



THE MARYLAND ZOO IN BALTIMORE

REPORT

REQUIRED BY 2007 JOINT CHAIRMEN'S REPORT
2007-P.27-DO5E-BOARD OF PUBLIC WORKS

THE MARYLAND ZOO IN BALTIMORE

INTRODUCTION

REPORT MANDATE

This Report was mandated by the General Assembly in connection with the FY08 operating grant made to The Maryland Zoo in Baltimore. House Bill 50 specifies that:

The report shall be submitted on or before September 1, 2007, and include recommendations for improving the Zoo's short and long-term financial stability and physical plant condition. At a minimum, the report shall provide recommendations on the following:

- (1) controlling expenditures and increasing revenues, including strategies for increasing private and philanthropic fund raising and financial contributions from non-State public sources;
- (2) improvements to the Zoo's attendance, including an assessment of the ticket pricing policy and tourism/marketing strategies; and
- (3) improvements to the Zoo's physical plant, including a comprehensive physical plant master plan assessment that provides project schedules, cost estimates, proposed funding sources, and evaluation of the improvements necessary to ensure that the visitor experience is maximized.

The Report is presented in sections addressing the information requested. The sections can be found under the tabs listed.

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VOLUME 2:

Facilities Assessment

THE MARYLAND ZOO IN BALTIMORE

INTRODUCTION

The generous increase in funding to the Zoo for FY08 from the State of Maryland, City of Baltimore and Baltimore County has allowed Zoo management to create a budget that is both balanced and realistic for FY08. Nevertheless, the budget is extremely tight: because of the emergency funding from the State during FY07, the Zoo will actually receive \$3.04 million less in support during the current fiscal year than we did last year.

The budget for FY08 does not address three issues that are critical to the Zoo's long-term financial viability: below-market salaries, deferred maintenance, and ticket prices that are too high. The Zoo must increase its revenues if it is going to address these issues. This report sets forth the Zoo's plans for the period FY08 through FY10 to remain viable, increase revenues, upgrade facilities and ultimately, adjust ticket prices and increase attendance. It also identifies several important issues, public transportation and parking, that pose long term challenges to the Zoo.

In preparing for this Report, Zoo personnel consulted with the following:

- Office of the Governor
- Office of the Mayor of Baltimore
- BACVA
- Office of Tourism Development, Department of Business & Economic Development
- Maryland Department of Education
- The Abell Foundation and other United States zoos with respect to ticket prices and dedicated taxes

THE MARYLAND ZOO IN BALTIMORE

OVERVIEW

This Report attempts to assist the State of Maryland in answering three questions:

1. Do our constituents want a Zoo?
2. If yes, what financial resources will this require?
3. What is the right financing model for the Zoo?

Of course, Management at the Zoo believes that the answer to the first question should be a resounding “yes”, but the answers to the other two questions are much more difficult.

The Tri-Party Agreements that transferred control of the Zoo from the City to the State in 1992 state the parties’ intention to have a “world-class zoo” in Baltimore, but public funding since that time has not supported that vision. While the Tri-Party Agreements contemplate that the principal funding obligation for the Zoo would be transferred from the City to the State, it does not provide specifically how operating costs will be shared, nor does it provide for specific increases in funding levels from either jurisdiction as Zoo operating costs increase with the cost of living. As a result, the Zoo’s City operating funding remained level for the ten years following the establishment of the Lease, while the State’s contribution to the Zoo operating funding rose at an approximate rate of 1% per year over the same period. *Please see Exhibit A.* [Exhibit A is the chart that shows increases in State, City and County funding over the period.] In response, Zoo management deferred maintenance and salary increases, and the Zoo moved toward the financial crisis it has experienced over the past several years. Private philanthropy and revenues from Zoo visitors increased by 16% during the period, but those increases were not sufficient to allow the Zoo to maintain its campus and compensate its employees at market rates. *Please see Exhibit B.* Exhibit B is the chart that shows increases in public funding, operating revenues and philanthropy over the period.]

Without the State’s emergency funding last year, the Zoo would have been forced to close. Last year we answered the question, “What will it take to keep the Zoo open long enough to make a longer term decision?” The longer term decision is what faces us now.

House Bill 50 directed that this Report make recommendations in three areas: increasing attendance; broadening the base of support; and addressing facilities needs. Our Report contains our recommendations on these issues along with summaries of the relevant information we have studied and sets out our strategies for success.

To the extent that we describe our current marketing and development programs, these constitute our recommendations in these areas. With respect to strategies to increase attendance, we have tried and continue to try a number of things, but our fundamental belief is that our admission price is too high for the experience we are able to offer; therefore, we do not expect attendance to increase significantly unless we are able to lower our admission price or improve our product. Our budget is too tight to allow us to experiment with lowering the admission price; if we failed to make up the revenue through other sources, the Zoo would be forced to close.

Based on comparisons with other zoos in North America, Zoo management believes that a thriving zoo at our location in Baltimore would require an operating budget of approximately \$20 million per year in today’s dollars, as opposed to our current budget of \$12 million. While the Tri-Party Agreement contemplates that the principal operating funding obligation is assumed by the State, at this point the State’s contribution to the Zoo’s operating budget is disproportionate to the contributions of the other jurisdictions whose residents are the principal users of the Zoo. For example, while the State is providing approximately \$6 million in operating funding for FY08, Baltimore City is providing \$600,000 and Baltimore County \$250,000, and these two jurisdictions account for 50% of total visitors to the Zoo. We recognize that Baltimore City is facing serious challenges in its efforts to combat crime and improve public education, but we believe that the Zoo is important to the quality of life in the City and is worthy of greater investment. Life for Baltimore County residents is greatly enhanced by the rich cultural offerings in Baltimore City, including the Zoo. The County’s contribution, while more generous than other surrounding counties, does not proportionately reflect its residents’ use of the Zoo.

THE MARYLAND ZOO IN BALTIMORE

OVERVIEW

Many other zoos in North America receive funds raised through dedicated taxes that specifically support a particular zoo. These taxes, which take a variety of forms, are usually put to referendum within the local or regional jurisdiction. We understand that Maryland has no mechanism to put such an issue to local referendum. Nevertheless, we believe that the best funding model for the Zoo involves significantly higher participation from the local jurisdictions whose residents benefit most from it.

The Tri-Party Agreements specify that the State will provide 50% of the Zoo's capital funding needs. We understand that the concept was that the remaining 50% would come from the City of Baltimore, which ultimately owns the assets, and from the private sector, perhaps in equal portions. While this expectation has not been met, the contributions from Baltimore City and Baltimore County have been closer to proportionate in capital funding than in operating funding. Beginning in 2000, the State committed \$28 million to the Zoo if matching funds were raised. Since that time, the Zoo has raised and spent \$16 in matching funds and an equal amount in State funds. Baltimore City has contributed \$[11] million (including \$2 million in water and wastewater bond money), and Baltimore County has provided \$1 million and pledged \$500,000 per year for FY08 and FY09. The other surrounding jurisdictions have not contributed to capital.

For the foreseeable future, the Zoo needs to spend at least \$5 million annually to address its failing infrastructure. Details on this need are provided later in this Report. In the view of Zoo management, the source of this funding should be a combination of State, City, County, and private funding (with participation from other counties in addition to Baltimore County in proportion to their residents' use of the Zoo).

In summary, we think the Zoo needs substantially increased operating and capital budgets, with more proportional participation from local jurisdictions. We need to adjust our admission price downward and to improve our product so that, in the long term, it will justify a higher admission price. We need to continue aggressive marketing and private development strategies, while keeping a close eye on our mission.

If these goals are not met, the Zoo will struggle along in an unsustainable manner for two years at most. The worst possible situation would be that the facilities deteriorate to such an unsafe condition that a tragedy occurs, most probably through an animal attack on a human or a loss of animal life through fire. The State would have the first responsibility to "wind down" the Zoo; with one year's notice, the State could rescind the Tri-Party Agreements and put the responsibility back on the City of Baltimore. Even then, it would take years to close the Zoo. The more than 1000 animals would need to be relocated to other institutions, and during the relocation period, keepers, security, finance and other essential functions would be required. This is a bleak picture of what the future may hold, but it is far from fantasy.

Zoo management believes that our dual jobs are first, to run the Zoo as efficiently and effectively as possible, and second, to make sure that our important funders understand what has developed over many years and what would be required to change the direction of the Zoo. We appreciate the opportunity to present this Report to the General Assembly. Further, we would be remiss if we did not say again that without the support we received in FY07, there would be no Zoo on which we could report.

Finally, Zoo management would like to emphasize the opportunity that is before us. Historically, The Maryland Zoo was one of the great urban zoos in the United States. Zoos are traditionally the most egalitarian of all cultural institutions, providing an enjoyable experience that transcends socioeconomic and ethnic divisions. We have the potential to once again have a great zoo. Not only would we serve our local and regional population, but the Zoo could be a major tourist attraction adding economic benefit to the region. Today we have an institution with a rich history and a beautiful campus with huge potential. Years of accumulated financial neglect have put the Zoo in a precarious position, but the future can be much brighter with a sustainable financial model.

THE MARYLAND ZOO IN BALTIMORE

BACKGROUND ON THE ZOO

The Maryland Zoo in Baltimore (formerly the Baltimore Zoo) was founded in 1876 by the City of Baltimore. It was operated as a city agency until 1984, when the Maryland Zoological Society, Inc. ("MZS") was formed as a 501(c)(3) corporation to run the Zoo. In 1992, the City, the State, and MZS entered into two agreements (the "Tri-party Agreements") through which the City leased all of the assets of the Zoo to the State, and the State engaged MZS to manage the Zoo.

The primary purpose of the Tri-party Agreements was to transfer the principal obligation to fund the Zoo from the City of Baltimore to the State of Maryland. Since 1993, the State has provided the bulk of the Zoo's public operating support.

Encompassing 156 acres, the Zoo is one of the largest in North America in terms of physical size. It has over 50 buildings, three of which are considered historic, as well as a full-service veterinary hospital and a collection of more than 1,500 animals. Full-time employees total approximately 160, with another 100 seasonal employees added each year. The Zoo is accredited by the Association of Zoos and Aquariums, a process that recurs every five years. The Zoo was last accredited in 2002 and has applied to be accredited again in 2007. In 2005, the Zoo adopted a fiscal year ending on June 30 to coincide with the state and city fiscal years.

Public funding to the Zoo was relatively flat from FY1993 until FY02, when the Glendening administration reduced the Zoo's state funding by \$620,218 (from \$3,850,000 to \$3,229,782). The reduction to the Zoo totaled \$716,376 by FY03. As a result, in the fall of 2003, under new leadership the Zoo eliminated 20 full-time positions and began a process that ultimately led to a reduction in the size of the collection of more than 400 animals. State funding was restored to FY01 levels in FY04, was flat in FY05, and was increased by \$250,000 in FY06. The cash operating subsidy from Baltimore City remained flat at \$300,000 during this period, although \$100,000 was added during that time in respect of telephone and forestry services which the City had been obligated to provide to the Zoo but which the Zoo had taken on.

The Zoo operated at a loss each year beginning in FY02, and by FY06 its cash reserves were gone. Without the substantial cash infusion (\$5.3 million) from the State in FY07, the Zoo would have closed.

For FY08, the State granted the Zoo an increase of \$2 million in operating funding, of which the payment of \$250,000 was conditioned on the receipt and approval of this Report. Also for FY08, Baltimore City increased its operating support of the Zoo to \$600,000 and Baltimore County increased its operating support from \$200,000 to \$250,000.

Following is a chart showing State funding for the Zoo from FY00 through FY07:

| STATE OPERATING ASSISTANCE (\$000) | | | | | | | | |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
| ZOO LEASE GRANT (BPW) | \$ 3,750 | \$ 3,850 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 3,100 |
| MSDE /SAI GRANT | \$ - | \$ - | \$ 990 | \$ 370 | \$ 1,023 | \$ 1,023 | \$ 1,023 | \$ 1,023 |
| SUPPLEMENTAL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,605 |
| TOTAL | \$ 3,750 | \$ 3,850 | \$ 3,850 | \$ 3,230 | \$ 3,883 | \$ 3,883 | \$ 3,883 | \$ 9,728 |

THE MARYLAND ZOO IN BALTIMORE

FY2008 BUDGET

To: Finance Committee
From: Thomas M. Berger – CFO
Re: 2008 Operating Plan and Budget
Date: 25 May 2007

This year's plan has been developed on an organizational basis, i.e. by department. There are a limited number of projects and activities (please see attached list) that will be tracked and analyzed using supplemental management reporting. There are several core issues that have informed our decision-making and include (in no particular order):

1. The impact of public (primarily State) support on private giving
2. Attendance
3. Accreditation
4. Timing of master plan (capital/infrastructure) activities

ASSUMPTIONS & INSTITUTIONAL ISSUES

In order to construct a realistic yet conservative budget, we set revenue projections first and are building the resource (expense) requirements to fit with this "umbrella". The most critical element of this plan is the attendance assumptions. These are:

- Total attendance (all categories) will approximate the last two years at 350,000
- The "mix" (adult, children, member) will be consistent with the current year
- Coupon and discount programs will be reviewed on a case-by-case basis
- Fund-raising efforts will focus on donor base with a modest overall increase
- The Zoo will be closed January and February

External Factors – While we will not have to compete with the Volvo Around-the-World sailing extravaganza, there will be the usual offerings in the park and in the metropolitan area that will be force people to make trade-offs due to personal time constraints. On the plus side, the already rising cost of gasoline may encourage people to "stay close to home" and take advantage of local attractions.

Risk Factors – The following are critical expense assumptions:

- There is no allowance for salary raises and/or performance increases
- Various support expenses, e.g. tuition reimbursement and staff development, have been consolidated and will be allocated throughout the year to control and monitor utilization
- Organization limits have been set on technology spending based on a 10% replacement rate for personal computers
- Sufficient private funds will be raised to continue utilizing State Grants and not stop work on capital projects
- No payments are made to City to reduce outstanding water accrual of \$384,000
- Inter-fund borrowing (from capital by operations) is not reduced
- Outstanding accounts payable held to 45 days or less

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FY2008 BUDGET

OVER-ARCHING GOALS (THE IDEAL TO WHICH WE STRIVE)

- Create a work environment that foster staff excellence
- Create a public environment that exceeds visitor expectations
- Develop new, and improve existing, programs and exhibits
- Create financial strength and independence

GENERAL PLANNING PHILOSOPHY

- Based on the Mission
- Over-arching goals direct basic strategies
- Budget is a tool to help implement strategies
- Based on primary functional requirements
- Designed for maximum flexibility
- Agreed to – not arbitrary

REVENUE (PLEASE REFER TO EXHIBITS)

Flat attendance will affect Admissions, Service Operations (ARAMARK income), and Attractions. Development anticipates an overall modest increase through a stronger outreach effort to the Zoo's donors and a gradual increase in the overall size of the donor base (both individual and corporate). Total income is projected to be \$12,122,000 in FY08, a decrease of \$2.6 million from the current year (which includes \$5.2 million of supplemental State funding for the accumulated deficit of prior years). It is important to note that private support is budgeted to increase \$494,000 (10.5%) due primarily to pledge payments from two major gifts. Without these extraordinary items, non-public income will increase 4.1%.

ATTENDANCE (PLEASE REFER TO EXHIBITS)

Total general attendance has averaged 342,000 over the last two years. Without a significant change to overall programming and activities we are conservatively estimating annual attendance at 350,000 in FY08. Likewise we expect the mix of visitors (adults, children, members, groups) to be consistent with the current year.

The per capita income average during this time dropped from \$5.17 to \$4.92. The budget has been developed using a \$5.00 per capita, again based on a consistent use of coupons, discounts, and free day offerings.

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FY2008 BUDGET

PUBLIC SUPPORT

| | PROJECTED | FORECAST | FY08 v FY07 |
|-------------------------|---------------------|---------------------|-----------------------|
| FISCAL YEAR ENDING -> | 30-Jun-2007 | 30-Jun-2008 | Δ |
| State Operating Support | \$ 3,100,000 | \$ 5,000,000 | \$ 1,900,000 |
| MSDE – SAI | 1,023,000 | 1,023,000 | - |
| Supplemental | 5,200,000 | - | (5,200,000) |
| City Grants | 400,000 | 600,000 | 200,000 |
| County Grants | 251,000 | 291,000 | 40,000 |
| TOTAL | \$ 9,974,000 | \$ 6,914,000 | (\$ 3,060,000) |

Operating grants from state, county, and local government will represent 57% of the Zoo's total revenue in FY08, a nine-percentage point increase over FY06. Comparison with the current year is not valid given the significant supplemental support from the State to cover accumulated operating deficits. The budget process of the various governing bodies sets these figures.

CORPORATE SUPPORT

| | FY 2006 | FY 2007 | FY 2008 |
|--------------|-------------------|-------------------|-------------------|
| Memberships | \$ 130,526 | \$ 162,000 | \$ 165,000 |
| Sponsorships | 395,180 | 375,000 | 400,000 |
| TOTAL | \$ 525,706 | \$ 537,000 | \$ 565,000 |

The Zoo has 90 corporate members in classifications ranging from Otter (61 at \$1,000) to one Eagle's Aerie (\$8,000). We will be focusing efforts in this area and expect to see modest and increasing participation over time. Sponsorships typically increase with new events or activities that have strong public (read "marketing") appeal. The projected increase is expected from new sponsorship opportunities. For example, while the Philadelphia elephants will not be coming to the Zoo, we will be opening the new giraffe feeding station in the spring and expect that to be a strong sponsorship opportunity. Historically most Sponsorship revenue is from Zoomerang and Brew at the Zoo.

UNRESTRICTED SUPPORT

| | FY 2006 | FY 2007 | FY 2008 |
|--------------------|-------------------|-------------------|-------------------|
| Annual Giving | \$ 379,068 | \$ 419,000 | \$ 450,000 |
| Foundation Grants | 125,691 | 200,000 | 150,000 |
| Foundation Pledges | | | 300,000 |
| TOTAL | \$ 504,759 | \$ 619,000 | \$ 900,000 |

Annual Giving includes a variety of methods for donors to contribute unrestricted or general operating support to the Zoo. There are giving clubs (defined by level); the brick program; ADOPT an Animal; and others. Foundations are tracked separately and typically require a more formal process in requesting support. Many of these gifts are from smaller foundations and typically range from \$1,000 to \$5,000. Foundation Pledges represents two gifts. The first is a \$500,000 pledge payable over two years, the second is a \$250,000 gift payable over 5 years. While these are unrestricted contributions, the intention is to provide for the ongoing maintenance and capital needs of the Zoo.

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FY2008 BUDGET

EVENTS

| | FY 2006 | FY 2007 | FY 2008 |
|------------------------------|-------------------|-------------------|-------------------|
| Fundraising Events (Tickets) | \$ 187,031 | \$ 180,000 | \$ 200,000 |
| Other Events | 125,946 | 100,000 | 100,000 |
| Auction Sales | 49,040 | 30,000 | 35,000 |
| TOTAL | \$ 362,017 | \$ 310,000 | \$ 335,000 |

The two major fund raising events are Zoomerang and Brew at the Zoo. Tickets are sold as well as given in exchange to various vendors (e.g. radio stations) who use them as prizes and giveaways. Zoomerang expects proceeds from 600 tickets at \$250 each (\$150,000) with the balance (\$50,000) coming from Brew. Other Events includes the various "breakfast with" programs. Auction Sales revenue is from Zoomerang and is dependent primarily on the quality of gifts donated, thus the total can shift dramatically from one year to the next. All estimates are based on historical activity.

MEMBERSHIPS

| | FY 2006 | FY 2007 | FY 2008 |
|-----------------------|---------------------|---------------------|---------------------|
| Membership Dues – NET | \$ 1,077,175 | \$ 1,102,000 | \$ 1,166,000 |
| TOTAL | \$ 1,077,175 | \$ 1,102,000 | \$ 1,166,000 |

Individual members form a core constituency for the Zoo, not unlike alumni at a college and a significant portion of Unrestricted Support (see above) is directly related to the success of this program. Member interests range from a pure "value" sale (unlimited access to the Zoo) to providing an important educational adjunct for the children. Direct mail to solicit new members as well as capturing renewals is the major source of maintaining and increasing the base. The FY08 plan calls for a net of 14,000 members at an average value of slightly over \$83 per Membership (all categories). Web and onsite sales are increasing and are expected to represent about 25% of the total.

ADMISSIONS

| | FY 2006 | FY 2007 | FY 2008 |
|--------------------------|---------------------|---------------------|---------------------|
| Main Gate Ticket Sales | \$ 2,088,708 | \$ 1,738,000 | |
| Group Sales Permits | 240,386 | 390,267 | |
| Consignment Ticket Sales | 31,774 | 55,063 | |
| Behind the Scenes Tours | 2,625 | 3,000 | |
| Advance Ticket Sales Fee | 9,475 | 9,475 | |
| Discounts | (591,077) | (503,641) | |
| TOTAL | \$ 1,781,891 | \$ 1,692,164 | \$ 1,750,000 |

As noted above, admissions revenue is based on attendance of 350,000 at an average of \$5.00 per capita. These figures were developed using the last several years of data. Please note that FY06 Main Gate Sales includes "value" for opening weekend free tickets that is not reflected in FY07. The offset is included in Discounts.

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FY2008 BUDGET

STORE / CONCESSIONS (NET)

| | FY 2006 | FY 2007 | FY 2008 |
|-------------------------------|------------------|------------------|------------------|
| Food / Beverage Sales Net | \$ 59,202 | \$ 5,000 | \$ 5,000 |
| Merchandise and Gift Sales | 720,055 | 35,000 | 35,000 |
| Stroller Rental Income | 22,601 | | |
| Other Merchandise Sales | 42,460 | | |
| Merch. & Gift Sales Discounts | (18,759) | | |
| ZooBucks Discounts | (4,270) | | |
| Gift Shop ZooBucks Discounts | (866) | | |
| Merchandise Cost of Goods | (802,333) | | |
| TOTAL | \$ 18,090 | \$ 40,000 | \$ 40,000 |

Store and concession (food service) revenue is derived from the contractual arrangement with ARAMARK whereby the Zoo splits net profit based on a formula (90% to the Zoo). Unfortunately this arrangement has not been beneficial to the Zoo on a number of levels. Projected FY08 is based on historic activity and the per capita rate we expect to realize. The Zoo continues to work with ARAMARK to improve overall levels of service while increasing the dollar return.

ATTRACTIONS

| | FY 2006 | FY 2007 | FY 2008 |
|------------------------|-------------------|-------------------|-------------------|
| Binocular Revenue | \$ 2,854 | \$ 2,500 | |
| Photo Revenue | 2,554 | 3,500 | |
| Vending-Candy Revenue | 24,450 | 25,000 | |
| Zoo Choo Train Revenue | 42,446 | | |
| Carousel Revenue | 7,072 | 35,000 | |
| Climbing Wall Revenue | | 12,000 | |
| Traveling Exhibit | 60,913 | 31,300 | |
| Camel Ride Revenue | 23,284 | 64,500 | |
| Polar Bear Ride | 19,357 | 20,000 | |
| The Whip | 46,275 | 25,000 | |
| Games & Other | 60,877 | 57,500 | |
| Discounts | (66,582) | (65,550) | |
| TOTAL | \$ 223,500 | \$ 210,750 | \$ 245,000 |

Income from the various rides, games, and attractions at the Zoo is directly tied to attendance. The FY08 forecast is based on historic data and is calculated at \$0.70 per capita. This is a conservative forecast as the Carousel did not operate for all of FY06 and the train (which did not operate at all in FY06) is being replaced by a hayride that will operate over approximately the same circuit as the train.

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FACILITY RENTALS

| | FY 2006 | FY 2007 | FY 2008 |
|----------------------------|------------------|------------------|------------------|
| Porch Rentals | \$ 24,750 | \$ 35,000 | \$ 35,000 |
| Boat Lake Pavilion Rentals | 6,480 | 2,000 | 2,000 |
| Picnic Pavilion Rentals | 27,279 | 25,000 | 25,000 |
| Other Facility Rentals | 13,513 | 13,000 | 10,000 |
| TOTAL | \$ 72,022 | \$ 75,000 | \$ 72,000 |

The rental of various Zoo facilities is a small revenue source with good potential. The greatest difficulty in "selling" the property is location and perceived value. Catering is also difficult due to kitchen limitations, lack of air-conditioned space, and accessibility.

OTHER INCOME

| | FY 2006 | FY 2007 | FY 2008 |
|---------------------------|-------------------|-------------------|-------------------|
| Animal Related Sales | \$ 37,634 | \$ 10,000 | \$ 5,000 |
| Miscellaneous | 23,375 | 5,000 | 10,000 |
| Birthday Parties | 20,000 | 25,000 | 25,000 |
| Classes, Camps, Zoomobile | 88,831 | 90,000 | 100,000 |
| Program Revenue Discounts | (17,012) | (1,500) | (5,000) |
| TOTAL | \$ 152,828 | \$ 128,500 | \$ 135,000 |

As with Facility Rentals, Other Income does not represent a significant amount of revenue to the Zoo. Perhaps most important are the Classes, Camps, and Zoomobile that extend the mission of the Zoo and provide a key element to our programming.

EXPENSES

Based on the expense to revenue relationship (FY07 to FY08), the Zoo will have to reduce expenses approximately \$1.0 million in order to have a balanced operating budget (exclusive of depreciation). While the State has increased the general appropriation by \$1.9 million, this is \$3.3 million less than provided in the current year. This year's planning process included creating a database of historic spending yet we found the focus had to be on the priorities for the coming year while working within the revenue constraints noted above.

Broad spending patterns are not expected to be significantly different than in the past several years. The budget presented here includes the following major assumptions and or issues of note:

- In-kind expenses are excluded
- Fringe benefits (i.e. premiums) reflect a 5% increase over the current year
- General insurance premiums reflect a 10% increase over the current year
- Existing staff vacancies are maintained
- One full-time position has been eliminated
- No dollars have been included for raises and/or performance increases

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- Various support expenses, e.g. tuition reimbursement and office supplies, have been consolidated and will be allocated throughout the year to control and monitor utilization
- Organization limits have been set on technology spending based on a 10% replacement rate for personal computers
- There is a \$50,000 general contingency
- A \$150,000 surplus is included to support capital equipment requirements and replacement reserves

The expense budget presented provides a surplus of approximately \$147,000 versus the target of \$150,000. The executive staff believes this is a conservative yet realistic and achievable plan given the external and internal environment we anticipate.

PERSONNEL

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|------------------|---------------------|---------------------|---------------------|--------------------|
| Salaries & Wages | \$ 6,047,097 | \$ 5,911,886 | \$ 5,892,621 | \$ 19,265 |
| Benefits | 1,336,983 | 1,574,590 | 1,514,799 | 59,791 |
| Other | 613,807 | 522,145 | 272,931 | 249,214 |
| TOTAL | \$ 7,997,888 | \$ 8,008,621 | \$ 7,686,751 | \$ 321,870 |

Staffing (direct salaries plus fringe benefits) represents the largest single expense category for the Zoo and averages approximately 2/3 of total spending. While senior staff recognizes the risk involved by not including an amount for salary increases, this course of action is preferred to eliminating an entire program. Even though the plan includes eliminating one position, a complete review of staffing levels in all departments is being completed by the Executive Staff and recommended changes to the budget, if any, will be presented to the Board no later than the end of the current fiscal year.

PROFESSIONAL FEES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|--------------------|
| TOTAL | \$ 809,289 | \$ 769,109 | \$ 635,158 | \$ 133,951 |

The major components of Professional Fees include direct mail campaigns for Annual Fund and Membership (\$155,000), governmental consulting (\$135,000), interim CFO consultancy (\$168,000), and Audit (\$45,500). Direct mail fees have been reduced in FY08 by scheduling fewer mailing. Also reduced are the audit fee (down \$15,000), legal fees (down \$37,000), and State/Federal lobbying (down \$95,000 by discontinuing the Federal component in October). The fees labeled "Governmental Consulting" are paid to the Artemis Group for their assistance on legislative matters at the local, State, and Federal levels.

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FY2008 BUDGET

LICENSES & DUES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|------------------|------------------|------------------|-------------------|
| TOTAL | \$ 50,905 | \$ 40,440 | \$ 45,158 | (\$ 4,718) |

This category includes institutional and individual membership dues as well as certain licenses required by the USDA and other regulatory bodies. The year-over-year increase is the result of delaying payments to various conservation and animal organizations to which the Zoo belongs.

INSURANCE

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|-----------------|
| TOTAL | \$ 117,669 | \$ 217,338 | \$ 210,837 | \$ 6,501 |

Includes property, casualty, and liability coverage. The Zoo's brokers (Willis) are in the process of bidding the business. The current market is soft and the expectation is that premiums will be level year over year. Staff is also doing an in-depth review of coverage provided by the State and City (through the lease agreements) to determine if savings are available by eliminating duplications.

