



NEWS RELEASE

HENRY VILAS ZOOLOGICAL SOCIETY CONTRACT WITH DANE COUNTY SET TO EXPIRE MARCH 31 Parties Unable To Reach Mutual Agreement on Future Contract

Madison, WI—On Friday, March 15, 2019, the Henry Vilas Zoological Society (HVZS) announced its decision not to sign a proposed contract with the Dane County government (the “County”). The proposed contract, drafted by the County, was intended to replace HVZS’ current five-year contract, which is set to expire March 31, 2019. Thus far, the parties have been unable to reach agreement on the terms of a new contract. The County’s deadline for signing the proposed contract was March 15. The current contract will expire on March 31, 2019.

For decades, Henry Vilas Zoo has been a public-private partnership. The County has contracted with HVZS to provide direct financial support, operate concessions and attractions like the carousel and train, to coordinate volunteers and to assist with educational programming in partnership with the County. On an annual basis, HVZS has been responsible for covering approximately one-third of the County’s budget to operate the zoo.

“We have been in negotiations with the County over the past year, working in good faith to develop a new operating agreement that would enable HVZS to continue its mission of supporting the zoo,” said Tom Hanson, president of the Board of Directors at HVZS. “Unfortunately, much to our disappointment, the County has recently put forth terms that we cannot agree to and that will significantly diminish the ability of the parties to continue under a highly successful public-private partnership.”

HVZS was founded in 1914 with the purpose of providing ongoing support to the zoo through financial, personnel and operational resources. Throughout its 105-year history, HVZS has raised funds for the direct benefit of the zoo, working to ensure the Henry Vilas Zoo remains forever free and accessible to all guests.

Over the past 10 years, HVZS has developed a strategic partnership with the County, investing more than \$17 million in support of zoo operations and capital improvements, including the Animal Health Center, nationally recognized Arctic Passage exhibit, Wisconsin Heritage exhibit, and newly renovated Visitor Welcome Center.

In addition, during the last five-year contract period, HVZS grew membership from 1,738 to 2,269 members, created successful signature events like Zoo Lights and Rendez-Zoo, oversaw more than 600 volunteers on an annual basis, led the joint strategic planning process with the County, rebranded the zoo with 'Conservation for Generations' as its focus, and developed a new website for the zoo.

"HVZS has partnered with the County to enhance the visitor experience for zoo guests," said Alison Prange, president of the HVZS. "One example is the work our volunteers do every day to provide the best possible guest experience, as well as family experiences such as Zoovies and the highly successful holiday Zoo Lights, which launched in 2016."

The new contract proposed by the County included a number of significant organizational and procedural changes that would have limited the scope and responsibilities of HVZS. Among them, the County would have required HVZS to move its offices and staff off zoo grounds and turn over volunteer coordination and concession operations to the County. The proposed contract also would have reduced the role of HVZS in providing annual financial support to the zoo.

"We sought to develop a fair, reasonable contract that would enable both parties to do what they do best – for the Zoo Staff to run its operations, exhibits, research, education programs, conservation work, maintenance and, most importantly, provide exceptional care for all animals at the zoo," said Hanson. "And for the HVZS Staff to manage fundraising, events, volunteers, membership and operational aspects of the zoo that do not involve animals, including the Glacier Grille restaurant, gift shop, carousel and train – work that we have done for decades."

"The Board of Directors simply did not feel that the terms outlined by the County would have enabled HVZS to do its best work," added Dan O'Callaghan, legal representative for the HVZS, who advised HVZS during its contract negotiations.

According to Christine Senty, secretary of the HVZS board, the proposed changes in the contract would have diminished the partnership role of HVZS and would make day-to-day operations for current staff very difficult. The County's proposed contract, among other things, would have limited the efforts of HVZS to effectively fundraise on behalf of the zoo and fulfill its mission of providing ongoing support of the zoo.

For the past five years, HVZS has directly supported animal care initiatives when requested by the County, including funding three, full-time County positions. HVZS also raised funds for the Animal Health Center and initiated the Save our Species Leadership Council, in an effort to further the reputation of the zoo as a leader in animal care and conservation.

