### SENT VIA EMAIL

To: Oakland City Council Members: Larry Reid, President; Desley Brooks; Jane Brunner; Ignacio De La Fuente; Rebecca Kaplan; Pat Kernighan; Nancy Nadel; Libby Schaaf

Oakland City Clerk: LaTonda Simmons

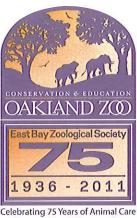
Oakland Department of Planning and Zoning, CEDA: Darin Ranelletti

From: Dr. Joel Parrott, Executive Director, East Bay Zoological Society; Nik Dehejia, Director Strategic Initiatives, East Bay Zoological Society; Carl Nichols, Chief Financial Officer, East Bay Zoological Society; Emma Lee Twitchell,

Director of Development, East Bay Zoological Society

June 20, 2011 Date:

Oakland Zoo's Financial Capability To Implement The Amended Master Plan And Other Issues Re:



Conservation & Community

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### A. Introduction

We understand that some community members have raised questions about the Zoo's financial capacity to undertake the Veterinary Medical Hospital and the California Trail projects as proposed by the amendments to the Oakland Zoo Master Plan and about the local public funding of the Zoo. The Oakland Zoo submits this memorandum to respond to these concerns and to provide accurate information about the public funds that support the Zoo.1 This memorandum describes the Zoo's general financial capabilities including income sources, the successful efforts of the East Bay Zoological Society (EBZS) to grow and manage the Zoo over the past 29 years, the successful fundraising for the Veterinary Medical Hospital and the California Trail project to date, and the plans for future fundraising success. Under the management of the EBZS, the Zoo has been one of the City's most successful cultural and educational institutions. This memorandum will demonstrate that the Zoo exemplifies the hallmarks of a financially sound non-profit institution with the full capability to implement the amended Master Plan. Additionally, this memorandum explains the funding that the Zoo receives from the City and from several voter-approved bond measures.

We also attach four documents that address recently raised issues related to native grasslands and traffic:

1. A June 20, 2011 letter from WRA Environmental Consultants responds to concerns of some members of the public that Knowland Park is one of the few places in the East Bay with large stands of intact native grasslands and that the project will have a significant impact. WRA found that there are approximately 73 acres of native grasslands in all of Knowland Park, with large stands of high quality (at least 40% cover) in upper Knowland Park above Golf Links road. The California Trail exhibit area contains approximately 17.2 acres of native grasslands and the project has the potential to permanently affect only 4.4 acres of native grasslands (about 6% of the total in Knowland Park), which would be mitigated through the Habitat Enhancement Plan requirements. (Attachment 1)



<sup>&</sup>lt;sup>1</sup> The Zoo submitted a memorandum on June 3, 2011 to Darin Ranelletti in the City's Planning and Zoning Division that addressed a number of issues raised by groups that oppose the California Trail project, including financial issues. The June 3, 2011 memorandum is attached (Attachment M) to the June 21, 2011 Agenda Report prepared for the City Council's consideration of the appeal of Master Plan amendment. This memorandum focuses on financial issues and addresses issues that have come to our attention after we submitted the June 3, 2011 memorandum.

- 2. A June 20, 2011 memorandum from Jim Martin, Environmental Collaborative documenting that the amended Master Plan will reduce the potential permanent impacts to native grasslands from 5.5 acres under the 1998 approved Master Plan to 4.4 acres.(Attachment 2)
- 3. A June 17, 2011 memorandum from Bill Burton, AECOM, responding to materials from the Friends of Knowland Park showing a backup from cars entering the Zoo on Sunday of Memorial Day weekend and confirming that these materials do not change the analysis or conclusions in the Subsequent Mitigated Negative Declaration/Addendum and that this backup can be effectively handled by the Zoo's policy when backups occur to permit cars to enter without payment at the entry kiosk. (Attachment 3)
- 4. A June 20, 2011 memorandum from Bob Westfall, Director of Park Services, Oakland Zoo outlining an Oakland Zoo policy to manage traffic flow from the City streets into the Zoo. The Zoo's traffic relieving protocol ensures that guest vehicles are waved through the Parking Fee Gate without having to stop or be charged the regular Zoo parking fee, thereby clearing back-ups on City streets. (Attachment 4)