BANK FEES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|------------------|------------------|------------------|--------------------|
| TOTAL | \$ 69,879 | \$ 57,300 | \$ 79,200 | (\$ 21,900) |

The major component of this category is credit card fees (2/3 of the total). The bank agreement is being reviewed to determine if the fee structure can be reduced. However it is partially driven by volume and cannot be totally eliminated.

OFFICE SUPPLIES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|------------------|
| TOTAL | \$ 161,674 | \$ 202,457 | \$ 139,650 | \$ 62,807 |

The Zoo entered into a new copier agreement in FY07 and has significantly reduced outside photocopying costs and outside printing. The purchase of general office supplies is being consolidated under Purchasing to also reduce waste and duplication and to ensure the Zoo gets the best possible pricing.

POSTAGE & DELIVERY

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL | \$ 190,465 | \$ 219,460 | \$ 118,650 | \$ 100,810 |

While postage rates are increasing, the Zoo is reducing the number of direct mailings it will be doing for Member solicitation. The offset will be to emphasize the purchase of a membership to visitors when at the Zoo.

OCCUPANCY

THE MARYLAND ZOO IN BALTIMORE

FY2008 BUDGET

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|------------------|
| TOTAL | \$ 381,725 | \$ 228,039 | \$ 148,657 | \$ 79,382 |

The Zoo is eliminating rented portable classroom space used by the Education Department to reduce expenses. In addition a complete review of security and alarm services is being conducted in order to consolidate the Zoo's services under a single provider. In addition, this expense is no longer being allocated throughout departments thereby eliminating duplications and overstating actual expense.

UTILITIES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|--------------------|
| TOTAL | \$ 294,170 | \$ 285,849 | \$ 370,900 | \$ (85,051) |

Water is the single largest utility expense (approximately \$300,000) and the budget includes keeping current with payments to the City, though no allowance has been made to reduce the outstanding accrual prior to 2006. The balance of the expense is for fuel oil and propane for heating.

MAINTENANCE

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL | \$ 811,131 | \$ 731,707 | \$ 630,014 | \$ 101,693 |

The Zoo added qualified personnel during the course of the year *to reduce the dependence on outside contractors* to save money but not reduce activity (reflected in lower 3rd party maintenance expense). In addition, certain deferred maintenance items are being corrected as part of ongoing capital renovations.

VEHICLES

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|------------------|-------------------|-------------------|--------------------|
| TOTAL | \$ 96,840 | \$ 106,831 | \$ 129,456 | (\$ 22,625) |

The Zoo requires vehicles for a variety of activities including basic transportation of staff across the 180 acre campus. The golf cart fleet has deteriorated significantly over the last several years and requires either major maintenance and repair or replacement (please see the capital budget request). The situation is not much better for the trucks and other support vehicles.

ANIMAL CARE & RELATED

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|------------------|
| TOTAL | \$ 303,042 | \$ 484,971 | \$ 436,899 | \$ 48,072 |

Animal purchases and relocations are expected to be at a minimal level in FY08, thereby reducing this expense year-over-year. Food is the single largest item and the price can fluctuate

THE MARYLAND ZOO IN BALTIMORE

FY2008 BUDGET

significantly as it is a commodity and dependent on weather and the cost of fuel to transport. A continued focus in procedures at the Commissary has helped reduce spoilage and waste.

INFORMATION TECHNOLOGY

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|--------------------|
| TOTAL | \$ 194,147 | \$ 239,664 | \$ 324,622 | (\$ 84,958) |

Two major changes are reflected in the FY08 budget. First is the full cost of the Zoo's Internet and phone service (approximately \$6,700 per month) and second is the cost of all application software maintenance has been consolidated in this budget. The budget also includes an allowance for replacement of 10% of the Zoo's personal computers.

ADVERTISING

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL | \$ 736,192 | \$ 585,844 | \$ 452,379 | \$ 133,465 |

A major evaluation of the Zoo's marketing program is in process and one result has been a reduction in direct advertising dollars. It is important to note that a certain level of paid advertising must be maintained for general public awareness as well as to leverage in-kind advertising and marketing services the Zoo receives from various media throughout the region.

GRAPHICS

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|-------------------|
| TOTAL | \$ 293,319 | \$ 249,409 | \$ 147,617 | \$ 101,792 |

Includes design, coordination, and (some) production of signage and brochures for external communications by the Zoo. Costs that were allocated and/or controlled by individual departments have been consolidated into this account to eliminate duplication and reduce spending.

EVENTS (DIRECT)

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|-------------------|-------------------|------------------|
| TOTAL | \$ 289,238 | \$ 329,983 | \$ 262,303 | \$ 67,680 |

This category includes the direct costs of major Zoo events like Zoomerang. Covers food, entertainment, etc. This category covers actual outlays by the Zoo and is typically reduced through in-kind donations.

TRAVEL

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|------------------|------------------|------------------|-------------------|
| TOTAL | \$ 75,588 | \$ 72,000 | \$ 76,786 | (\$ 4,786) |

THE MARYLAND ZOO IN BALTIMORE

FY2008 BUDGET

All travel requests are being reviewed relative to overall Zoo requirements for certain staff to maintain certifications (e.g. veterinarians). Travel for professional development will be made available within the constraints of the approved budget.

INTEREST EXPENSE

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|-------------------|------------------|------------------|------------------|
| TOTAL | \$ 185,629 | \$ 85,000 | \$ 30,000 | \$ 55,000 |

Calculated at full borrowing (\$1.5 million) for three (3) months at 8%.

OTHER

| | FY 2006 | FY 2007 | FY 2008 | Δ (07 – 08) |
|--------------|------------------|-----------------|-------------------|---------------------|
| Contingency | | | \$ 50,000 | |
| Surplus | | | 150,000 | |
| TOTAL | \$ 14,729 | \$ 8,000 | \$ 200,000 | (\$ 192,000) |

Contingency funds are designed to cover emergency and other unforeseen circumstances during the normal course of business. The "SURPLUS" will provide the necessary funds to cover capital expenditures for a total of \$100,000. The Capital Equipment Budget comprises all items costing more than \$2,500 each. Items on this list represent equipment not being funded through State or City grants for various construction activities and projects. That capital project activity is being directed by HDC and is partially dependent on increased private support to provide a match for and the release of State funding.

THE MARYLAND ZOO IN BALTIMORE

FY2007 – 2008 OPERATING PLAN SUMMARY

| | 2008 v 2007 | | | | | | NOTES for FY 08 |
|------------------------|----------------|---------------|---------------|----------------|---------|--|-----------------|
| | ACTUAL | PROJECTED | FORECAST | () = DECLINE | | | |
| | 30-Jun-2006 | 30-Jun-2007 | 30-Jun-2008 | \$ | % | | |
| OPERATING REVENUE | | | | | | | |
| PUBLIC SUPPORT | \$ 4,443,795 | \$ 9,974,000 | \$ 6,914,000 | \$ (3,060,000) | -30.68% | \$5.2 MILLION DEFICIT/SUPPLEMENTAL FUNDING IN FY07 | |
| PRIVATE SUPPORT | 2,469,657 | 2,568,000 | 2,966,000 | 398,000 | 15.50% | \$250,000 + \$50,000 PLEDGE PAYMENTS IN FY08 | |
| EARNED INCOME | 2,248,331 | 2,146,414 | 2,242,000 | 95,586 | 4.45% | DRIVEN BY ATTENDANCE (350,000 IN FY08) | |
| TOTAL REVENUE / GAINS | \$ 9,161,783 | \$ 14,688,414 | \$ 12,122,000 | \$ (2,566,414) | -17.47% | | |
| OPERATING EXPENSES | | | | | | | |
| TOTAL PERSONNEL | 7,997,888 | 8,008,621 | 7,686,751 | (321,870) | -4.02% | REDUCED HEADCOUNT (1 FTE) + POSITION ELIMINATIONS | |
| PROFESSIONAL FEES | 809,289 | 769,109 | 635,158 | (133,951) | -17.42% | REDUCED FEDERAL LOBBYING - FEWER DIRECT MAILING | |
| FINANCIAL | 373,177 | 359,638 | 320,037 | (39,601) | -11.01% | INSURANCE, INTEREST, BANK FEES | |
| ADMINISTRATIVE | 478,633 | 534,357 | 380,244 | (154,113) | -28.84% | POSTAGE DOWN, FEWER DIRECT MAILINGS | |
| OCCUPANCY | 675,895 | 513,888 | 519,557 | 5,669 | 1.10% | UTILITY INCREASE OFFSET BY NO TRAVELING EXHIBIT | |
| MAINTENANCE & VEHICLES | 907,971 | 838,539 | 759,470 | (79,069) | -9.43% | MORE WORK IN-HOUSE (NEW HIRES IN FY07) | |
| ANIMAL CARE & RELATED | 303,042 | 484,971 | 436,899 | (48,072) | -9.91% | REDUCED SIZE OF OVERALL COLLECTION | |
| INFORMATION TECHNOLOGY | 194,147 | 239,664 | 324,622 | 84,958 | 35.45% | FULL YEAR ISP/PHONE CONTRACTS IN FY08 | |
| MARKETING | 1,029,511 | 835,253 | 599,996 | (235,257) | -28.17% | ADVERTISING & GRAPHICS - OVERALL REDUCTION | |
| EVENT (DIRECT) | 289,238 | 329,983 | 262,303 | (67,680) | -20.51% | | |
| OTHER | 14,729 | 8,000 | 50,000 | 42,000 | 525.00% | CONTINGENCY IN FY08 | |
| | 13,073,520 | 12,922,023 | 11,975,037 | (946,986) | -7.33% | | |
| SURPLUS / (DEFICIT) | \$ (3,911,737) | \$ 1,766,391 | \$ 146,963 | \$ (1,619,428) | -91.68% | | |

THE MARYLAND ZOO IN BALTIMORE

FY2007 – 2008 REVENUE SUMMARY

| FISCAL YEAR ENDING -> | ACTUAL 30-Jun-2006 | PROJECTED 30-Jun-2007 | FORECAST 30-Jun-2008 | % Δ 2008 v 2007 | NOTES for FY 08 |
|----------------------------------|-----------------------|--------------------------|-------------------------|--------------------|--|
| PUBLIC SUPPORT | \$ 4,443,795 | \$ 9,974,000 | \$ 6,914,000 | -30.68% | |
| CORPORATE (1) | 525,706 | 537,000 | 565,000 | 5.21% | |
| GENERAL (2) | 504,759 | 619,000 | 900,000 | 45.40% | EXCLUDES IN-KIND ACTIVITY |
| EVENTS | 362,017 | 310,000 | 335,000 | 8.06% | |
| MEMBERSHIP | 1,077,175 | 1,102,000 | 1,166,000 | 5.81% | |
| PRIVATE SUPPORT | 2,469,657 | 2,568,000 | 2,966,000 | 15.50% | 4.1% INCREASE \$300,000 PLEDGE REVENUE |
| ADMISSIONS (NET) | 1,781,891 | 1,692,164 | 1,750,000 | 3.42% | 350,000 @ \$5.00/HEAD HISTORIC RATE |
| STORE / CONCESSIONS (NET) | 18,090 | 40,000 | 40,000 | 0.00% | NET INCOME FROM ARAMARK |
| ATTRACTIONS | 223,500 | 210,750 | 245,000 | 16.25% | 350,000 @ \$0.70 |
| FACILITY RENTALS | 72,022 | 75,000 | 72,000 | -4.00% | COMPETITIVE MARKET |
| OTHER INCOME (NET) | 152,828 | 128,500 | 135,000 | 5.06% | |
| EARNED INCOME | 2,248,331 | 2,146,414 | 2,242,000 | 4.45% | |
| TOTAL REVENUE / GAINS | \$ 9,161,783 | \$ 14,688,414 | \$ 12,122,000 | -17.47% | |

(1) SPONSORSHIP & CORPORATE MEMBERSHIPS

(2) INDIVIDUAL & FOUNDATION CONTRIBUTIONS

THE MARYLAND ZOO IN BALTIMORE

FY2007 – 2008 EXPENSE SUMMARY

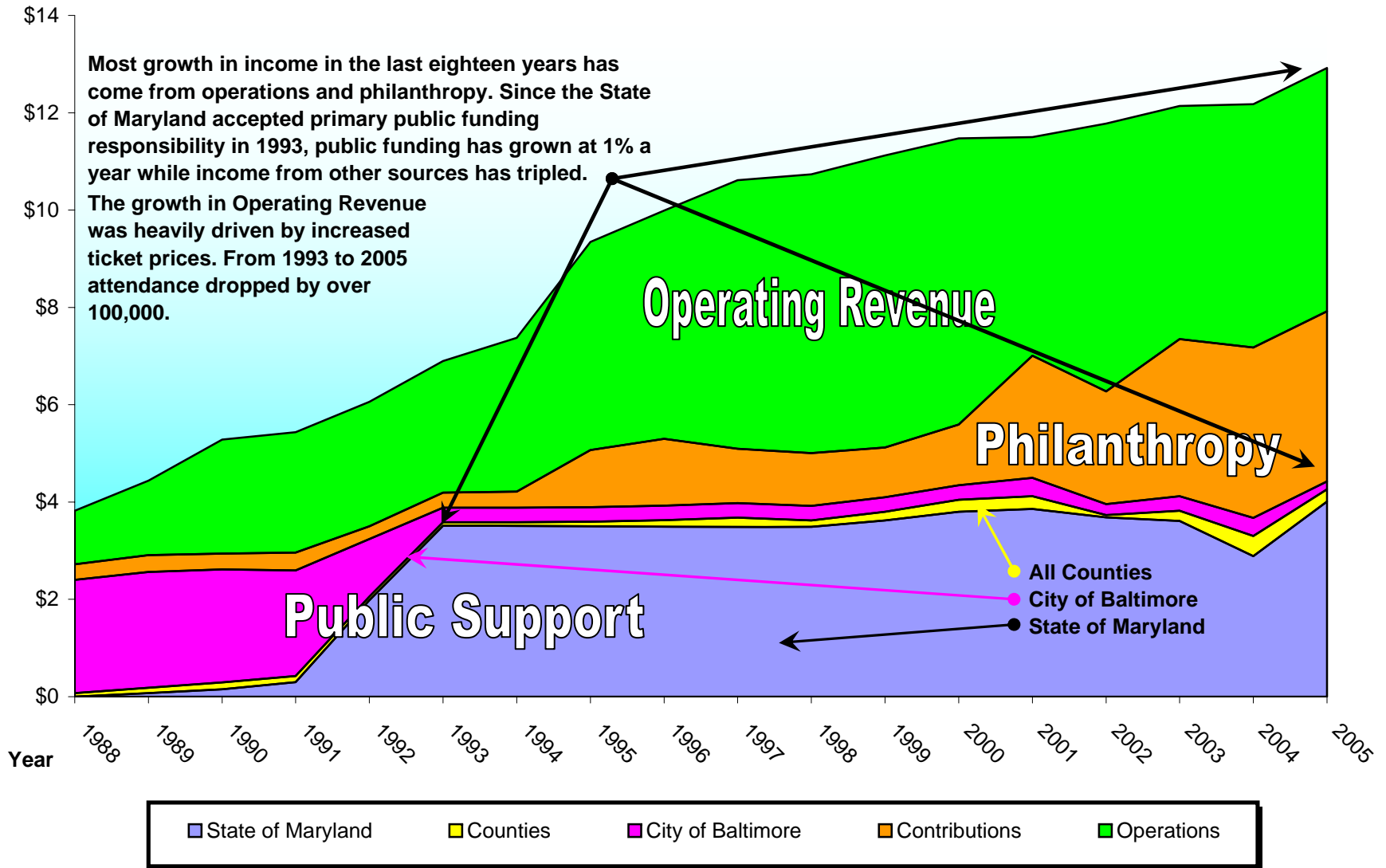
| | ACTUAL | PROJECTED | BUDGET | FY08 v FY07 | |
|------------------------------------|----------------------|----------------------|----------------------|-------------------|-----------------|
| | FY06 | FY07 | FY08 | \$ | % |
| | | | | () = UNFAVORABLE | |
| SALARIES & WAGES | 6,047,097 | 5,911,886 | 5,892,621 | 19,265 | 0.33% |
| BENEFITS | 1,336,983 | 1,574,590 | 1,514,799 | 59,791 | 3.80% |
| OTHER PERSONNEL RELATED | 613,807 | 522,145 | 272,931 | 249,214 | 47.73% |
| TOTAL PERSONNEL | 7,997,888 | 8,008,621 | 7,686,751 | 321,870 | 4.02% |
| PROFESSIONAL FEES | 809,289 | 769,109 | 635,158 | 133,951 | 17.42% |
| | | | | - | |
| DUES | 50,905 | 40,440 | 45,158 | (4,718) | -11.67% |
| | | | | - | |
| INSURANCE | 117,669 | 217,338 | 210,837 | 6,501 | 2.99% |
| | | | | - | |
| BANK FEES | 69,879 | 57,300 | 79,200 | (21,900) | -38.22% |
| | | | | - | |
| OFFICE SUPPLIES | 161,674 | 202,457 | 139,650 | 62,807 | 31.02% |
| | | | | - | |
| POSTAGE & DELIVERY | 190,465 | 219,460 | 118,650 | 100,809 | 45.94% |
| | | | | - | |
| OCCUPANCY | 381,725 | 228,039 | 148,657 | 79,382 | 34.81% |
| | | | | - | |
| UTILITIES | 294,170 | 285,849 | 370,900 | (85,051) | -29.75% |
| | | | | - | |
| MAINTENANCE | 811,131 | 731,707 | 630,014 | 101,693 | 13.90% |
| | | | | - | |
| VEHICLES | 96,840 | 106,831 | 129,456 | (22,625) | -21.18% |
| | | | | - | |
| ANIMAL CARE & RELATED | 303,042 | 484,971 | 436,899 | 48,072 | 9.91% |
| | | | | - | |
| INFORMATION TECHNOLOGY | 194,147 | 239,664 | 324,622 | (84,958) | -35.45% |
| | | | | - | |
| ADVERTISING | 736,192 | 585,844 | 452,379 | 133,465 | 22.78% |
| | | | | - | |
| GRAPHICS | 293,319 | 249,409 | 147,617 | 101,792 | 40.81% |
| | | | | - | |
| EVENT (DIRECT) | 289,238 | 329,983 | 262,303 | 67,680 | 20.51% |
| | | | | - | |
| TRAVEL | 75,588 | 72,000 | 76,786 | (4,786) | -6.65% |
| | | | | - | |
| INTEREST & CASH RELATED | 185,629 | 85,000 | 30,000 | 55,000 | 64.71% |
| | | | | - | |
| OTHER | 14,729 | 8,000 | 50,000 | (42,000) | -525.00% |
| Gain/Loss on Sale of Assets | 3,696 | | | - | #DIV/0! |
| | | (100,000) | | | |
| TOTAL | \$ 13,077,216 | \$ 12,822,022 | \$ 11,975,037 | VARIANCE | |
| VALUES SET (FORMULAS DISABLED) | | | | \$ 846,985 | |

Chart 1

Maryland Zoo in Baltimore

7/18/2006

Income (\$ in millions) **Total Operating Income 1988 - 2005***



*Source: Audited Financial Statements

Chart 2

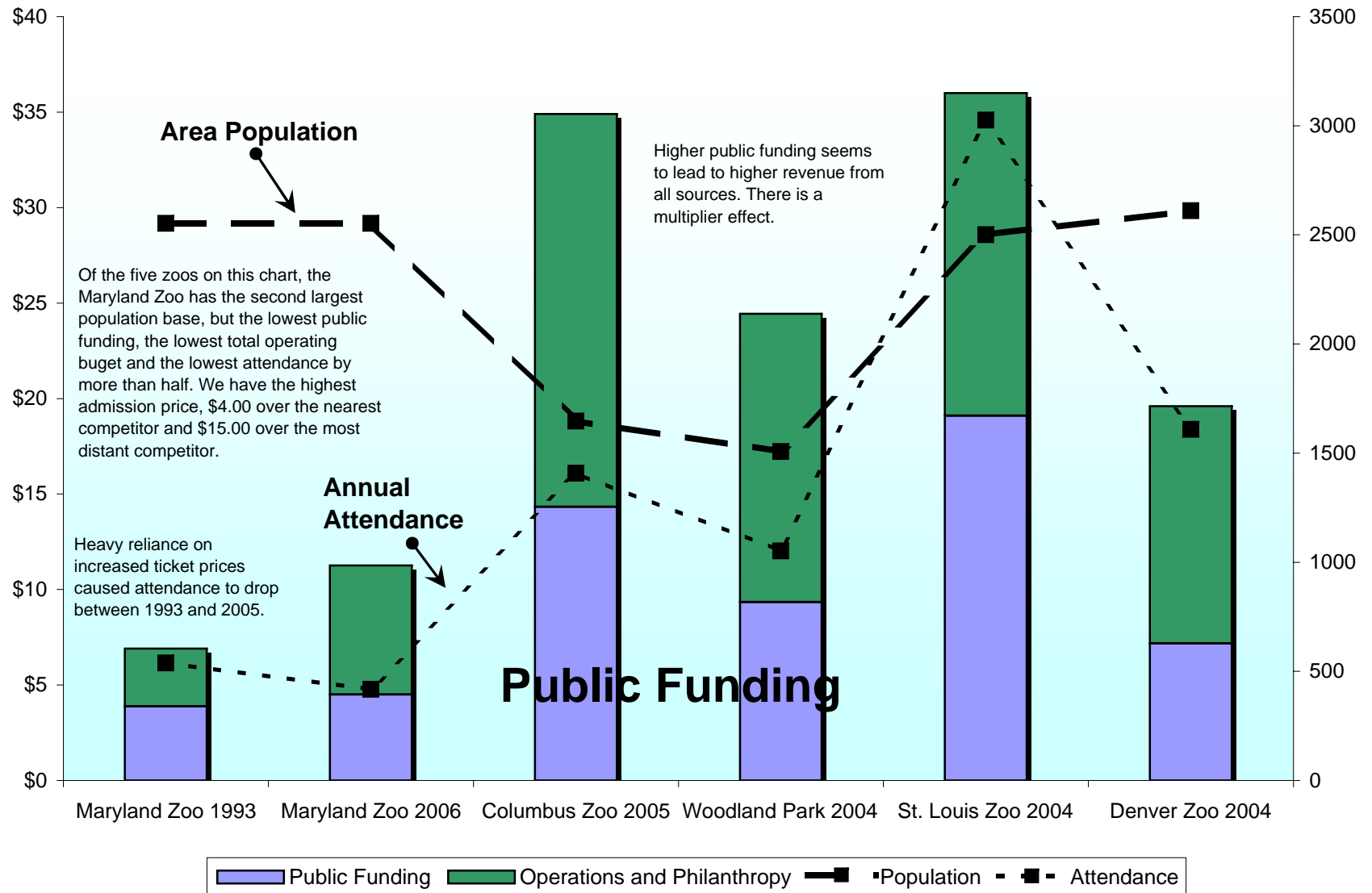
Maryland Zoo in Baltimore

Comparison of Public Funding

8/1/2006

Total Income
(\$ in millions)

Population
(in 1,000's)

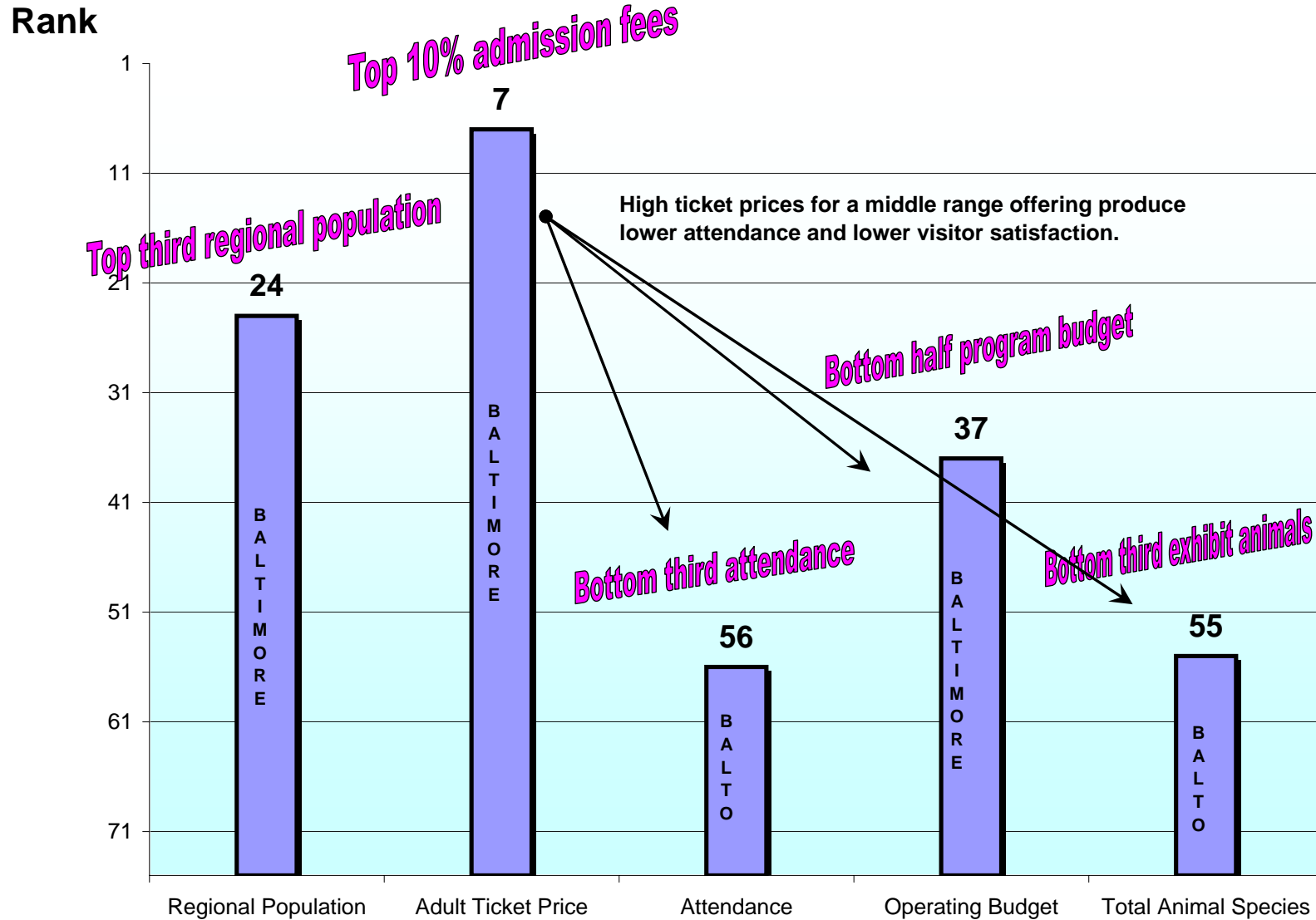


*Sources: Annual Reports, 2005 and 2006 AZA Surveys

Chart 3

Maryland Zoo in Baltimore
AZA* 2006 Member Survey - Baltimore Ranking

7/18/2006



*American Zoological and Aquarium Association (75 institutions reporting)

THE MARYLAND ZOO IN BALTIMORE

FINANCIAL PLAN

SUMMARY

As part of the FY08 budget process, the Zoo prepared an operating plan with the ultimate objective of financial equilibrium (defined below). Using the combined experience of senior staff, a detailed plan outlining the requirements for a “world class zoo” (the objective articulated by the City and State in the Tri-Party Agreement) was presented to the State Office of Budget Analysis. This plan concluded that ongoing operating support of approximately \$9.5 million would be required to create and sustain a “world class zoo”. The final State budget was approved with \$6.0 million of support in FY08 (\$5.0 for operations and \$1.0 million from MSDE – SAI).

This generous increase in State support (combined with increases from Baltimore City and Baltimore County for an aggregate increase of \$2.15 million) has allowed Zoo management to establish a realistic and balanced budget for the first time in years. Nevertheless, the current funding level does not permit a meaningful allowance for ongoing maintenance, nor does it permit increases in compensation for Zoo employees or the lowering of Zoo admission prices. Zoo management believes that all of these elements are essential parts of a prudent financial plan. For this reason, the Zoo’s financial plan focuses on possible ways to increase revenues in order to include these elements in Zoo budgets for FY09 and beyond.

Zoo management understands that the current financial condition of the Zoo developed over a period of time and that it will take more than one year to reach our financial goals. Key indicators of the Zoo’s success in reaching its financial objectives will include not only a balanced operating budget, but also ongoing investment in the future of the Zoo, through maintenance of physical assets and investment in human capital. While it may seem counter-intuitive to increase spending, the Zoo’s physical assets will continue to deteriorate and we will continue to experience high staff turnover if we are unable to invest in these important areas.

FINANCIAL EQUILIBRIUM

Zoo management measures financial health using a model of financial equilibrium, which will be reached when the Zoo has achieved a balance between its short- and long-term financial needs. The principal concepts that underlie this model are:

- Current revenues should equal or exceed current expenditures
- Revenues should grow at least as fast as expenditures
- A reasonable level of endowment, our investment capital, should be obtained and then preserved and increased
- The value of the physical plant, our facilities capital, should be preserved and increased
- Appropriate investments (i.e. competitive salary and benefit packages) should be made in the staff - our human capital.

