

Hamilton County Tax Levy Review Committee
138 East Court Street
Cincinnati, Ohio 45202

August 25, 2021

Hon. Stephanie Summerow Dumas, President
Hon. Alicia Reece, Vice President
Hon. Denise Driehaus

Re: 2021 Mid-Cycle Review of the Cincinnati Zoo & Botanical Garden Levy

Dear Commissioners:

The Hamilton County Tax Levy Review Committee (“TLRC”), chaired by Gwen McFarlin, appointed a subcommittee to perform a mid-cycle review of the Cincinnati Zoo & Botanical Garden Levy (“the Zoo Levy”). The members of the subcommittee are Jeanette Hargreaves (Chair), Edward Herzig, and Mark Quarry. As part of this review, the subcommittee reviewed the Dec. 1, 2017 report of HW&Co., reviewed the January 5, 2018 recommendations of the TLRC, and participated in a teleconference with representatives of the Cincinnati Zoo & Botanical Garden (“the Zoo”) on May 25, 2021. The subcommittee thanks Lisa Webb, Senior Policy Manager of the Office of Budget and Strategic Initiative, for her support and assistance with this review.

The Zoo Levy, in place since 1982, provides for the maintenance of zoological park services and facilities, with its focus on the care and feeding of the animals. Due to several factors, including the lack of inflationary increases, the Zoo Levy has remained flat for the last several cycles, and as a result, levy funding has dropped from 41% to approximately 17% of the Zoo’s total operating budget. As shown in the attached five-year plan, actual revenues during the first three years of the current Zoo Levy have slightly exceeded planned revenues while actual expenditures are slightly below planned expenditures.

The impact of the COVID pandemic has been a challenge for the Zoo. After increasing steadily since 2009, admissions, a critical revenue source, dropped in 2020 and are expected to be dramatically lower in 2021 before starting to rebound in 2022, although not to pre-pandemic levels. The revenue shortfall from decreased admissions was alleviated somewhat by a reduction in expenses, including steep staffing cuts, and a federal Paycheck Protection Program loan. The Zoo’s Capital Campaign also was negatively impacted after fundraising was paused to concentrate on raising emergency operating funds. However, the Zoo’s More Home to Roam campaign (slated for completion in 2025 in time for the Zoo’s 150th anniversary) is still on track with the opening of Roo Valley in 2020 and the planned opening of Elephant Trek in 2024. Presumably, the full financial impact of the pandemic on the Zoo will be apparent by the next levy review.

In spite of these challenges, the Zoo continued to reach out to help the community during this difficult year. While closed, the Zoo shared its annual Zoo Blooms display via a Facebook Live Home Safari and delivered the actual flowers to local healthcare workers and offered free

admission to healthcare workers throughout September. The Zoo facilitated COVID testing and vaccination distribution by sharing parking lots and hosting vaccination clinics. The Zoo also created a mask PSA with the help of Cincinnati's professional sports teams.

Additionally, the Zoo made efforts to strengthen its ties to the Avondale community by increasing its communication with the community and encouraging development within the community. In partnership with Cincinnati Children's Hospital, the Reds Community Fund, and P&G, the Zoo broke ground on a new Urban Learning Garden, an outdoor learning space, at Rockdale Academy in Avondale.

The Zoo continues its impressive environmental and sustainability efforts. It continues to reduce its reliance on external water sources through its recycling efforts. It has increased its food production at Bowyer Farm in Warren County in order to reduce its reliance on outside sources for food for the zoo animals. The Zoo will ramp up its sustainability efforts further with the planned opening of Elephant Trek in 2025 which will include a rain collection and cleaning system and a solid waste management system for the internal use and possible external sale of fertilizer.

Finally, the Zoo found new ways to improve accessibility through its Access to All program, most recently hosting "quiet hours" for those with sensory sensitivities during which excess noise was silenced or turned down. Also, the Zoo has launched Wild Wednesdays, a program that brings zoo animals to patients at Cincinnati Children's Hospital with a zookeeper participating by Zoom. And, as always, the Zoo is continually working to reduce economic barriers for low-income visitors.

During the last review, the TLRC's two overarching concerns were the ongoing cost for maintenance and refurbishment of the Zoo's aging infrastructure and the funding for the operations of exhibits, specifically new and expanded exhibits. With regards to infrastructure, the Zoo appears to be on track with its Ten-Year Forecast of Capital Replacement Needs for Buildings and Exhibits in Place. It anticipates that the Zoo's electrical infrastructure will be replaced by 2024, which will have the added benefit of reducing its electricity costs. In the TLRC's view, it is imperative that the Zoo continue with needed capital replacements in a timely manner in order to protect its physical assets and to avoid higher replacement costs down the road.

With regards to the funding of new and expanded exhibits, the Zoo has made some innovative additions to its most recent exhibit, Roo Valley. In addition to the exhibit, the Zoo added Hops Beer Garden and Kanga Klimb, a rope course, both of which will generate revenue to support the exhibit. Hopefully, other such revenue producing facilities can be considered as new exhibits are added and existing exhibits are expanded.

Despite these innovations, operating and capital replacement costs for the Zoo will continue to grow, especially as new exhibits are added and infrastructure continues to age. As discussed in great detail the 2018 TLRC Recommendations for the Zoo Levy, expecting the Zoo Levy to be increased to account for these increasing costs is not realistic. The Zoo should continue to pursue innovative funding sources to cover growing costs rather than relying on levy increases.

Pursuant to its review, the subcommittee found that the Zoo has complied with current levy agreements and has not only risen to the challenges of this difficult year but has charted a course forward to an exciting future. But financial challenges remain, and the Zoo must continue to be creative and innovative in relation to funding. However, the Zoo is an important asset to the community, and Hamilton County has a strong interest in its continued financial wellbeing. As suggested in the 2018 TLRC Recommendations, reinstituting the pre-2011 practice of building inflationary increases into levy calculations would alleviate some of the financial pressure the Zoo will experience as costs continue to grow. Additionally, alternative sources of funding may want to be explored. As the Zoo Levy is for non-essential services and its benefits flow to many non-Hamilton County visitors, perhaps tourist-based funding sources could be identified to help preserve and continue to grow and improve this invaluable community asset.

Respectfully,

Jeanette Hargreaves, Chair
Edward Herzig
Mark Quarry