## B. The Oakland Zoo Is A Financially Strong Institution

### 1. Long History of Financially Sound Management

For the past 29 years, the EBZS has managed the Zoo in a fiscally responsible manner and has guided the substantial growth of the Zoo through numerous successful capital projects. The key elements of our financial success in the management and growth of the Zoo include:

- a. Since assuming management of the Zoo, the EBZS has generated sufficient revenues to cover its costs while investing in its future and has achieved this without any debt.
- b. The Board of Directors maintains an active finance committee that oversees the Zoo's budget and financial management. This Committee meets monthly to carefully review and advise the Executive Director and senior leadership on the Zoo's financial well-being. The committee is led by an Executive Vice President from Wells Fargo.
- c. The East Bay Zoological Society is governed by a 25-member volunteer Board of Trustees that provides oversight of the organization's mission and policies including active involvement in annual and longer term capital fundraising efforts. The Society also has a volunteer Foundation Board, which together with the Board of Trustees, is composed of senior leaders from Fortune 500 companies, established non-profits, and educational institutions.
- d. The Zoo maintains a professional finance staff. The current CFO, Carl Nichols, is a Harvard MBA with 25 years of financial expertise at Fortune 500, non-profit, and entrepreneurial institutions. The staff also includes a controller who is a certified public accountant.
- e. The Zoo obtains an independent auditor's report every year prepared by certified public accountants to review the accuracy of the Zoo's financial position. The audits are conducted in accordance with generally accepted auditing standards in the United States. This year, as in prior years, our auditors have found our financial management processes impeccable and issued an unqualified opinion.

### 2. Highly Successful Fundraising Organization

The EBZS has been consistently successful in major fundraising efforts for the Zoo.

- a. Over the past 29 years, the EBZS has raised approximately \$78,000,000 from public and private sources for capital improvements in the Zoo and Knowland Park. Improvements include the Maddie's Center for Science and Environmental Education, one of the largest education centers at a zoo in California, the Wayne and Gladys Valley Children's Zoo, and additional visitor amenities.
- b. The Zoo's Executive Director for the past 27 years, Joel J. Parrott, along with a five-person development office (with over 100 years of combined experience in fundraising including capital campaigns, and research, program and major gifts) successfully lead the Zoo's fundraising plans. Our Development Director, Emma Lee Twitchell, has thirty years of fundraising experience and has been responsible for more than a dozen capital projects that have raised in excess of \$250 million.
- c. The Society's volunteer Board of Trustees and Foundation Board members actively support the Zoo's planning and fundraising efforts both for its annual fund and longer-term capital projects. All volunteer members have committed significant time and financial resources to grow the Zoo.
- d. As a result of the Zoo's qualified staff and volunteer leadership, the Zoo enjoys support from a wide range of public and private funding partners, including but not limited to: Wayne and Gladys Valley Foundation, Lakeside Foundation, DMARLOU Foundation, Hedoo Foundation, Thomas J. Long Foundation, J.M. Long Foundation, Thelma Doelger Trust for Animals, Oakland Rotary, Clorox Company Foundation, Fremont Bank Foundation, Wells Fargo Foundation, Koret Foundation, Maddie's Fund, S.D. Bechtel, Jr. Foundation, Silicon Valley Community Foundation, University of Phoenix Foundation, The Men's Wearhouse, Richard & Rhoda Goldman Fund, Pacific Gas & Electric, East Bay Community Foundation, California Cultural and Historic Endowment, California Cultural and Historic Endowment 4, East Bay Regional Park District Bond Measure WW, California Office of Parks and Recreation, -Nature Education Facilities Program, CALFIRE, Creative Works Fund, and The Rogers Family Foundation.
- e. In addition to the support of private funders, the City of Oakland voters have supported the Zoo through local finance measures. In 2002, the voters of Oakland approved Measure G, a City general obligation bond measure that allocated more than \$26M to the Oakland Zoo, more than \$11M of which is restricted for the California Trail exhibit.
- f. The Zoo's annual fund raised more than \$300,000 in 2010 as compared with \$110,000 in 2001 growing nearly 175% in the past 9 years.
- g. The Zoo also receives income from memberships, which have grown from 1,800 households in 1985 to 26,000 households (with approximately 90,000 individual members) in 2011.

### 3. Highly Successful Operational Institution

The Oakland Zoo is an extremely appealing cultural and visitor attraction in the San Francisco Bay Area. As a result, it has been able to financially thrive over the years.