These five concepts are inter-related: success in any one does not ensure the success of the Zoo.

Zoo management will use FY08 to fully develop and begin implementation of fund-raising and marketing plans (outlined in detail in separate sections of this Report) to achieve the revenue equivalent as originally outlined for the State as noted above. These actions will include:

- Continuing efforts to increase public funding at a moderate, sustainable rate
- Accelerating corporate funding at 15+% per year in the near term
- Expanding unrestricted annual fund contributions by 17% per year near term
- Increasing admission revenue through a combination of lower ticket prices and more rational and focused coupon and discount programs

THE MARYLAND ZOO IN BALTIMORE

FINANCIAL PLAN

THE PLAN

n.b. please refer to Exhibits 1, 2, & 3 for a summary of the revenue and expense projections for the current fiscal year (FY2008) and the two years following

1. CURRENT REVENUES SHOULD EQUAL OR EXCEED CURRENT EXPENDITURES

Zoo revenues have not kept pace with increasing expenses. Without the State's emergency deficit funding in FY07, the Zoo would have been forced to close. And while the State has increased the general appropriation by \$1.9 million in FY08, this is \$3.3 million less than provided in the current year. Due to the fixed nature of many of the Zoo's operating expenses and a history of tight spending controls, there is concern that the Zoo's commitment to quality has been severely compromised.

The short-term focus continues to be the Zoo's survival. Given our history, management must be realistic in its assumptions about how rapidly we can increase the various elements of private giving (individuals, corporations, foundations) while at the same time increasing attendance. The two are related because levels of private support are tied to the overall success of the enterprise.

ATTENDANCE

Attendance accounts for more than 15% of total revenues; therefore, it is tempting to focus on promoting attendance as a way of increasing revenue. However, Zoo management thinks it is not realistic to assume we can grow attendance at *significant* rates over the near term, because the ticket price is already too high for the quality of the experience. The Zoo's attendance has averaged 350,000 annually for the last several years and the FY08 budget is based on this level.

Zoo management intends to use FY08 to position the Zoo for increasing attendance by a minimum 5% per year thereafter. This increase will be achieved through a combination of adjustments to ticket prices and discounts that gradually bring ticket prices down (please see Marketing Report). At the same time management must be careful not to jeopardize attendance-related revenues at a time when *any* loss of revenue will undermine the Zoo's survival. For this reason we do not contemplate any reduction in admission prices until such time as revenues from other sources can "backstop" any possible loss from ticket price changes.

2. REVENUES SHOULD GROW AT LEAST AS FAST AS EXPENDITURES

Continued spending controls are imperative over the next several years as the Zoo experiences increased revenues in FY09 and FY10. Forecasted expenses have been inflated at rates of 2-5% annually depending on the category.

The spending plan includes a contingency of 0.5% of total expenses after the current fiscal year. While it is not unusual to incur expenses ahead of increased revenue (staffing up in development, more advertising, etc) the Zoo does not have that luxury. We must control our expenses until revenues have increased enough to allow for investment in our future. This is reasonable in a "fixed cost" business such as the Zoo.

THE MARYLAND ZOO IN BALTIMORE

FINANCIAL PLAN

3. A REASONABLE LEVEL OF ENDOWMENT, OUR INVESTMENT CAPITAL, SHOULD BE OBTAINED AND THEN PRESERVED AND INCREASED

At present the Zoo has virtually no endowment. Creating an investment pool of permanently segregated funds is a long-term strategy that can only be addressed as the Zoo achieves a level of operating financial stability and proves to funders that “investing” in the Zoo’s mission is viable. Management believes that endowment funds are important to provide the Zoo a form of stability in uncertain economic times. In addition, the return from the invested funds can provide ongoing support to mission-driven programs that cannot typically charge fees sufficient to cover costs. The Zoo is actively seeking endowment funds through grant proposals.

4. THE VALUE OF THE PHYSICAL PLANT, OUR FACILITIES CAPITAL, SHOULD BE PRESERVED AND INCREASED

Like many institutions facing reduced revenue streams and the resulting budget pressures, the Zoo responded by deferring facilities maintenance. Over time, lowered spending in this area compounded itself and created a crisis. The financial impact affects both operations and capital. Industry standards for the prudent funding of ongoing capital requirements set recommended maintenance reserves for buildings at 2% of appraised value. Based on a 2003 condition assessment of the Zoo’s 60+ buildings, our annual budget should include a total of at least \$891,000 for Replacement Reserves. The Zoo’s operating plan includes \$222,750 (0.5% of appraised value) *per year* beginning in FY09 for ongoing maintenance that does not qualify as “capital” for State purposes.

The Zoo has a pending request for capital funding from the State of \$5 million in FY09, and has further requested that no private match of these funds be required. Management plans to use these funds to “kick-start” an ongoing maintenance program by addressing a number of our more critical maintenance needs. In addition, the Zoo has recently been awarded a (second) \$1 million grant from the City of Baltimore to address water and wastewater infrastructure issues. With the help of the State and City of Baltimore, the Zoo has begun to address its aging infrastructure and rebuild critical (and unseen) elements of its campus.

Management intends to continue to request State capital funding of \$5,000,000 annually for the foreseeable future to leverage private capital and keep the maintenance process moving forward. The overall infrastructure requirements and plan are addressed in Facilities Report.

5. APPROPRIATE INVESTMENTS (i.e. COMPETITIVE SALARY AND BENEFIT PACKAGES) SHOULD BE MADE IN THE STAFF – OUR HUMAN CAPITAL

Personnel costs represent almost 70% of total operating expenses for the Zoo (a typical ratio). After salary and benefit increases totaling 11% over the last 5 years, the FY08 operating plan *does not* include a general salary increase or bonuses for any staff. However management has known for years that the Zoo’s compensation levels, especially of animal keepers and education and related front line staff, are below industry norms. While the staff is fully aware of the current financial condition (and is nominally willing to accept their current salaries) the longer-term implications are ominous. These include increased turnover, lower morale, and more difficulty in hiring quality personnel for any position. In FY09 and FY10 the plan includes modest salary adjustments of 5% per year with increased numbers of staff in core animal care and visitor service departments in FY10 to adjust staffing levels to the size of the Zoo.

Zoo management believes this overall plan to be realistic yet conservative and achievable with the continued support of the State of Maryland, not just financially but with the understanding that the Zoo is a critical component to the economic fabric of the region. The Zoo has a long and proud history that should be maintained. This plan is designed with that underlying objective.

MARYLAND ZOOLOGICAL SOCIETY, INC.
EXHIBIT 1
FINANCIAL PLAN SUMMARY

| FISCAL YEAR ENDING -> | BUDGET 30-Jun-2008 | FORECAST 30-Jun-2009 | FORECAST 30-Jun-2010 |
|---------------------------------|-------------------------------|---------------------------------|---------------------------------|
| CONTRIBUTED INCOME | | | |
| PUBLIC SUPPORT | \$ 6,863,000 | \$ 6,872,000 | \$ 6,872,000 |
| CORPORATE SUPPORT | 565,000 | 689,750 | 718,213 |
| GENERAL SUPPORT | 900,000 | 1,017,500 | 1,195,125 |
| EVENTS | 335,000 | 415,000 | 495,000 |
| PRIVATE SUPPORT | 1,800,000 | 2,122,250 | 2,408,338 |
| CONTRIBUTED INCOME | 8,663,000 | 8,994,250 | 9,280,338 |
| EARNED INCOME | | | |
| MEMBERSHIP | 1,166,000 | 1,287,000 | 1,415,700 |
| ADMISSIONS | 1,750,000 | 1,837,500 | 1,929,375 |
| CONCESSIONS (NET) | 40,000 | 55,000 | 70,000 |
| ATTRACTIONS | 245,000 | 257,250 | 270,113 |
| FACILITY RENTALS | 72,000 | 72,000 | 72,000 |
| OTHER INCOME (NET) | 135,000 | 135,000 | 135,000 |
| EARNED INCOME | 3,408,000 | 3,643,750 | 3,892,188 |
| TOTAL REVENUE | 12,071,000 | 12,638,000 | 13,172,526 |
| EXPENSES | | | |
| STAFFING | 7,686,751 | 8,057,993 | 9,228,343 |
| ADMINISTRATIVE | 1,258,653 | 1,244,653 | 1,254,168 |
| FACILITIES | 1,279,027 | 1,439,543 | 1,608,005 |
| ANIMAL CARE | 436,899 | 458,744 | 481,681 |
| SUPPORT SERVICES | 1,263,707 | 1,379,263 | 1,444,271 |
| CONTINGENCY | 50,000 | 251,604 | 280,329 |
| OPERATING EXPENSES | 11,975,037 | 12,831,800 | 14,296,798 |
| REPLACEMENT RESERVES | | 222,922 | 222,922 |
| TOTAL EXPENSES | 11,975,037 | 13,054,722 | 14,519,720 |
| SURPLUS / (DEFICIT) | \$ 95,963 | \$ (416,722) * | \$(1,347,194)* |

* The Zoo intends to eliminate these deficits through increases in public funding from a combination of State, City and County sources

MARYLAND ZOOLOGICAL SOCIETY, INC.
FINANCIAL PLAN
EXHIBIT 2
REVENUE DETAIL

| FISCAL YEAR ENDING -> | BUDGET 30-Jun-2008 | FORECAST 30-Jun-2009 | FORECAST 30-Jun-2010 |
|------------------------------|-----------------------|-------------------------|-------------------------|
| CONTRIBUTED INCOME | | | |
| State Grants | \$ 5,000,000 | \$ 5,000,000 | \$ 5,000,000 |
| MSDE – SAI | 972,000 | 972,000 | 972,000 |
| City Grants | 600,000 | 600,000 | 600,000 |
| County Grants | 291,000 | 300,000 | 300,000 |
| TOTAL PUBLIC SUPPORT | 6,863,000 | 6,872,000 | 6,872,000 |
| Corporate Membership Dues | 165,000 | 189,750 | 218,213 |
| Sponsorships | 400,000 | 500,000 | 500,000 |
| CORPORATE SUPPORT | 565,000 | 689,750 | 718,213 |
| Annual Giving | 450,000 | 517,500 | 595,125 |
| Foundation Grants & Pledges | 450,000 | 500,000 | 600,000 |
| GENERAL SUPPORT | 900,000 | 1,017,500 | 1,195,125 |
| Zoomerang Ticket Sales | 200,000 | 250,000 | 300,000 |
| Other Events | 100,000 | 125,000 | 150,000 |
| Auction Sales | 35,000 | 40,000 | 45,000 |
| EVENTS | 335,000 | 415,000 | 495,000 |
| TOTAL PRIVATE SUPPORT | 1,800,000 | 2,122,250 | 2,408,338 |
| CONTRIBUTED INCOME | 8,663,000 | 8,994,250 | 9,280,338 |
| EARNED INCOME | | | |
| Individual Member Dues | 1,300,000 | 1,430,000 | 1,573,000 |
| Deferred Member Discount | (134,000) | (143,000) | (157,300) |
| MEMBERSHIP | 1,166,000 | 1,287,000 | 1,415,700 |
| ADMISSIONS | 1,750,000 | 1,837,500 | 1,929,375 |
| CONCESSIONS (NET) | 40,000 | 55,000 | 70,000 |
| ATTRACTIONS | 245,000 | 257,250 | 270,113 |
| FACILITY RENTALS | 72,000 | 72,000 | 72,000 |
| Animal Income | 5,000 | 5,000 | 5,000 |
| Miscellaneous | 10,000 | 10,000 | 10,000 |
| Birthday Parties | 25,000 | 25,000 | 25,000 |
| Education Programs | 100,000 | 100,000 | 100,000 |
| Program Revenue Discounts | (5,000) | (5,000) | (5,000) |
| OTHER INCOME (NET) | 135,000 | 135,000 | 135,000 |
| EARNED INCOME | 3,408,000 | 3,643,750 | 3,892,188 |
| TOTAL REVENUE | \$ 12,071,000 | \$ 12,638,000 | \$ 13,172,526 |

MARYLAND ZOOLOGICAL SOCIETY, INC.
FINANCIAL PLAN
EXHIBIT 3 EXPENSE DETAIL

| | BUDGET | REQUIRED | REQUIRED | NOTES |
|---|------------------|------------------|------------------|---|
| FISCAL YEAR ENDING -> | 30-Jun-2008 | 30-Jun-2009 | 30-Jun-2010 | |
| Salaries | \$ 5,085,473 | \$ 5,339,747 | \$ 6,206,734 | 15 ADDITIONAL POSITIONS @ \$40k in FY2010 |
| Wages | 645,162 | 677,420 | 711,291 | + 5% per YEAR INCREASES in FY09 & FY10 REFLECTED |
| Overtime Wages | 161,986 | 170,085 | 178,590 | IN SALARIES, WAGES, & OVERTIME WAGES |
| TOTAL SALARIES & WAGES | 5,892,621 | 6,187,252 | 7,096,615 | |
| FRINGE BENEFITS | 1,514,799 | 1,590,124 | 1,823,830 | 25.7% OF TOTAL SALARIES (HISTORIC COST INCREASE) |
| TEMP AGENCY FEES | 37,348 | 40,000 | 40,000 | REDUCTION OFFSET BY NEW HIRES |
| SUBCONTRACT LABOR | 52,870 | 55,000 | 55,000 | REDUCTION OFFSET BY NEW HIRES |
| STAFF DEVELOPMENT | 189,113 | 185,618 | 212,898 | 3.0% OF SALARIES - HISTORIC RATE |
| Accounting/ Audit Fees | 45,000 | 50,000 | 50,000 | |
| Legal Fees | 75,000 | 75,000 | 75,000 | |
| Professional Fees, Other (advert, market) | 515,158 | 500,000 | 500,000 | |
| PROFESSIONAL FEES | 635,158 | 625,000 | 625,000 | |
| LICENSES AND DUES | 45,158 | 45,000 | 45,000 | |
| INSURANCE | 210,837 | 200,000 | 200,000 | |
| Bank Fees | 24,200 | 25,000 | 25,000 | |
| Credit Card Fees | 55,000 | 55,000 | 58,000 | |
| Interest Expense | 30,000 | 30,000 | 30,000 | \$1,500,000 @ 8% FOR 3 MONTHS |
| INTEREST EXPENSE/BANK FEES | 109,200 | 110,000 | 113,000 | |
| OFFICE SUPPLIES TOTAL | 70,930 | 72,349 | 73,796 | 2% GENERAL PRICE INFLATION |
| COPYING - REPRODUCTION | 68,720 | 70,094 | 71,496 | 2% GENERAL PRICE INFLATION |
| DELIVERY & POSTAGE | 118,650 | 122,210 | 125,876 | 3% GENERAL PRICE INFLATION |

MARYLAND ZOOLOGICAL SOCIETY, INC.
FINANCIAL PLAN
EXHIBIT 3 EXPENSE DETAIL

| | BUDGET | REQUIRED | REQUIRED | NOTES |
|-------------------------|---------------|---------------|---------------|--|
| FISCAL YEAR ENDING -> | 30-Jun-2008 | 30-Jun-2009 | 30-Jun-2010 | |
| RENT EXPENSE | 15,400 | 15,400 | 15,400 | LONG-TERM RATE |
| OCCUPANCY | 133,257 | 137,255 | 141,372 | 3% GENERAL PRICE INFLATION |
| UTILITIES | 370,900 | 389,445 | 408,917 | 5% GENERAL PRICE INFLATION |
| MAINTENANCE | 630,014 | 761,515 | 899,590 | 5% GENERAL PRICE INFLATION + \$100,000 DEFERRED RECOVERY |
| VEHICLES | 129,456 | 135,929 | 142,725 | 5% GENERAL PRICE INFLATION |
| ANIMAL CARE | 436,899 | 458,744 | 481,681 | 5% GENERAL PRICE INFLATION |
| COMMUNICATIONS | 119,914 | 85,000 | 85,000 | |
| MIS | 204,708 | 214,943 | 225,691 | 5% GENERAL PRICE INFLATION |
| MARKETING | 452,379 | 573,750 | 600,000 | \$1.50 / VISITOR |
| PRINTING & GRAPHICS | 147,617 | 150,569 | 153,581 | 2% GENERAL PRICE INFLATION |
| DIRECT EVENT EXPENSE | 262,303 | 275,000 | 300,000 | DIRECT COST OF EVENTS, e.g. ZOOMERANG |
| BUSINESS TRAVEL | 76,786 | 80,000 | 80,000 | PROFESSIONAL DEVELOPMENT |
| EXPENSE SUB-TOTAL | 11,925,037 | 12,580,196 | 14,016,468 | |
| CONTINGENCY | 50,000 | 251,604 | 280,329 | 2.0% OF TOTAL EXPENSES in FY09 & FY10 |
| TOTAL OPERATING EXPENSE | \$ 11,975,037 | \$ 12,831,800 | \$ 14,296,798 | |
| REPLACEMENT RESERVES | \$ - | \$ 222,922 | \$ 222,922 | 0.5% OF BUILDING APPRAISED VALUE in FY09 & FY10 |

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

Background

Private funding comes from three sources: individuals, corporations and foundations. Zoo funding is received largely in four general categories: membership, annual giving, corporate sponsorship and capital giving. Membership involves an exchange for admission, in the case of individuals, unlimited admission for a year. Annual giving tends to be smaller giving (under \$10,000) and intended to support the operating budget. Corporate sponsorship is usually directed to a specific program or exhibit and involves an expectation of public visibility and recognition. Capital giving tends to be larger (more than \$10,000), is often paid over a period of time, is usually restricted to a specific purpose (not operating) and is either a one-time or a periodic gift. Over the past three fiscal years the results of our fundraising program have been as follows:

Fundraising Results 2005 – 2007

| | FY 2005 | | FY 2006 | | FY 2007 | |
|----------------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|
| | # | Amount | # | Amount | # | Amount |
| Individuals | | | | | | |
| Membership | 15,000 | \$ 1,144,479 | 15,000 | \$ 1,077,175 | 15,000 | \$ 1,052,241 |
| Annual Giving | 2,184 | \$ 293,980 | 2,413 | \$ 325,683 | 2,923 | \$ 367,538 |
| Capital (Cash Only) | 36 | \$ 852,379 | 49 | \$ 1,043,589 | 17 | \$ 363,782 |
| Corporations | | | | | | |
| Membership | 75 | \$ 89,675 | 92 | \$ 117,750 | 61 | \$ 132,000 |
| Sponsorship | 68 | \$ 421,587 | 64 | \$ 300,571 | 41 | \$ 220,074 |
| Annual Giving | 98 | \$ 27,631 | 68 | \$ 24,850 | 43 | \$ 26,073 |
| Capital (Cash Only) | 5 | \$ 79,562 | 11 | \$ 172,600 | 4 | \$ 60,000 |
| Foundations | | | | | | |
| Membership | 3 | \$ 5,250 | 6 | \$ 9,000 | 3 | \$ 6,750 |
| Annual Giving | 20 | \$ 118,691 | 18 | \$ 5,350 | 18 | \$ 83,175 |
| Capital (Cash Only) | 15 | \$ 783,708 | 21 | \$ 1,213,402 | 7 | \$ 180,000 |
| Totals | 17,504 | \$ 3,816,942 | 17,742 | \$ 4,289,970 | 18,117 | \$ 2,491,633 |

The Development Program Moving Forward

Individual Membership : Our key constituency is individuals. Membership is our first affiliation relationship. Our membership effort is to encourage people to establish a relationship with the Zoo that goes beyond a single admission. A principal benefit of this affiliation is the ability to visit as often as one chooses during the year, but membership should imply something more than an annual pass – that one is a “supporter” of the institution.

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

We are improving the value of the membership program by offering more special programming such as members' only "breakfast with the giraffes". We now have a members-only entrance and a membership center for transactions and assistance, as a visible demonstration of the value of membership. We are adding signage on Zoo grounds letting people know the advantages of membership and making it easy to become a member. Membership has largely remained flat over the past few years generally tracking overall attendance patterns. Our goal is to maintain our membership level during FY08 even as we spend \$200,000 less in recruitment due to budget constraints. Then, using these techniques on grounds to demonstrate the value of membership, and giving visitors easy ways to become members while they are at the Zoo, we plan to increase the proportion of general attendance guests who choose to become members. Our goal is to increase membership by 7% per year in FY09 and FY10 as overall attendance increases and as we increase the proportion of general admission that chooses membership.

Corporate Membership: Our corporate membership program has languished. We are "repackaging" the program. The benefits to the corporation will remain essentially the same, but our marketing focus will shift to "support the Zoo" as a good corporate citizen. We are creating a corporate council of local business leaders who are or will be corporate members and will solicit their peers to also become corporate members. We believe the change in focus and the use of peer solicitation will reinvigorate the program and increase the number of corporate members and their overall financial contribution. The Zoo's membership levels are significantly below those of comparable local institutions, which provide similar benefits at similar prices. For this reason, we believe that a concentrated sales effort can result in substantial increases in our number of corporate members. Our target is to average 5 new corporate members a month for which we anticipate we will need to make 15 to 20 contacts per month. Our goal is to increase the financial contribution from corporate membership by 15% for each of the next three years.

Corporate Sponsorship: Corporations have various ways of supporting cultural institutions. Whereas corporate membership and giving come from the philanthropic side, sponsorship tends to come from the marketing side of the corporation. Our strength has been in getting sponsorship for events, and we will continue working with that strength. Our weakness has been in attracting sponsorship for exhibits, and that clearly represents an additional opportunity for this program to increase corporate support. We plan to increase corporate sponsorship by \$50,000; \$75,000; and \$100,000 over the next three years. In order to reach these goals, we will produce brochures showing visual representations of the type of exposure a sponsor can receive at various levels of sponsorship at the Zoo. Again, a concentrated sales effort will be focused on sponsorship opportunities.

Individual Annual Giving: With improved coordination between the Annual Giving program and the Membership program, we have been able to reduce our direct mail by approximately one-third. We have also integrated the two programs so that everyone who contributes at a certain level (currently \$100) automatically becomes a member. In this way our membership program is a central focus of our recognition and cultivation of individual donors.

We continue to use direct mail as the cornerstone of our Annual Giving program. With a measured program of donor acquisition and retention, our goal is to increase our pool of individual donors from our recent totals of under 2,000 to 10,000 over a period of three to five years. The benefits from increasing the number of donors are many:

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

Increase Total Giving to the Annual Fund. This happens through donor retention (the net contribution from a second time donor is much higher than the first year because of the costs of getting repeat gifts is far lower than “acquiring” a new donor) and a program of encouraging donors to give at higher levels.

- More people have a stake in the success of the Zoo, including quite a few people who might not necessarily visit in any given year.
- Creates a climate where people support the Zoo – everyone does it! This will be particularly important when the next capital campaign begins.
- Inevitably, some of these donors have additional potential for giving (major gifts) and the larger the group, the more potential major gift donors there will be.
- This group also becomes a prime audience for “planned giving” and bequests.

Donor acquisition is relatively expensive because the response rate is inevitably low – usually 1% to 3%. However, donor renewal is very profitable because the response rate is high – usually 50% to 80%. After three years of consecutive giving most donors remain regular contributors. The number of donors will grow faster than the amount contributed, but that trend is a favorable indicator of future success. Our goal is to increase annual giving by 17% per year over the next three years. We have specific strategies at each donor stage:

1. For Donor Acquisition:
 - Test direct mail packages to find the best return
 - Test mailing lists to improve returns
2. For Donor Renewal:
 - Track first year donors separately. Stay in touch with magazine and other communications. Solicit regularly often enough to ensure a high renewal rate.
 - Use membership as a further cultivation tool for donors over \$100.
3. For Upgrading Donors:
 - Identify donors with higher giving potential (This can be done either with electronic screening, or live screening sessions with trustees, or both).
 - Solicit for “Gift Clubs”. Our primary gift club is the Arthur Watson Society recognizing gifts of \$5,000 or more. Ideally these are personal solicitations by trustees or staff.

Our current direct mail program envisions between 300,000 – 400,000 pieces including both acquisition and renewal. The number will vary depending upon the response rate and the cost of the direct mail packages. The program is a balance between growing the number of donors (acquisition) and maintaining a strong net return (renewal). The donors acquired in one year produce the increase in revenue the following year.

“Zoomerang”: This event is the granddaddy of the gala fundraising scene in Baltimore, is closely associated with the Zoo and has been widely copied by other cultural institutions in Baltimore. It is commonly portrayed as “the best party in Baltimore” by local media. It currently produces about \$200,000 in net revenue. Additionally, there are many other intangible associations and relationship benefits the Zoo receives as a result of Zoomerang. Next year will be the 25th anniversary and we will use that as an opportunity to take the event into a new higher level of support for the Zoo. We have additional capacity at Zoomerang, so our first objective is to increase the number of paid guests by 500 which could produce additional gross revenue of \$125,000. To do this we will:

1. Mail earlier to a targeted group that has attended Zoomerang over the past two to five years (but not last year) and offer a discount for early purchase.

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

2. Mail earlier to last years attendees and plan for a follow-up mailing.
3. Create a “package” where people who want to attend with a group of friends can receive a reduced rate when purchasing as a group.
4. Use trustees to encourage individuals to attend.

Our second opportunity is to expand our auction to produce another \$100,000.

1. We have already recruited Chairs for this coming Zoomerang. Start earlier obtaining auction items at higher values. Publicize the auction and the items much earlier than has been our pattern.
2. Expand the silent auction portion of the larger auction.

Finally, we plan to add an additional \$50,000 in corporate sponsorship.

1. Add a new level of top sponsorship. Solicit early.
2. Review past corporate sponsors of the last five years and renew some who have not continued to support. Trustees will help.

Together these initiatives will more than double the net contribution in the first year. Our attendance capacity will be more restricted in the outlying years, but we plan to increase the net contribution by \$100,000 in years two and three with more modest attendance increases and additional focus on the auction.

Capital Giving: Capital gifts at the Zoo are defined as gifts of \$25,000 and above. Typically these gifts involve a statement of intent (pledge) and are paid over three to five years. These larger gifts are often directed to a specific purpose, either building or endowment, and can often involve negotiations that can last from months to years. Donors want to experience a sense of pride when making large gifts and confidence in the receiving institution is a major factor in their decision-making.

Capital gifts can be made at any time when the circumstances present a perceived need and a willing donor, but are often associated with a capital campaign. A capital campaign involves a plan, a financial goal, and a time period. With the announcement of the search for a new president of the Zoo to be named by December 2007, we anticipate that the transition process and the planning process for the campaign will take two years – for a campaign announcement in late 2009 or early 2010. The “quiet phase” of the solicitation of key prospects before the public announcement could begin as soon as early 2009.

Although our campaign preparation efforts are not yet visible outside the Zoo, we are building our donor base with a campaign in mind. We have created and are expanding an internal process to identify and track capital gift prospects in all categories (individuals, corporations and foundations). We are tracking about 1,000 rated prospects including individuals, foundations and corporations; most of whom are either current donors or past donors. This system assists management in setting priorities for donor solicitation, but also allows us to track and nurture donor relationships for future solicitation.

In the interim until the formal start of a capital campaign, we are identifying prospects who can be asked for a capital gift either immediately or in the near future. Additionally, Billie Grieb's announced departure as president has not prevented her solicitation of capital gifts. We are using the event of her departure as an opportunity to solicit gifts from individuals and organizations who might wish to make a gift before she departs. The increased operating support from the State and the matching incentive for bond-funded State capital support is an important tool we use to encourage private gifts.

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

Our goal is to raise \$4,500,000 in new capital gifts and pledges in FY08. In order to accomplish that goal we need to ask for between \$15 – 25,000,000. We presently have 26 active solicitations and proposals outstanding with requests totaling \$15,000,000. Using the rated prospect tracking system, management is actively cultivating prospects for solicitation in years two and three and further into the future. Our objective is to continue this pace and raise equal amounts in new gifts and pledges in the following two years.

Endowment

The Zoo began efforts to raise an endowment several years ago, and now has a (very modest) endowment fund of \$140,000. Although it takes a long time to build a meaningful endowment, management recognizes that we need to start if we are ever to build one. We have a proposal pending with a local foundation requesting a \$1,000,000 challenge grant for endowment which could add some momentum to that effort. This is one part of our overall capital giving effort.

