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March 11, 2024

TO: Dr. Haley W. Murphy, Executive Director & CEO  
Detroit Zoological Society

FROM: David Whitaker, Director   
Legislative Policy Division

SUBJECT: 2024-2025 Budget Analysis

Attached is our budget analysis regarding the Detroit Zoological Society's budget for the 2024-2025 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, March 13, 2024, at 2:00 pm**. We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your response to the Council Members, the City Clerk's Office, and the Legislative Policy Division.

Please contact us if you have any questions regarding our budget analysis

Thank you for your cooperation in this matter.

Attachments

cc: Council Members  
Auditor General's Office  
Jay Rising, Chief Financial Officer  
Tanya Stoudemire, Chief Deputy Chief Financial Officer  
Steve Watson, Budget Director  
James Williams, Agency OCFO  
Doug Ortiz, Budget Analyst

# Detroit Zoological Society

## FY 2024-2025 Budget Analysis by the Legislative Policy Division

### The mission of the Detroit Zoological Society (DZS) is to:

The mission of the Detroit Zoological Society (DZS) is to create meaningful connections between people, animals and the natural world so all can thrive

The vision of the Detroit Zoological Society (DZS) is to be a force for positive change in a world where animals and nature are valued, understood and protected by all people.

### Organization

The Detroit Zoological Society (the Society) is a tax-exempt charitable organization. The Society's mission is "celebrating and saving wildlife" through excellence in animal management, educational programs, and community activities while providing the Society's visitors and members with an enjoyable, recreational, family-oriented experience.

### Agreement With the City of Detroit

The Society entered into a Memorandum of Agreement (the City Agreement) with the City of Detroit (the City), acting through the Detroit Zoological Society, whereby the Society agreed to take full responsibility for the governance, operations, and management of the assets of the Detroit Zoo and the Belle Isle Nature Center (collectively, the Zoo), including identifying and securing sustainable non-City sources of revenue. The effective date of the City Agreement was May 25, 2006, and continues through June 30, 2030. There is an option to renew for ten-year terms, unless either party provides five years' written notice of its intent not to renew.

In the event the Society determines it is not economically feasible to continue its operation of the Zoo, the Society may effect an early termination of the City Agreement with a one-year notice of its intention to exercise early termination.

As part of the City Agreement, the City retains ownership of all animals, buildings, grounds, collections, artifacts, exhibits, and selected furnishings. The Society received \$570,000 from the City during the years ended December 31, 2022 and 2021, for reimbursement of security and insurance costs, which were recorded in net assets without donor restrictions.

The Mayor is recommending a \$1,200,000 subsidy for the Detroit Historical Museum for FY 2025, in appropriation **26350 - Cultural Institutions Support**, in cost center **350095 - Zoo Operations**, located in the Non-Departmental budget (**Pg. B35 - 16**). The FY 2025 proposed City subsidy of \$1,200,000 is \$630,000 (10.5%) greater than the current FY 2024 subsidy of \$570,000.

The Non-Departmental budget provides funds for activities which are not the responsibility of any other single agency. Non-Departmental is also the depository agency for General Fund subsidy appropriations, enterprise activities and for a wide variety of General Fund revenues that cannot be credited to any specific department.

## **Issues and Questions**

1. Please briefly explain the new expense initiatives the Detroit Zoological Society is planning to implement in FY 2025.
2. Please briefly explain the new capital funding requests the Detroit Zoological Society is planning to implement in FY 2025.
3. Please briefly explain the operational reform and savings proposals the Detroit Zoological Society is planning to implement in FY 2025.
4. Please briefly explain the new revenue initiatives/proposals the Detroit Zoological Society is planning to implement in FY 2025.
5. During last year's FY 2024 budget process, the City Council added \$1,000,000 for the Detroit Zoo infrastructure (water mains) project. Please provide an update of the usage of these funds for this purpose. If the project has started or been completed, has this capital expenditure resulted in alleviating flooding issues on the Zoo's premises?
6. For FY 2025, expenditures for security and Insurance have increased by \$630,000 or 111%. Please explain the cause for the increase.
7. Please provide a breakdown of security costs for the year 2023-2024.
8. Please provide the Detroit Zoological Society's annual financial statements as of December 31, 2023.
9. Please provide the Detroit Zoological Society's operational and capital budgets for FY 2024 and 2025.
10. Please provide the number of budgeted positions for FY 2024 and 2025. Please indicate the number of vacancies the Society had as of February 29, 2024.
  - a. Please briefly explain the difficulty of filling the vacancies.
  - b. Please briefly explain the Society's strategy to fill the vacant positions, or they will remain vacant.
11. The Society's written response to the Legislative Policy Division's budget questions last year stated that the Detroit Zoological Society's executive leadership team was wrapping up an in-depth strategic planning process to inform the Society's future operating plans and metrics. Please provide a copy of the completed document.
12. The Society's written response to the Legislative Policy Division's budget questions last year stated that the attendance goal in FY 2024 for the Detroit Zoo was 1,250,000 and 100,000 for the Belle Isle Nature Center. Is the Society on track to meet these goals by the end of fiscal year 2024? If not, please explain why and what changes will be made to increase attendance in the next fiscal year.
13. What are your projected performance metrics for fiscal year 2025?