- a. Our current annual operating budget of \$12 million has expanded from \$2 million in 1991, growing an average of 9% per year.
- Unlike most zoos, the Zoo has been largely self-sufficient, generating approximately 90% of its operating revenues through its own programs, such as admissions, concessions, camps, rental facilities, memberships and contributions, and special events.
- c. The Zoo enjoys the strong support of the local and regional community as demonstrated by an attendance increase from approximately 470,000 in 2004 to more than 600,000 in 2010.
- d. The City of Oakland provides a modest annual operating subsidy for the Zoo of \$172,414 in accordance with the EBZS/City management agreement and an additional discretionary subsidy that varies annually. Last year, the City subsidy represented less than 5% of the Zoo's annual operating budget.
- e. In addition to the City's operational subsidy, the Zoo has the fortune of additional operating support as approved by voters. This includes the Transient Occupancy Tax ("Hotel Tax") that was approved by Oakland City voters in June 2009 and the East Bay Regional Park District property tax revenue, of which the Zoo receives a portion of funds.

### 4. Veterinary Medical Hospital and California Trail Exhibit Planning and Fundraising

The California Trail exhibit has been part of the Oakland Zoo's long range master plan for more than 15 years. Together, the new Veterinary Medical Hospital and the California Trail exhibit, represent the final phase of the Master Plan implementation.

- a. Our fundraising has been and will continue to be successful because we have in place the three most important elements to reach our goal: a strong and proven case for support, fundraising prospects with financial capacity and interest in the project, and capable leadership.
- b. The Veterinary Medical Hospital and the California Trail exhibit are vital to the ongoing success and vitality of the Oakland Zoo and to meet the needs and expectations of the communities we serve.
- c. The EBZS has raised more than \$35,000,000 to date for the Veterinary Medical Hospital and the California Trail exhibit. With this level of financial support, the Zoo can fully build and operate the Veterinary Medical Hospital and can build and operate a substantial portion of the California Trail exhibit.
- d. As the California Trail exhibit will be developed in phases over a number of years, our fundraising strategy necessarily mirrors the phasing schedule as some funders will only commit to fund when approvals or permits are granted, some funders commit to fund when construction starts, some funders commit late in the process in order to be the "last in", and still other funders have a variety of requirements that can only be met as the project proceeds.

### 5. Public Funding

We understand that some members of the public have expressed concern that the buildout of the amended Master Plan will require additional public funding and that public funding of the Zoo has and would occur without public scrutiny. To clarify the existing sources of public support, we have prepared the attached chart (Attachment 5) showing funds that the Zoo received based on City Council approval and voter approval. The chart shows:

- a. Per the City/EBZS Management Agreement, the Zoo receives an annual subsidy of \$172,414 and a City Zookeeper (equivalent of an additional \$40,000). This Agreement was approved by the City Council at a public hearing.
- b. The City Council through its budgeting process may approve additional discretionary funding to the Zoo. The current budget (2010/2011) commitment is for \$462,461. The City's budget is approved by the City Council at a public hearing.
- c. In fiscal year 2010/2011, the Zoo will receive an estimated \$264,000 from the City's transient occupancy tax. This tax was approved by the voters of Oakland on June 2, 2009.
- d. In fiscal year 2010/2011, the Zoo will receive an estimated \$522,405 from the East Bay Regional Park District property tax, which was approved by the East Bay Regional Park District voters.
- e. The Zoo will receive a total of \$23,600,000 from Measure G, a general obligation bond approved by the voters of Oakland in March 2002 for capital projects. Measure G specifically approved use of the bond funds for the California Exhibit. As of June 2011, \$11,400,000 remains to be allocated to the California Exhibit.
- f. The Zoo was allocated a total of \$4,000,000 for capital projects, such as the Veterinary Medical Hospital, as part of the East Bay Regional Park District Measure WW approved by the voters on November 4, 2008.

Consequently, all of the public funding of the Zoo is subject to full public scrutiny whether the funding is approved by the City Council or the voters. In fact, through numerous voter approved measures, the public has supported the Zoo and specifically, through Measure G, the development of the California Exhibit.