Fundraising Goals for 2008 – 2010 (Unrestricted Operating)

| | FY 2008 | | FY 2009 | | FY 2010 | |
|-------------------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|
| | # | Amount | # | Amount | # | Amount |
| Individuals | | | | | | |
| Membership | 15,000 | \$ 1,300,000 | 16,050 | \$ 1,430,000 | 17,200 | \$ 1,573,000 |
| Annual Giving | 3,700 | \$ 430,000 | 5,000 | \$ 503,000 | 6,500 | \$ 589,000 |
| Temporarily Restricted | 12 | \$ 100,000 | 10 | \$ 125,000 | 6 | \$ 175,000 |
| Corporations | | | | | | |
| Membership | 90 | \$ 152,000 | 120 | \$ 175,000 | 150 | \$ 201,000 |
| Sponsorship | 60 | \$ 425,000 | 75 | \$ 550,000 | 90 | \$ 650,000 |
| Annual Giving | 60 | \$ 31,000 | 90 | \$ 36,000 | 125 | \$ 42,000 |
| Temporarily Restricted | 13 | \$ 165,000 | 16 | \$ 165,000 | 12 | \$ 210,000 |
| Foundations | | | | | | |
| Membership | 6 | \$ 5,000 | 7 | \$ 5,000 | 7 | \$ 5,000 |
| Annual Giving | 200 | \$ 75,000 | 200 | \$ 75,000 | 200 | \$ 75,000 |
| Temporarily Restricted | 8 | \$ 100,000 | 9 | \$ 125,000 | 5 | \$ 125,000 |
| Totals | 19,149 | \$ 2,783,000 | 21,577 | \$ 3,189,000 | 24,295 | \$ 3,645,000 |

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

Fundraising Goals for 2008 – 2010 (Capital Purposes)

| | FY 2008 | | FY 2009 | | FY 2010 | |
|---|-----------|---------------------|-----------|---------------------|-----------|---------------------|
| | # | Amount | # | Amount | # | Amount |
| Individuals | 16 | | 20 | | 28 | |
| Pledged | | \$ 1,000,000 | | \$ 1,500,000 | | \$ 1,200,000 |
| Cash | | \$ 400,000 | | \$ 600,000 | | \$ 400,000 |
| Corporations | 12 | | 10 | | 15 | |
| Pledged | | \$ 1,500,000 | | \$ 1,000,000 | | \$ 1,200,000 |
| Cash | | \$ 400,000 | | \$ 200,000 | | \$ 300,000 |
| Foundations | 16 | | 14 | | 15 | |
| Pledged | | \$ 1,000,000 | | \$ 1,000,000 | | \$ 1,100,000 |
| Cash | | \$ 200,000 | | \$ 200,000 | | \$ 300,000 |
| Totals (Cash not counted against previous pledges) | 28 | \$ 4,500,000 | 24 | \$ 4,500,000 | 30 | \$ 4,500,000 |

Other Public Support

Public Support from Local Government

Our two largest local government supporters are naturally Baltimore City and Baltimore County. We have already had significant success in the past year in asking for and receiving additional support. For FY08 Baltimore City increased its operating support from \$400,000 to \$600,000. Additionally, the city has made available \$1,000,000 in funding to support water conservation, wastewater, and sewage repair. Baltimore County increased current operating support by 25%, from \$200,000 to \$250,000. Additionally the County made a outright grant of \$1,000,000 payable over two years to support construction projects. We have active dialogs with both the City and County governments and will continue to ask for increased support.

We receive smaller amounts from Harford (\$30,000) and Howard (\$10,000) Counties, but again we are actively courting additional support. We are also actively working at encouraging all counties in Maryland to provide some level of operating support for the Zoo.

Public Support from Federal Sources

Our most frequent support for operations from the federal government comes from the IMLS (Institute of Museum and Library Services). However this support tends to be modest (under \$25,000), is very competitive, and hard to predict. We will continue to pursue these opportunities as they become available.

We also apply for grants from the NSF (National Science Foundation). Potentially these are much larger amounts of funding; however we do not have a good track record. Probably because of our smaller size from a budgetary standpoint, our "science" is not as competitive.

THE MARYLAND ZOO IN BALTIMORE

DEVELOPMENT PLAN

Both IMLS and NSF announce new program initiatives every year or two. These are our primary opportunities to apply for grants from these agencies if the programs are appropriate. We follow these agencies closely and apply for grants when appropriate, but these opportunities come along erratically and are largely out of our control.

We have from time to time worked with our congressional delegation to obtain federal “earmarks”. With the support of Representative Ruppertsberger and Senator Cardin we have a current proposal pending for \$750,000 to support the expansion of the elephant exhibit.

THE MARYLAND ZOO IN BALTIMORE

MARKETING PLAN

SUMMARY

The goal of the marketing effort is to make people generally aware of the Zoo, to make them aware of the good things happening at the Zoo, and to encourage them to visit. The decision to visit the Zoo is based on some combination of interest, convenience, and perceived value. Our institutional mission is to make the experience we offer of the unique animals and education available to the citizens and visitors of Maryland. The higher the attendance at the Zoo, the more we are fulfilling our mission. We have experienced several years of flat attendance. For FY07 and further for FY08, we reduced the marketing budget by over \$600,000 in order to produce an overall balanced budget; but management believes that with an efficient use of our resources and a clear consistent message we will stabilize attendance, and then begin to rebuild in years two and three as our campus improves and we have new offerings. One of the most valuable forms of advertising is free – word of mouth. As visitors have good experiences and tell their friends and neighbors, we believe the marketing challenge will become easier.

The Visitor Experience

As with most businesses, growth comes through customer loyalty and repeat business. As The Maryland Zoo physical plant declined over decades and the animals on exhibit were reduced, people stopped coming to the Zoo because they were disappointed in their experience. Therefore, the marketing plan of the Zoo has two components. One is to attract guests to the Zoo. The other is to make sure they have a great experience here so that they will want to return, and tell others what a wonderful time they had.

Facilities renewal

Recognizing that price is only one issue in the perceived value of the Zoo experience, we are addressing the facility issues on campus. Some projects started a year and more ago are now completed or nearing completion. The front entrance has new public facilities, a shade structure for visitors waiting for the tram, the historic lions returned to their prominent place at the entrance with new cushioning to protect children posing for pictures – as generations of children have before. The front entrance is vastly improved and no longer looks like a construction site.

Foot traffic patterns have been disrupted for the past several months by work on a storm water filtration system. When completed in the next few weeks, a more familiar pattern will return and the Maryland Wilderness will have a new attractive, and ADA accessible, entrance. Work will also be completed soon on a replacement net for the African Aviary, while at the same time we improved the exhibit. A “giraffe feeding” platform, will be added to a current exhibit by the end of this season, and will formally open at the beginning of next season. This exhibit is part of a strategy of adding more interactive experiences that will be memorable and can bring people back for repeat visits.

Rides have always been an important feature of The Maryland Zoo and one that clearly distinguishes us from the National Zoo in Washington. Unfortunately, our two signature rides were so old and in such disrepair that they barely functioned during the 2005-06 seasons. The carousel has now been replaced with a beautiful animal themed one that has music adding to the excitement of the ride. Our train has been totally removed. We have temporarily substituted a hay ride, but our plan is to replace the train by the 2010 season. Last year we brought back camel rides and plan to continue this popular feature. In addition to adding to the family experience at the Zoo, rides are also an important source of income.

THE MARYLAND ZOO IN BALTIMORE

MARKETING PLAN

Over the next two years we will be actively repairing the infrastructure of the campus, but already visitor comments make it clear people are noticing and responding positively to the improvements. We want our guests to have a positive experience when they visit the Zoo with a pleasant, attractive, safe, clean campus and exciting informative exhibits.

Hospitality

Improved facilities are an important part of the guest experience, but at least equally important is excellent guest service. From the time people approach the front entrance they need to be greeted and assisted by friendly knowledgeable Zoo employees and volunteers. We have worked diligently and pointedly to improve visitor services and feedback has been positive. This will continue to be a focus along with improving dining services and gift sales.

The Education Department is designing new exhibit signage that will be easy to read, attractive, and consistent throughout the Zoo. Education is also adding more interactive educational experiences for visitors throughout the Zoo to enhance the experience. The Education Department also continues to add free on-campus experiences that increase the value of a visit. Puppet shows, live animal interactions and stations with bio-facts manned with education staff or trained volunteers dot the campus, and we plan to increase the number of such offerings in the future.

Many people receive their introduction to the Zoo through school visits. Approximately 60,000 children annually participate in this free program, made possible by an SAI grant from the Maryland Department of Education. In order to publicize the program and demonstrate the tangible educational benefits of a Zoo trip, the Education Department started an annual free day for teachers and principals in 2007.

Advertising and public relations

Our objective with advertising and public relations is to make sure that the public remains aware of the Zoo, thinks favorably about the Zoo, and is presented with reasons to visit the Zoo.

Our strategy is to reduce paid advertising by concentrating on our demonstrated highest return techniques, which means less television advertising, reduced print advertising and a shorter lead time with advertising before events. To reduce expenses we have lowered our paid advertising from \$600,000 in FY07 to \$250,000 in the current year and for the next two years. We have an advertising/public relations committee of the Board that will help us obtain some free and reduced price advertising through their good offices.

We will focus our message on our core mission: that we offer a unique experience in the Baltimore area to see and experience wild animals from all parts of the world within the context of their natural habitats. This year we featured the return of camel rides in much of our print advertising as something that was only available in this area at the Zoo. It also provided an opportunity to offer an incentive to visit the Zoo. Next year we plan to feature our new interactive giraffe feeding program as something new and unique to the Zoo. We will feature other strengths of the Zoo. Our visits can be as leisurely as guests want. The Zoo is very family friendly. And, we have free parking – a clear benefit, as there is virtually no public transportation to the Zoo!

We have events at the Zoo to create a reason for people to visit – to create a sense of urgency. Some of these events have become Baltimore institutions, such as a “Bunny Bonanza” and “ZooBoo”. Our events tend to be family focused and reinforce our core mission of bringing animals to the public. We budget our events to produce net revenue.

THE MARYLAND ZOO IN BALTIMORE

MARKETING PLAN

We have expanded our use of public relations to get the message out about the Zoo through the public media and will continue to build that program. We average fifty placements in the media per month with an average five “major” spots. Our plan is to increase our investment in public relations by adding an intern as a partial offset to our reduction of paid advertising.

We continue to develop and direct “traffic” to our website. We want the website to be helpful to visitors and prospective visitors. We are also finding that the website can be tremendously efficient at answering “predictable” questions, taking reservations for events, selling tickets, and increasingly accepting donations. We also collect e-mails and periodically send “e-mail blasts” announcing events or news.

New Exhibits

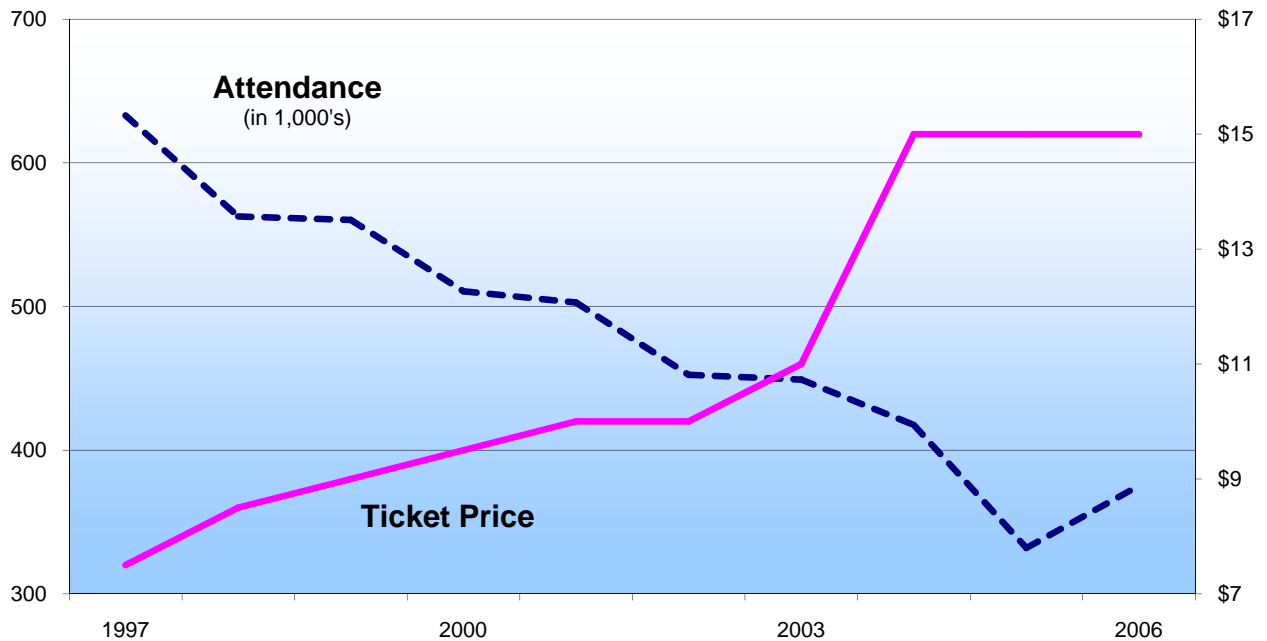
Ideally, if funding permitted, the Zoo would add a new exhibit every 2 – 3 years to encourage new and repeat attendance.

THE MARYLAND ZOO IN BALTIMORE

ATTENDANCE AND PRICING PLAN

SUMMARY

Over a decade attendance at The Maryland Zoo declined steadily while ticket prices increased. Over the past several years attendance has stabilized at about 350,000.



ATTENDANCE AND PRICING

Zoo management believes that we need to lower our admission price, for two reasons: first, we are failing to serve a large segment of our market who cannot afford our ticket prices; and second, even those who can afford it find our admission overpriced for the experience. At the same time, we recognize that admission fees are a significant source of revenue and in recent years an increasingly important source for the Zoo. We cannot simply reduce our prices without ensuring that the revenue stream will be replaced.

Currently, The Maryland Zoo has one of the most expensive admission fees in the country among major zoos. At the same time, of the major zoos in the country, we have one of the lowest attendance. For zoos with comparable operating budgets, our admission charges are literally the highest. For zoos with similar SMA populations, we have nearly the lowest attendance. We are clearly overpriced for what we are offering.

THE MARYLAND ZOO IN BALTIMORE

ATTENDANCE AND PRICING PLAN

We also know that we are under serving large segments of the Baltimore City population who view price as the primary barrier. We have experimented with offering targeted deep discounts to underserved populations in Baltimore as a way of trying to make the Zoo accessible to people where price is a major obstacle. The local communities immediately around Druid Hill Park are generally disadvantaged. Over the past two years with a series of “community days” offering admission for \$1.00, about 10,000 people from these neighborhoods have visited. As a result of a suggestion by Delegate Shawn Tarrant, we offered all families of Baltimore City Public School elementary students the opportunity to purchase a family membership for \$25.00. Nearly 300 have taken advantage of this offer. Both of these initiatives were to attract people to the Zoo who were not coming under normal circumstances, rather than to generate revenue. The programs demonstrate the desire to experience the Zoo under some reduced pricing structure. We will continue and expand these programs, but we recognize they are “band aid” solutions. We have to target them very narrowly so we do not convert full price admissions into discounted admissions, and full price memberships into discounted memberships. We have the other challenge of avoiding the perception at the front gate that there are different categories of people who are treated very differently, at least from a price standpoint.

Management would like to reduce our adult general admission price from \$15.00 to \$9.50 to be more in line with comparable zoos across the country. We believe the price drop needs to be large enough to be “noticed”. However, this is a complex decision that will involve revising our entire range of ticket prices, from child, senior, group, etc. and will alter the fundamental relationship of membership with general admission. For the past several years we have used relatively heavy discounts to encourage visitation, and we cannot predict the immediate public response to a general price decrease with a commensurate reduction in discounting.

Recent local experience with changing ticket pricing is ambiguous. Some of the cultural institutions in Baltimore that have converted to a free admission policy have enjoyed a rise in general attendance but have experienced difficulty in maintaining their membership numbers. Zoo management does not think the Zoo should become a free admission site, but any reduction in admission prices calls into question the relationship of general admission to membership.

While reducing our prices would help support the mission of the Zoo by reaching populations currently underserved and could help restore the Zoo’s overall attendance and even put us on a path of real growth, there are so many variables that is also an extremely risky strategy for an institution with no financial reserves. In the Zoo’s present tight financial circumstances we do not have any margin for error. Making no assumptions other than the loss of revenue directly attributed to lowering adult ticket prices by \$5.50 and proportionate reductions in other categories of admission fees would result in approximately \$1 million in lost income. What additional revenue could be expected from an increase of attendance, how quickly the public might respond to the pricing change, what level of discounting might still be necessary for marketing purposes, what the effect would be on membership, what other revenue might result from additional attendance – are all questions that we would eagerly contemplate but the financial implications are just too significant. We cannot risk the very existence of the Zoo on this experiment.

At our current level of funding, management does not see the possibility of revamping our ticket pricing policies.

Following is a breakdown of our visitation by jurisdiction based on the most recent 12 months:

| | | | |
|----------------------|-----|---------------------|-----|
| Baltimore City- | 27% | Carroll County- | <3% |
| Baltimore County- | 23% | All Other Maryland- | 5% |
| Anne Arundel County- | 7% | Pennsylvania- | 7% |
| Harford County- | 4% | All Other- | 20% |
| Howard County- | 4% | | |

THE MARYLAND ZOO IN BALTIMORE

INFRASTRUCTURE

BUILDINGS AND EXHIBITS

Years of deferred maintenance have created an urgent and overwhelming need to upgrade the Zoo's facilities and infrastructure. The Zoo has begun to address this issue by performing a facilities assessment (included in this Report as Volume II) and identifying repairs to facilities that improve animal well being, enhance the guest experience, and stabilize operating cost. Many of the Zoo's buildings and exhibits are more than 20 years old. In that time, building codes and mandated minimum standards for animal care have changed, and the Zoo must upgrade facilities to remain in compliance.

The Animal Welfare Act, first passed by the U.S. Congress in the 1960's, provides Federal government regulatory oversight for mammals exhibited in captivity. The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) is charged with enforcing the act. The law provides minimum standards for how mammals are to be exhibited and cared for in zoos and other animal facilities. APHIS inspectors can make one to two unannounced visits to a facility per year to confirm that the institution is in regulatory compliance.

An example of changing standards was exhibited when The Maryland Zoo was inspected in mid-August. The Zoo was cited by the APHIS inspector for the lack of protective covers or sleeves on animal facility light fixtures. The concern is that, should the bulbs break, the glass fragments could create a hazard for the animals. Prior to this inspection the Zoo had never been cited for this problem. Although the Zoo had already identified this issue for repair, the inspector's violation will require immediate action, which we had not planned. We anticipate that this work will cost as much as \$25,000.

Many of the Zoo's exhibits and animal holding facilities can be substantially improved through the implementation of a comprehensive maintenance plan. By improving the existing facilities, the Zoo will enhance the guest experience, upgrade the animal environment and control operating costs.

UTILITIES

The Maryland Zoo has a vast and complicated utility infrastructure (sanitary sewer, potable water, electrical service, communication infrastructure and storm water sewers) that services the animal facilities/exhibits, public facilities (restrooms, food service) and support staff office space. The systems were installed piecemeal over the last 130 years and were poorly documented and maintained. For example, the general capacity for electrical power in the Zoo is over-extended. Some of the Zoo's older animal water features dump directly into the storm water system or directly into one of three unnamed creeks that run through the Zoo and Druid Hill Park and flow into the Jones Falls.

The Zoo has been slowly correcting these problems as funding is available. These types of improvements are expensive and it is extremely difficult to raise private dollars to make these important but largely unseen infrastructure improvements. The Zoo has received very generous support from both the State and the City of Baltimore to begin to correct these problems.

THE MARYLAND ZOO IN BALTIMORE

INFRASTRUCTURE

The Zoo has had some successes in mitigating its storm water problems. Using State grant funding, the Zoo is about to complete the installation of an underground storm water sand filter. The filter will collect water from the Zoo's Valley exhibits and adjacent public areas (the oldest portion of the zoo) and clean it before discharging the water into one of the streams that flow through the Zoo. The City of Baltimore recently gave the Zoo a second \$1 million grant of water and wastewater bond funding. Already, using the funds, the Zoo has been able to upgrade several life support systems, making it possible to extend the use of the water, making it more pleasing to the Zoo's guests (who appreciate knowing clean water is available to the animals) and providing a potable source of drinking water for our animals. These same funds will allow the Zoo to redirect waste water from animal water features into the sanitary sewer system rather than into the storm water system.

A recent forced sewer main break illustrates the challenges and costs of working in a facility that has a poorly documented infrastructure. On a recent Thursday morning, Zoo staff discovered raw sewage bubbling up around one of the historic lion statues at Schaefer Plaza. The Zoo quickly shut down the source of the sewage, the new comfort station at the Zoo entrance, arranged for temporary restrooms to be delivered and roped off the affected areas. The Zoo's plumbing contractor spent an entire week, dug four exploratory holes and inserted a camera in several locations in the sewer main in hopes of discovering where the break was located. The architectural drawings for this area showed the location of the sewer main; unfortunately, the drawings were not accurate. Ultimately the Zoo had to spend \$25,000 just to locate the break in the sewer main. It turns out that the source of the problem was an abandoned undocumented clean out in the sewer main that was likely disturbed by a recent construction project. The repair was quite simple and quick, but its total direct cost was over \$30,000.

CAPITAL REQUEST FOR FY09 THROUGH FY13

The Zoo has requested capital funds of \$5 million for FY09, and has further requested that it not be required to match these funds with private dollars. The reason for these requests is that the Zoo needs to "jump start" its facilities maintenance program and it is extremely difficult to raise private funds for facilities maintenance. The Zoo has also requested that the State CIP include \$5 million in capital grants for the Zoo for each of the fiscal years 2010 through 2013. The attached schedule shows the intended uses of these funds.



Fiscal Year 2009 Capital Improvement Program

Capital Improvement Grant Detail

| | |
|--|--------------------|
| 3. Mansion House Air Conditioning <i>The air conditioning system added to the Mansion House (built in 1876) is now very old and is in constant disrepair. The Mansion is utilized as a staff work area and a facility rental space. The Zoo has had to move many employees out of the third floor of the Mansion and rent portable air conditioning units for the second floor of the Mansion for the summer of 2007 because a portion of the system can no longer be repaired. Additionally, the Mansion House Porch was never air conditioned. The Mansion House Porch is a revenue source for the Zoo as a facility rental for weddings, corporate parties, family celebrations, reunions, proms and more. However, facility rentals are practically non-existent during the summer, which is prime time for weddings and other celebrations, due to the fact that the porch has no air conditioning. Additionally, the Mansion House Porch is used every year for the Zoo's annual black tie gala in June. This requires to Zoo to spend several thousand dollars to rent portable air conditioning units for one evening event.</i> | \$300,000 |
| 4. Boardwalk replacement program <i>The current boardwalk in the African Journey exhibit has exceeded its useful life. The wood decking and railing design does meet current safety codes and is not ADA compliant. Decking and railing will be replaced with a composite material to meet the required codes.</i> <i>667 lf x \$75.00/lf</i> | \$50,000 |
| Project Total: | \$1,111,910 |
| Contingency | \$166,787 |
| GRAND TOTAL: | \$1,278,697 |

| Strategic Services Improvements: | |
|--|------------------|
| Project | Allowance |
| 5. Renovate Village Green: food service & restrooms facilities <i>The buildings in the Village Green were constructed prior to 1955 and do not meet today's requirements for food service or ADA compliance.</i> <u>Cantina & Penguino's Pizza Improvements:</u> complete interior demolition & required exterior demolition to prepare for improvements, replacement of domestic water and sanitary sewer to comply with current codes including grease-trap and proper exhaust venting systems, installation of fire-suppression systems, fire alarm, and upgraded electrical service. 2,450 sf x \$163.00/sf <i>(Food service equipment supplied by food-service vendor)</i> <u>Restroom Improvements:</u> Existing restroom facilities will be completely gutted and rebuilt to meet current code and ADA compliance. 2 x \$50,000/bathroom | \$500,000 |
| 6. Renovate the Oasis snack facility <i>The building in our African Journey food service area is over 25 years old. Improvements would include: complete interior demolition & required exterior demolition to prepare for improvements, replacement of domestic water and sanitary sewer to comply with current codes including grease-trap and proper exhaust venting systems, installation of fire-suppression systems, fire alarm, and upgraded electrical service. 600 sf x \$125/sf</i> <i>(Food service equipment supplied by food-service vendor)</i> | \$75,000 |



Fiscal Year 2009 Capital Improvement Program

Capital Improvement Grant Detail

| Strategic Services Improvements: | |
|--|--------------------|
| 7. Cantina dining area <i>Installation of a 2,000 square foot permanent structure that would combine indoor and outdoor dining. \$150.00/sf</i> | \$300,000 |
| 8. Chimpanzee Forest Restrooms <i>Existing restroom facilities will be completely gutted and rebuilt to meet current code and ADA compliance. 2 x \$50,000</i> | \$100,000 |
| Project Total: | \$975,000 |
| Contingency | \$146,250 |
| GRAND TOTAL: | \$1,121,250 |

| Attractions/Exhibits Improvements: | |
|--|--------------------|
| Project | Allowance |
| 9. Remodel selected exhibits in Maryland Wilderness <i>Demolition & removal of three exhibits in the Maryland Wilderness located within the Otter underwater viewing area. Install Hellbender exhibit that will include installation of underwater viewing grade filtration and tank systems, artificial rockwork, and associated lighting, heating, etc.</i> | \$200,000 |
| 10. Build new prairie dog exhibit (Schaeffer Plaza) <i>Currently one of our more popular exhibits, our prairie dogs, remain off exhibit in our Main Valley. By building a new exhibit for them near our tram stop at the Main Gate, it would improve the guest experience by providing guests with an animal experience upon entering the Zoo.</i> | \$250,000 |
| 11. Renovation of the Farm Yard and guest path in Maryland Wilderness <i>The current exhibit does not meet USDA standards for keeper supervision of guests and storm-water drainage. To facilitate these improvements the existing fencing and paving will be removed, the site will be re-graded and reconfigured to meet the above requirements. The site is approximately 15,000 sf and improvements are estimated at \$20.00/sf.</i> | \$300,000 |
| 12. Build new sitatunga barn and adjacent exhibits <i>The existing sitatunga barn is approximately 20 years old and is beyond its useful life. Plans for a new barn would move the building closer to our Chimpanzee Forest Building which would put the building on existing service road for deliveries, it would move the building out of an area that has new development plans, and would provide a winter holding for various animals that would allow animals to remain on exhibit longer during the winter months.</i> | \$1,500,000 |
| Project Total: | \$2,250,000 |
| Contingency | \$350,053 |
| GRAND TOTAL: | \$2,600,053 |



Fiscal Year 2009 Capital Improvement Program

Capital Improvement Grant Detail

| Summary: | |
|---------------------------------|--------------------|
| Infrastructure Improvements | \$1,278,697 |
| Strategic Services Improvements | \$1,121,250 |
| Attractions/Exhibits | \$2,600,053 |
| TOTAL: | \$5,000,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

