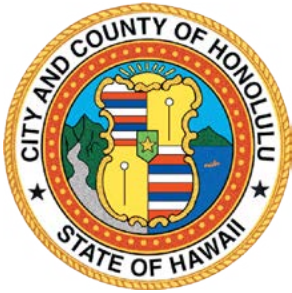




Office of the City Auditor



**City and County of
Honolulu
State of Hawai`i**

**Report to the Mayor
and the
City Council of Honolulu**

Audit of the Department of Enterprise Services Operations - Honolulu Zoo

**Report No. 19-06
December 2019**

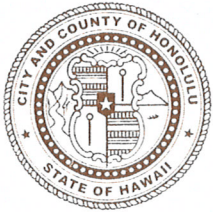
Audit of the Department of Enterprise Services Operations - Honolulu Zoo

A Report to the
Mayor
and the
City Council
of Honolulu

Submitted by

THE CITY AUDITOR
CITY AND COUNTY
OF HONOLULU
STATE OF HAWAII

Report No. 19-06
December 2019



OFFICE OF THE CITY AUDITOR
CITY AND COUNTY OF HONOLULU

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TROY SHIMASAKI
ACTING CITY AUDITOR

December 6, 2019

The Honorable J. Ikaika Anderson, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Anderson and Councilmembers:

A copy of our report, *Audit of the Department of Enterprise Services Operations – Honolulu Zoo*, is attached. This audit was initiated by the Office of the City Auditor pursuant to Section 3-502.1(c) of the Revised Charter of Honolulu and the City Auditor's Annual Work Plan for FY2019-20. The Office of the City Auditor determined this audit was warranted due to concerns related to reaccreditation, lack of sustained leadership, and insufficient financial support by the City and County of Honolulu and Honolulu Zoo Society.

The audit objectives were to:

1. Assess the relationship between the city and the Honolulu Zoological Society for managing and operating the Honolulu Zoo;
2. Determine if the Honolulu Zoo has a maintenance program in place to ensure that facilities are maintained in a proactive and systematic manner;
3. Assess the sustainability of the Honolulu Zoo; and
4. Compare the Honolulu Zoo with similar structured jurisdictions in the nation.

Background

The Honolulu Zoo, established in 1947, is a 42.5 acre zoological and botanical garden located within Queen Kapi'olani Regional Park. The zoo's mission is to *inspire the stewardship of our living world by providing meaningful experiences to our guests*. The zoo, which received a \$7.8 million appropriation in FY 2019, is administered by the Department of Enterprise Services and is supported by special funds. In 2016, the Honolulu Zoo lost accreditation from the Association of Zoos and Aquariums (AZA). The loss of accreditation was a major setback for the Waikiki attraction because it hurt the zoo's reputation, hindered its ability to both breed and import exotic animals, and limited its ability to grow and diversify animal exhibits. The AZA cited the lack of sustained leadership, insufficient financial support, and underachievement as reasons for denying accreditation. Through this audit, we revisited select issues identified by the AZA in 2016 and examined other management and operational challenges facing the zoo.

Audit Results

We found that due to lack of internal controls and proper monitoring, there was a \$658,343 discrepancy in financial support from the Honolulu Zoo Society. Between FY 2015 and FY 2017, the society reported

The Honorable J. Ikaika Anderson, Chair
and Members
December 6, 2019
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\$854,488 in contributions to the city's zoo operations. However, gift resolutions during the same time period total \$196,145. We found that DES and the Honolulu Zoo do not include funds received through gifts in its operating budget and the Zoo Society's financial support to the zoo's operations are not tracked. Furthermore, we found that the reported society contributions were overstated by \$295,111 when we compared the society's contributions with audited financial statements.

The cooperative agreement between the zoo and the Zoo Society hampered roles and responsibilities. We found that the zoo and the Zoo Society operated without an agreement between September 2016 and August 2019. We also found that the cooperative agreement hampered, instead of clarified, roles and responsibilities. The Department of Enterprise Services (DES) lacked effective measures to evaluate the cooperative agreement between the Honolulu Zoo and Zoo Society. Absent any progress toward improvement, DES should consider alternative governance structures for its zoo operations.

Operationally, the zoo is adversely impacted by staffing shortages and maintenance deficiencies. In order to meet staffing requirements and daily operation obligations, we found that the zoo relied on costly overtime that totaled \$763,943 from FY 2015 to FY 2017. As identified by the Association of Zoos and Aquariums, we found that sustaining staff and staffing levels at the zoo continues to be an issue for zoo operations. We found that maintenance operations are open to staff interpretation and done haphazardly with deferred maintenance costs increasing and areas of the zoo not maintained properly. Additionally, the zoo is unable to align its strategic vision to get maintenance to a target state and is unable to identify gaps and improvement opportunities.

The Managing Director and the Department of Enterprise Services generally agreed with the report's findings and recommendations. The department indicated that since our audit work was completed, it had implemented, or was in the process of implementing, improvements to address challenges identified in the audit report. While we were unable to verify or assess some of the improvements made because they were implemented outside of our audit review period, we are encouraged by the department's initiatives and hope they will result in meaningful improvements in the zoo's administration and operation.

We would like to express our sincere appreciation for the cooperation and assistance provided to us by the managers and staff of the Department of Enterprise Services and the Honolulu Zoo. We are available to meet with you and your staff to discuss this report and to provide more information. If you have any questions, please call me at 768-3134.

Sincerely,



Troy Shimasaki
Acting City Auditor

c: Kirk Caldwell, Mayor
Roy K. Amemiya, Jr., Managing Director
Guy Kaulukukui, Director, Department of Enterprise Services
Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

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Chapter 1

Introduction and Background

The Audit of the Department of Enterprise Services Operations – Honolulu Zoo, is a self-initiated audit in response to the concerns of the Honolulu Zoo losing its accreditation from the Association of Zoo and Aquariums due to the lack of sustained leadership, and insufficient financial support by the City and County of Honolulu and Honolulu Zoological Society (society). This audit was included in the Office of the City Auditor’s Annual work plan for FY 2017 – FY 2018. The overall objectives of this audit are to (1) assess the relationship between the city and the Honolulu Zoological Society for managing and operating the Honolulu Zoo; (2) determine if the Honolulu Zoo has a maintenance program in place to ensure that facilities are maintained in a proactive and systematic manner; (3) assess the sustainability of the Honolulu Zoo; and (4) compare the Honolulu Zoo with similar structured jurisdictions in the nation.

Background

The Honolulu Zoo (zoo) is a 42.5 acre zoological and botanical garden that has been located within the Queen Kapi’olani Regional Park since 1947. The zoo’s mission is to *inspire the stewardship of our living world by providing meaningful experiences to our guests*. The zoo emphasizes Pacific Tropical ecosystems and the traditional values of *malama* (caring) and *ho’okipa* (hospitality). It provides a variety of conservation and education programs and opportunities for residents and visitors to enjoy and learn about tropical fauna and flora. Currently, the zoo has approximately 900 different animals organized under a 1984 master plan into three tropical ecological zones: the African Savanna, Asian and American Tropical Forests, and the Pacific Islands. Over 500,000 people visit the zoo each year. In 2016, after repeated concerns had been identified, the zoo lost its accreditation. Prior to 2016, the zoo had been accredited by the Association of Zoos and Aquariums.