June 20, 2011

Nik Haas-Dehejia Director, Strategic Initiatives Oakland Zoo 9777 Golf Links Road Oakland, California 94605

Re: Knowland Park Native Grasslands

Dear Nik,

In response to your request for more information concerning the amount of native grasslands in Knowland Park, on June 16, 2011, I conducted a reconnaissance level native grassland mapping exercise in Knowland Park outside of the existing zoo.

Using the methodology for defining native grasslands employed by biologist Jim Martin, Environmental Collaborative, and documented in his April 13, 2011 memorandum to Patricia Jeffery (included as Exhibit A to the April 27, 2011 Planning Commission Staff Report), I determined that (1) Knowland Park supports at least 73.25 acres of native grasslands with at least 10% native grass cover; (2) there are large stands of native grasslands in Upper Knowland Park above Golf Links road with extensive stands of purple needle grass, with some in excess of 40% cover; and (3) these native grasslands are at least equal to the quality of native grasslands within the California Trail Exhibit. Furthermore, the native grassland in the California Trail Exhibit have larger and more threatening infestations of invasive weed species such as French broom.

The attached map shows the extent of native grassland observed in Knowland Park during reconnaissance level mapping on June 16, 2011. Note that a few outlying grassland stands were not surveyed and may contain additional areas of native grassland than shown here.

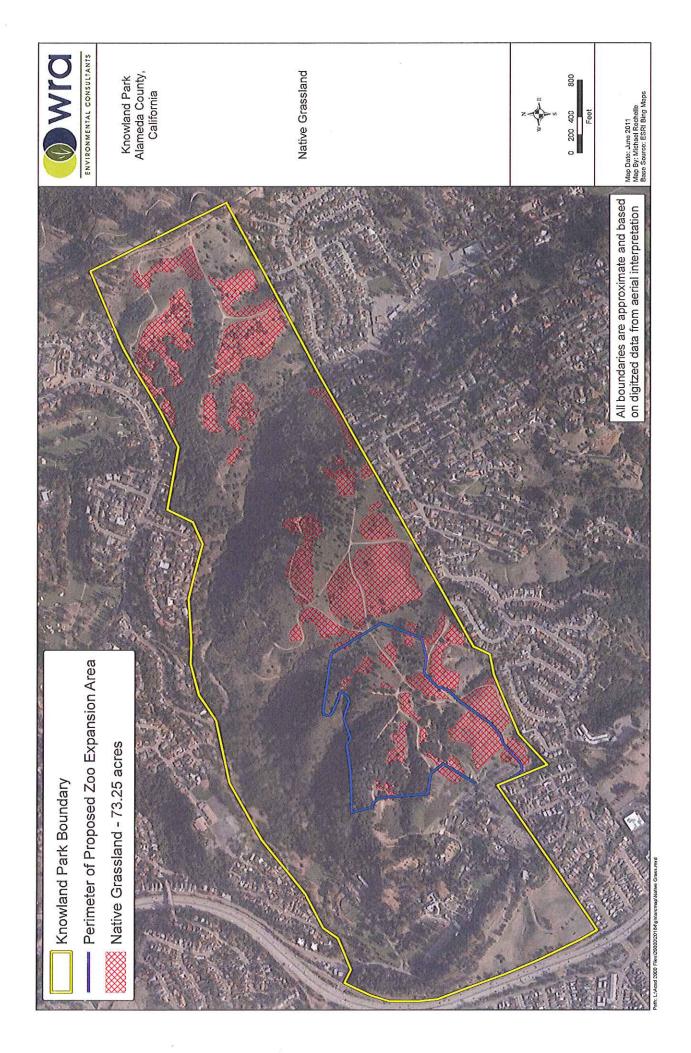
In summary: (1) there are approximately 73.25 acres of native grasslands in Knowland Park; (2) approximately 17.2 of the 73.25 acres are located within the proposed perimeter fence; (3) the California Trail exhibit would potentially affect approximately 4.4 acres of native grasslands. Given the requirements of the Habitat Enhancement Plan, the impacts to native grasslands from the buildout of the Master Plan will be less than significant.