14. The Detroit Zoological Society and Huron-Clinton Metroparks announced a partnership in 2022 that would focus on providing educational programming to the entire community. Please provide the list of programs and mobile outreach that have been conducted since the partnership's start.
15. Please explain the breakdown of the \$5,000,000 in additional capital improvements to the Zoo's facilities per your extension with Service Systems Associates, Inc. (SSA) from January 1, 2023, to December 31, 2029.
16. Please provide an update on the KidZone project set to open in the spring of 2025.

**CITY OF DETROIT  
BUDGET DEVELOPMENT  
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES  
DEPARTMENT 35 - NON-DEPARTMENTAL**

Department # - Department Name					
Fund # - Fund Name	FY2024	FY2025	FY2026	FY2027	FY2028
Appropriation # - Appropriation Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
<b>35 - Non-Departmental</b>	<b>173,178,252</b>	<b>205,279,062</b>	<b>189,989,576</b>	<b>196,704,033</b>	<b>200,921,442</b>
<b>1000 - General Fund</b>	<b>166,663,889</b>	<b>181,957,521</b>	<b>186,626,415</b>	<b>193,107,992</b>	<b>197,282,100</b>
<b>25350 - Board of Police Commissioners</b>	<b>3,779,322</b>	<b>4,558,541</b>	<b>3,739,176</b>	<b>3,804,187</b>	<b>3,870,446</b>
350002 - Board of Police Commissioners	3,779,322	4,558,541	3,739,176	3,804,187	3,870,446
<b>26350 - Cultural Institutions Support</b>	<b>4,470,000</b>	<b>5,100,000</b>	<b>5,100,000</b>	<b>5,100,000</b>	<b>5,100,000</b>
350093 - Detroit Historical Museum	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
350095 - Zoo Operations	570,000	1,200,000	1,200,000	1,200,000	1,200,000
350097 - Eastern Market Corporation*	300,000	300,000	300,000	300,000	300,000
350290 - Charles H. Wright Museum of African American History*	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
<b>26351 - Blight Remediation Projects</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
350014 - Land Bank Operations	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>26352 - Solid Waste Services Support</b>	<b>-</b>	<b>3,388,315</b>	<b>5,261,072</b>	<b>10,018,839</b>	<b>11,094,514</b>
350079 - Solid Waste Contribution for Operations	-	3,388,315	5,261,072	10,018,839	11,094,514
<b>27350 - Special Services</b>	<b>1,905,713</b>	<b>1,567,775</b>	<b>1,585,354</b>	<b>1,603,258</b>	<b>1,621,492</b>
350370 - Project Clean Slate Operations	1,552,713	1,567,775	1,585,354	1,603,258	1,621,492
350371 - Immigration Task Force*	3,000	-	-	-	-
350372 - Reparations Task Force*	350,000	-	-	-	-
<b>27351 - Transportation Services Support</b>	<b>87,678,005</b>	<b>90,471,203</b>	<b>92,153,949</b>	<b>93,085,082</b>	<b>94,026,430</b>
350040 - DTC Contribution for Operations	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
350080 - DDoT Contribution for Operations	74,368,185	78,168,185	79,856,469	80,764,337	81,682,996
350081 - DDoT Contribution for Legacy Debt	2,456,348	1,363,410	1,346,117	1,330,994	1,314,736
350090 - Airport Contribution for Operations	3,953,472	4,039,608	4,051,363	4,089,751	4,128,698
350140 - Detroit Port Authority*	400,000	400,000	400,000	400,000	400,000

\*FY 2024 included one-time funding for these programs