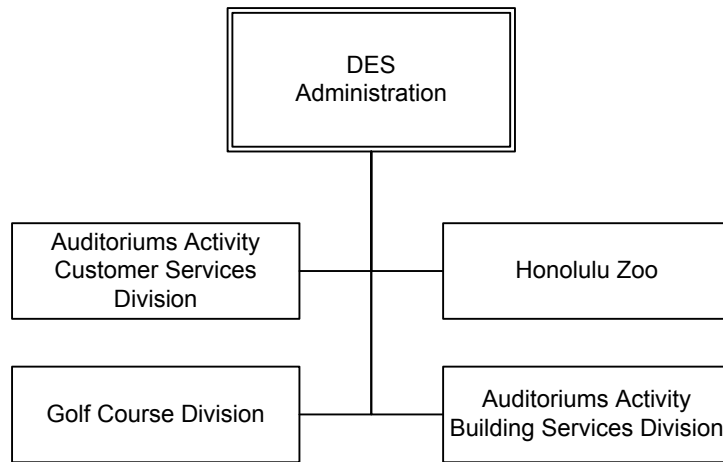
The zoo is operated by the Honolulu Zoo Division of the city’s Department of Enterprise Services (DES). DES manages and markets a diversity of community-oriented facilities and services for public benefit and use. In addition to the zoo, DES operates the Neal S. Blaisdell Center, the Tom Moffatt Waikiki Shell, and six municipal golf courses.

Department of Enterprise Services (DES)

In addition to operating and maintaining entertainment and recreation facilities, DES also coordinates the preparation, administration and enforcement of City and County of Honolulu concession contracts. DES is the only city department with an operating budget primarily funded by revenues generated from public events and activities. DES Administration directs and coordinates programs and operations of its four divisions and manages the concession contracts. DES Administration also provides staff and clerical support services in personnel, budget and organizational management for the entire department.

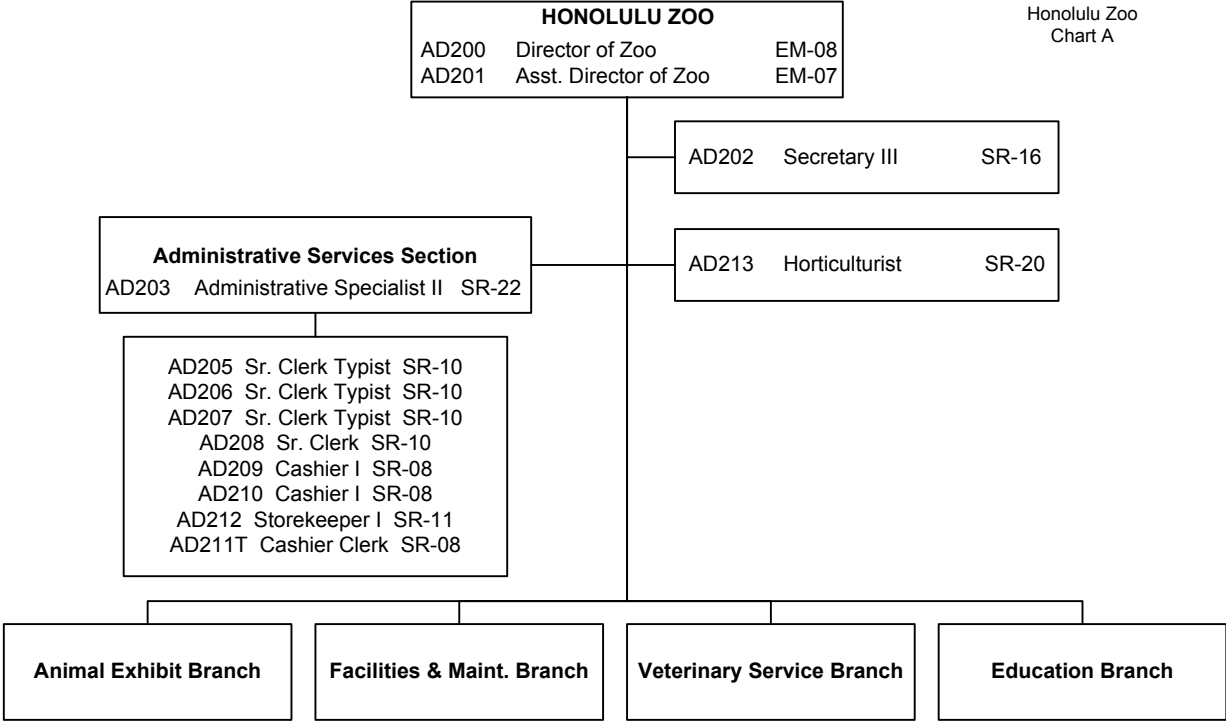
Exhibit 1.1 shows placement of the Honolulu Zoo Division within DES and Exhibit 1.2 shows the organizational chart of the zoo.

Exhibit 1.1
Organizational Chart – Department of Enterprise Services



Source: Department of Enterprise Services

**Exhibit 1.2
Organizational Chart – Honolulu Zoo**



Source: Department of Enterprise Services

The Honolulu Zoo is funded through special funds

The Honolulu Zoo is funded through special funds for its program. Fund sources include the Special Events Fund, Special Projects Fund and the new Honolulu Zoo Fund. The Special Events Fund is comprised of Honolulu Zoo admission, parking lot, and food concession revenues. In FY 2018, the Honolulu Zoo Fund replaced the Special Events and Special Projects Fund. The city appropriated \$7.8 million in Honolulu Zoo fund monies and budgeted nearly \$7.4 million for FY 2019. At the beginning of FY 2019, the zoo had 83 full-time permanent employees.

Exhibit 1.3 shows the operating expenditures for the Honolulu Zoo from FY 2015 to FY 2018.

Exhibit 1.3 Operating Expenditures - Honolulu Zoo

Source of Funds				
	FY 2015	FY 2016	FY 2017	FY 2018¹
Special Events Fund	\$ 5,577,019	\$ 6,058,093	\$ 7,014,489	\$ 0
Special Projects Fund	\$ 11,722	\$ 6,421	\$ 85,885	\$ 0
Honolulu Zoo Fund	\$ 0	\$ 0	\$ 0	\$ 7,833,016
Total	\$ 5,588,741	\$ 6,064,514	\$ 7,100,374	\$ 7,833,016

¹Appropriated Funds

Source: Executive Program and Budgets FY 2017 – FY 2019

Exhibit 1.4 shows the revenue for the Honolulu Zoo from FY 2015 to FY 2017.

Exhibit 1.4 Revenues - Honolulu Zoo

Actual Revenues				
	FY 2015	FY 2016	FY 2017	FY 2018
Honolulu Zoo	\$ 3,869,090	\$ 3,704,862	\$ 3,832,874	\$ 4,709,727
Zoo Parking Lot	\$ 642,327	\$ 800,935	\$ 1,136,081	\$ 1,159,122
Food Concessions-Zoo	\$ 297,165	\$ 273,887	\$ 272,855	\$ 285,203
Total	\$ 4,808,582	\$ 4,779,684	\$ 5,241,810	\$ 6,154,052

Revenues derived are from the operation of the Honolulu Zoo.

Source: Executive Program and Budgets FY 2013 – FY 2018

Revenue shortfalls are covered by General Fund subsidies.

The Honolulu Zoo's operations are influenced by three external groups

The Honolulu Zoo's operations are influenced by three external groups: the Honolulu Zoological Society; the United States Department of Agriculture; and the Association of Zoos and Aquariums. These entities affect the finances and other resources of the zoo, its animal care standards, and its accreditation.