Sincerely,

Geoff Smick

Associate Principal Ecologist

Greeff Smooth



Consultation • Documentation • Restoration 1268 64th Street • Emeryville, CA 94608 Phone 510/654-4444 • FAX 510/655-4444

### MEMORANDUM

TO:

Patricia Jeffery

Placemakers

1500 Park Avenue, Loft 310 Emeryville, CA 94608

CC:

Nik Dehejia, Director Strategic Initiatives, East Bay Zoological Society

DATE:

20 June 2011

FROM:

Jim Martin

**ENVIRONMENTAL COLLABORATIVE** 

SUBJECT:

Further Quantification of Potential Impacts on Native Grasslands

Associated with the Approved 1998 Master Plan Oakland Zoo Master Plan in Knowland Park

The Zoo asked Environmental Collaborative to provide an estimate of the acreage of native grasslands that would have been impacted as a result of the 1998 approved Master Plan in order to provide a comparison to the impacts of the proposed amended master plan. As detailed below, 5.57 acres of what was then mapped as native grasslands would have been affected as a result of the approved 1998 Master Plan.

Vegetation on the site was mapped in 1996 as part of the *Biological Resource Survey* (BRS)<sup>1</sup> conducted for the approved Master Plan. This included mapping stands of native grasslands, areas of non-native grasslands, thickets of French broom, and cover dominated by native scrub, chaparral and woodland. A hard copy of the 1996 vegetation map was scanned by Aliquot Engineers and the stands of native grasslands digitized into an electronic file for use in Autocad application. Aliquot Engineers also prepared an estimate of the likely limits of grading under the 1998 Master Plan where cut and fills could affect grassland cover, particularly along the loop road through the eastern portion of the site.

The attached Figure 1 shows the approved 1998 Master Plan and the assumed limits of grading in relation to the stands of native grassland as mapped in 1996. As was done with the worst-case estimate for the amended Master Plan, the limits of buildings, roadways, exhibits and limits of grading were all assumed to affect any native grasslands within their footprints. Figure 2-20 on page 2-45 of the Draft SMND/A was used to confirm the footprint of the various exhibit and

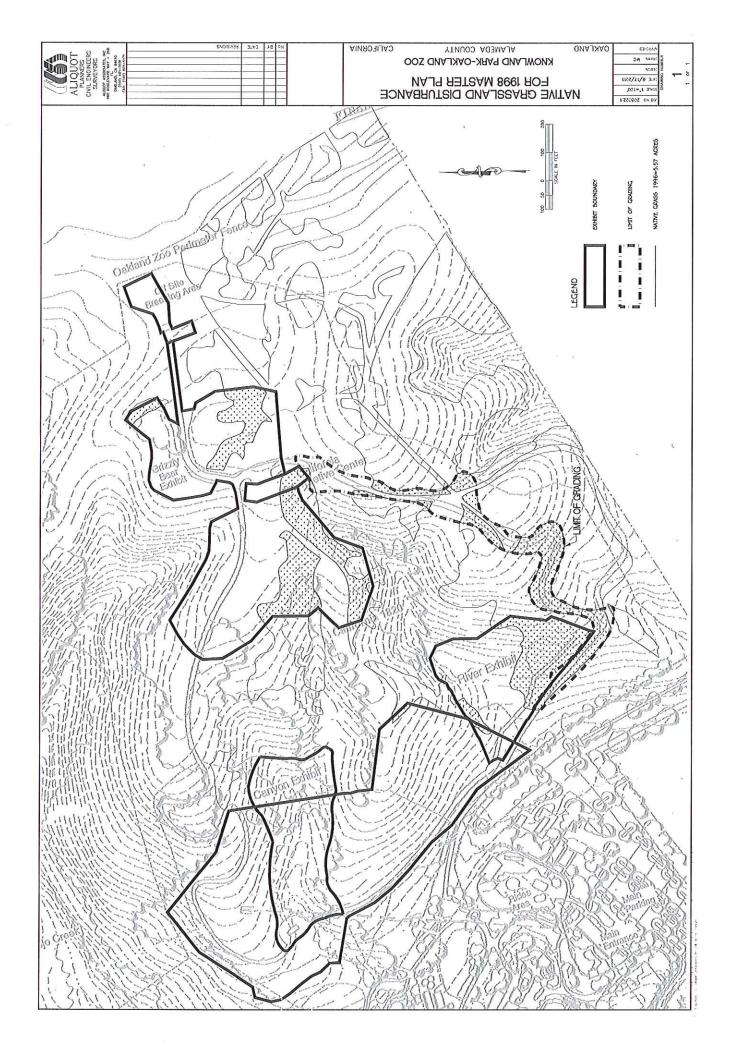
<sup>1</sup> Cheung Environmental Consulting. 1996. *Biotic Resources Survey at Knowland Park/The Oakland Zoo*, prepared for East Bay Zoological Society, November.

