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OCTOBER 12, 2004

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF OAKLAND AND THE EAST BAY ZOOLOGICAL SOCIETY, INC., FOR THE MANAGEMENT OF THE KNOWLAND PARK AND ZOO, FOR A FIFTEEN-YEAR PERIOD EXPIRING ON OCTOBER 31, 2019, IN AN ANNUAL AMOUNT NOT TO EXCEED \$172,414 AND THE COST OF A ZOOKEEPER

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolution, Agenda Report, and a draft of the proposed agreement.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The independence of the City Auditor is established by the City Charter.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only one (1) week for us to plan, perform and report on our analysis.

SUMMARY

The City and East Bay Zoological Society entered into an agreement for management of Zoo operations in 1982 for a ten-year period with a five-year extension option. A second agreement for managing, improving and maintaining the Zoo and Park was executed on March 10, 1994. This agreement expired March 9, 2004 and the holdover provision was exercised to allow the City and Society to develop a new agreement.

FISCAL IMPACT

The agreement will authorize payment of an annual subsidy to the Zoo of \$172,414, in addition to the salary and benefits of 1.0 full-time equivalent Zookeeper (currently budgeted at \$55,683). Funds will be allocated from the City's General Purpose Fund (1010), Zoo Organization (501260) for a 15-year period. The Society will be responsible for Zoo and Park maintenance, operation and improvement.

If the current City Zookeeper employee ceases employment at the Zoo and the Society elects to replace the zookeeper with non-City staff, the City will provide the Zoo with a \$40,000 subsidy towards that cost. If the Society does not hire a replacement zookeeper, the \$172,414 cash subsidy amount will not change.

AGREEMENT PROVISIONS

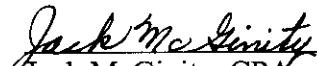
At our recommendation, staff has incorporated into the draft proposed agreement the requirements set forth in the *Table of Contract Clauses Related to Financial Responsibilities*, which the Council passed in December 2002.

CONCLUSION

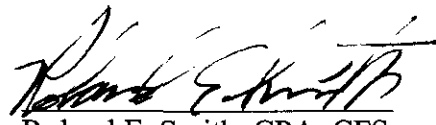
Provided that the final agreement contains the above-mentioned *Table of Contract Clauses Related to Financial Responsibilities*, the Proposed Resolution appears to be reasonable.

Prepared by:

Issued by:



Jack McGinity, CPA



Roland E. Smith, CPA, CFS

Report completion date:

October 1, 2004