The Honolulu Zoological Society provides resources to the zoo

The Honolulu Zoological Society is a nonprofit group set up in 1969 to help support the zoo. Its mission is to foster an appreciation of our living world by supporting and advocating environmental education, recreation, biological study and conservation of the Honolulu Zoo. The society, which is governed by a volunteer Board of Directors, provides financial support, volunteer resources, and community leadership to assist the zoo's operations. The society also offers various education, membership, volunteer, and research programs at the zoo. In return, by written agreement, the city supports the society's 1) mission to educate the public about the importance of wildlife and conservation issues, 2) programs and fundraising activities intended to support the zoo, and 3) acknowledges that the society's mission conforms to requirements of Hawai'i Revised Statutes and Revised Ordinances of Honolulu.

Under the terms of the cooperative agreement between the city and the society that ended in September 2016, the society and the city mutually agreed to work cooperatively to:

- a. Undertake functions that the parties may agree are best performed in order to advance the Honolulu Zoo;
- b. Develop mutually beneficial strategies to increase public and private funding support for the zoo;
- c. Continually review and consider options for restructuring the relationship between the city, the society, and the zoo; and
- d. Regularly meet and discuss issues of interest affecting each party's performance and the best interests of the zoo.

Although, this cooperative agreement expired on September 25, 2016, the next cooperative agreement was not finalized until August 23, 2019.

U.S. Department of Agriculture (USDA) sets licensure standards for animal care

The Honolulu Zoo falls under the jurisdiction of USDA's Animal and Plant Health Inspection Service/Veterinary Services which enforces the Animal Welfare Act (AWA). The AWA, passed in 1966, sets standards for the humane care and treatment for certain animals that are exhibited to the public, sold for use as pets, used in research, or transported commercially. Facilities must provide

their animals with adequate housing, sanitation, nutrition, water and veterinary care, and they must protect their animals from extreme weather and temperatures.

USDA inspectors conduct routine, unannounced annual inspections of all facilities licensed or registered under the AWA. The inspectors are federal veterinarians who assess the facility using the AWA standards and regulations. The USDA also inspects animal shipments going to and arriving from foreign countries to ensure that proper health documents are accompanying the shipment and that the required pre-import/export testing has been completed. If facilities do not comply with federal standards, the USDA will give the facility a timeframe to address the concerns, or if serious enough, can pursue appropriate regulatory compliance and enforcement actions. Facilities that meet the standards are issued an exhibitor's license which allows them to continue to operate.

The Honolulu Zoo retains its exhibitor license from the USDA, but agency inspectors expressed concerns about the zoo's animal facilities. In 2016, the inspectors noted that while many repairs and infrastructure improvements were made to the surfaces within the non-human primate enclosures, they could still be improved. Inspectors noted that some of the surfaces in the facilities were not maintained, or were constructed in a manner that did not allow them to be adequately cleaned and sanitized. The zoo received another visit in 2017, during which the inspectors did not identify any problems. In the 2018 inspection, inspectors expressed concerns that were similar to the 2016 concerns and commented that the facility should continue to monitor all enclosures to ensure that they adequately contain animals housed within.

Association of Zoos and Aquariums Accreditation sets accreditation standards

The Association of Zoos and Aquariums (AZA) is a non-profit organization that represents more than 230 institutions in the United States and overseas. AZA is dedicated to the advancement of zoos and aquariums in the areas of conservation, education, science, and recreation and is a major accrediting association for zoos. AZA accredited institutions receive millions of dollars to support scientific research, conservation, and education programs.

In 1971, AZA established its accreditation commission. The commission is comprised of sixteen experienced and trained experts in zoo operations, animal welfare and husbandry, and veterinary medicine, who promote standards and best practices

among the zoological park and aquarium community. In 1985, accreditation became a mandatory requirement for AZA membership. In order to become accredited, institutions are evaluated by the commission and measured against established standards and best practices. The process includes an application, an onsite visit from a team of inspectors, and an in-person hearing with the accreditation commission. Each team includes at least one veterinarian along with animal and operations experts.

Core areas evaluated during the inspection include:

- Animal care, Welfare, and Wellbeing
- Veterinary Care
- Education and Interpretation
- Conservation and Scientific Advancement
- Vision, Mission and Master Plan
- Governance
- Finance
- Staff
- Guest Services
- Safety and Security
- Physical Facilities
- Support Organization

According to the AZA, less than 10 percent of the 2,800 wildlife exhibitors licensed by the United States Department of Agriculture under the Animal Welfare Act meet the standards of AZA accreditation. Accredited institutions are reevaluated every five years. AZA can revoke accreditation if institutions fail to maintain AZA standards.

Honolulu Zoo Accreditation

The Honolulu Zoo was previously recognized as an AZA-accredited zoo, but in 2016, the zoo lost its accreditation. The denial of re-accreditation is considered a major setback for the Waikiki attraction and the city, which had been struggling to

make improvements to stave off the loss of accreditation. Loss of accreditation severely hurts the zoo's reputation and hinders its ability to both breed and import exotic animals, which limits its ability to grow and diversify the zoo's exhibits.

The AZA had identified problems with the zoo in two previous accreditation cycles which included:

1. Inconsistent leadership (five zoo directors, several society executive directors, several DES directors, and two mayors since last inspection);
2. Out-of-date exhibits that are not representative of a modern zoo, mammals held as single animals that do not meet standards, and facilities in disrepair with rust and decay;
3. Elephant profiles are rudimentary and incomplete;
4. Staff involvement in AZA conservation programs is low (concern since 2006);
5. Inadequate coordination between all parties that touch education and education messaging, staff members have computers but many staff work areas are in locations throughout the zoo with no Internet access;
6. Society Board has the authority to determine the type of programming being developed which is inappropriate and circumvents the professional staffs ability to assess the needs of their audience and develop appropriate programming based on that assessment;
7. No clear lines of authority and responsibilities between zoo staff, the City, and society, leading to strained relationships;
8. Inadequate staffing to operate the zoo (insufficiently funded staff positions and high vacancy rate), critical positions cannot be filled in timely manner, high turnover a problem; assistant director has too many responsibilities;
9. Zoo does not appear to be receiving what it most needs from the society, which is increased fundraising; and
10. No evidence of adequate stable and consistent financial support from either the governing authority or society.

In 2016 the AZA Accreditation Commission voted unanimously to deny Honolulu Zoo's accreditation. The Commission concluded

in its 2016 accreditation review that the lack of sustained leadership as evidenced by a turnover of five directors in five years, and insufficient financial support by the City and Honolulu Zoological Society, have resulted in three recurring five-year AZA accreditation cycles of underachievement. The Commission believed denying accreditation would provide sufficient time for the Honolulu Zoo to demonstrate sustained directorial leadership, productive collaboration between the City governing authority and the society, and consistent financial support.

Audit Objectives, Scope and Methodology

The Audit of the Department of Enterprise Services Operations – Honolulu Zoo is a self-initiated audit. The audit objectives are to:

- Assess the relationship between the city and the Honolulu Zoological Society for managing and operating the Honolulu Zoo;
- Determine if the Honolulu Zoo has a maintenance program in place to ensure that facilities are maintained in a proactive and systematic manner;
- Assess the sustainability of the Honolulu Zoo; and
- Compare the Honolulu Zoo with similar structured jurisdictions in the nation

For the audit we reviewed cooperative agreements and amendments, communications, and program policies and procedures. We interviewed staff and observed the Honolulu Zoo operations. Our review covered zoo data from FY 2015 to FY 2017. We reviewed maintenance logs and zoo financial information. We reviewed staff time sheets from a judgmental sample to determine overtime hours.