use areas in the approved 1998 Master Plan, which included what was then existing bison/tule elk exhibit areas, as well as the California Interpretive Center, Off-site Breeding Area, and the Canyon Exhibit, River Exhibit, Woodland Exhibit, and Grizzly Bear Exhibit. Aliqout Engineers then calculated the areas of intersect (shown as dotted areas on Figure 1) between the assumed development footprint and the stands of native grassland, with polylines drawn in Autocad around the limits of each polygon.

Based on the intersect data shown in Figure 1 and conditions on the site in 1996, an estimated 5.57 acres of what was then mapped as native grasslands would have been affected as a result of the approved 1998 Master Plan. This is over one acre more than the worst case estimate of 4.44 acres of potentially affected native grasslands for the amended Master Plan, based on current field conditions. The majority of this considerable difference is due to the eastern portion of the loop road that would have passed through one of the largest stands of native grasslands on the site, which is still intact today. The eastern portion of the footprint to the River Exhibit also would intersect with this same stand of native grassland, and contributes to the larger estimate of potentially affected native grasslands associated with the approved 1998 Master Plan.

Figure 1

Native Grassland Disturbance for 1998 Master Plan



AECOM 2101 Webster Street Suite 1900 Oakland, CA 94612 www.aecom.com

510 622 6600 510 834 5220

# Memorandum - Attachment 3

То	Nik Haas-Dehejia, Oakland Zoo	Page	1
Subject	Oakland Zoo – Memorial Day Traffic Conditions		
From	Bill Burton		
Date	June 17, 2011		

Per your request, we have reviewed the photographs and videos posted at the Save Knowland Park website taken on May 29, 2011, which was the Sunday of Memorial Day weekend (http://www.saveknowland.org/TrafficCongestionAtTheZooPage/index.html). The photographs and videos show traffic queues generated by vehicles waiting to enter the Zoo at the entry payment kiosk. These queues extend through the Golf Links Road/Mountain Boulevard and Golf Links Road/I-580 Westbound Ramps intersections.

In our opinion, the unusually busy conditions at the Zoo were the result of the holiday weekend when there was sunny weather the day after a rainy Saturday (and, after an unusually wet winter and wet spring). Also, the Zoo is celebrating the recent birth of river otter pups and a wallaroo joey. Births at zoos tend to correlate with a short-lived attendance increase as explained in the Analysis of Oakland Zoo Attendance prepared by Hausrath Economics Group (November 2010). Because of these circumstances, Zoo traffic was abnormally high. Attendance records show that on May 29, 2011, the Zoo had its highest recorded attendance in the past 12 months (i.e. this was the busiest day in the past year). Indeed, attendance on Sunday May 29, 2011 was 31 percent higher than the highest attended Sunday in all of summer 2010 (June, July, August). Past attendance records show that the Zoo typically experiences two to three days a year of unusually high attendance.

The traffic conditions observed on May 29, 2011, do not alter the analysis or conclusions of the transportation impact analysis conducted for the proposed amendment to the Oakland Zoo Master Plan. In accordance with generally accepted transportation impact methodology, the analysis for the Zoo project assumed an average weekend condition during the summer season when Zoo traffic is at its peak and, thus, represents a conservative analysis. It is not accepted practice, nor warranted, to assume that abnormally high traffic conditions represent a typical condition that must be analyzed.

We understand that the Zoo has a policy of waving vehicles in without charging payments during periods when vehicular queues extend from the entry kiosk onto Golf Links Road. When implemented, this measure should eliminate off-site queuing conditions during short periods of peak attendance arrivals on extremely busy summer weekend days.