FISCAL YEAR 2010

| Basic Infrastructure Improvements: | |
|--|-------------|
| Project | Allowance |
| 1. Replace HVAC system in the Zoo Veterinary Hospital <i>The Zoo's veterinary hospital is now 25 years old and is in need of renovation in order to protect the health and welfare of our animals in need of veterinary care. The HVAC system has exceeded its useful life and does not support the needs of the hospital.</i> | \$750,000 |
| 2. Code, regulatory, and program changes. <ul style="list-style-type: none"> a. <i>The light fixtures in the animal holding areas exceed their useful life, do not meet USDA standards, and are not energy efficient. The Zoo's lighting program would update these fixtures to meet the current code and USDA requirements and the building's change in program. Improvements to lighting panels and distribution will include installation of exit and emergency lighting to meet current codes.</i> b. <i>Modification of caging systems and keeper doors within animal holding areas to meet USDA and revised AZA requirements. These improvements will provide greater keeper safety and enhanced animal management.</i> c. <i>Installation of ADA co-ed restroom in the giraffe building for employees.</i> d. <i>Installation of animal food preparation areas in giraffe building.</i> e. <i>Installation of ADA compliant path at the okapi exhibit.</i> f. <i>USDA required improvements to storm water management systems for the giraffe exhibit.</i> | \$1,000,000 |
| | |
| 3. Perimeter fence/gate replacement <i>The Zoo is required by the USDA's Animal Welfare Act to have and maintain an 8 foot tall perimeter fence (with barbed wire on top) around the Zoo's entire 156+ acres. The Zoo's perimeter fence is 17,145 linear feet or 3.25 miles in length. Much of the fencing is in need of replacement due to general age and damage due to falling trees/tree limbs, vehicle hits, and vandalism. The condition of the Zoo's perimeter fence was an issue of concern in the Zoo's USDA inspection in August 2007. Replace 2,800 linear feet of fence at \$35/linear foot.</i> | \$100,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Basic Infrastructure Improvements: | |
|---|--------------------|
| 4. Continue roof replacement program. <i>A majority of the roofs on the Zoo's buildings are beyond their useful lifespan and need to be replaced. Roof replacement costs include roof replacement in-kind with all associated copings, drains, gutters, down spouts, etc. the following building have been identified for roof replacement for FY10:</i> <i>Lower Barn (Farm Yard) 1,950 sf</i> <i>Mansion House 21,000 +/- sf</i> <i>Box Turtle exhibit (Maryland Wilderness) 500 sf</i> <i>Cheetah holding building 500 sf</i> <i>Lion holding building 1,200 sf</i> <i>Total = 25,150 square feet (price/sq ft varies)</i> | \$300,000 |
| Total | \$2,150,000 |

| Strategic Services Improvements: | |
|--|------------------|
| Project | Allowance |
| 5. New lower elephant viewing guest path for ADA compliance <i>Our lower elephant viewing has been closed to guests for several years because the grade of the pathway to the lower viewing area is not ADA compliant and was deemed unsafe.</i> | \$250,000 |
| 6. Install Guest Way Finding <i>The Zoo is installing new wayfinding to assist our guests in navigating through the Zoo (e.g., directional signage to exhibits, food areas, restrooms, etc.).</i> | \$100,000 |
| 7. Install Guest Path Lighting <i>Currently guest pathways throughout the Zoo have no lighting which prohibits being able to utilize the Zoo after dark. The facility rental potential could increase dramatically if nighttime lighting could be added.</i> | \$250,000 |
| Total | \$600,000 |

| Attractions/Exhibits Improvements: | |
|---|--------------------|
| Project | Allowance |
| 8. Flamingo/Waterfowl exhibit <i>Currently our flamingos are housed in an off-exhibit area in Main Valley. Building an exhibit where guests could view them would increase the quality of the guest experience.</i> | \$1,500,000 |
| | |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Attractions/Exhibits Improvements: | |
|--|--------------------|
| 9. Elephant exhibit improvements <i>Supply and install ergonomic composite flooring system for elephant stalls to improve elephant foot health 3,301 sf - \$129,680</i> <i>Install barrier at top of concrete wall between cow yard and bull yard for animal and keeper safety. - \$170,000</i> <i>Provide safety system for keepers and building equipment for bull access to the elephant restraint device. -\$200,000</i> | \$500,000 |
| 10. Install new Exhibits in Maryland Wilderness <i>Demolition & removal of four exhibits in the Cave in Maryland Wilderness. Install owl, bat, rattlesnake and salamander exhibits that will include installation of water filtration and tank systems, artificial rockwork, and associated lighting, heating, etc.</i> | \$250,000 |
| | |
| Total | \$2,250,000 |

| Summary: | |
|---------------------------------|--------------------|
| Infrastructure Improvements | \$2,150,000 |
| Strategic Services Improvements | \$600,000 |
| Attractions/Exhibits | \$2,250,000 |
| Total | \$5,000,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

Fiscal Year 2011

| Basic Infrastructure Improvements: | |
|--|-------------|
| Project | Allowance |
| 1. Code, regulatory, and program changes. <i>a. The light fixtures in the animal holding areas exceed their useful life, do not meet USDA standards, and are not energy efficient. The Zoo's lighting program would update these fixtures to meet the current code and USDA requirements and the building's change in program. Improvements to lighting panels and distribution will include installation of exit and emergency lighting to meet current codes.</i> <i>b. Modification of caging systems and keeper doors within animal holding areas to meet USDA and revised AZA requirements. These improvements will provide greater keeper safety and enhanced animal management.</i> <i>c. Installation of ADA co-ed restroom in the Farm Yard for employees.</i> <i>d. Installation of animal food preparation areas in the Farm Yard</i> <i>e. Installation of ADA compliant path in Maryland Wilderness.</i> <i>f. USDA required improvements to storm water management systems in Maryland Wilderness (otter/fox building).</i> | \$1,000,000 |
| | |
| 2. Security <i>The Zoo's lock system has been managed piece meal for years. Installation of a secure keying system throughout the zoo to facilitate pedestrian safety and staffing changes.</i> | \$100,000 |
| 3. Perimeter fence/gate replacement <i>The Zoo is required by the USDA's Animal Welfare Act to have and maintain an 8 foot tall perimeter fence (with barbed wire on top) around the Zoo's entire 156+ acres. The Zoo's perimeter fence is 17,145 linear feet or 3.25 miles in length. Much of the fencing is in need of replacement due to general age and damage due to falling trees/tree limbs, vehicle hits, and vandalism. The condition of the Zoo's perimeter fence was an issue of concern in the Zoo's USDA inspection in August 2007. Replace 2,800 linear feet of fence at \$35/linear foot.</i> | \$100,000 |
| 4. Emergency generator for Veterinary Hospital <i>Our current back up generator system no longer supports the growing needs of our veterinary program. We have freezers with specimens and blood sample and other equipment that must remain in operation in the event of a power failure. Currently when a power outage occurs, staff must continue to alternate plugging in freezers and other equipment, often utilizing extension cords, to maintain the integrity of the materials contained in the freezers and to continue the needs of the other equipment. A new back up generator system will support all hospital needs and</i> | \$150,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Basic Infrastructure Improvements: | |
|--|--------------------|
| <i>allow equipment to be plugged into the circuits directly avoiding the potential safety hazards associate with extension cord use.</i> | |
| Total | \$1,350,000 |

| Strategic Services Improvements: | |
|--|--------------------|
| Project | Allowance |
| 5. Parking lot improvements (Phase 1) <i>A possible option to increase parking at the Zoo is to provide a parking area in Main Valley. Phase 1 would encompass design and the beginning of construction.</i> | \$1,000,000 |
| 6. Guest Way Finding <i>The Zoo is installing new wayfinding to assist our guests in navigating through the Zoo (e.g., directional signage to exhibits, food areas, restrooms, etc.).</i> | \$100,000 |
| 7. Install Guest Path Lighting <i>Currently guest pathways throughout the Zoo have no lighting which prohibits being able to utilize the Zoo after dark. The facility rental potential could increase dramatically if nighttime lighting could be added.</i> | \$100,000 |
| 8. Provide AC to Zoo's three comfort stations <i>It would improve the guest experience to provide air conditioning in all of our comfort stations/restrooms during the hot summer months.</i> <i>Chimpanzee Forest Comfort Station</i> <i>Oasis Comfort Station</i> <i>Schaefer Plaza Comfort Station</i> | \$250,000 |
| Total | \$1,450,000 |

| Attractions/Exhibits Improvements: | |
|--|--------------------|
| Project | Allowance |
| 9. Black bear/Bobcat/Bald Eagle exhibits in Maryland Wilderness <i>It would significantly increase the guest experience in our Maryland Wilderness area if we could add these three exhibits to showcase and provide education in regards to these animals native to Maryland.</i> | \$2,200,000 |
| | |
| Total | \$2,200,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Summary: | |
|---------------------------------|--------------------|
| Infrastructure Improvements | \$1,350,000 |
| Strategic Services Improvements | \$1,450,000 |
| Attractions/Exhibits | \$2,200,000 |
| Total | \$5,000,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

Fiscal Year 2012

| Basic Infrastructure Improvements: | |
|---|--------------------|
| Project | Allowance |
| 1. Code, regulatory, and program changes. <i>a. The light fixtures in the animal holding areas exceed their useful life, do not meet USDA standards, and are not energy efficient. The Zoo's lighting program would update these fixtures to meet the current code and USDA requirements and the building's change in program. Improvements to lighting panels and distribution will include installation of exit and emergency lighting to meet current codes.</i> <i>b. Modification of caging systems and keeper doors within animal holding areas to meet USDA and revised AZA requirements. These improvements will provide greater keeper safety and enhanced animal management.</i> <i>c. Installation of ADA co-ed restroom in the Maryland Wilderness for employees.</i> <i>d. Installation of animal food preparation areas in the Maryland Wilderness (otter/fox building).</i> <i>e. Installation of ADA compliant path in Maryland Wilderness.</i> <i>f. USDA required improvements to storm water management systems for Lower Barn and Sanitary Sewer lift station area in Maryland Wilderness.</i> | \$1,000,000 |
| | |
| 2. Emergency back up generator for animal buildings/facilities <i>This project will provide much needed energy back up throughout our animal, staff, and guest areas in the event of a power outage to maintain lighting, refrigeration, etc..</i> <i>Commissary – refrigerators/freezers</i> <i>Chimpanzee Forest building – emergency lighting, heating</i> | \$200,000 |
| Total | \$1,200,000 |

| Strategic Services Improvements: | |
|---|--------------------|
| Project | Allowance |
| 3. New comfort station in Maryland Wilderness <i>Currently we do not have a comfort station in our Maryland Wilderness area. Having one would enhance the guest experience.</i> | \$800,000 |
| 4. Parking Improvements (Phase 2) <i>A possible option to increase parking at the Zoo is to provide a parking area in Main Valley. Phase 2 would encompass construction completion.</i> | \$1,000,000 |
| Total | \$1,800,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Attractions/Exhibits Improvements: | |
|---|--------------------|
| Project | Allowance |
| 5. African Penguin Exhibit (Phase 1) <i>Our current penguin exhibit has moved beyond its useful life. The goal is to create a new exhibit in the center part of the Zoo with underwater viewing and water filtration for one of our most popular animals. Phase 1 would include design and the beginning of construction.</i> | \$2,000,000 |
| Total | \$2,000,000 |

| Summary: | |
|---------------------------------|--------------------|
| Infrastructure Improvements | \$1,200,000 |
| Strategic Services Improvements | \$1,800,000 |
| Attractions/Exhibits | \$2,000,000 |
| Total | \$5,000,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

Fiscal Year 2013

| Basic Infrastructure Improvements: | |
|---|--------------------|
| Project | Allowance |
| 1. Bird Holding (winter holding facilities) <i>Currently we have limited facilities for housing birds during colder months and current areas are spread out across the Zoo. A bird holding facility would provide adequate space for bird containment as well as increase efficiency by having them in one location.</i> | \$1,000,000 |
| 2. Code, regulatory, and program changes. <i>g. The light fixtures in the animal holding areas exceed their useful life, do not meet USDA standards, and are not energy efficient. The Zoo's lighting program would update these fixtures to meet the current code and USDA requirements and the building's change in program. Improvements to lighting panels and distribution will include installation of exit and emergency lighting to meet current codes.</i> <i>h. Modification of caging systems and keeper doors within animal holding areas to meet USDA and revised AZA requirements. These improvements will provide greater keeper safety and enhanced animal management.</i> <i>i. Installation of ADA co-ed restroom in the Antelope Holding building for employees.</i> <i>j. Installation of animal food preparation area in Antelope Holding building.</i> <i>k. Installation of ADA compliant path and ramp to Chimpanzee Forest building public entrance.</i> <i>l. USDA required improvements to storm water management systems for Chimpanzee Forest building.</i> | \$1,000,000 |
| | |
| Total | \$2,000,000 |

| Strategic Services Improvements: | |
|---|--------------------|
| Project | Allowance |
| 3. Add a Restaurant on Zoo Grounds <i>A restaurant on Zoo grounds would increase revenue generation to the Zoo to support operations.</i> | \$2,000,000 |
| Total | \$2,000,000 |



Fiscal Year 2009 Capital Improvement Program

Extended Infrastructure Capital Improvement Grant Detail (2010 – 2013)

| Attractions/Exhibits Improvements: | |
|---|--------------------|
| Project | Allowance |
| 4. African Penguin Exhibit (Phase 2) <i>Our current penguin exhibit has moved beyond its useful life. The goal is to create a new exhibit in the center part of the Zoo with underwater viewing and water filtration for one of our most popular animals. Phase 2 would include the completion of construction.</i> | \$1,000,000 |
| Total | \$1,000,000 |

| Summary: | |
|---------------------------------|--------------------|
| Infrastructure Improvements | \$2,000,000 |
| Strategic Services Improvements | \$2,000,000 |
| Attractions/Exhibits | \$1,000,000 |
| Total | \$5,000,000 |

THE MARYLAND ZOO IN BALTIMORE

INFRASTRUCTURE

MASTER PLAN FACILITIES ASSESSMENT

House Bill 50 asked the Zoo to:

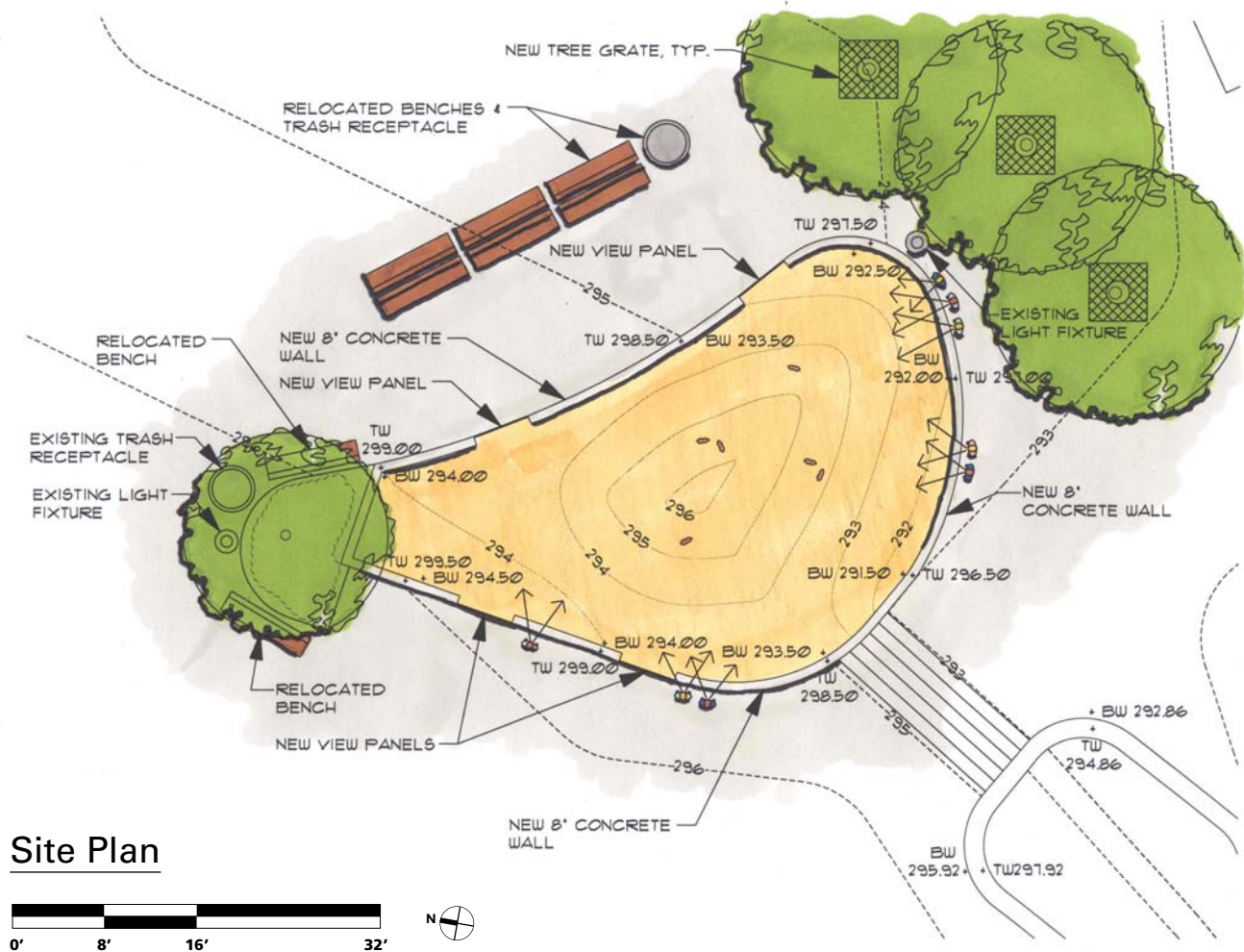
provide recommendations on ... improvements to the Zoo's physical plant, including a comprehensive physical plant master plan assessment that provides project schedules, cost estimates, proposed funding sources, and evaluation of the improvements necessary to ensure that the visitor experience is maximized.

Prior to the passage of HB 50, the Zoo had already begun working on such an assessment, and we will be pleased to share it with the General Assembly and the Governor's Office when it is finalized. Based on our work to date, we expect that a comprehensive physical plant master plan assessment covering the more than 60 buildings on the Zoo's 156+ acre campus will be voluminous, as well as expensive and time-consuming to produce. To date, we have completed such an assessment for the African Journey section of the Zoo, the largest group of exhibits within the Zoo. That assessment, which is included in this Report as Volume II, was based in part on a previous assessment performed in 2003, staff input, and Kimball & Company's field review of our facilities and best estimate of what the improvements will likely cost. Zoo construction is unique and it is often difficult to get a good estimate of cost. We will continue with the assessment of the remainder of the Zoo with a goal of having it completed as soon as practicable.

SITE PLAN EXAMPLES

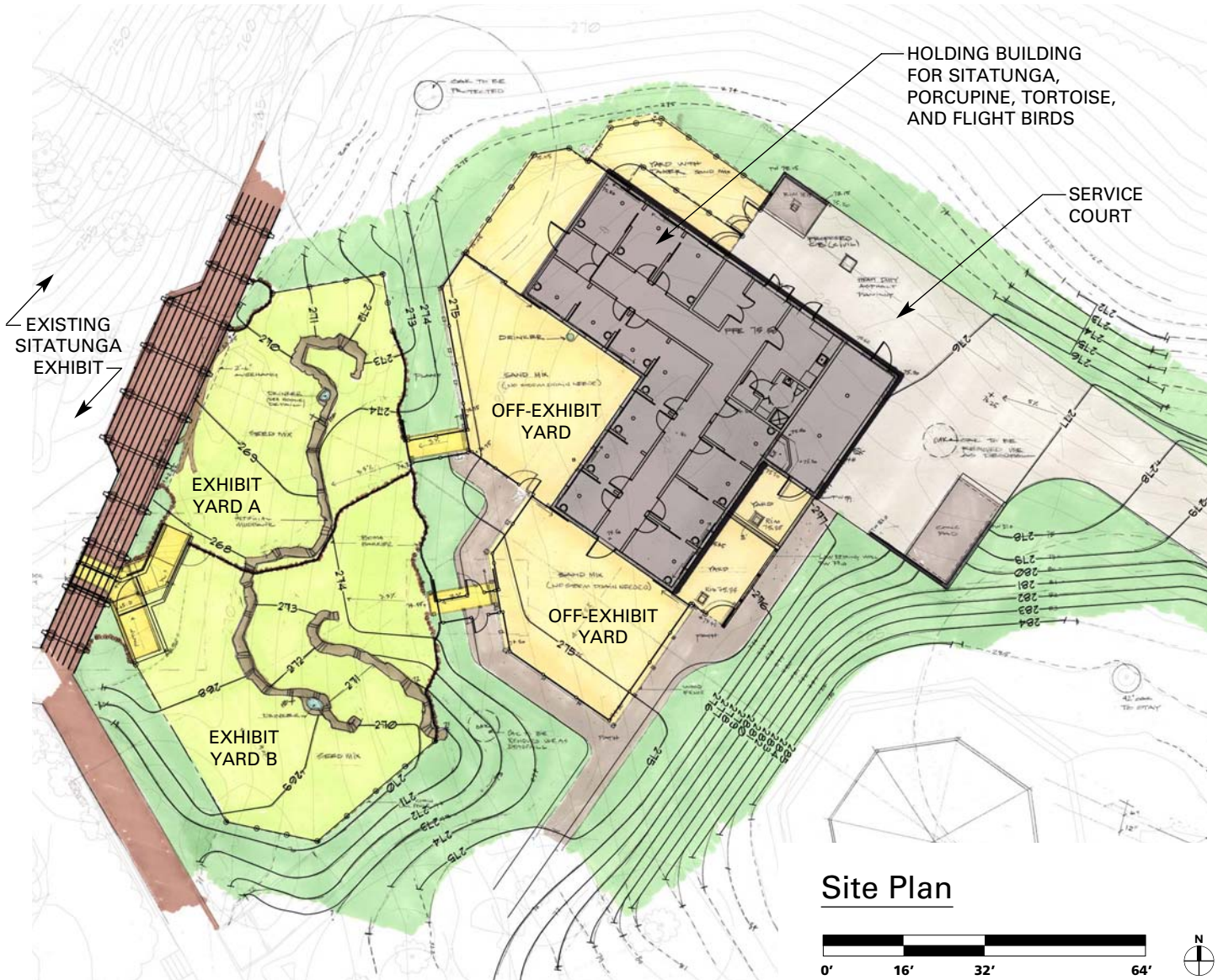
Attached are site plan drawings for several proposed improvements to the Zoo. These drawings are included as an example of the type of concept presentation the Zoo receives for all proposed construction, whether for renovations or new construction. After the concept is approved, the drawing is converted into full construction documents.

Prairie Dog Exhibit



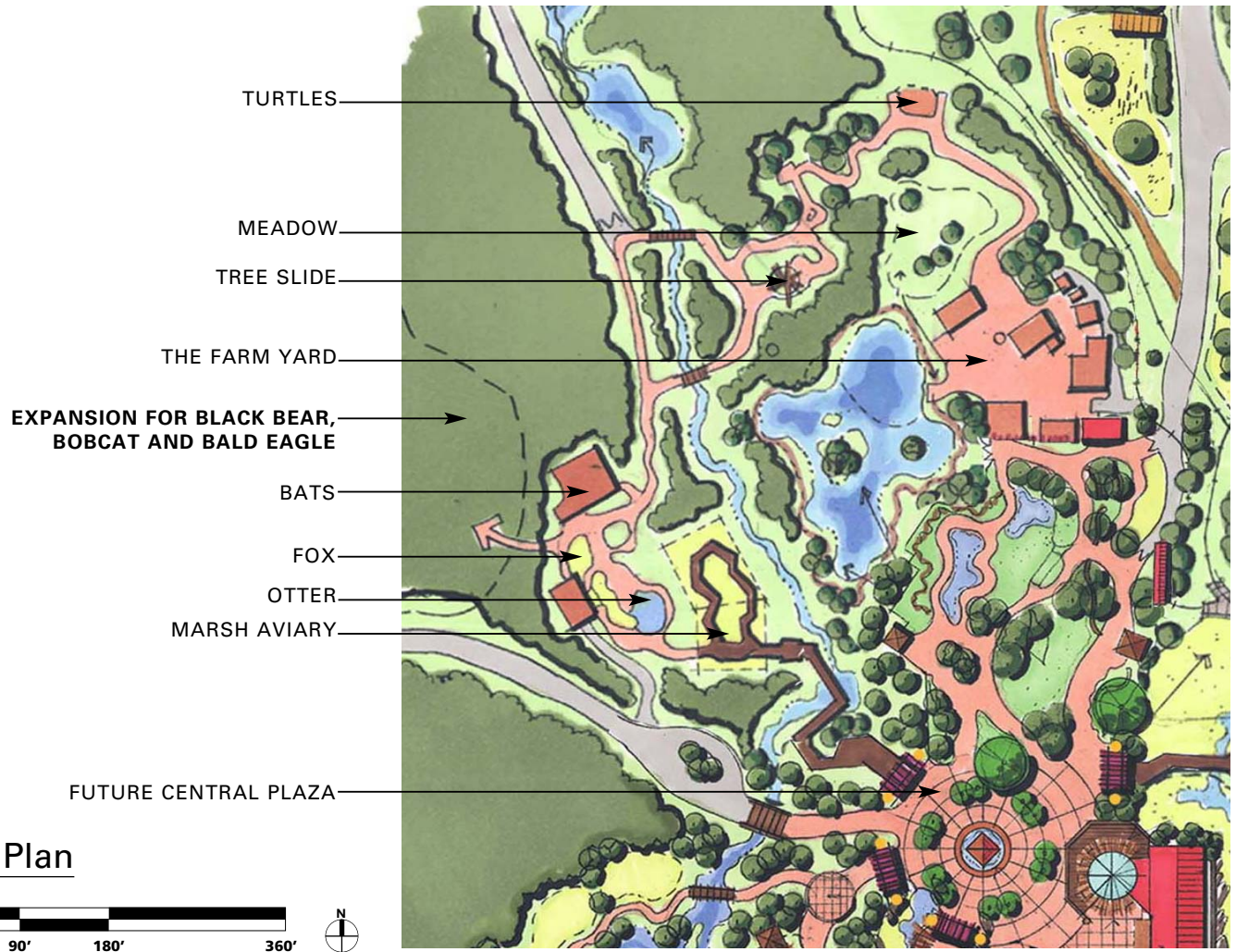
The proposed 1200 SF Prairie Dog Exhibit would provide a much-needed animal attraction at the existing Zoo entrance adjacent to the tram station at Schafer Plaza. The exhibit could be built within an existing planted area, which would minimize the site disturbance required to implement the exhibit. A new 42" height perimeter wall would serve as the primary containment barrier for the prairie dogs. Glass view panels would also be used in certain areas to serve as the primary barrier, and would also allow for up-close viewing for children. Existing site furnishings including benches, lighting and trash receptacles would be relocated to better serve the exhibit and tram waiting area.





A new animal support facility is required that meets the current husbandry requirements for managing sitatunga, porcupine, tortoise, and several bird species. This new ~2,500 SF facility would be located on the east side of the existing sitatunga habitat at the African Journey exhibit sequence. The proposed building program calls for approximately ten sitatunga stalls, three flight bird stalls, one porcupine stall, and one tortoise holding room. Additional outdoor support space for these animals is also proposed, which will allow the Zoo to manage male and female sitatungas in separate indoor and outdoor spaces as required.





Site Plan

*I*n addition to basic enhancement projects proposed for some of the existing Maryland Wilderness exhibits and visitor areas, several new anchor exhibits are also proposed that would feature black bear, bald eagle and bobcat. The proposed enhancement projects include minor renovations to the Farm Yard and guest path, and basic improvements to some the exhibits. The black bear, bald eagle and bobcat expansion would strengthen the Maryland Wilderness collection plan, and drastically improve the exhibitry and overall visitor experience.