At the national level, we reviewed the Association of Zoos and Aquariums accreditation and guidelines and the USDA regulations under the AWA.

To compare and contrast the Honolulu Zoo performance with other jurisdictions, we reviewed comparable zoos in Columbus, OH; Dallas, TX; Fort Worth, TX; San Diego, CA; and Seattle, Washington.

Our review started in November 2017 and was suspended due to higher priority projects. The restarted project was performed from December 2018 to May 2019.

This performance audit was performed in accordance with generally accepted government auditing standards. Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. We believe that the evidence obtained in this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

Chapter 2

DES Is Unable to Explain \$658,343 Discrepancy in Financial Support Due to Lack of Internal Controls

Between FY 2015 and FY 2017, the Honolulu Zoological Society (society) reported \$854,488 in contributions to the city's zoo operations. However, gift resolutions during the same time period total \$196,146, or a discrepancy of \$658,343. We found that DES does not maintain sufficient internal controls to reconcile the difference. As a result, DES cannot determine whether the zoo is receiving funds from the society as specified in the cooperative agreement. When the 2011 cooperative agreement expired in 2016, DES' ability to ensure transparency and accountability for financial support was diminished further.

The cooperative agreement that expired in 2016 stipulated that one percent of the annual gross sales proceeds from the society's educational programs and 35 percent of the annual net revenue from membership fees shall be allocated the Honolulu Zoo's Conservation Fund on a quarterly basis. Beyond the percentage allocation, we note that the cooperative agreement had no performance expectations or goals related to the society's fundraising activities or achievements. We also note that the 2016 Visiting Committee Report by the Association of Zoo and Aquariums (AZA) emphasized that the society needed to increase its fundraising efforts to benefit the zoo. We found, however, that DES was unable to negotiate or implement plans to increase funding because the cooperative agreement had expired. Even if the agreement was extended, the terms of the agreement did not have sufficient provisions to allow increased funding.

The society's financial support to the Honolulu Zoo is accomplished through the gift-giving provisions of the City and County of Honolulu and are submitted and accepted by the City Council via gift resolution. Resolution 05-349, CD1, FD1 requires the council to *formally accept a gift of cash or tangible property before it may be expended or used by a city agency, officer, or employee* and further defines a gift as *any voluntary contribution of money, securities, other personal property, or of real estate or any interest in real estate to the city for a public purpose made gratuitously and without consideration, whether earmarked for a specific purpose or not*. In accordance with the resolution's provisions, the society's gifts totaling \$196,146 do not include services (e.g. education, membership and volunteer programs) even though they were included in the cooperative agreement.

We found that DES and the Honolulu Zoo do not include funds received through gifts in its operating budget and the society's financial support to the zoo's operations are not tracked. Further a DES manager confirmed that the zoo does not maintain records or track direct or indirect support received from the society as required by the cooperative agreement. We requested to review DES' financial documents related to the society's financial contributions. The department provided the society's analysis of zoo support from FY 2015 to FY 2017. According to the worksheet, the society contributed \$854,488 to the city for the three-year period. According to DES, this worksheet was prepared by the society's internal auditors. However, we could not find sufficient support to verify the worksheet's financial data in the zoo's files. We compared that data to gift resolutions processed through the City Council from the society for the same period and found that a total of \$196,145.47 was accepted or \$658,343 less than what the society reported in its worksheet as having been distributed. In accordance with the cooperative agreement, quarterly payments of revenues from sales and membership dues should be made. However this was not supported by our review of gift resolutions accepted from the society for the FY 2015 – FY 2017 period. This information is shown in the following exhibits:

Exhibit 2.1**Gift Resolutions with Contributions from the Honolulu Zoological Society FY 2015 to FY 2017**

Resolution Number	Date Adopted	Description	Value
14-182	9/10/2014	Monetary donations and contributions from the Honolulu Zoo Society for the period of April to June 2014, for the following: <ul style="list-style-type: none"> • Zoo Professional Development • Animal Enrichment • Conservation • Keiki Zoo Support, • Meadow Gold-Care of Lani Moo • Meadow Gold-Keiki Zoo Barn Project 	\$24,938.21
		<i>FY 2015 Total</i>	\$24,938.21
15-310	11/4/2015	One ticket for the Honolulu Zoo Society fundraiser Zoofari 2015 Growing Wild	\$300.00
		<i>FY 2016 Total</i>	\$300.00
16-268	11/2/2016	Professional Services and Exhibit Facilities-Explorer Dome and Zipline	\$75,434.48
16-314	1/25/2017	Monetary donations and contribution from the Honolulu Zoo Society for the period of July to September 2016 for Conservation	\$11,963.34
16-315	1/25/2017	Monetary donations and contributions from the Honolulu Zoo Society for the period of April to June 2016, for the following: <ul style="list-style-type: none"> • Animal Enrichment, Conservation • Misc. Zoo Support • Meadow Gold-Keiki Zoo Barn Project 	\$83,509.44
		<i>FY 2017 Total</i>	\$170,907.26
		FY 2015 to FY 2017 TOTAL	\$196,145.47

Source: Honolulu City Council

Exhibit 2.2**Gift Resolution Total Amounts and Zoological Society Reported Contributions FY 2015 to FY 2017**

Fiscal Year	Resolution Contribution Amounts	Zoo Society Reported Support	Difference
FY 2015	\$ 24,938	\$419,780	-\$394,842
FY 2016	\$ 300	\$255,703	-\$255,403
FY 2017	\$170,907	\$179,005	-\$ 8,098
Total	\$196,145	\$854,488	-\$658,343

Source: Office of the City Auditor

In particular we note that FY 2016 gift resolution contributions totaled \$300 while the society reported that \$255,703 had been contributed for the same period.

We found that DES did not have proper internal controls to monitor or verify the total annual gross sales proceeds and net revenue membership fees or dues from the Honolulu Zoological Society. DES was also unable to calculate the accuracy of the required quarterly payments from the society. The AZA noted in its 2016 Accreditation Review Report that since 2006 there had been insufficient evidence that adequate, stable, and consistent financial support from the society is being provided. The report also noted that annual contributions amounting to \$100,000 was being provided by the society to support zoo operations—far short of what the society should be contributing.

Society contributions reported by DES overstated by \$295,111

The society is required by the cooperative agreement to provide audited financial statements to the city on an annual basis, which details the society's revenues, expenditures as well as assets and liability for the year ended. During our audit, we requested copies of the society's annual audited financial statements from DES which would confirm the revenues collected and funds distributed. DES did not provide the annual financial statements for FY 2015 through FY 2017 in a timely manner because it was not readily available. The financial statements were provided subsequent to our audit. Although we can confirm that the society had annual financial statements, we question whether the zoo reviewed or maintained these financial statements as a way to properly verify and monitor that the society met its financial support obligations in the cooperative agreement. Exhibit 2.3 shows the contribution amounts based off of the society's annual audited financial statements compared to what DES provided as the society's analysis of support.