During the most recent contract negotiation, HVZS offered to increase its support by including funding for five additional County positions, as well as establishing in-kind, 24-hour veterinary medical care provided by the University of Wisconsin-Madison School of

Veterinary Medicine, one of the top veterinary programs in the country. HVZS also agreed to continue to expand its financial support for conservation efforts in the critical fight to save threatened species.

“In partnership with the County, HVZS developed a long-term, strategic plan to serve as a roadmap for the zoo’s future, with a goal not only to ensure the best animal care, but the best care for our community,” said Prange. “We also created an endowment fund to ensure the long-term financial health of the zoo.”

The HVZS Endowment Fund – approximately \$1.5 million -- was established as a result of a major gift from a local philanthropist. The generosity of additional donations, estate gifts and solid financial management has allowed the endowment to grow. The funds are expected to be in place forever, earn interest and continue to grow. HVZS created the endowment to expand programming and to ensure availability of resources for generations to come.

Over the last five years, HVZS raised enough funds to create an operating reserve, which is essential to help the zoo in times of need. Zoo attendance peaks during the summer months, with the highest number of visitors between Memorial Day and Labor Day. When inclement weather occurs, it results in lower concession sales. The reserve also is in place to assist the zoo in times of economic downturn. The operating reserve, approximately \$3 million, ensures HVZS can fulfill its annual obligations to the County’s budget for the zoo, and it provides a critical safety net to ensure long-term, financial stability.

“Henry Vilas Zoo is free to all guests, but it is not free to operate,” said Jason Maas, treasurer of the HVZS board. “We determined it was fiscally responsible to create the operating reserve, the sole purpose of which is to support the zoo.”

The successful partnership between HVZS and the County received several commendations from the Association of Zoos and Aquariums (AZA) in its Accreditation Report issued in summer 2018. Most notably, the AZA report stated that HVZS “is an important part of both the daily operation of the zoo (concessions, education, volunteer and docent program) and the financial support aspects. HVZS has been instrumental in raising capital funds for projects while simultaneously directing a certain portion of the funds into endowment to provide financial stability for the zoo in hard times.” The AZA report also noted that the HVZS Endowment Fund will “ensure financial stability during times of emergency or economic stress.”

Some of the other positive attributes in the AZA report included HVZS “plays an integral part in the operation of the zoo.” In addition, HVZS “does a great job with Guest Services, starting with the fact that the zoo is free to the public. Brent Walter, a 30-year employee at the zoo, oversees the food and gift concessions for HVZS. He has a great awareness of what sells and what doesn’t and watches for trends, especially if a trend is going away from a product.”

“We appreciate the many positive comments the AZA made about our partnership with the County,” said Hanson. “We believe unequivocally that HVZS has had a significant, positive impact on the zoo by creating a financially sound organization that is well positioned for the future.”

The HVZS Board of Directors will remain in place to ensure a smooth transition at the conclusion of the current contract ending March 31 and to ensure that all existing funds raised by HVZS will be properly distributed toward zoo initiatives. Those funds, including the endowment and operating reserve, currently stand at more than \$6 million.

Based on the terms of the current agreement between HVZS and the County, if a new contract is not signed by March 31, the remaining funds will be deposited into a trust account. Any disbursements from the trust account will require written approval by both HVZS and the County.

“We take our fiduciary responsibility to the zoo very seriously,” said Chris Henderson, former chairman of the board of HVZS. “Our Board of Directors is comprised of volunteers – community and business leaders who are patrons, members and benefactors of the zoo. We also are individuals, parents and grandparents whose families frequent and love our local zoo. We have worked diligently to provide strategic guidance, strengthen HVZS support of the zoo and ensure its long-term financial health.”

“We are extremely proud of the incredibly hard work of the HVZS team – its employees and volunteers,” added Hanson. “And while we don’t have all the answers yet about what comes next, we do know with 100 percent certainty that we are committed to supporting the zoo and ensuring this important community institution is not negatively impacted.”

HVZS is still hopeful that a new agreement can be reached before the current agreement expires. “We have asked the County for a short-term extension of the current agreement, which would allow us to return to the negotiating table and continue discussion with the County about how to reach a successful partnership agreement,” concluded Hanson.

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