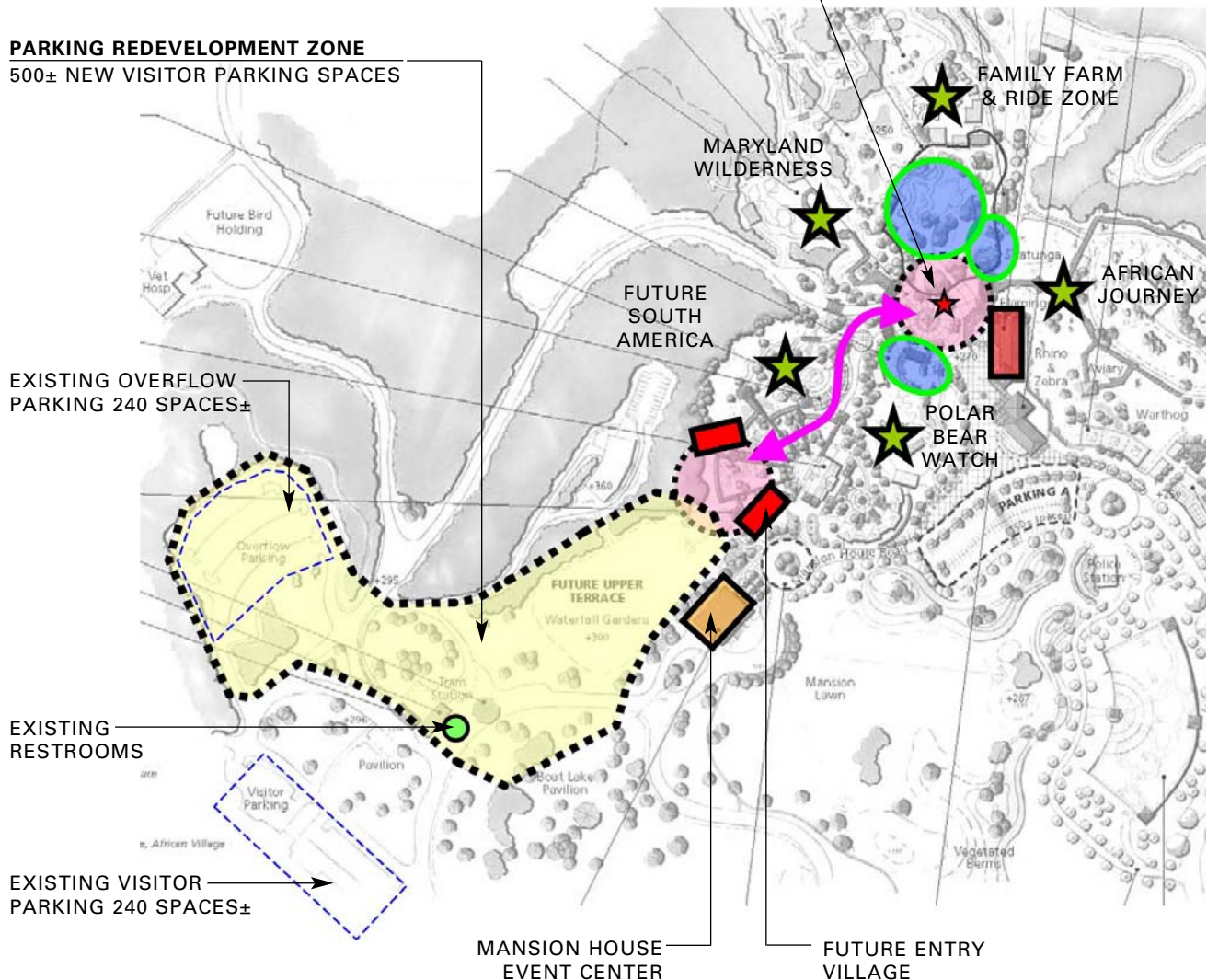


—• *Parking & Entry Village*

PROPOSED CENTRAL PLAZA & EXHIBITS

PARKING REDEVELOPMENT ZONE

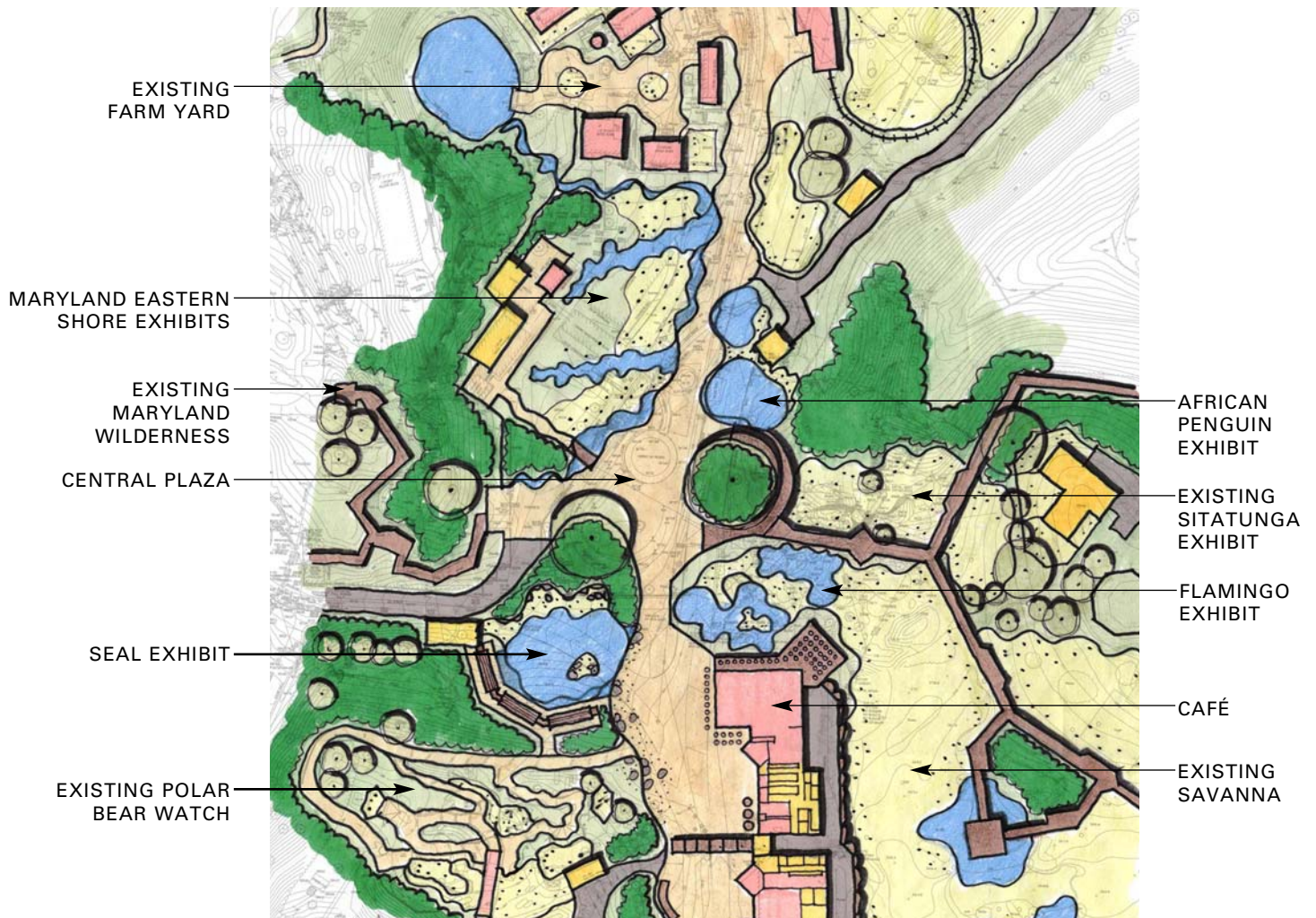
500± NEW VISITOR PARKING SPACES



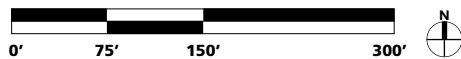
The existing guest parking area is currently located at the southwest corner of the Zoo, approximately 2,000 feet from the Arctic Entry, and core of the Zoo. The proposed parking expansion will provide a minimum of 500 new parking spaces which more than doubles the current number of spaces. The proposed expansion, which can be phased over time, will provide guest parking within close proximity of the future Entry Village and Zoo core.



ENTRY VILLAGE CONCEPT – *Utah's Hogle Zoo*

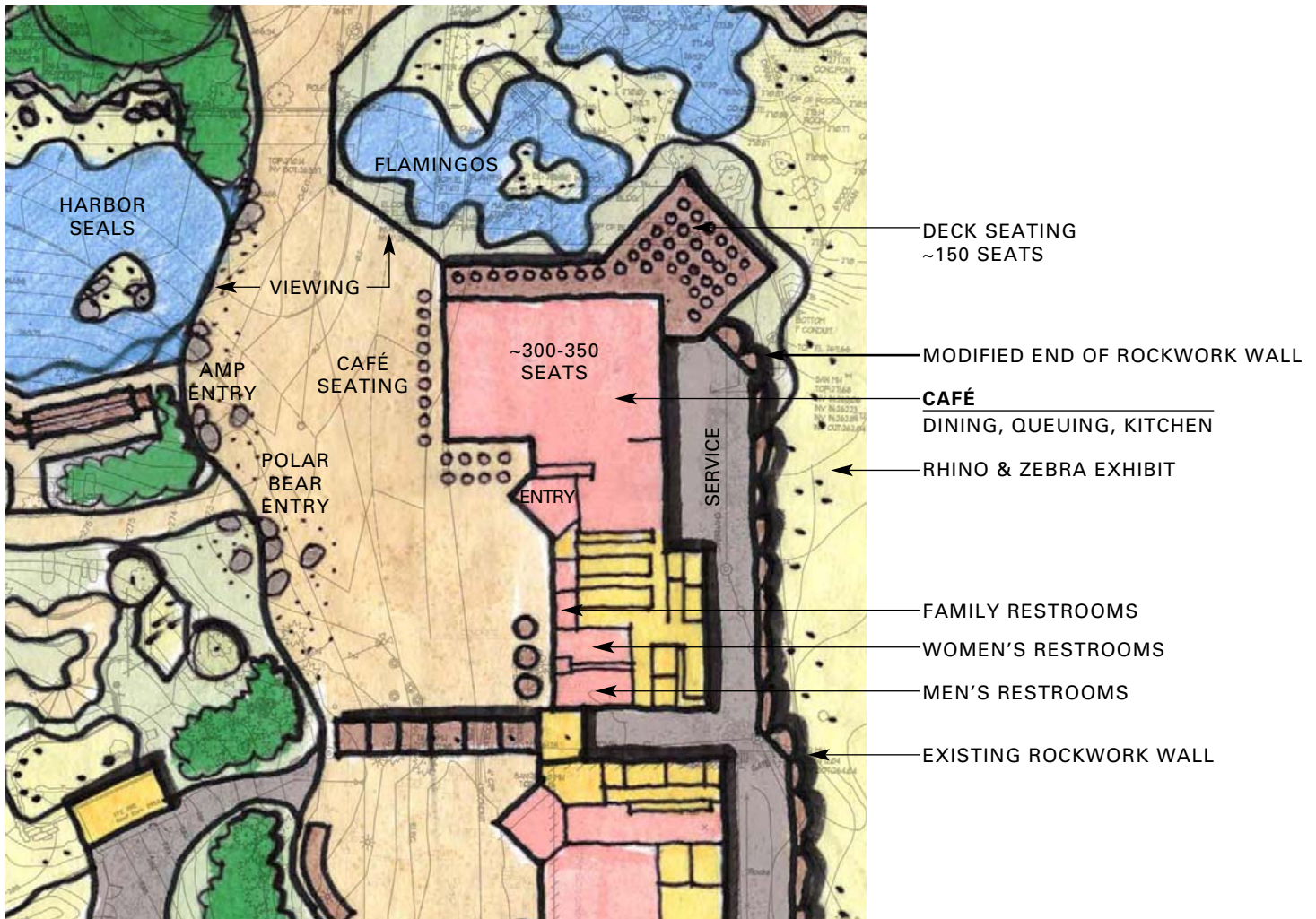


Site Plan



The Central Plaza, located at the Zoo core, is comprised of several new attractions and amenities including an African Penguin Exhibit, the Maryland Eastern Shore Exhibits, a new Seal Exhibit, the main Zoo Plaza, and the Café. This redevelopment zone will strengthen the core of the Zoo and will serve as the gateway to the three primary attraction zones of the Zoo which includes the African Journey, Polar Bear Watch and Maryland Wilderness.





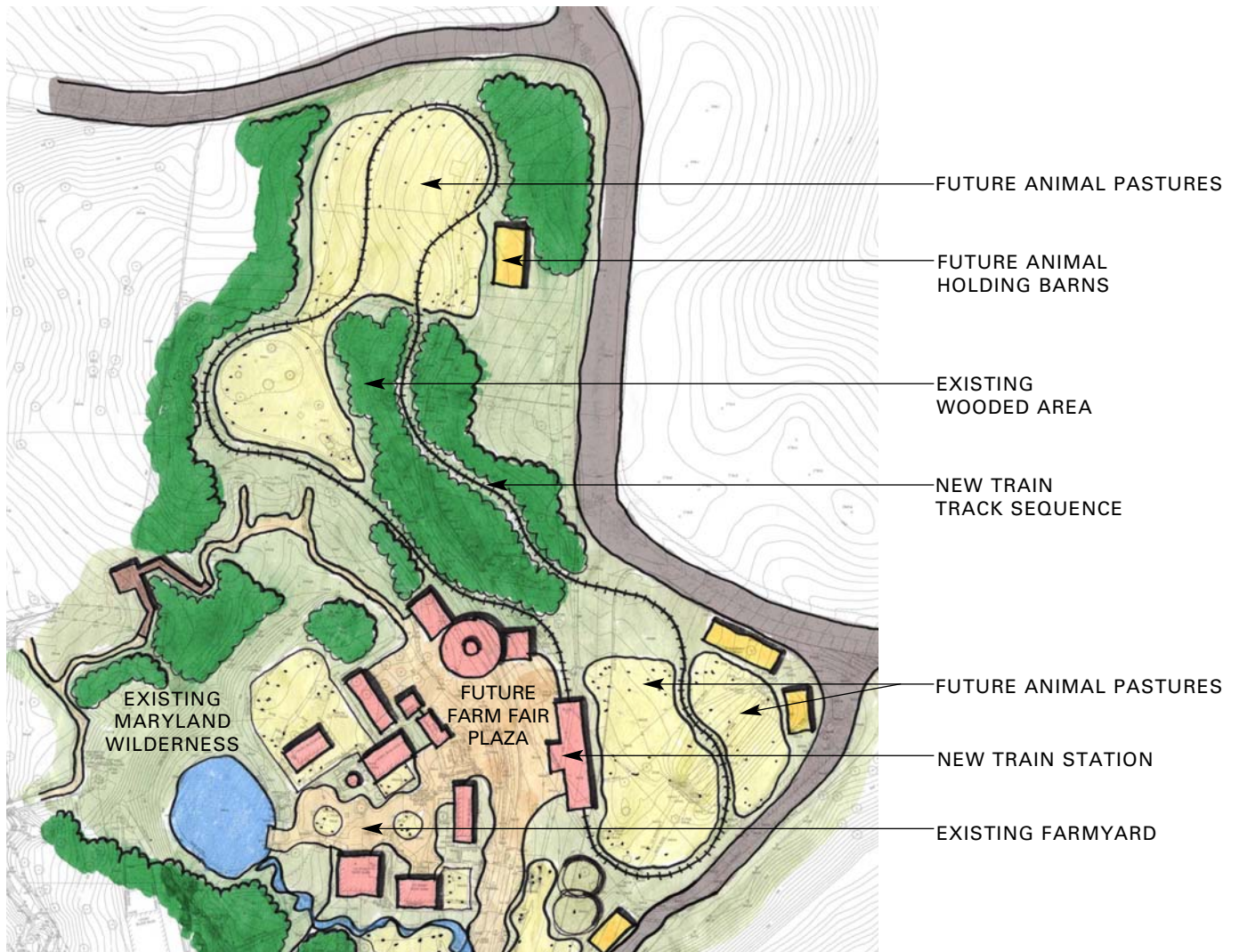
Site Plan



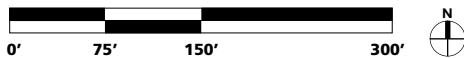
The new café will be the primary food service hub for the entire Zoo and will include indoor seating for up to 300-350 guests. Panoramic exhibit views of the flamingo exhibit, seal exhibit, and existing savanna are proposed from both the indoor and outdoor seating areas. This new venue will also serve as the primary Zoo event and rental facility for daytime and evening events.



OUTDOOR DINING CONCEPT



Site Plan



A new train ride sequence is proposed at the north end of the Zoo that will provide a more exciting visitor ride experience with opportunities for special animal exhibit viewing and ride through farm animal paddocks. A new train station and ADA accessible boarding area will be constructed near the existing Family Farm Fair zone that will accommodate the new 4-coach train.





Scaled Model Photo

A new climbing structure is proposed at the existing outdoor Chimpanzee Exhibit in African Journey. Tiered platforms, timber sway poles, swinging ropes, and cargo nets would provide an enriching habitat feature for the Zoo's large chimpanzee collection.

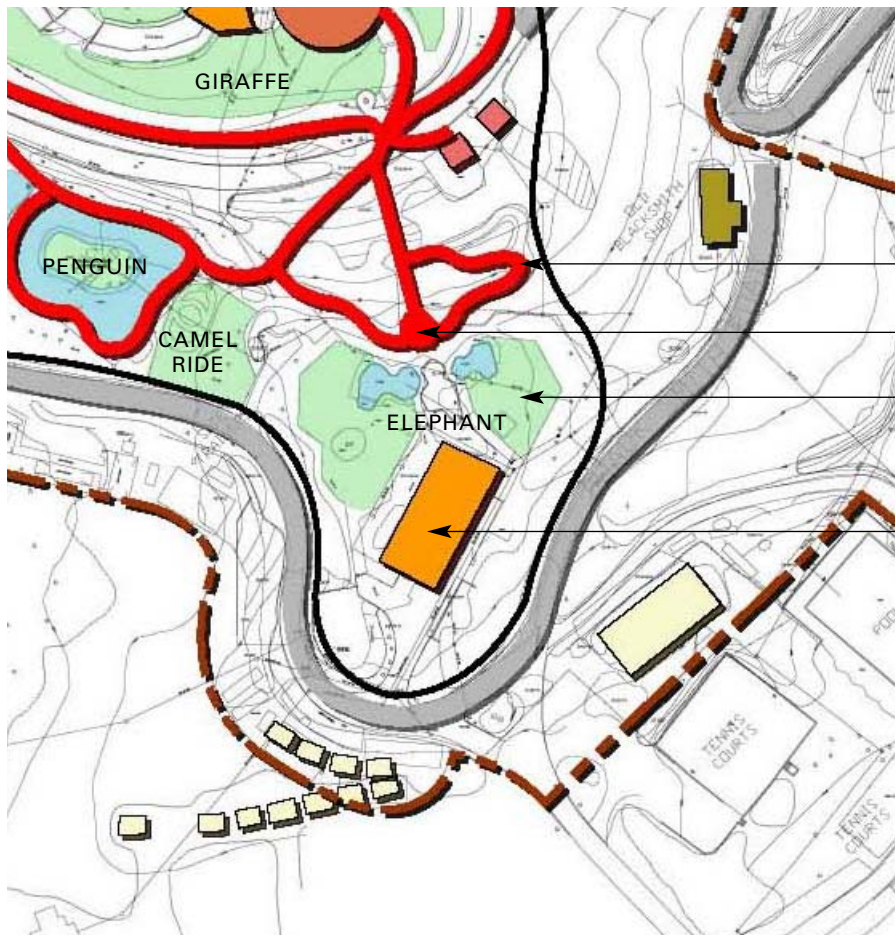




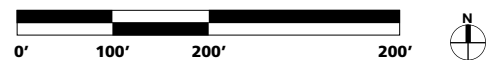
The existing tram service at the Zoo currently transports guests from Schafer Plaza to the "Arctic Entry," which is adjacent to the Polar Bear Watch exhibit near the center of the Zoo. The Arctic Entry, which used to be a dedicated Zoo service gate, is in desperate need of some basic enhancements to create a more visitor friendly gateway. The enhancements proposed for this area include a new gateway structure, new site furnishings, entry graphics and wayfinding signage, updated landscape, and minor paving repair where required.



CONCEPTUAL ARCTIC ENTRY GATEWAY SKETCH



Site Plan



Several renovation projects are required at the existing elephant barn and exhibits, ranging from gutter replacement at the barn, to repair of the elephant shade structure in the exhibit. The lower level visitor path, which provides up-close viewing of the exhibit, is in need of paving repair and other improvements for ADA compliance.



THE MARYLAND ZOO IN BALTIMORE

MAJOR ISSUES FOR THE FUTURE

Public Transportation

The lack of public transportation makes it virtually impossible for conventioners and other tourists to visit the Zoo. The lack of public transportation is discussed here as a major limitation on the Zoo's ability to attract additional visitors which therefore affects its long term prospects.

Currently, the only public transportation to the Zoo is by taxi. Taxi drivers are reluctant to bring fares because they are not likely to get a return fare. The nearest subway stop is Mondawmin, which is also the nearest bus stop. (See attached map.) While it is possible to walk from Mondawmin to the Zoo, it is approximately one-quarter mile to Druid Hill Park and then another quarter mile to the Zoo entrance. Along the route, which is not marked to show the direction to the Zoo, pedestrians must cross a four-lane highway, walk through the park where there is no sidewalk, go down a brick stair that is in disrepair, and walk through the Zoo's parking lot. It is not a practical way to visit the Zoo.

It should be noted that the lack of public transportation is an issue not only for the Zoo, but also for all of the other services available in Druid Hill Park. The swimming pool, tennis courts, basketball courts, and Frisbee golf course are all at a greater distance from Mondawmin than the Zoo entrance. The lack of public transportation forces many park users to arrive by car, which not only contributes to underutilization of the Zoo and the rest of the park, but also makes the need for adequate parking within the park a more important issue.

The Zoo plans to work with Baltimore City to convene a work group composed of representatives from the MTA, City DOT, Recreation and Parks, BACVA, and other stakeholders to assess opportunities to better connect Druid Hill Park and the Zoo to public transit.

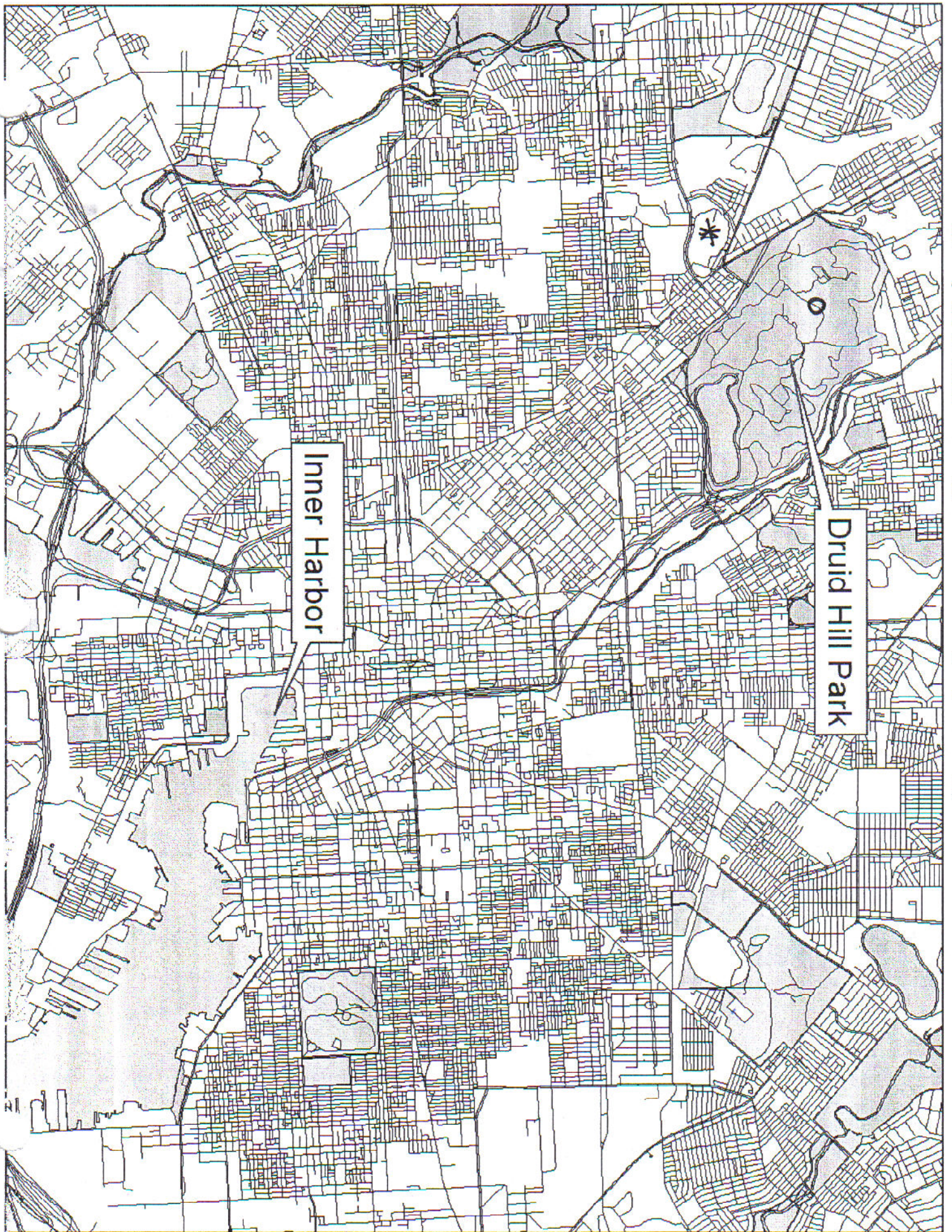
Parking

Because the vast majority of our visitors arrive by car, parking is an important amenity. Again, the State is not in a position to address this issue, but it is noted here because it presents a major limitation on the Zoo's ability to attract more visitors. Currently, the Zoo has two designated parking areas: the main parking for cars is on a grass and concrete plug lot that has no specifically designated spaces. The Department of Parks and Recreation estimates that this area holds 240 cars. (See Plan for Renewal of Druid Hill Park, 1994) While the lot may be an environmental-friendly design, it is extremely difficult to navigate with a stroller because of the uneven surface. The second designated parking area is a paved lot that could hold 240 cars, but is generally reserved for buses because there is no alternative bus parking.

Importantly, neither of these lots is within the Zoo, neither is fenced, and neither has lights. While we have not experienced any serious harm to a visitor, we have had numerous incidents of vandalism and several attempted robberies in the main parking area. As a result, during the busy season, we post parking attendants in the lots.

The lots do not provide sufficient parking on busy days at the Zoo. As a result, visitors park along the park roads, often walking a long way to the Zoo entrance. Park management complains to the Zoo when visitors park on the grass in the park, but we do not have the manpower to police the situation. The Plan for Renewal of Druid Hill Park does not address the capacity issue, but simply calls for the main lot to be paved. The Zoo does not have the funds to undertake this project, and no other source of funding has been identified. As a result, the situation continues, at this point thirteen years after paving was recommended.

At the suggestion of the Mayor's Office, the Parking Authority of Baltimore City is reviewing the Zoo's parking situation and will be making recommendations for short and long term strategies to address the parking problems which affect both the Zoo and Druid Hill Park.



Inner Harbor

Druid Hill Park

* Mondawin Mall

o Zoo Entrance



RENEWING DRUID HILL PARK

Baltimore, Maryland

Baltimore City Recreation & Parks
Parks & People Foundation
Druid Hill Park Advisory Committee

LANDSCAPES Landscape Architecture,
Planning, Historic Preservation
Westport, Connecticut



THE MARYLAND ZOO IN BALTIMORE

POSSIBLE SOLUTIONS THROUGH REGIONAL FUNDING

Zoo management has concluded that the best approach to solving the Zoo's funding problems is through a regional approach, in which support from the State is supplemented by strong support from the jurisdictions whose residents make the most use of the Zoo, particularly Baltimore City and Baltimore County. At the same time, implementation of this approach appears difficult, because there is no mechanism by which any jurisdiction can be compelled to support an institution.

Dedicated Zoo Tax

A possible long-term, if only partial, solution to the Zoo's operating revenue needs would be the passage of a dedicated zoo tax. Zoo taxes provide operating subsidies to a number of successful zoos around the country. They are typically structured as a small percentage of sales or property taxes and are approved by referendum. Enabling legislation would be required at the Maryland state level, followed by action at the county/city level and votes of county/city residents.

Today, the Zoo's largest visitor population comes from Baltimore County, followed by Baltimore City and then Anne Arundel, Harford and Howard Counties. Current subsidy levels do not reflect these statistics: Baltimore City provides substantially more operating support (\$600,000 cash plus services) than Baltimore County (\$250,000); Anne Arundel County discontinued its \$10,000 historic operating subsidy in FY08.

It is striking to note the difference between the zoos in the United States that benefit from dedicated tax subsidies and those which do not. Some of the most successful zoos in the country receive tax subsidies which allow them to continually improve physically for the benefit of their visitors and animals, and also to keep attendance pricing at reasonable levels. In fact, the St. Louis Zoo, which is often compared favorably to The Maryland Zoo, receives a significant operating subsidy in the form of a dedicated tax and charges no admission fee.

Similarly, some of the most troubled zoos in the country are among those that do not benefit from direct tax subsidies. They tend to experience the same problems as The Maryland Zoo has been experiencing. Recently, several zoos on the verge of closing have successfully implemented tax subsidies. Notable among these is the Chaffee Zoo in Fresno, California. The Detroit Zoo is asking voters to approve a tax subsidy within the next month; without it, that zoo is expected to close.