Exhibit 2.3**Honolulu Zoological Society Contributions FY 2015 to FY 2017**

	FY 2015		
	Financial Statement	Zoo Society worksheet	Difference
<i>Edu. Program Fees Allocation (1%)</i>	\$2,135	\$22,529	\$20,394
<i>Zoo Membership Dues (35%)</i>	\$206,083	\$397,250	\$191,167
Total Contribution for FY 2015	\$208,218	\$419,780	\$211,561
	FY 2016		
	Financial Statement	Zoo Society worksheet	Difference
<i>Edu. Program Fees Allocation (1%)</i>	\$2,002	\$14,832	\$12,830
<i>Zoo Membership Dues (35%)</i>	\$175,954	\$240,871	\$64,917
Total Contribution for FY 2016	\$177,957	\$255,703	\$77,746
	FY 2017		
	Financial Statement	Zoo Society worksheet	Difference
<i>Edu. Program Fees Allocation (1%)</i>	\$2,524	\$37,669	\$35,145
<i>Zoo Membership Dues (35%)</i>	\$170,678	\$141,336	(\$29,342)
Total Contribution for FY 2017	\$173,202	\$179,005	\$5,803

Note: Totals may not foot due to rounding

Source: Department of Enterprise Services

The data for the society's contributions provided to us during our audit were overstated, with the exception of zoo membership dues in FY 2017, when compared with the society's audited financial statements. If the society's annual contributions were properly monitored, zoo administration would have been able to reconcile the discrepancies between the data provided on the worksheets with the audited financial data, and collect the required contributions from the society as a revenue source. Furthermore, we could not verify if DES is actually receiving these contributions from the society because there are no records to verify such contributions. In FY 2015 and FY 2016, the society was obligated to remit contributions to the city as set forth in the cooperative agreement. In FY 2017, there was no agreement in place and the society was not obligated to provide any money. However, had an agreement been in place, we estimate that the zoo could have received \$173,202 in contributions to support zoo needs. If the zoo used the audited financial data for contributions for planning purposes, they could project contributions for upcoming years as a revenue source and plan improvements, animal enrichments, events or other needs of the zoo.

Subsequent to our audit, DES provided profit and loss reports that were submitted to Board members at monthly meetings. However, DES could only provide six reports out of 36 reports

from FY 2015 to FY 2017. According to a zoo administrator electronic documents for the missing months could not be located because it was under prior leadership. While the six reports were subsequently provided to us after fieldwork was completed, they were not readily available and DES could not provide them in a timely manner. Because these important financial documents were not readily available, we determined that zoo administration did not use that information to monitor or reconcile financial contributions from the society. The inability of DES or the zoo to provide clear, accurate financial information results in a lack of accountability and transparency between the society and DES. The duration of these financial reporting deficiencies puts the zoo at risk for fraud, waste and abuse.

The department notes that during the audit period, the zoo and the society experienced turnover in administrators that created leadership instability:

- Appointment of an acting zoo director from December 2015 to September 2017;
- Appointment of an interim zoological society executive director in 2015 until a permanent executive director was hired in 2016; the executive director left the society in 2018 and was replaced by yet another executive director who continues to serve today; and
- The society's Board President position also changed in mid-2015 and again in mid-2017.

These transitions in key executive positions hampered the zoo and the society's ability to sustain effective monitoring, oversight, coordination or time to negotiate a new agreement. As a result, current leadership could not locate or produce the files or information we requested. The department notes that the current zoo director, executive director and society co-presidents have worked together over their shared year of leadership to create and solidify a working relationship and new agreement to best support the zoo as well as address the concerns of AZA.

The department also notes that zoo management prioritized zoo services and operations over the funding. The department also explained that the society needed sufficient funding to support its programs and that building in any type of formula for increased funding was not something DES wanted to require and risk having the society fail financially. The current agreement addresses this concern with a new percentage-based formula that still prioritizes services. While we acknowledge this progress,

the risk areas identified through our audit are still warranted attention to ensure that the city is receiving the revenues set forth by the new agreement. While we acknowledge that the August 2019 cooperative agreement makes improvements, the risk areas identified during our audit period are still warranted. We urge the department to exercise proper monitoring and oversight to ensure that the society provides the support required by the agreement.

Recommendations

DES should:

1. Strengthen transparency and accountability by requiring and obtaining audited annual financial statements and other relevant financial data included in terms of the cooperative agreement including membership fees and gross proceeds from educational programs from the society; and
2. Report funds it receives from the society annually in their annual Department and Agency Report submission or other communication to the city council.

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Chapter 3

September 2011 through September 2016

Cooperative Agreement Between the Honolulu Zoo and the Honolulu Zoological Society Was Ineffective and Poorly Managed

A cooperative agreement between the Honolulu Zoo and the Honolulu Zoological Society (society) was in effect from September 2011 through September 2016. This agreement establishes funding streams, zoo operations, and outreach programs. The agreement also intended to establish clear roles and responsibilities, transparency, and accountability.

We found that the Department of Enterprise Services (DES) is unable to determine whether the society is meeting its obligations due to lack of sufficient monitoring and oversight. The Honolulu Zoo and the society has been operating without an agreement since September 2016. In addition to DES' inability to explain a \$658,343 discrepancy in financial support due to poor internal controls, we found that the cooperative agreement hampered, instead of clarified, roles and responsibilities. Specifically, DES lacked effective measures to evaluate the cooperative agreement between the Honolulu Zoo and the society. Absent any progress toward improvement, DES should consider alternative governance structures for its zoo operations.

In 1969 a *Zoo Hui* was incorporated as a 501C (3) nonprofit organization to support the Honolulu Zoo and its operations. Now known as the Honolulu Zoological Society, the society manages the conservation education, research development, membership, and volunteer programs for the Honolulu Zoo. The roles, responsibilities and functions of the society and the Honolulu Zoo are specified in a cooperative agreement between the City and County of Honolulu and the society. In the agreement the Honolulu Zoo agreed to provide non-exclusive rights to the society to utilize the zoo for education, outreach, and fundraising. In exchange, the society agreed to provide program and financial support for the zoo's operations. The agreement specified that the society:

- Conduct fundraising activities and/or projects for the benefit of the society's programs and the Honolulu Zoo;

- Meet with the Zoo Director on a bi-monthly basis (or as otherwise agreed upon by the society's Executive Director and the Zoo Director) to review operational issues affecting the zoo and/or the society and address any outstanding requests of either party;
- Submit to the city, on an annual basis, its financial statement prepared by a certified public accountant which details the society's revenues, expenditures, assets, and liabilities for the year end;
- Allocate 1 percent of the annual gross proceeds from the society's educational programs into the Honolulu Zoo's Conservation Fund and 35 percent of annual net revenue from membership fees or dues to be paid to the zoo on a quarterly basis.

DES is unable to determine whether the society is meeting its obligations

The cooperative agreement between the Honolulu Zoo and the society that existed between September 2011 and September 2016 identified several reporting requirements that would allow DES to conduct effective oversight of zoo operations and finances. As part of our audit fieldwork, we requested to review a sample of those documents. However, DES could not provide complete documentation for the following items listed in the cooperative agreement:

- Audited financial statements of the revenues and expenditures of the society FY 2015 to FY 2017;
- Annual reviews FY 2015 to FY 2017;
- Documentation of fundraising activities;
- Evidence that annual gross proceeds from educational programs are deposited into a conservation fund and annual net revenue is paid to the zoo quarterly;
- Evidence of developing mutually beneficial strategies to increase funding support; and
- Documentation of bi-monthly meetings.

