery, there remain many uncertainties in the ability to achieve these outcomes which include not only the ability to build and maintain sufficient resources, but the uncertainty as to the public's response and behavior still within pandemic conditions. The original revenue projections provide a more realistic and conservative approach to the next fiscal year and based on these assumptions, the Zoo respectfully requests the following adjustments to the Mayor's proposed budget for consideration:

RECOMMENDATIONS

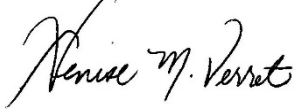
1. Reduce revenue from the following revenue categories back to the Zoo's originally proposed projections for a net adjustment of \$4,625,000 to be offset by the General Fund.

	MAYOR'S PROPOSED	ZOO PROPOSED	NET CHANGE
Admissions Revenue	\$16,500,000	\$14,000,000	(\$2,500,000)
The Mayor's proposed budget includes a revenue projection of \$16.5M for admissions revenue based on the assumption of a return to pre-pandemic attendance levels. By comparison, in FY 2018-19, the last completed fiscal year pre-pandemic, the Zoo's admissions revenue was \$14.3M. Additionally, this revenue was achieved under conditions with no restrictions on operations or other value-added experiences. Therefore, the Department's estimate of \$14M is more aligned with historically achieved revenue while taking into consideration ongoing limited programming and experiences that can have an adverse effect on overall attendance.			
Concessions Revenue	\$1,800,000	\$1,425,000	(\$375,000)
The Mayor's proposed budget includes a revenue projection of \$1.8M for concessions revenue based on FY 2021-22 projections through the end of the fiscal year and the assumption of a return to pre-pandemic levels. However, it is important to note that in FY 2021-22, the Zoo's concessions agreement was amended to allow for a temporary reduction in commission rates for a two-year recovery period as a result of the pandemic. This reduction took effect in November 2021, so the current year's higher than historical average concessions revenue is the result of higher commission rates in the first quarter, and therefore should not be used as a basis for projecting revenue in FY 2022-23. In FY 2018-19, the last completed fiscal year pre-pandemic, the Zoo's concessions revenue was \$1.2M. Therefore, the Zoo feels that its FY 2022-23 projection of \$1.425M represents a more achievable projection based on continued pandemic uncertainties.			
Night Time Ticketed Events Revenue	\$2,355,000	\$1,200,000	(\$1,155,000)
The Mayor's proposed budget includes a revenue projection of \$2.355M for night time ticketed events revenue based on FY 2021-22 projections through the end of the fiscal year and the assumption of similar programming and outcomes for FY 2022-23. However, the \$2.355 figure for night time ticketed event programming is based on gross revenue achieved in FY 2022-23 and should be corrected to reflect projected net revenue. The Zoo's proposed revenue of \$1.2M reflects this adjustment to net revenue and is a more accurate projection for the estimated revenue in this category.			
Other Receipts (includes fee-based programs and operations)	\$2,056,000	\$1,461,000	(\$595,000)
The Zoo's other receipts line item is comprised of fee-based education programs and other experiences that are also impacted by overall attendance and the Zoo's ability and capacity to support daily operations. The Mayor's proposed budget includes estimates that are higher than pre-pandemic historical revenue. These programs are generally staffed by part-time staff and during Fiscal Year 2021-22, the Zoo has experienced and continues to experience difficulties in maintaining sufficient staffing levels to consistently operate these programs as a result of the changing employment climate, limited candidate pools, and extended processing times for hiring. The Department anticipates this to continue into FY 2022-23 and as such, the Department's revenue estimate is more in line with these current and ongoing conditions that will impact the delivery of programs.			
TOTAL (NET CHANGE)	\$22,711,000	\$18,086,000	(\$4,625,000)

2. In FY 2021-22, the Zoo received approval for a substitute authority for an Environmental Affairs Officer/PM II position to serve as the Zoo's Chief Sustainability Officer and Director of Capital Programs and lead the Zoo's charge under Mayor's Executive Directive No. 7 for a Sustainable City pLAn. This position is critical to the Zoo's ability to develop and implement a comprehensive sustainability and zero waste plan that will have the potential to serve as a model for other institutions as well as the City and which will be an essential component in the further development of the Zoo's Vision Plan. The Zoo's proposed budget included a request to regularize this position which is currently filled; however, there was no recommendation to regularize this substitute position in the Mayor's Proposed Budget. The Department, therefore, requests resolution authority for this position.

The Zoo will continue to work with the City and health authorities to safely expand its reopening and manage capacity and other revenue generating programs as resources will allow to minimize the impact to the General Fund while maintaining animal welfare and safety as a priority. The Department is appreciative of the support provided to the Zoo during this unprecedented situation and looks forward to working cooperatively to continue in its recovery efforts.

Respectfully Submitted,

A handwritten signature in black ink, reading "Denise M. Verret". The signature is fluid and cursive, with the first name "Denise" being more prominent.

Denise M. Verret
Chief Executive Officer & Zoo Director

DMV:MK