Below is a partial list of United States zoos that benefit (or in the case of Detroit, seek to benefit) from direct tax subsidies:

| Zoo | Tax Type | Rate | Jurisdiction | Referendum | Shared With Other Institutions |
|----------------------------|-----------------------|-----------------------------------|-----------------|------------|--------------------------------|
| Cincinnati | Property | 0.4 mill | County | Yes | No |
| Columbus | Property | 0.75 mill | County | Yes | No |
| Cleveland | Property | 1.55 mill | County | Yes | Yes |
| Toledo | Property | 0.85 mill | County | Yes | No |
| Akron | Property | 0.8 mill | County | Yes | No |
| San Francisco | Hotel | 14% | City | | Yes |
| St. Louis | Property | \$.08 per \$100 assessed value | City and County | Yes | Yes |
| Hogle Zoo (Salt Lake City) | Sales | 0.1% | County | Yes | Yes |
| Denver | Sales | 0.1% | City | Yes | Yes |
| Detroit | Property | 0.1 mill | County | Yes | No |
| Woodland Park (Seattle) | Open space (property) | 5 cents per \$1 of assessed value | County | Yes | Set % goes to Zoo |
| Oklahoma City | Sales | .08375% | City | Yes | Set % goes to the Zoo |
| Chaffee (Fresno) | Sales | 0.1% | City | Yes | No |

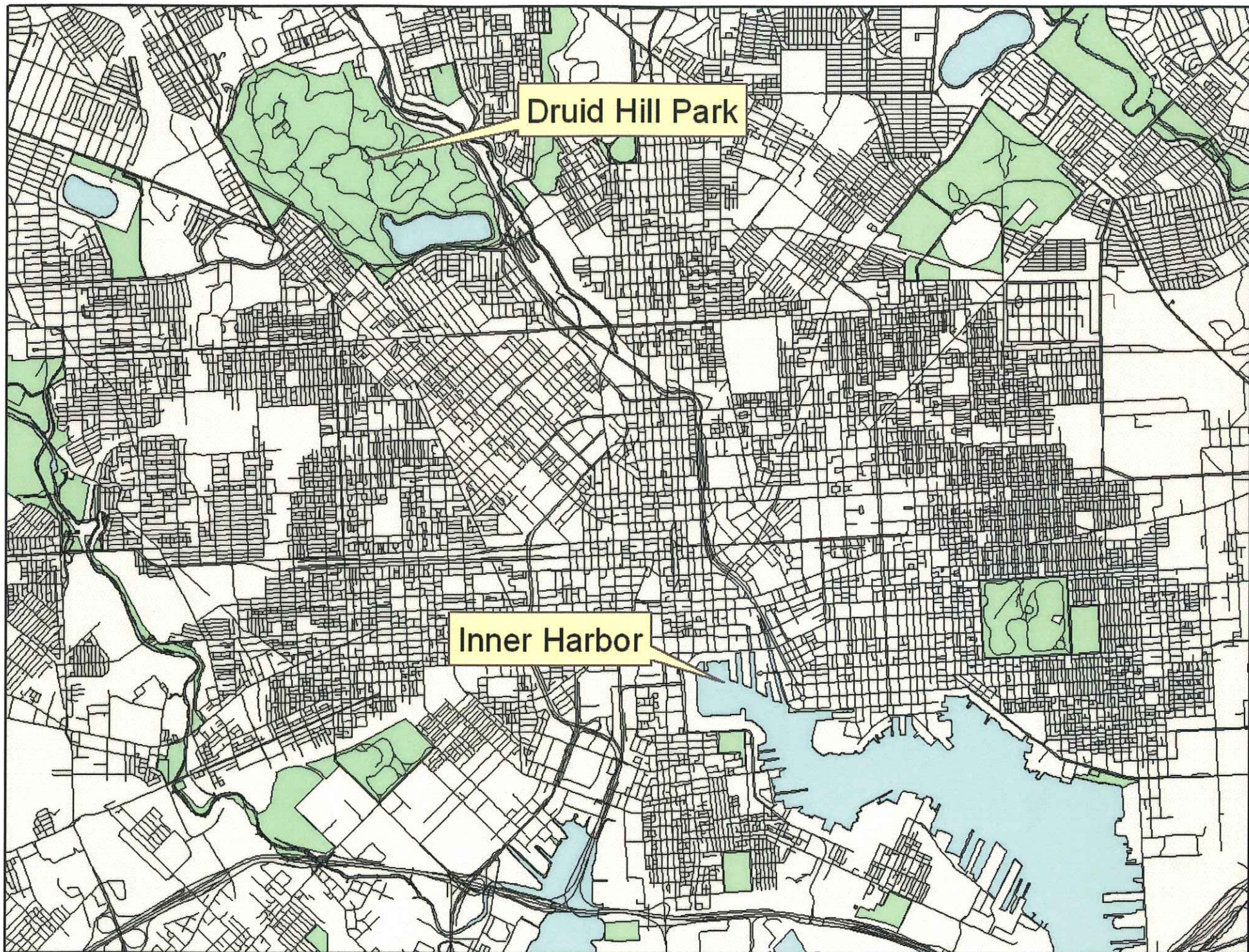
The Zoo has requested that The Abell Foundation fund a study of the feasibility of implementing a dedicated Zoo tax to support The Maryland Zoo in Baltimore.

THE MARYLAND ZOO IN BALTIMORE

MAPS

MAPS INCLUDED

- Baltimore City Map
- Druid Hill Map
- The Maryland Zoo Map



Druid Hill Park

Inner Harbor



VEGETATION-LAND USE SYMBOL

- Forest
- Trees in Lawn
- Formal Trees
- Screen Planting
- Evergreen Tree
- Meadow
- Turf
- Fine Lawn
- Sports Field Turf
- Garden
- Wetland/Aquatic
- Stream/Water Course
- Steep Slope
- Stockpile Area
- Paved/Developed Area

RENEWING DRUID HILL PARK

Baltimore, Maryland

Baltimore City Recreation & Parks
Parks & People Foundation
Druid Hill Park Advisory Committee

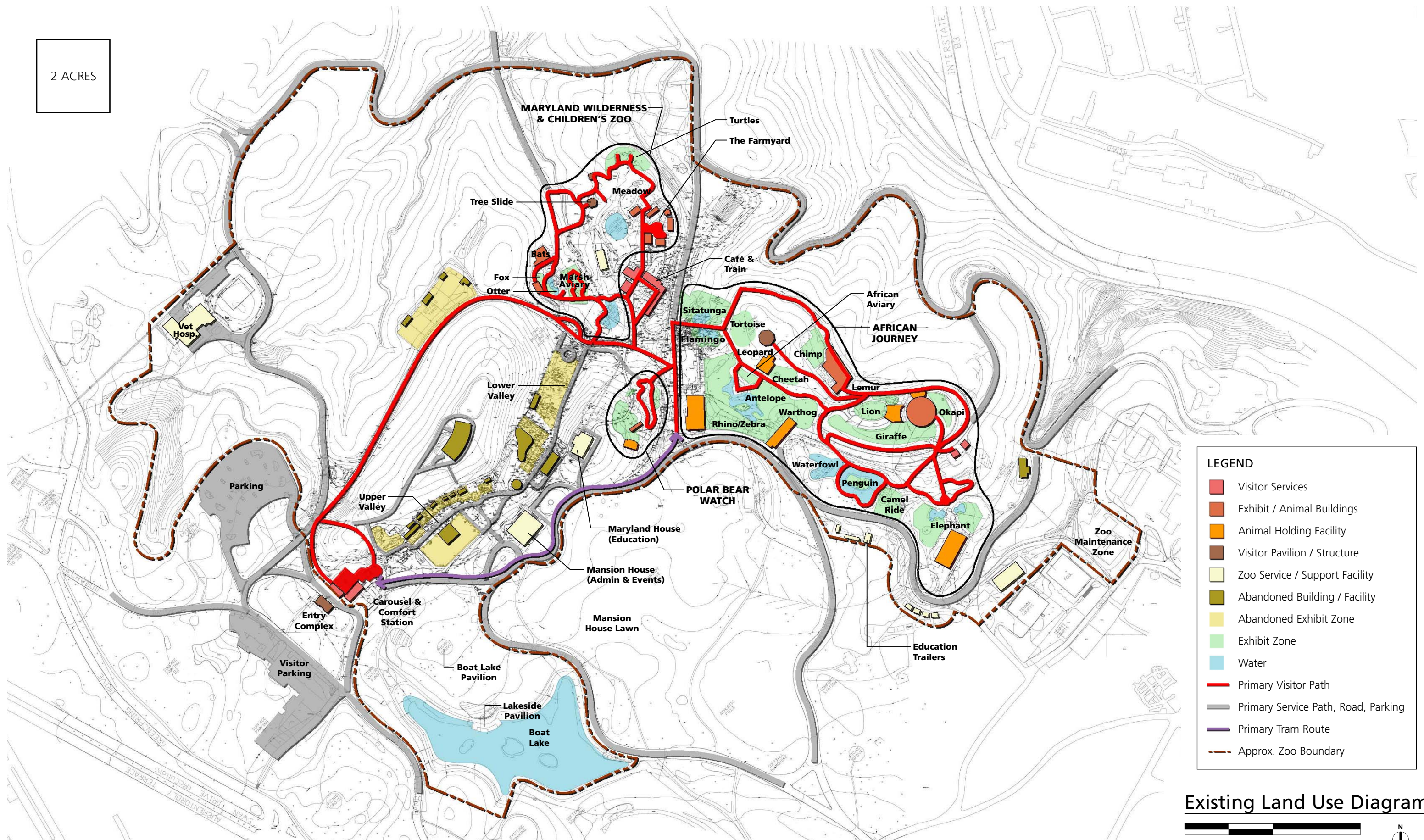
LANDSCAPES Landscape Architecture,
Planning, Historic Preservation
Westport, Connecticut

0 200 400 600 800
August-December, 1994

RENEWING PLAN
VEGETATION



2 ACRES



THE MARYLAND ZOO IN BALTIMORE
REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

2007 ACCREDITATION VISITING COMMITTEE REPORT

| |
|-----------------------|
| MAJOR CONCERNS |
|-----------------------|

The following concerns were listed in the 2002 accreditation inspection and have not yet been fully addressed:

1. Salaries of entry level and mid level staff are below market.
On exit interviews this is cited as a predominant reason for staff departures.

We have known for years that our salaries are below market. In order to begin to address the issue, over the past three years, we have paid an aggregate of 11% in across-the-board increases. In addition, during FY07, we adjusted pay rates for certain positions that were disproportionately below market. Personnel costs represent almost 70% of total operating expenses for the Zoo. While the FY08 operating plan does not include a general salary increase for any staff, our business plan for FY09 and thereafter includes salary adjustments of 5% per year.

2. The lack of ongoing maintenance of aging infrastructure and facilities was evident (e.g., peeling paint in chimpanzee holding and outdoor exhibits; the cave; the tree; and artificial tree limbs on the oriole kid's nest in the Maryland section).

We anticipate a grant from the State of Maryland of \$5 million in July 2008 to address many of the infrastructure and facility problems. We are using the intervening time to do a thorough review of our facilities and to prioritize the improvements. The Zoo has hired Kimball Construction Co. to do a review of African Journey. This document will be submitted to the State by the end of August and will serve as an example of what needs to be done for the entire Zoo. Deficiencies are noted by type – civil, electrical, life safety etc., along with a cost estimate. With this information we will prepare RFPs ahead of time so that when the funds are available we can immediately seek proposals and promptly award the work.

3. Repairs to some sections of the sanitary sewer and water systems are underway. However, other areas still need to be addressed (e.g., effluent from Sitatunga and Maryland walk-through Aviary, discharge directly into adjacent watersheds).

During the visiting committee's inspection, the Zoo received confirmation of a \$1 million grant from the City of Baltimore for water conservation improvements. This grant will allow the Zoo to correct the problems mentioned above and have the water features discharge into sanitary sewer vs. adjacent streams. We anticipate designing and documenting the solutions this fall and once we obtain permits, beginning construction.

4. The Maryland Building is in a state of bad disrepair and deterioration.

The Maryland Building, which houses our education department staff, was built in 1876. The exterior is in especially bad condition, which, unfortunately, resulted from restoration efforts undertaken in the 1970's. The building was evaluated in 2003 and determined to be still stable, but further deterioration has occurred since then.

This is an example of the Zoo's competing needs. We applied for and received a modest grant to begin restoration of the building, but it required private matching funds, and we have been focused on other needs.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

We are considering various courses of action with respect to the building, which may include saving the façade only, abandoning the building and giving it back to the park, or launching a specific fundraising initiative to restore it. In the meantime, we continue to test periodically to ensure that the building is safe for its occupants.

The following items are additional Major Concerns noted on this inspection:

1. The operating budget appears to have stabilized but there are not adequate funds for deferred maintenance.

The Committee is correct in noting that the FY08 budget does not contain adequate funding for deferred maintenance. As mentioned above, the Zoo is expecting a grant of \$5 million from the State of Maryland and plans to use the bulk of this funding to address deferred maintenance. Going forward, we plan to include a maintenance allowance in our annual operating budget in the form of "replacement reserves". The NACUBO (National Association of College and University Business Officers) and other similar organizations recommend maintenance of a replacement reserve equal to 2% of appraised value. Based on a 2003 condition assessment, the FY09 forecast includes \$891,000 for Replacement Reserves. In addition, the Zoo addresses issues of deferred maintenance during major capital projects. We recognize that it will take several years to catch up on our deferred maintenance, but we believe we have a viable plan in place to do this.

2. There are enough capital funds available to complete four on going projects: the Storm Water Filtration System; the African Aviary; The Elephant Barn Renovation; and the Giraffe Feeding Platform.

We agree with this assessment. The storm water, African aviary and elephant barn renovation projects are well underway and will be completed in the near future. Construction has begun on the giraffe feeding platform, with completion scheduled before the end of 2007.

3. Unaddressed items for USDA reports:

Standing water in the Warthog holding areas:

We have developed a solution with our civil engineering consultants, WRA, to the storm water run off problem in this area. The design should be finalized shortly and go out to bid. We anticipate that this work will be done this fall. In the meantime, keepers re-grade the holding area by hand to prevent storm water run off from accumulating.

Lack of shade in the Giraffe Exhibit:

We have developed a solution to this problem with our architects, CLRdesign, Inc. This improvement will be made as part of a major renovation of the exhibit for giraffe feeding. This project is now underway and we anticipate that the shade structure will be in place by the end of 2007.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

LESSER CONCERNS

1. There should be a periodic review of animal morbidity and mortality.

The Living Collections Committee (our acquisition/disposition committee) reviews morbidity and mortality data on a monthly basis. Our senior veterinarian, Ellen Bronson, will also present a review of the mortality data to animal staff on a biannual basis. Morbidity and mortality data is also reviewed by the Board of Director's Animal Care, Conservation and Research Committee on a quarterly basis.

2. The Mammal House is in poor repair (e.g., peeling paint, rusted vents, etc.), there were extension cords strung overhead that appeared to be used to power a space heater and fan. These items need to be addressed if this area is to be utilized again this winter.

We are looking at alternative sites in the Zoo for housing the Sulcata tortoises for the winter. If we are unable to identify an appropriate space, we plan to make the improvements recommended by the visiting committee prior to moving the animals into the building for the winter.

3. The Main Valley abandoned exhibits being utilized to house animals must be brought up to standard (e.g., lion-tailed macaques, flamingos).

We agree with the Visiting Committee's observations and concerns. We believe that all currently occupied enclosures meet standards.

4. Food storage was unacceptable in several areas.

We agree with this observation and will review all storage areas with the staff and change procedures as necessary to correct this condition.

5. The gaskets on the freezer doors in the Commissary were in poor repair.

Our commissary manager, Mike Benson, has solicited estimates for replacing the gaskets on the freezer doors. Once we have the estimates, a contract will be awarded to replace the gaskets.

6. The Hay Barn was in bad need of general cleaning and housekeeping. A number of dirty crates were stored in close proximity to the hay bales. Large amounts of loose hay were strewn on the ground to the extent that the pallets on which the hay rested were hidden from view in much of the barn. Excessive cobwebs were noted throughout the barn.

The dirty animal shipping crates and the primate metal holding cages have been moved to one end of the barn pending removal from the Zoo. The loose hay and the cobwebs have been removed from the barn.

7. Perimeter fence should be inspected. Gaps at gates may allow access for feral animals.

The entire perimeter fence is routinely inspected bimonthly by Bill Walters, Senior Animal Technician. We inspect the fence immediately after severe weather. Deficiencies with the integrity of the perimeter fence are reported to maintenance or horticulture departments depending upon the nature of the problem. Damage that can not be repaired in house is contracted to be replaced or repaired with a fencing contractor.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

Following the visiting committee's inspection, all perimeter gates were inspected for deficiencies. Several gates, including the maintenance service area gate and the tram pathway gate, have been repaired. We are working with our gate contractor, Architectural Doors and Hardware, to correct the other deficiencies noted in our review.

8. There was no exit sign above the exit doors of the Puppet Theater in the Meeting Barn.

An exit sign/emergency light combo is scheduled to be installed above the main exit door of the Meeting Barn. In addition, an exit sign will be installed above the secondary exit door. The Zoo is in the process of replacing/installing exit signs and emergency lights throughout the Zoo. Before the inspection, the Zoo purchased 65 exit signs, 113 emergency lights and 8 exit/emergency light combo units. The Zoo's electrician is in the process of installing the new devices.

9. Housekeeping in some storage and work areas needs to be improved.

We agree with this observation and will review all storage and work areas with the custodial staff and change procedures as necessary to correct this condition.

10. The Tundra [Buggy] was dirty and had a number of dust bunnies.

We agree with this observation and will have custodial staff clean the Tundra Buggy on a revised schedule as necessary to correct this condition.

11. Trash can lids were dirty and in some places, deteriorated.

We agree with this observation and will have custodial staff clean and replace trash container lids as necessary to correct this condition.

12. Unused vendor equipment was stored in public space adjacent to the main concession in the Village Green area.

Zoo senior management met with ARAMARK and this equipment will be moved and set up in a manner to reflect a more "permanent" look with appropriate signage.

13. The Aramark work area behind the wooden fence by the Village Green concession was cluttered and used cooking oil was stored in open-top containers in non-functional freezer units.

Following the Committee's inspection, Zoo senior management met with ARAMARK and reviewed the procedures for proper storage and handling of used cooking oil. ARAMARK will comply with these procedures and has notified the contractor who picks up and disposes of the used cooking oil of these requirements.

The storage area will be cleaned and organized and equipment no longer being used will be sold or otherwise disposed of and removed. ARAMARK will review proper housekeeping procedures with all of its employees.

14. The work area behind the lion-tailed macaque enclosure in the Main Valley was cluttered.

This area of the Zoo is not regularly used to house animals. This summer, lion-tailed macaques were moved to this area to facilitate the painting of their holding area in the Zoo's hospital. This area is currently used by our newly-formed Exhibits Group. For this reason, supplies such as steel pipe salvaged from our elephant barn renovation are stored here pending their reuse in other parts of the Zoo. The Exhibits Group has made additional efforts to keep the animal service areas free of debris.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

15. Storage area underneath the old swimming pool needs a thorough cleaning, etc.

The horticulture department will undertake a more thorough cleaning of this area by the end of August 2007.

16. All chemical containers need to be properly labeled (e.g., apparent unused motor oil in barrels behind the old swimming pool; iodine in camel barn spray bottle).

The used motor oil barrels have been labeled. In addition, an ENPAC 2-drum Hardcover and spill-pallet has been purchased and will be properly installed to store waste oil drums. Not only will the drums now be protected from the elements but will have secondary containment in the event of a leak in the drum.

17. Management euthanasia is practiced and this is widely known among staff. However, management euthanasia is not identified as an option in the institution's animal acquisition and disposition policy.

The Living Collections Committee will draft language for our acquisition/disposition policy and make the recommended changes to our policy by the end of August 2007.

18. Alarms are non-functional in some areas. In others, the alarms are local alarms that rely on hourly security rounds for detection of triggered alarm/fire.

The Zoo is in the design stage of installing a zoo-wide; state-of-the-art, multi-functional fire and security alarm system that will monitor smoke detection, fire suppression systems, intrusion alarms and animal life support systems. This multi-function system is to be monitored at the Zoo's security office on the ground floor of the Mansion House. The security office will be manned by Zoo personnel the majority of the time, but during those times the center is not staffed, the system is to be monitored by a third party alarm monitoring service.

We expect that our fire and security alarm system will be phased in over a four year period. The Zoo has over 65 structures that require some form of fire and security alarm monitoring. Most structures are office type trailers and small single level animal buildings. There are only seven multiple story buildings on Zoo grounds.

The Zoo has a signed agreement with a fire protection engineering firm to do a comprehensive survey of the Zoo to determine the types and locations of the alarm equipment and to develop a master plan and RFP for the installation and implementation of the alarm system. The Zoo has received a \$500,000 grant from the State of Maryland for the design and to begin the installation of the alarm system. This work will commence once our agreement with the fire protection engineering firm is approved by the State of Maryland. The Zoo has increased its request for fire alarm system funding for next year (July 2008) from \$500,000 to \$1 million, which should decrease the amount of time to install by one year (from 4 years to 3 years). We anticipate that the entire alarm system will cost \$2 million.

The Zoo also has a signed agreement with a local fire/security alarm firm to install wireless smoke detection and intrusion alarms in the Chimpanzee Forest building. The existing alarm system is non-functional and impossible to repair given its age. We have selected wireless smoke alarms and intrusion alarms that we are considering installing Zoo wide. This move will allow us to monitor an important animal facility that can not be monitored at the moment and give us first hand experience using the wireless system. This work will commence once our agreement is approved by the State of Maryland.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

19. The location of the storm drain in front of the hay barn man door creates a trip/fall hazard.

The storm drain has been caution taped. We will work with our civil engineer, WRA, to devise a solution for this problem.

20. A number of electrical boxes/phone boxes around the site were noted to have exposed wires (e.g., light dimmer switch panel in Giraffe Barn).

The Zoo's electrician will confirm that all electrical boxes, phone boxes or other electrical panels, such as the dimmer switch panel in the Giraffe Barn, that are no longer in use are disconnected and safe. As time permits these items will be removed and discarded.

21. It is unclear whether the value of the Maryland Zoo experience meets guests' expectations relative to the price of admission.

Ultimately people come to the Zoo because of the quality of the product, our programs. We can "encourage" attendance in a variety of ways including advertising, public relations, pricing, etc. Management believes that a slightly lower "face" price combined with fewer and more rational discounts will offer an excellent public relations opportunity to "jump start" interest in the Zoo. This does not mean the elimination of all discounts. Rather, the plan is to refine the current array of coupons and discounts into a limited number of offerings, each with a reason for its being done. This approach is designed to minimize the risk of a lower ticket price reducing the aggregate revenue from admissions.

22. A number of exhibits are abandoned in place. Others (e.g., in tree and cave) are in varying degrees of disrepair.

We anticipate that the \$5 million grant the Zoo is expecting to receive in July 2008 will allow us to address all closed exhibits. In the meantime, we will continue to work on re-opening as many exhibits as funding will permit.

23. Since the last accreditation, the zoo has completed and started a number of capital projects. However, during this time period they have also reduced staff, collections and facilities to match available financial resources.

The Zoo has made a concerted effort over the last five years to address problems that existed at the last accreditation, specifically including improving the campus while beginning to address deferred maintenance issues, and bringing revenues and expenses into sync. Because we are funded separately for operations and capital construction, we have been able to continue construction, while at the same time we needed to curtail operating expenses.

The Zoo received an increase in its public operating funding for FY08 aggregating \$2.5 million. As a result, we are working with a realistically balanced operating budget for the current fiscal year. At the same time, we continue to use capital funds to improve the campus.

24. Applicable permits are not duplicated, nor are hard copies of medical records. The permits are not fire protected.

All permits have been moved into the fire proof file cabinet in the registrar's office. The permits have also been scanned on to CD ROM and will be stored in the adjacent records storage trailer.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

25. Health certificates and 7020s are duplicated with one copy in a fire proof cabinet and one in a regular cabinet. However, both cabinets are located in the Registrar's office.

All health certificates and 7020s will be scanned on to CD ROM and stored in the adjacent records storage trailer. All 7020s have been scanned and moved to the records storage trailer. All health certificates from 2000 to present have been scanned and moved as well. Documents prior to 2000 still need to be scanned and moved by the end of August 2007.

Actually, there is a duplicate copy of all health certificates up at the hospital as well. For any animals that we send out, there is a copy in their medical records and one in a health certificate file. For animals that are received, there should be a copy of the health certificate with the medical records that we receive. This occasionally goes astray, but for the most part, we have them.

26. The permits and hard copies of medical records are not duplicated or stored in a separate location.

We have been using MedARKS since 1997. One purpose of MedARKS was to make paper records obsolete. We do not print medical records. The electronic records are backed up daily Monday through Friday onto the Medical Administrative Assistant's hard drive. The Medical Administrative Assistant takes a second copy home with her each night; another copy is saved to the server in the Mansion House (main administrative building) each night. Once monthly, another copy is made and sent to the registrar, who is in a different building from the server and from the hospital. Thus, we have at least three current copies, and a fourth which is no more than one month out of date. This one month of data could be recreated from the clinical notebook if all three other copies were lost. There are paper records from pre-1997 that are not duplicated. These are all stored in fire proof file cabinets.

27. The bodies of dead animals must be carried through the herp holding area of the hospital on the way to the necropsy cooler.

We realize that this is not ideal. The only carcasses that are stored in the necropsy cooler are larger dead animals (over ~30 lbs). All smaller carcasses are stored in the lab refrigerator, including all reptiles. We (fortunately) rarely have larger animals die (perhaps 2-4 times yearly) of the size that would need to be stored in the necropsy cooler until the pathologists can arrive. In cool weather, we don't even move them into the necropsy cooler; we just leave them in the quarantine stall where the large animal necropsies take place.

The plan is to move the reptiles upstairs to the current non-quarantine side golden frog room once most of the golden frogs are shipped out and the golden frog population can be consolidated into one room, in quarantine. At that time, the necropsy room would not be needed to store live animals anymore.

28. The guest walkways around the Giraffe exhibit have areas that are in need of repair.

Approximately 50% of the asphalt path that runs along the southern edge of the giraffe exhibit is scheduled to be replaced as part of the giraffe feeding exhibit. We will solicit estimates from our general contractor, HITT construction, for renovating the entire path. Replacement of the remaining 50% of the walk should be completed by December 2007.

THE MARYLAND ZOO IN BALTIMORE

REPORT FROM AZA SITE VISIT AND ZOO RESPONSES

29. The paths leading up the hill in the Main Valley are in need of repair. Although this area is now closed to the public, tents are sometimes erected there for special events and guests are, on occasion, routed down this path.

We agree that the lower portion of the path leading up the hill in the Main Valley needs some repair. A small portion of this path will be improved as part of the storm water sand filter project-scheduled to be complete in September 2007. The upper portion of the Main Valley was repaved in 2006 as this area is used for our annual fund raising gala – Zoomerang.

Zoo guests are rarely routed down the Main Valley area where the path is in disrepair. On the rare occasion that guests are permitted down the path, the path is inspected prior to the event and temporary barricades are installed to redirect the guests around the damaged sections of the path.

THE MARYLAND ZOO IN BALTIMORE

LETTERS OF COMMENT FROM MARYLAND DEPARTMENT OF EDUCATION AND OFFICE OF TOURISM DEVELOPMENT, DEPARTMENT OF BUSINESS & ECONOMIC DEVELOPMENT

The following documents are the original letters received from each department followed by the letter with the Zoo's response to each point.



Nancy S. Grasmick
State Superintendent of Schools

200 West Baltimore Street, Baltimore, MD 21201 410-767-0100 410-333-6442 TTY/TDD

TO: Billie Grieb
FROM: Mary Bea Preston
**SUBJECT: Feedback on the MD Zoo in Baltimore's Report to the State per
House Bill 50**
DATE: September 24, 2007

The report has been reviewed by four staff members in the Maryland State Department of Education. The review panel included three members from the Division of Business Services, Mr. Steve Brooks, Assistant Superintendent, Mr. Carroll Kozlowski, Branch Chief, Budget Branch, and Rickard Baker, Deputy Branch Chief, Budget Branch. I also had the privilege of reviewing the report. The panel's feedback is suggestions you might want to consider as you finalize the report.

You are to be commended for preparing a thorough and expansive report including the extensive needs assessment for The Harold and Selma Taylor African Journey. Conducting such thorough needs assessments on all of the facilities areas will give you an excellent checklist to use for routine and ongoing maintenance. You also included in the report the latest accreditation report, and your response to the concerns raised by the accreditation visiting committee. The major concerns identified in the accreditation report are very similar to the issues raised in HB 50.

The reviewers have identified several suggestions you might want to consider as you finalize the report. Consider adding an Executive Summary that would clearly state the major points from each section and tie the entire report together, as well as explain how each section is connected to the charge. Currently the sections seem less connected to each other and less tied to the charge. Also the needs assessment and the accreditation report seem to be documentation to support the report. If this is the case, the role of each of these documents needs to be clearly defined in relation to the charge and the report as a whole.

The report indicated requiring substantial additional public support commitment. Consider emphasizing the projected/anticipated increases in contributions and non-public support. You may want to show the percentages (current/projected) if you can predict less percentage reliance on governmental support. In addition, continue to think of creative ways to lessen public support. For example, instead of replacing golf carts, trucks, etc., why not try approaching automobile dealerships and manufacturers to loan vehicles and advertise the vendors' contributions on the vehicles.

The area of attendance (Section F) seems to be the weakest part of the report. Other than examining discounts, the report really does not shed much light on improving attendance. In this regard tourism and marketing strategies seem to be largely ignored. For example, has any thought been given to tourist package plans that include the Aquarium, the Science Center and the Zoo? The report does state the case in regard to the attendance being connected to the price and the experience; however there does not seem to be many ideas about how to solve the problem. In addition, you predict that attendance will keep up at the current levels. Will this happen without the previous level of advertising funding or will the advertising costs be targeted to compensate? Also are you using the web to maximize your advertising?

It is time to develop additional strategies on how to increase attendance, keep the price reasonable and increase revenues. You may want to rethink how you implement the free admission program using the State-Aided Educational Institution funds. For example, have you thought about setting chaperone/student ratios dependent on the age of the students and chaperones beyond the set ratios would pay a small fee. You might also want to consider admitting all title one schools and their feeder schools free, as well as all schools in a stage of School Improvement and then charge a nominal fee for all other schools.

In the Major Issues section (Section H) there are substantial current challenges identified. As you pursue solutions to these challenges, you might want to keep the following thoughts in mind: 1.) Concerning price, if there is more overall revenue/profit from lower prices, how can you transition without risk; 2.) Concerning parking, if there are problems now, greater attendance may exacerbate the issue and frustrate customers. To address the parking issue, consider pursuing the possibility of a small parking garage. 3.) Concerning the location – who do you see as your customers (city, state, out-of-state)? How do you connect the Zoo to downtown to capture visitors? 4.) Concerning transportation –Is the signage within and around the city appropriate? Have you approached the Rental car companies to provide maps to the Zoo and discounts? Have you pursued easier connection with public transportation? Have you approached the use of hotel shuttles?