Because DES does not actively collect, maintain or track this information, we could not verify if the Honolulu Zoo received the deliverables stated in the cooperative agreement, including financial support. Subsequent to completion of audit fieldwork, DES provided the society audited financial statements from

FY 2015 to FY 2017. However, these documents were not readily available when we requested them. We acknowledge that the society properly conducted annual financial audits, but stand by our findings that the zoo did not exercise sufficient oversight of the society during our audit period.

No current cooperative agreement in place from FY 2017 to FY 2019

The previous cooperative agreement between the city and the society expired on September 25, 2016. From FY 2017 to FY 2019, the society and the city did not extend the expired agreement or approve a new agreement. As a result, the zoo did not have any enforceable operating or funding commitment from the society as of September 2016. A DES manager acknowledged that the zoo was operating without any guidance or formal strategic vision other than to gain reaccreditation and manage day-to-day operations.

According to DES, the language in the expired agreement was not applicable to current operations and therefore the expired cooperative agreement was not relevant. However, DES management also explained that despite the lack of a formal agreement, operations between the zoo and the society continued with the zoo approving all projects and the society operating under the terms of the old agreement regarding facility use, payment of utilities, conservation fund allocation and programs. DES also added that the expired agreement allowed for a *cooling off period*, which provided an opportunity for the new leadership to reestablish a more positive relationship. According to DES, during this time, the zoo continued to work with the society and focus on accreditation as its priority. While DES maintains that the zoo had a good relationship with the society and was generally satisfied with education efforts and its volunteer program during the expired agreement timeframe, there was no transparency or accountability for the coordinated relationship and the financial gains derived from that relationship.

A new concession agreement was finalized on August 23, 2019 between the society and the city. While we acknowledge the new agreement and its improvements, we maintain that DES should actively monitor the contract to ensure that deliverables are met for the best interest of the zoo and the city. Without a properly monitored agreement, both DES and the society are unclear of their roles and responsibilities and the safe and efficient operation of the zoo is at risk. An effective and relevant agreement is critical to the zoo's success and sustainability.

Zoo lacks sufficient oversight over education-related programs

In 2016, the Association of Zoo and Aquariums conducted a site visit of the Honolulu Zoo as part of its Accreditation Review. In addition to its review of zoo operations and facilities, the assessment included an examination of the Cooperative Agreement and relationship between the zoo and the society. The AZA found that despite the cooperative agreement, there were several issues that hampered the society's support of the zoo. First, it noted that the agreement included services or provisions that the society would provide that, in the AZA's opinion, exceeded what was in the society's bylaws. The agreement states that *the Society shall be responsible for the development and maintenance of education, membership, conversation and research programs, membership and education program sales, fundraising and volunteer training (for Society-related events only), recruitment and management.* The AZA expressed concern that a number of the society's obligations and responsibilities in the cooperative agreement should be the responsibility of the zoo and not the society, such as the zoo does not appear to be receiving what it most needs from the society, which is increased fundraising. The AZA team met the staff of the society and it did not appear there is a Director of Development on staff. With the number of staff employed by the society, and with their pay and benefits being different than those of the zoo staff, this can contribute to underlining tension.

The AZA also stated that its standards require the Zoo Director to have the authority over the animal collection, staff, and zoo programs. The report also stated that support programs must recognize the overall authority of the Zoo Director for managing the institution and its programs. The AZA found that there were no clear lines of authority and responsibility between zoo staff, governing authority (DES/Zoo) and the society, resulting in a strained relationship. In addition the AZA found that there was a lack of collaboration on both a macro- and micro-scale both within the zoo and between zoo staff, DES, and the society.

We found that the relationship between stakeholders remain muddled. For example, while zoo staff meets with society staff regularly to discuss educational programs, DES could not provide documentation for these meetings. DES also could not provide a listing of educational program activities from FY 2015 to FY 2017 and accompanying satisfaction surveys from these activities. A DES manager noted that the society maintains and tracks this information, not the zoo. As a result, there continues to be a lack of collaboration between DES and the society and insufficient oversight of education-related programs.

The cooperative agreement provides that the society will support the Honolulu zoo with the development and administration of education programs. Programs include a number of partnerships with local public and private schools, the State Public Library System, Children’s Literature Hawai’i, and Honolulu’s Summer Camp Programs. The AZA reported that the society board had the ability to determine operational programming at the zoo and concluded that this type of operational intervention is inappropriate and circumvents the professional staff’s ability to assess the needs of their audience and develop appropriate programming based on that assessment. During our review, we found that the society’s influence over zoo operations had not changed. As a result, the zoo continued to allow the society to have undue influence in direct conflict with the AZA recommendation.

Subsequent to our audit, DES provided facility use forms from the society as a means to document approval for educational activities. According to the department, to have the zoo get involved in providing the list of society programs and evaluating their programs blurs the roles. We disagree. DES should exercise proper oversight and monitoring of the educational activities that occur at the zoo and ensure that they are consistent with policies, procedures, and cooperative agreement provisions. While we acknowledge the department’s efforts by providing use forms, such documentation was not readily available despite our requests over our audit period and, as a result, we maintain that the department did not have proper oversight over contract compliance.

Volunteer services coordination is inadequate

Volunteers are a key resource for the zoo. The Honolulu Zoo and the society volunteer programs function with a bifurcated volunteer structure. The Honolulu Zoo supervises volunteer keeper assistants. The society supervises interpretive volunteers and community groups. We found that the Honolulu Zoo has not effectively maximized its volunteer program. A 2016 AZA inspection reported that there was inadequate coordination of the volunteer programs between the Honolulu Zoo and the society. The zoo director and DES did not make improving its volunteer program a priority. The lack of an effective cooperative agreement also hampered efforts to improve the program. As a result, the zoo has not met the full potential to utilize volunteers for its programs and instead placed more responsibilities on over-worked zoo staff or reduced its outreach programs.

In accordance with the cooperative agreement, the society is responsible for managing the volunteer services programs for the

Honolulu Zoo. The agreement stipulates that the development and administration of a volunteer program shall be performed in consultation with the Zoo Director. The AZA noted that in accordance with its standards, the Zoo Director is responsible for the day-to-day management of the institution, including all staff and programs. In its 2016 onsite accreditation inspection the AZA concluded that there was inadequate coordination of the volunteer program between the society and the zoo. The AZA found that zoo staff had very little involvement with the volunteer program and lacked oversight by the Zoo Director. The AZA concluded that the volunteer program was inadequate to meet the needs of the institution.

We found that the zoo and society have separate volunteer programs. The society manages its own volunteers and reports performance data for accreditation purposes. DES does not track or monitor the society's volunteer program performance. While DES has one full time staff member whose responsibilities include recruiting, training and overseeing assignment of all volunteers in support of zoo activities of volunteers, DES could not provide the total number of society volunteers or zoo volunteers from FY 2015 to FY 2017. As a result, we were unable to assess the level of coordination between the zoo and the society for its volunteer program and determine whether concerns expressed by the AZA had been addressed. Absent any documentation confirming volunteer numbers, we conclude that adequate coordination and utilization of its volunteer program continues to be a risk area for the zoo.

Evaluation Measures for Cooperative Agreement are Lacking

We reviewed the FY 2015 to FY 2017 cooperative agreement between the city and society and found that the agreement lacked sufficient provisions and measures by which to evaluate and assess the effectiveness of the cooperative agreement. DES did not develop any standards or measures by which the cooperative agreement can be assessed. While the agreement permits an annual review to make any appropriate adjustments, without performance assessment metrics, there is a lack of criteria to assess the performance and efficacy of the agreement. Unless DES develops comprehensive measures to properly monitor and assess cooperative agreement performance, it will not have an effective tool to determine whether the city benefitted from the cooperative agreement or to make improvements in future agreements.