### **MEMORANDUM - ATTACHMENT 4**

TO: DR. JOEL J. PARROTT, EXECUTIVE DIRECTOR, EAST BAY ZOOLOGICAL SOCIETY

NIK DEHEJIA, DIRECTOR, STRATEGIC INITIATIVES, EAST BAY ZOOLOGICAL SOCIETY

FROM: BOB WESTFALL, DIRECTOR, PARK SERVICES, EAST BAY ZOOLOGICAL SOCIETY

SUBJECT: OAKLAND ZOO POLICY REGARDING TRAFFIC BACK-UPS AT ZOO ENTRANCE

**DATE:** 6/20/2011

As the Director of Park Services and Chief of Public Safety and Security for the Oakland Zoo during the past 30 years, it was brought to my attention that some members of the public have raised concerns about traffic back-ups at the Zoo. I have reviewed the photographs and videos from the Friends of Knowland Park website concerning traffic back-ups on Sunday, May 29, 2011 – Memorial Day Weekend.

Traffic control and management has always been a primary focus of the park services and public safety staff, both to ensure visitor satisfaction and to provide orderly and safe traffic flow both at the entrance and exits for the Zoo. Traffic back-ups, such as those visually documented over Sunday, May 29 of Memorial Day Weekend, are typically restricted to a handful of days during the year. In fact, the particular Sunday in question was the highest traffic day at the Oakland Zoo in the past twelve months.

When these traffic back-ups occur at the entrance to the Zoo from the Golf Links Road and Mountain Boulevard intersection and/or the Highway 580 off ramps, the park services and public safety staff immediately implements a traffic relieving protocol to resolve these concerns. This traffic relieving protocol ensures that guest vehicles are waved through the Parking Fee Gate without having to stop or be charged the regular Zoo parking fee. Our personnel are trained to begin and apply this protocol until such time as traffic is clear of the intersection and off-ramps.

Although I was not at the Zoo on May 29, I have confirmed that the staff did not implement the policy. This was a one-time mistake and is not representative of our protocol or usual practice. I have spoken with all staff again to ensure awareness of this protocol and confirmed with staff that they have the authority to implement this protocol independent of my presence at the Zoo. I will be monitoring the upcoming July 4<sup>th</sup> weekend, which could have some high traffic times, to ensure that, if necessary, this protocol is implemented smoothly.

# Attachment 5 East Bay Zoological Society / Oakland Zoo

A. CITY OF OAKLAND GENE	RAL FUND OPERATIN	A. CITY OF OAKLAND GENERAL FUND OPERATING SUPPORT TO EAST BAY ZOOLOGICAL SOCIETY	
SUPPORT TYPE	FY 2010-11 COMMITMENT	DISCUSSION	APPROVED BY
Operating Support	\$ 634,875	\$634,875 received by East Bay Zoological Society on 10/01/10. Of this amount, \$172,414 is city subsidy + 1 City Zookeeper (equivalent of \$40,000) as detailed in section 14 of the EBZS-City May 2005 management agreement. Remaining funds are provided at discretion of City of Oakland	City of Oakland City Council per 5/23/05 Management Agreement with EBZS
B. VOTER APPROVED FUNDS FOR EAST BAY ZOOLOGICAL SOCIETY	OS FOR EAST BAY 200	LOGICAL SOCIETY	
SUPPORT TYPE	FY 2010-11 ESTIMATED	DISCUSSION	APPROVED BY
Transient Occupancy Tax (TOT)	\$ 264,000	A 2% "Hotel Tax" surcharge to existing City of Oakland tax provides an equal 25% share of incremental funds to the Oakland Zoo, Oakland Museum of California, Chabot Space and Science Center, and City of Oakland Cultural Arts Programming	Voters of Oakland on June 2, 2009
Property Tax	\$ 522,405	East Bay Regional Park District tax of which a portion is allocated to the Oakland Zoo	East Bay Regional Park District voters
TOTAL (TOT + Prop. Tax)	\$ 786,405		
SUPPORT TYPE	TOTAL COMMITMENT	DISCUSSION	APPROVED BY
Measure G	\$ 23,600,000	\$59M general obligation bond for the Oakland Zoo, Oakland Museum of California, and Chabot Space and Science Center. Oakland Zoo was allocated \$23.6M for the California Trail exhibit, Children's Zoo, and other related infrastructure improvements. As of June 2011, \$11.4M remains to be allocated to the California Trail exhibit	Voters of Oakland in March 5, 2002
Measure WW	\$ 4,000,000	Oakland Zoo was allocated a total of \$4,000,000 as part of the East Bay Regional Park District Measure WW. These funds can be used to support any capital improvements at the Oakland Zoo, including the Veterinary Medical Hospital and California Trail exhibit	Voters of East Bay Regional Park District Bond Measure November 4, 2008