In regard to the tax suggestion (A Possible Solution - Section I), the current fiscal environment may make this very difficult. In addition, there may not be a lot of support for a Maryland tax to support what many may feel to be a relatively local attraction. In this regard you would need to convince the legislature that the Maryland Zoo in Baltimore is a state attraction and you would need much data to support this premise. Another way to look at this issue is considering designating tax funds to a broader zoo/museum use to give a more statewide appeal.

Finally, investigate the possibility of a contribution on the tax form or a license plate.

Finally there are three additional issues that need to be addressed. In Section B, Personnel, FY 08 budget "salaries and wages and benefits" has gone down slightly and "other" shows a substantive reduction. Evidently the reduction of one position accounts for some of this. Please explain the cause of these reductions by each personnel category. Secondly, Section C, Financial Plan shows a projected increase in earned income in the areas of membership, admissions concessions and attractions. This is encouraging to see; however, the projected revenues for FY 09 and FY 10 do not match the budget. You may want to continue to increase non-public and local government funding in order to lessen the expectation that these deficits will be eliminated through State funds. Thirdly, Section G, Infrastructure shows a very robust listing of infrastructure improvements beginning in FY 09 and completing in FY 13. Are these in priority order? If funding were reduced how would you make adjustments to the improvements?

Thank you for providing such a thorough report that addresses the multiplicity of issues facing the Zoo. We appreciate the opportunity to provide feedback and hopefully our thoughts will help you in the development of the final report.

C: Nancy S. Grasmick
Jennifer Ludwig
• Kathy Foat
Mary Cary
Steve Brooks
Renee Spence
Carroll Kozlowski
Richard Baker

TO: Billie Grieb
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You are to be commended for preparing a thorough and expansive report including the extensive needs assessment for The Harold and Selma Taylor African Journey. Conducting such through needs assessments on all of the facilities areas will give you an excellent checklist to use for routine and ongoing maintenance. You also included in the report the latest accreditation report, and your response to the concerns raised by the accreditation visiting committee. The major concerns identified in the accreditation report are very similar to the issues raised in HB 50.

The reviewers have identified several suggestions you might want to consider as you finalize the report. Consider adding an Executive Summary that would clearly state the major points from each section and tie the entire report together, as well as explain how each section is connected to the charge. Currently the sections seem less connected to each other and less tied to the charge. Also the needs assessment and the accreditation report seem to be documentation to support the report. If this is the case, the role of each of these documents needs to be clearly defined in relation to the charge and the report as a whole. **Response: We agree with the comment and have added an overview that is intended to tie the report together and explain the purpose of the attachments.**

The report indicated requiring substantial additional public support commitment. Consider emphasizing the projected/anticipated increases in contributions and non-public support. You may want to show the percentages (current/projected) if you can predict less percentage reliance on governmental support. In addition, continue to think of creative ways to lessen public support. For example, instead of replacing golf carts, trucks, etc., why not try approaching automobile dealerships and manufacturers to loan vehicles and advertise the vendors' contributions on the vehicles. **Response: We agree that long term, we should be able to lessen our reliance on public support. We also think that the sources of public support could be broadened to lessen reliance on State support by increasing funding from the jurisdictions that use the Zoo the most (Baltimore County, Baltimore City, and Anne Arundel County). We have approached local automobile dealerships in order to have them lend vehicles in exchange for advertising. From time to time, we have had success with this, and we continue to pursue these opportunities on a regular basis.**

The area of attendance (Section F) seems to be the weakest part of the report. Other than examining discounts, the report really does not shed much light on improving attendance. In this regard tourism and marketing strategies seem to be largely ignored. For example, has any thought been given to tourist package plans that include the Aquarium, the Science Center and the Zoo? **Response: We have participated in joint marketing with the Aquarium and the Science Center for years. Most recently, the three attractions put forward a discount package called “Weird, Wild & Gross”, which ran from June 3 through September 2, 2007. This promotion was advertised on our website and through other media. Slightly fewer than 1,000 coupons were redeemed at the Zoo.**

The report does state the case in regard to the attendance being connected to the price and the experience; however there does not seem to be many ideas about how to solve the problem. **Response: We do not have many ideas of how to solve this problem. In a recent meeting, Comptroller Franchot suggested approaching several prominent local companies with the suggestion that they underwrite the cost to the Zoo of providing free admission for a year. He suggested that perhaps the O’Malley administration and the Comptroller’s office would be willing to participate in making this request. Certainly, with the help of the Governor and the Comptroller, we might be successful in such an approach. Also, we have a group of MBA students from Loyola looking at the Zoo as a case study this semester, and we have suggested that they focus on the pricing issue.**

In addition, you predict that attendance will keep up at the current levels. Will this happen without the previous level of advertising funding or will the advertising costs be targeted to compensate? Also are you using the web to maximize your advertising? **Response: We believe that our attendance levels are largely unaffected by generalized advertising, and therefore, we intend to focus our advertising on special events. We are using the web as effectively as we are able. We advertise current events on the web, and we also offer discounts for purchases of memberships and event tickets through the web. In terms of advertising the free admission program to schools we use a variety of tactics: attendance at professional meetings including the Assistant Principal annual meeting, Maryland Association of the Science Teachers (MAST), Association of Independent Maryland Schools (AIMS), After School Institute annual meeting, and others; production of direct mail flyer that is sent to every school in Maryland and to past customers; and information on the website to promote free admission and all of the support documents.**

It is time to develop additional strategies on how to increase attendance, keep the price reasonable and increase revenues. You may want to rethink how you implement the free admission program using the State-Aided Educational Institution funds. For example, have you thought about setting chaperone/student ratios dependent on the age of the students and chaperones beyond the set ratios would pay a small fee. **Response: We have already adjusted our thinking setting the chaperone/student ratios. In addition to supporting academic achievement, a zoo visit also supports the school’s goal of having more parent involvement. So last spring, we implemented free admission for all adults participating in a Maryland school field trip before May. In addition, some schools are extending the week and scheduling field trips on Saturdays. These trips look**

very much like the ones during the week, but may allow some parents to join the field trip with their child(ren). For FY 2008, we are offering free admission for all adults on Maryland school fieldtrips free admission from September through the end of April. (For the Zoo this pricing strategy can spread out the attendance during the busy May field trip season. Keeping the daily attendance distributed a little more evenly throughout the year allows guests opportunities to participate in more of the on-grounds educational activities offered.)

You might also want to consider admitting all title one schools and their feeder schools free, as well as all schools in a stage of School Improvement and then charge a nominal fee for all other schools.

Response: The MDSE grant funds free admission for all Maryland school groups, teachers and chaperones, including, for these purposes, home schooled children and day care groups. We place no limits on the type of school or the number of visits. In addition to these efforts we are trying to increase the number of educational experiences during the guest's visit to the Zoo. These experiences include demonstrations with our Animal Ambassadors and hands-on stations and presentations by our keepers, as examples. Current guest tracking reports show that over 30% of the daily general attendance participates in some experience. For school groups, this number tends to be higher. Our final effort to increase school attendance is to try and find funding for transportation. Teachers and principals report that the cost of transportation is prohibitive for some families. This is an insurmountable issue for us to take on alone and we are working with other cultural institutions and private foundations to see solutions. In the Major

Issues section (Section H) there are substantial current challenges identified. As you pursue solutions to these challenges, you might want to keep the following thoughts in mind: 1.) Concerning price, if there is more overall revenue/profit from lower prices, how can you transition without risk; **Response: We agree that it is possible that the revenue lost from admission price could be made up from other revenue sources. However, our budget is so tight that we cannot experiment with price reductions without a revenue backstop. If the revenue is not made up elsewhere, we would be forced to close.**

2.) Concerning parking, if there are problems now, greater attendance may exacerbate the issue and frustrate customers. To address the parking issue, consider pursuing the possibility of a small parking garage. **Response: We agree that our parking, which is not sufficient even today, would become a bigger problem with increased attendance. We have looked into building a parking garage. There are several issues: First, the designated Zoo parking is not within our fenceline, and the rules relating to Druid Hill Park prohibit the construction of any private enterprise within the park; second, the cost of building a parking garage is prohibitive. We have neither the funding nor the borrowing capacity to undertake such construction. We are exploring possible parking within our fenceline, both for the convenience of our visitors and to give us more control over our options.**

3.) Concerning the location – who do you see as your customers (city, state, out-of-state)? **Response:** We have amended the report to include a breakdown of our visitors by jurisdiction. Our top three sources of visitors, in descending order, are Baltimore City (27% of total), Baltimore County (23%) and Anne Arundel County (7%). How do you connect the Zoo to downtown to capture visitors?

Response: Without any public transportation from the Inner Harbor to the Zoo, it is extremely difficult to attract visitors from the Harbor. Approximately 5 years ago, the MTA ran a bus from the Inner Harbor to the Zoo; however, it was not advertised, so visitors did not know it existed, and it failed to draw ridership. We also explored an A-to-Z shuttle with the Aquarium, but neither organization has the funds to put toward the purchase of vehicles, hiring of drivers, and associated insurance.

4.) Concerning transportation –Is the signage within and around the city appropriate? Have you approached the Rental car companies to provide maps to the Zoo and discounts? Have you pursued easier connection with public transportation? Have you approached the use of hotel shuttles?

Response: We worked closely with Mayor O'Malley's office and were able to greatly improve the signage around the city in the past several years. We have approached the rental car companies and hotels without success in the past, but maybe it's time to try again. It should be noted that the recent BACVA marketing campaign touts Baltimore as a great place to visit because you can walk everywhere. This marketing approach may help the businesses around the Inner Harbor, but it does not help the Zoo.

In regard to the tax suggestion (A Possible Solution - Section I), the current fiscal environment may make this very difficult. In addition, there may not be a lot of support for a Maryland tax to support what many may feel to be a relatively local attraction. In this regard you would need to convince the legislature that the Maryland Zoo in Baltimore is a state attraction and you would need much data to support this premise. **Response:** We recognize the difficulties presented. In other states where such taxes exist, the state passes enabling legislation that allows the local jurisdiction to put the issue of a dedicated local tax to referendum. We understand that Maryland has no mechanism by which such a referendum could be accomplished.

Another way to look at this issue is considering designating tax funds to a broader zoo/museum use to give a more statewide appeal. **Response:** We have considered including other cultural institutions in the proposed tax. However, we note that in other jurisdictions, the tax is generally dedicated to the Zoo alone, at least at first. Speculation is that the Zoo puts forward the best argument for such a tax, because it is a non-elitist organization that crosses all socio-economic lines. Finally, investigate the possibility of a contribution on the tax form or a license plate. **Response:** We have investigated the possibility of a contribution on the tax form or a license plate, and have been told that those avenues are not available to the Zoo. Perhaps it is time to make those requests again.

Finally there are three additional issues that need to be addressed. In Section B, Personnel, FY 08 budget “salaries and wages and benefits” has gone down slightly and “other” shows a substantive reduction. Evidently the reduction of one position accounts for some of this. Please explain the cause of these reductions by each personnel category. **Response: The reduction in “salaries, wages, and benefits” is the direct result of the elimination of one position. The “Other” category’s two largest components are Temporary Agency Fees and Subcontract Labor. The Zoo has eliminated the use of almost all labor that falls under these categories through selective hiring and better scheduling (especially in Visitor Services).**

Secondly, Section C, Financial Plan shows a projected increase in earned income in the areas of membership, admissions concessions and attractions. This is encouraging to see; however, the projected revenues for FY 09 and FY 10 do not match the budget. **Response: The Financial Plan and Budget numbers for FY08 match. Projected revenues are included in the Financial Plan only and are not part of the Budget.**

You may want to continue to increase non-public and local government funding in order to lessen the expectation that these deficits will be eliminated through State funds. **Response: We will make every effort to increase non-public and local governmental funding, but we need to be realistic about our opportunities to do so.**

Thirdly, Section G, Infrastructure shows a very robust listing of infrastructure improvements beginning in FY 09 and completing in FY 13. Are these in priority order? If funding were reduced how would you make adjustments to the improvements? **Response: Our priorities for infrastructure improvements are first, to address life safety issues; second, to address animal care issues; and third, to address visitor amenities. We have sought to balance these priorities in our project listings so that we can continue to make the life safety and animal care improvements needed while also improving the visitor experience.**

Thank you for providing such a thorough report that addresses the multiplicity of issues facing the Zoo. We appreciate the opportunity to provide feedback and hopefully our thoughts will help you in the development of the final report.

C: Nancy S. Grasmick
Jennifer Ludwig
Kathy Foat
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Martin O'Malley
Governor
Anthony G. Brown
Lt. Governor
David W. Edgerley
Secretary
Clarence T. Bishop
Deputy Secretary

September 27, 2007

Ms. Jennifer Ludwig
Director, Governmental Relations
Maryland Zoo in Baltimore
Druid Hill Park
Baltimore, MD 21217

Dear Ms. Ludwig:

My office is in receipt of The Maryland Zoo in Baltimore's draft report dated September 4, 2007, which was required per the 2007 Joint Chairmen's Report (JCR) regarding Miscellaneous Grants to Private Non-Profit Groups. Per your request, the Department of Business and Economic Development (DBED) has reviewed the draft.

The DBED has prepared many of these types of reports and finds that the draft is missing comprehensive detail for the three action items outlined in the 2007 JCR. We offer the following suggestions:

- | | |
|---------------|--|
| Intro Page 2: | Our office should be listed as the Office of Tourism Development, Department of Business & Economic Development |
| Page A1: | There are references that funds were restored to FY 01 levels in FY 04. All the accompanying budget charts do not track back to FY 01. It has been our experience that if an item is mentioned in a report, the numbers that have been referenced should be cited. We recommend showing the budget years FY 01 – FY 08. |
| Page B4: | The report states that "Zoomerang" generates \$150,000 and "Brew at the Zoo" earns \$50,000. One of the requirements of the JCR was to report on strategies for increasing fundraising. Has the Zoo considered additional events or is the facility and the staff at capacity? |
| Page B7: | One of the items stated by the JCR report is the controlling of expenses. It appears that the Zoo's position is that maintaining payroll is preferable to eliminating programs. Where is the backup for that statement? Was a cost analysis of programs conducted to determine value to the Zoo's customers, maintenance or fundraising ability? |

The section on professional fees states that there is a state consulting fee of \$135,000. As this is a report on State funding for the Zoo, I am sure that the Joint Chairmen will want details on this consulting fee.

Page B8:

Has there been any consideration to securing a credit card company sponsorship to help eliminate bank fees on credit card transactions?

Postage: This is mentioned throughout marketing, corporate solicitation, and membership. Yet, there is not a breakdown on how postage would be divided among the disciplines. The question may be asked: If there is a reduction in postage, and direct mail is a major component of corporate solicitation, how do you maintain core income revenue generation of membership renewal and retention with less postage?

Page B10:

In reference to advertising, the budget breakdown on this page states that the FY08 budget is \$452,379; yet, on page E2, there is the statement that the advertising budget is \$250,000. Your numbers should be consistent throughout a report. Are you saying that media placement has been reduced to \$250,000? This could be resolved by breaking down the advertising budget into the associated categories of placement and production.

Page C1:

Given the current climate of corporate mergers and the resulting loss of several corporate headquarters in the region - is a 15 percent increase in corporate funding realistic?

Page C2:

The report cites that increasing attendance at significant rates is not going to be accomplished because of the high ticket price. However, throughout the report, we have not seen an audience breakdown. You need to detail what percentage of your visitation is from Baltimore City; the greater Baltimore area; the State of Maryland; and out-of-state.

Also, in attendance admissions, what is the revenue from school groups? There is a grant from MDSE mentioned in the report. Is that to underwrite in-need school groups, or all school groups? Our office feels that school trips are an extremely viable market for the zoo.

Ms. Jennifer Ludwig
September 27, 2007
Page 3

Page G1: In regard to water going directly into the storm water system that goes to the Jones Falls, which then leads to the Chesapeake Bay, have there been any funding sources solicited through Chesapeake Bay Restoration Programs to correct that problem?

Page I1: As stated in the JCR, there is a requirement to propose funding sources. However, our experience suggests that it is not prudent to go before the Joint Chairmen with just one solution, such as the Zoo tax. The Zoo's report states that this is only a partial solution, yet, there are no other solutions mentioned in this section. Our recommendation would be to explore other options rather than suggesting that there is only one solution to the problem.

There is clearly a need for a more comprehensive budget to accompany this response to the Joint Chairmen that should include details on public support, particularly which governments are supporting the Zoo. This should also include a more detailed admission summary of individuals versus group. We believe that an audience tracking report would also be helpful to show when visitors are coming to the Zoo and where they are coming from.

Additionally, the title of the Zoo's report should be "Comprehensive Financial and Physical Plant Assessment" Response to the 2007 Joint Chairmen's Report, page 27.

Thank you for the opportunity to review the draft. We believe that our recommendations and suggestions will provide the Joint Chairmen with the comprehensive report that they have requested. We look forward to seeing the final report once it is submitted.

Sincerely,

Margot Amelia

Margot Amelia
Executive Director
Office of Tourism Development

cc: Secretary David Edgerley, Department of Business and Economic Development
Deputy Secretary Clarence Bishop, Department of Business and Economic Development
Assistant Secretary Hannah L. Byron, Division of Tourism, Film and the Arts
Joe Bryce, Governor's Office
Sheila McDonald, Secretary, Board of Public Works
Dave Treasure, Director, Office of Budget Analysis, Department of Budget and Management

September 27, 2007

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Response: We will make this change.

Page A1: There are references that funds were restored to FY 01 levels in FY 04. All the accompanying budget charts do not track back to FY 01. It has been our experience that if an item is mentioned in a report, the numbers that have been referenced should be cited. We recommend showing the budget years FY 01 – FY 08.

Response: We agree with the suggestion and have included a chart showing state funding levels from FY01 – FY08.

STATE OPERATING ASSISTANCE (\$000)

| | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| ZOO LEASE GRANT (BPW) | \$ 3,750 | \$ 3,850 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 2,860 | \$ 3,100 |
| MSDE /SAI GRANT | \$ - | \$ - | \$ 990 | \$ 370 | \$ 1,023 | \$ 1,023 | \$ 1,023 | \$ 1,023 |
| SUPPLEMENTAL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,605 |
| TOTAL | \$ 3,750 | \$ 3,850 | \$ 3,850 | \$ 3,230 | \$ 3,883 | \$ 3,883 | \$ 3,883 | \$ 9,728 |

Page B4: The report states that “Zoomerang” generates \$150,000 and “Brew at the Zoo” earns \$50,000. One of the requirements of the JCR was to report on strategies for increasing fundraising. Has the Zoo considered additional events or is the facility and the staff at capacity?

Response: We continue to add events. This October, we have added two additional weekend events in addition to our usual “ZooBoo” weekends. Also, we are seeking ways to attract targeted groups to the Zoo on certain weekends without the necessity of staging a full-fledged event. For example, during the recent Sukkot holiday, we arranged to have kosher food available at the Zoo, which we advertised locally. We have participated in the “Free Fall Baltimore” grant program for the past two years: in 2006, we opened the Zoo for free on Veterans’ Day and had a ceremony honoring our veterans; this year, we opened the Zoo for free on October 1. Both of these events were underwritten by the Free Fall Baltimore program.

Over the past several years, we have added the following events:

- **Free Opening Weekend**
- **Brew at the Zoo and Wine Too**
- **Community Days**
- **Reggae/Brew Festival**
- **Free Fall Baltimore Event**
- **Breakfasts with Animals/Bunny/Santa (various throughout the year)**
- **Member Mornings**

We will continue to evaluate additional events. At the same time, we are committed to making all of our guest offerings very high quality. We recently decided not to proceed with an additional Halloween event that staff had proposed because we were not comfortable that we had the staffing to make it a success.

Page B7: One of the items stated by the JCR report is the controlling of expenses. It appears that the Zoo's position is that maintaining payroll is preferable to eliminating programs. Where is the backup for that statement? Was a cost analysis of programs conducted to determine value to the Zoo's customers, maintenance or fundraising ability?

Over the past several years, we have analyzed all of our program offerings to determine whether they are economically sensible in view of their value to our mission. As a result, we eliminated several camps and class programs, and several events. We also have evaluated our staffing and have eliminated or combined positions where we found that savings were possible. Zoo management believes that this type of analysis of programs and staffing should be performed on a regular ongoing basis. We would not subscribe to a blanket conclusion that maintaining payroll is preferable to eliminating programs.

Page B8: The section on professional fees states that there is a state consulting fee of \$135,000. As this is a report on State funding for the Zoo, I am sure that the Joint Chairmen will want details on this consulting fee.

Response: This fee is paid to the Artemis Group for their assistance on legislative matters at the local, state and federal levels. Zoo management believes that without this assistance, the Zoo would have closed during the past several years. Among other things, the Artemis Group has assisted us in having our funding levels restored, moving the operating subsidy to a separate line item from our State-Aided Education Institution funding, and moving the operating subsidy to the Department of Public Works Budget. They have also assisted us in our relationship with Baltimore City and the surrounding counties and in applying for federal funding. In addition, they have reviewed and commented on our organizational structure, the roles of/need for certain management positions, role of the Board, and other similar matters.

Page B10: Has there been any consideration to securing a credit card company sponsorship to help eliminate bank fees on credit card transactions?

Response: Under Federal banking laws, banks and credit card companies are separate, and most, if not all, credit card companies are headquartered in Delaware. We have not approached the credit card companies, because they are not within our market area, and we do not think they would have a natural affinity with the Zoo. We have, however, actively pursued relationships with the local banks. We have representatives of Bank of American, Sun Trust and Provident on our Board of Trustees, and we have solicited these and the other banks with significant presence in our market area.

Page C1: Postage: This is mentioned throughout marketing, corporate solicitation, and membership. Yet, there is not a breakdown on how postage would be divided among the disciplines. The question may be asked: If there is a reduction in postage, and direct mail is a major component of corporate solicitation, how do you maintain core income revenue generation of membership renewal and retention with less postage?

Response: We analyzed our mailing for Annual Fund and Membership renewal and concluded that there was significant duplication and some confusion among recipients as a result. Further, we have come to realize that "membership" includes both people who are looking for an annual pass to the Zoo and those who are becoming members as a way to support the Zoo without regard to visits. Therefore, we have taken a different approach to our solicitations. Members who are looking for an annual pass to the Zoo are encouraged to renew either on line or when they visit the Zoo (these people visit the website frequently). Our mailings are targeted at Zoo supporters, and everyone who gives \$100 or more to the Zoo is given a "membership." This enables us to reduce postage and also reduce the waste and confusion associated with duplicate mailings.

Page C2: In reference to advertising, the budget breakdown on this page states that the FY08 budget is \$452,379; yet, on page E2, there is the statement that the advertising budget is \$250,000. Your numbers should be consistent throughout a report. Are you saying that media placement has been reduced to \$250,000? This could be resolved by breaking down the advertising budget into the associated categories of placement and production.

Response: We agree with the comment and have deleted the sentence on page E2.

Given the current climate of corporate mergers and the resulting loss of several corporate headquarters in the region - is a 15 percent increase in corporate funding realistic?

Response: The corporate situation in Baltimore is indeed fluid. We have lost some of our major corporation to mergers and liquidations, but new ones have also appeared. However, our strategy with corporate unrestricted giving is a membership strategy beginning at \$1000. This is a broad-based strategy not dependent on the very largest corporations. With the support of our trustees and our "Corporate council," the 15% goal should be within our reach.

The report cites that increasing attendance at significant rates is not going to be accomplished because of the high ticket price. However, throughout the report, we have not seen an audience breakdown. You need to detail what percentage of your visitation is from Baltimore City; the greater Baltimore area; the State of Maryland; and out-of state.

Response: We agree with the suggestion. Following is a breakdown of our visitation by jurisdiction based on the most recent 12 months:

Baltimore City – 27%

Baltimore County – 23%

Anne Arundel County – 7%

Harford County – 4%

Howard County – 4%

Carroll County – <3%

All Other Maryland – 5%

Pennsylvania – 7%

All Other – 20%

Also, in attendance admissions, what is the revenue from school groups? There is a grant from MDSE mentioned in the report. Is that to underwrite in-need school groups, or all school groups? Our office feels that school trips are an extremely viable market for the zoo.

Response: The MDSE grant funds free admission for all Maryland school groups, teachers and chaperones, including, for these purposes, home schooled children and day care groups.

Revenue generated outside of the MDSE grant includes program fees for additional services (approximately \$10,000 annually) and admission revenues. Out-of-state schools are recruited through direct mail and participation in tour bus fairs, but remain only 10 – 15% of our audience. Summer camps visiting the Zoo are a larger group sales effort. Maryland school chaperones in excess of the Zoo's free chaperone policy also must pay a group rate that is discounted from the general admission. The Zoo admits one adult for every 1-4 students. The policy has varied year to year and with the type of school. In the Spring of 2007 we began a program of admitting all chaperones and teachers free of charge to support school efforts at increasing parent involvement. This policy is continuing through FY 2008.

During the past five years, we served the following numbers of school children, teachers and chaperones under this program:

| Year (Academic Year July 1 – June 30) | Maryland Free Students, Teachers and Chaperones | Additional Comments |
|---|--|---|
| FY 2001 | 137,113 | 9-11, Regional sniper |
| FY 2002 | 130,264 | No Child Left Behind signed into law Thornton Commission Plan of 2002 |
| FY 2003 | 92,938 | New Point of Sales system and exact gate counting policy implemented. State cut in SAI, daycares were no longer free |
| FY 2004 | 77,071 | Zoo construction of tram pathway |
| FY 2005 | 75,470 | MSDE launches partnership of state-wide curriculum with the newly opened Reginald Lewis Museum of African American History. Significant increase in transportation costs (increase price per gallon of gas) |
| FY 2006 | 65,739 | New car seat restraint required for Head Start transportation. |
| FY 2007 | 64,543 | |

The declining school attendance is not unique to the Zoo, but has been a trend among all of the cultural institutions in Baltimore. The concern is so great that the Meyerhoff Foundation has expressed concern regarding the trend and is investigating the cause and potential solutions.

We agree that school visitation is a viable market for the Zoo. However, we also believe there are factors outside of the Zoo's control that are negatively affecting school participation in field trips to the Zoo.

One observation we make when analyzing our data is that we are handling roughly the same number of customers, but the student attendance is down substantially. So, a school is being very selective as to what grades are going on a zoo field trip.

Our program is administered in such a way that we work closely with our customer base and consequently receive many ancillary comments to the formal evaluation we conduct of the program. Although teachers rate the Zoo experience high for supporting their academic goals, the teachers also report more and more restrictions from the principals about going on field trips.

Page G1: In regard to water going directly into the storm water system that goes to the Jones Falls, which then leads to the Chesapeake Bay, have there been any funding sources solicited through Chesapeake Bay Restoration Programs to correct that problem?

Response: We have solicited and received two grants of \$1 million each from the City of Baltimore to address water and wastewater problems. Currently, we are using State funding to put into place a new manure handling system. We have also recently been encouraged by a private foundation to submit a grant for storm water management. We will explore the Chesapeake Bay Restoration Programs as a possible additional source of funding for these efforts.

Page I1: As stated in the JCR, there is a requirement to propose funding sources. However, our experience suggests that it is not prudent to go before the Joint Chairmen with just one solution, such as the Zoo tax. The Zoo's report states that this is only a partial solution, yet there are no other solutions mentioned in this section. Our recommendation would be to explore other options rather than suggesting that there is only one solution to the problem.

Response: We agree with the suggestion, and we have broadened the discussion to encompass a regional funding approach, whether through a dedicated tax or a combination of other funding approaches.

There is clearly a need for a more comprehensive budget to accompany this response to the Joint Chairmen that should include details on public support, particularly which governments are supporting the Zoo. This should also include a more detailed admission summary of individuals versus group. We believe that an audience tracking report would also be helpful to show when visitors are coming to the Zoo and where they are coming from.

Response: Public (cash) Operating Support to the Zoo in FY08 includes:

Baltimore City - \$600,000

Baltimore County - \$250,000

Harford County - \$30,000

Howard County - \$9,250

Carroll County - \$1,800

The attendance budget breaks down as follows:

General – 158,823

Education (school groups) – 70,665

Members – 120,512

Additionally, the title of the Zoo's report should be "Comprehensive Financial and Physical Plant Assessment" Response to the 2007 Joint Chairmen's Report, page 27.

Thank you for the opportunity to review the draft. We believe that our recommendations and suggestions will provide the Joint Chairmen with the comprehensive report that they have requested.

We look forward to seeing the final report once it is submitted.

Sincerely,

Margot Amelia

Margot Amelia
Executive Director
Office of Tourism Development

cc: Secretary David Edgerley, Department of Business and Economic Development Deputy
Secretary Clarence Bishop, Department of Business and Economic Development
Assistant Secretary Hannah L. Byron, Division of Tourism, Film and the Arts
Joe Bryce, Governor's Office
Sheila McDonald, Secretary, Board of Public Works
Dave Treasure, Director, Office of Budget Analysis, Department of Budget and Management