Best practices for the governance arrangement between a zoo and a non-profit partner include establishing performance metrics by using data points. During our review of other zoos, we identified

a set of potential performance metrics that could be considered in evaluating the society’s performance relative to the cooperative agreement. The performance metrics focus on evaluating the non-profit’s program and fundraising activities against prior years and other similarly-sized or situated zoos. The differences in planned versus actual results would be useful for the zoo to properly monitor and evaluate its agreement with the society. The following table includes potential data points that could be used to develop a set of performance metrics between the zoo and the society.

**Exhibit 3.1
Potential Data Points for Performance Metrics-Cooperative Agreement Between the Honolulu Zoo and the Honolulu Zoological Society**

Program	Relevant Program Data Points
Membership	<ul style="list-style-type: none"> • Membership revenue/expenses • Membership revenue provided to the Zoo • Number of new and renewed membership • Number of individuals within memberships
Volunteer	<ul style="list-style-type: none"> • Number of volunteer hours • Number of volunteers per type (student, docent, internship, animal care, etc) • Volunteer expenses • Number of school tours • Number of volunteer training classes offered/attendance
Fundraising	<ul style="list-style-type: none"> • Unrestricted fundraising revenue received • Restricted, bequests, and gifts fundraising revenue received • Zoo Society expenditures on Zoo capital projects • Zoo Society expenditures to benefit the Zoo or DES • Zoo Society fundraising expenditures • Unrestricted fundraising revenue provided to DES
Special Events	<ul style="list-style-type: none"> • Number and type of special events
Community Outreach	<ul style="list-style-type: none"> • Number and type of community outreach events
Marketing and Public Relations	<ul style="list-style-type: none"> • Number of regular paid zoo attendance • Zoo admissions revenue

Source: OCA, Los Angeles Controller

Currently, the city does not track performance metrics with the society to evaluate its performance in accordance with the cooperative agreement. Absent performance evaluation criteria, the department is unable to sufficiently determine whether the society’s performance as a contractor and fundraiser is meeting goals or whether improvements can be made.

DES Should Consider Alternative Governance Structures for Its Zoo Operations

The land that the zoo sits on is a part of Kapi'olani Park, which is governed by a public charitable trust. Under this trust, leasing park lands is prohibited. As a result, the city is limited in how it structures and governs zoo operations.

While public-private partnerships are common for zoo models across the nation, the Honolulu Zoo's model differs in that the city owns, operates and maintains the zoo. The Zoological Society provides financial support, volunteer resources, and community leadership. This is accomplished through various education, membership, volunteer, and research programs. Comparatively, zoos across the nation with similar population sizes to Honolulu are managed and operated by nonprofit organizations while the local government owns zoo infrastructure and facilities and provides some financial support to the zoo.

Exhibit 3.2 shows the difference in public-private partnership each zoo has compared to the Honolulu Zoo's model.

**Exhibit 3.2
National Comparison: Zoo Public-Private Partnerships**

Zoo Name	Municipal	Partner	Municipal Responsibilities	Partner Responsibilities
Honolulu Zoo	City & County of Honolulu (population: 980,080)	Honolulu Zoological Society	Owens, operates, maintains the zoo	Society provides financial support, volunteer resources, and community leadership
Dallas Zoo	Dallas, TX (population: 1,345,047)	Dallas Zoological Society	Owens the zoo	Zoo Society formed Dallas Zoo Management, Inc. to serve as entity responsible for animal operations (day to day operations), guest services, education, and conservation and research activities. Society is directly responsible for the management of: <ul style="list-style-type: none"> • All private fundraising (capital and annual campaigns) • Marketing, advertising, and special events • Government, media, and public relations • Membership and membership services • Food service • Merchandise sales (gift shop) • Volunteer programs
Fort Worth Zoo	Fort Worth, TX (population: 895,008)	Fort Worth Zoological Association	Owens the zoo	Zoological association manages the Zoo
Woodland Park Zoo	Seattle, WA (population: 744,955)	Woodland Park Zoo Society	Owens the zoo Provides financial support	Society manages and operates the zoo with emphasis on the zoo's scientific and educational purposes and programs; City of Seattle provides financial support
San Diego Zoo/San Diego Safari Park	San Diego, CA (population: 1,425,976)	San Diego Zoo Global	Owens land, facilities, animals	Managed and maintained by San Diego Zoo Global

Source: Honolulu Zoo, Dallas Zoo, Fort Worth Zoo, Woodland Park Zoo, San Diego Zoo and Safari Park

The governance model trend for municipalities of comparable size to Honolulu is for qualified non-profits to operate and maintain the zoo, while the local government provides facilities and financial support. The Kapi'olani Park Trust restrictions notwithstanding, DES should evaluate whether such a governance structure would be more beneficial to the city, the zoo, and the public.

Subsequent to our audit, DES provided their own national comparison based on attendance, budget, staffing, etc. This national comparison can be found in Appendix A.

Recommendations

DES should:

3. Establish performance metrics related to contractual responsibilities with the society based on the intention that the society supports the zoo's overall success; and
4. Properly monitor and provide oversight of the cooperative agreement to ensure that deliverables and obligations are met.

Chapter 4

Honolulu Zoo Operations Hampered by Staff Shortages and Maintenance Deficiencies

Inadequate staffing has been identified as an ongoing issue by the Association of Zoos and Aquariums (AZA) and is a component of the zoo's loss of accreditation by the AZA. We found that sustained staffing shortages continues to be a problem and hampers zoo operations. We requested timesheets for all zoo employees during select periods, but DES provided an incomplete set of timesheets. As a result, we were unable to analyze zoo staff by comparing staff schedules with timesheets to identify staffing shortages across zoo operations. We were able to identify shortages by reviewing a sample of overtime documents and found that overtime costs totaled \$763,943 from FY 2015 to FY 2017. According to the department, overtime is utilized to cover emergencies, animal health and welfare needs, special events, after-hours transports, and staffing shortages.

The zoo maintenance program is ineffective because it is informal and lacks sufficient structure. During our audit period, we found that there are no formal zoo maintenance policies and procedures. Zoo maintenance is comprised of daily tasks that are informal and verbally communicated. The absence of zoo maintenance software results in maintenance logs that aren't tracked formally. As a result, maintenance operations are open to staff interpretation and done haphazardly with deferred maintenance costs increasing and areas of the zoo not being maintained properly. Staff are obligated to work overtime to ensure animal welfare and safety. However, excessive overtime is a concern for the zoo. Without a formal maintenance program with policies and procedures, the zoo is unable to align its strategic vision with its maintenance goals, and is unable to identify gaps and improvement opportunities.

Zoo Staffing is Inadequate

The AZA, in its 2016 accreditation site visit, concluded that there is inadequate staffing to operate the zoo in accordance with its standards. Safety and security are priority areas because they protect guests and staff, and ensure animal welfare. Properly trained staff are essential to the effective operations of the zoo, which requires finding the right personnel for the job requirements and can involve extensive training. Zoo staff take on great responsibility for the animals and building a positive relationship between caretakers and animals is vital for achieving safety standards and promoting a healthy environment. Zoo

staff concurred that zookeepers must build strong relationships with the animals. This relationship not only provides adequate attention for the animals, but also ensures employee safety. If zookeepers are not the right fit for the animals, routine responsibilities may take longer due to additional mitigating measures needed to ensure staff and animal safety. Job training for certain animals is lengthy and could take anywhere between two months to two years, depending on the animal and keeper.

