



To: David Whitaker
Director, Legislative Policy Division
City of Detroit City Council

From: Dr. Hayley Murphy *Hayley W. Murphy, DVM*
Executive Director and CEO
Detroit Zoological Society

Date: March 16, 2023

RE: 2023-2024 Budget Analysis

Please see the following response to your letter dated March 14, 2023, regarding the Detroit Zoological Society's budget. Feel free to contact me if you need further information.

1. *Please briefly explain the new expense initiatives the Detroit Zoological Society is planning to implement in FY 2024.*

The Detroit Zoological Society ("DZS") is on a one year, calendar year cycle for financial and budget purposes. The 2023 budget is the only budget currently available. We will start the 2024 budget preparation cycle in fall 2023.

A new major expense initiative for 2023 is wrapping up our current physical master plan and beginning development of a new physical master plan. Our last master plan was developed in 2003 and was designed as a 15-year plan. We're currently working on the capstone project of the current master plan, Kid Zone, which will be a 7-acre nature play site with unique animal habitats and kid-friendly experiences on the main Detroit Zoo campus. This is a \$27 million project, which will be primarily donor and grant funded.

Our next physical master plan will cover all aspects of the Detroit Zoo's 125 acres, including animal species planning, habitat planning, and capital infrastructure needs over the next 10 to 20 years. Items that are certain to be included in the next master plan include underground utility/water infrastructure replacement, a renovation of our main guest entrance plaza, and improvements to many animal habitats. Developing this type of plan requires hiring zoo-specific consultants and architects who can guide the DZS leadership team through the process.

2. *Please briefly explain the new capital funding requests the Zoo is planning to implement in FY 2024.*

Our two most pressing capital projects for 2023 are the KidZone project discussed above, as well as emergency water infrastructure repairs.

KidZone, which is scheduled to open in spring 2025, will provide children from the City of Detroit and the tri-county area a place to play, learn, and explore while they visit the Detroit Zoo. The space will include a fully accessible “tree trail” which will put kids up into the treetops, a sting ray touch tank experience, a new prairie dog habitat, and plenty of space for kids to be kids! Construction on KidZone is expected to begin in 2023. As discussed earlier, this project is expected to be funded by private donors as part of an on-going fundraising campaign.

The Detroit Zoo main campus is 95 years old, and with that comes 95-year-old infrastructure in many places. Water mains, pipes and stormwater management is turning into a major concern for the DZS, given how costly this work can be (and how difficult infrastructure is to fundraise for). We estimate that replacing water infrastructure and implementing a new stormwater management system will cost between \$15 and \$20 million, with an estimated \$1 million project needed immediately. A water main that resides under our main campus pathway (Mall Rd.) is failing and requires repair in 2023.

3. *Please briefly explain the operational reform and savings proposals the Zoo is planning to implement in FY 2024.*

The DZS continues to operate and spend very conservatively, given the overall economic climate. To help ensure we remain efficient, we annually evaluate all vendor relationships to ensure that pricing is competitive, and that services and products purchased meet the organizations unique needs. The DZS seeks providers who can most efficiently meet our needs while making diversity of staffing and products, as well as environmental sustainability, a priority.

4. *Please briefly explain the new revenue initiatives/proposals the Zoo is planning to implement in FY 2024.*

Attendance is projected at 1,250,000, which is flat to 2022 and about 95% of what the DZS would see pre-pandemic. One new event for 2023 is *BrickLive*, which is a “Lego-like” exhibit of more than 70 super-sized animals that will be placed along our 5-acre “dino” trail. We recognize that our guests look for new and exciting things every year, so we’re planning to put new content in the trail space every year. This event will be open from Memorial Day to Labor Day and will cost \$5 to attend. We anticipate that the event will generate \$300,000 in net revenue.

5. *What are your projected performance metrics for the current year? What are your target metrics for FY 2024?*

The DZS executive leadership team is wrapping up an in-depth strategic planning process which will inform our future operating plans and metrics. In the current year, the DZS looks to its traditional indicators of success: guest attendance, membership count, number of educational program participants, and number of animals in the facility. As we move further away from the peak of the pandemic, we will continue to grow and deepen our relationship with the community, which should translate into increased visitation and impact on schools and students. As noted above, our attendance goal for 2023 is 1,250,000, and we are cautiously optimistic that we'll exceed that number.

6. *Please provide number of budgeted positions for FY 2023 and 2024. Please indicate the number of vacancies as of February 28, 2023. Please briefly describe the difficulty of filling the vacancies. In addition, please briefly explain Zoo's strategy to fill any vacant positions or why the positions will remain vacant.*

As of February 28, 2023, the DZS has approved and budgeted for 269 full-time positions, with 252 filled and 17 vacant or on hold. In addition, the DZS needs to hire ~90 seasonal staff. The DZS holds multiple job fairs each spring to be prepared for our busy summer season, and the HR team has been attending hiring events in the City of Detroit and throughout the region. The DZS has also had success recruiting through popular online job channels, as well as through professional organizations for roles that require a particular skill set. For reference, at this time last year we had 218 approved full-time positions, of which 16 were vacant or on hold. One major reason for the overall increase in approved full-time positions is in our security department. In previous years, most of our security staff were deemed part-time or seasonal. Due to an increased emphasis on campus and animal security, we converted 20 seasonal security officers to full-time, which increased the approved position list.

7. *Please provide the Zoo's operational budget for FY 2023 and FY 2024*

See below for FY 2023 budget.

8. *Please provide a brief update on the Fresh Water Nature Center in Macomb County.*

The DZS and Huron-Clinton Metroparks announced a partnership in 2022, focused on providing educational programming to the entire community. Rather than invest in a brick-and-mortar facility up front, the teams are working closely to find out how they can best meet residents where they are, rather than asking them to come to us. This will likely include new and engaging educational programs for tri-county residents, with a focus on mobile outreach. A physical campus isn't in the plan for the initial stages for this partnership.

9. *What is the projected attendance goal for FY 2023 and FY 2024.*

Attendance is projected at 1,250,000 for the Detroit Zoo and 100,000 for the Belle Isle Nature Center.

CC: Councilmembers

Auditor General's Office
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Deputy Chief Financial Officer
Steve Watson, Budget Director
Donald Rencher, Group Executive
Doug Ortiz, Budget Analyst
Malik Washington, Mayor's Office
James George, Agency OCFO
Robert Schumaker, DZS Chief Financial Officer
Amanda Hanlin, DZS Chief of Staff

**Detroit Zoological Society
2023 Board-Approved Operating Budget**

Operating Revenues

Earned Revenue	\$	25,530,000
Contributions		6,100,000
County & City Support		15,070,000
Other		100,000
Total Operating Revenue	\$	46,800,000

Operating Expenses

Executive Administration		3,266,000
Life Sciences		10,263,000
Education		2,098,000
Operations		17,400,000
Finance		3,362,000
Development		2,218,000
Non-Department		2,693,000
Contingency		1,000,000
Total Operating Expense	\$	42,300,000

Non-Operating Expenses

Capital Projects	\$	4,500,000
Net Revenue (Expense)	\$	-