Zoo operations require a seven-day-a-week work schedule and zoo staff are often obligated to work outside of their regularly scheduled hours. The Zoo’s Standard Operating Procedure manual ensures the safety of people and animals. In evaluating the zoo’s operational requirements and standards, the AZA found that the zoo had an insufficient number of funded positions, there was high staff turnover due to retirements, staff transferred to other zoos due to better promotional opportunities and incentives including lower cost of living in other states, and a lengthy process to find qualified replacement staff. Collectively, the AZA found that these staffing issues compromised the zoo’s ability to effectively and efficiently manage and maintain zoo programs and facilities.

Zoo has continuing staff vacancy issues

DES added 11 full-time equivalent positions (FTE) to zoo staffing between FY 2015 (72 FTE) and FY 2017 (83 FTE). During that same time period, the number of filled positions also increased by 11 FTE. Although gains were made in FTEs filled, the vacancy rate did not significantly improve. Exhibit 4.1 shows zoo staffing from FY 2015 to FY 2018.

**Exhibit 4.1
Zoo Staffing (FY 2015 to FY 2018)**

	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
<i>Filled (FTE)</i>	62	60	71	83
<i>Vacant (FTE)</i>	10	13	12	Unavailable
<i>Vacancy Rate</i>	14%	18%	14%	Unavailable
<i>Total (FTE)</i>	72	73	83	Unavailable

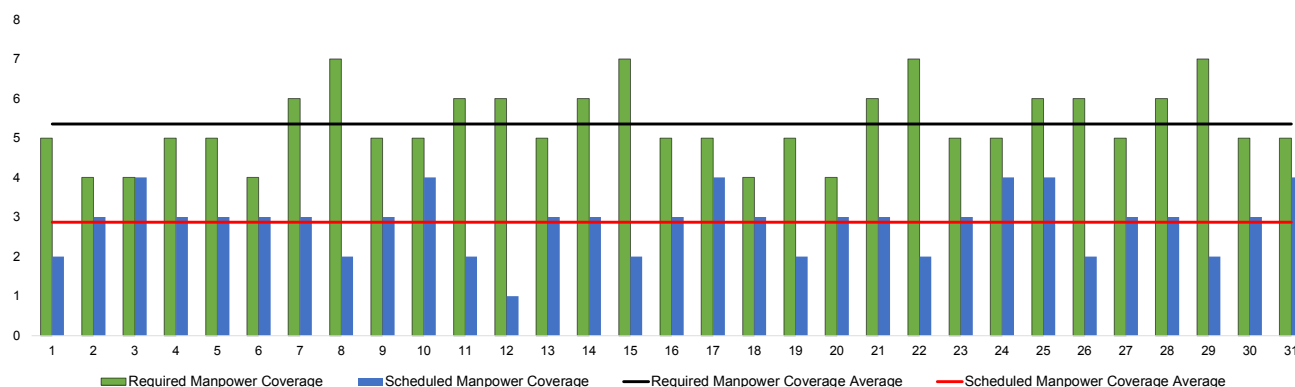
Source: Department of Enterprise Services

Shortage of shift coverage reflects staffing shortages

To assess staffing adequacy, we reviewed mandated personnel shift coverage ratios for the zoo. The shift coverage ratio is the required manpower coverage compared to the scheduled manpower coverage. We found that AZA's accreditation review finding that the zoo lacked adequate staffing continues to affect zoo operations.¹ Under work agreement guidelines the average staff coverage needed for the zoo is five shifts per day. However we found the average scheduled staff coverage was less than three shifts per day. This staffing shortfall was caused by insufficient availability of personnel to cover the zoo's operational needs.

For example, we found that in a sample of staff coverage for January 2016 that the zoo consistently scheduled staff below the required coverage level. The average required staff coverage per day was 5.35 shifts, while the scheduled staff coverage per day was 2.87 shifts. Exhibit 4.2 shows the variances in required staff coverage versus actual staff coverage for January 2016. We also note that for 9 of the 31 days, actual coverage was less than the average staff coverage for the month.²

**Exhibit 4.2
Manpower Coverage for January 2016**



Source: Department of Enterprise Services

¹ The zoo operates under United Public Workers Unit 1 agreement section 25.03 that establishes work hours to be scheduled and prepared for twelve week periods, that employers shall set forth its required manpower coverage for each workday over a seven day work week, and the work schedule shall specify the number of employees in each classification needed for each day of each work assignment of each work week.

² The data shows that actual scheduled manpower coverage did not meet required manpower coverage on any day that month.

Staffing shortages results in costly overtime

The Honolulu Zoo Work Rules occasionally require assignment of overtime due to the zoo's 24/7 operation.³ According to DES, overtime is a necessary expense because, unlike other departments, the zoo cannot close or stop working if staff calls out sick or is on approved leave. Like a hospital or a prison, zoo management explained that its staff tend to live needs which cannot be deferred. Overtime is utilized to cover emergencies, animal health and welfare needs, events, after hour transports, staffing shortages, etc. The need to fund and operate with overtime provides flexibilities to overcome unavoidable challenges. When an animal keeper vacates a position (retires, transfers, promoted), it takes time for a new keeper to be proficiently trained to fill the vacancy. Not all keepers can be proficiently trained in the same areas of the vacated keeper and additional time may be needed to find the proper fit to match staff and animal personalities. While recruiting, training, and establishing rapport between staff and animal, existing zoo staff fill staffing needs with overtime.

Between FY 2015 and FY 2017, zoo overtime costs totaled \$763,943. The most common reason for overtime was staff shortage. For example, in our sample of weekly overtime sheets we found that:

- The mammals section incurred 133.50 overtime hours in a week in FY 2017; and
- Zoo staff with highest weekly overtime totaled 76 hours in FY 2017

Exhibit 4.3 shows the amount of non-holiday overtime that zoo staff incurred from FY 2015 to FY 2017.

³ As provided by the collective bargaining agreements, an employee who has compensatory time-off credit shall be scheduled for compensatory time-off as mutually agreed to with the appointing authority subject to the Zoo Director's approval. The U.S. Fair Labor Standards Act allows an employee to accumulate up to 240 hours of compensatory time-off. All overtime accumulated must be accompanied by an Emergency Overtime form and verified by the supervisor who authorized the hours, along with the reason for such overtime documented on the form and on the time sheet.

Exhibit 4.3
Zoo Overtime (FY 2015 to FY 2017)

	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
<i>Non-Holiday Overtime (Budgeted)</i>	\$ 88,300.00	\$ 150,000.00	\$ 250,000.00
<i>Non-Holiday Overtime (Actual)</i>	\$ 245,047.22	\$ 271,784.36	\$ 247,111.91
<i>Difference</i>	\$ 156,747.22	\$ 121,784.36	\$ (2,888.09)

Source: Department of Enterprise Services

From FY 2015 to FY 2017, the zoo's budgeted non-holiday overtime increased by 183% from \$88,300 to \$250,000. When staff call in sick or if the zoo is short staffed, current staff must shuffle and take on extra responsibilities to perform necessary jobs. From FY 2015 to FY 2016, budgeted non-holiday overtime increased 70 percent and from FY 2016 to FY 2017, it increased 67 percent. If the zoo cannot fill and sustain staff positions, costly overtime will continue. This may result in staff burnout, which will impact staff sustainability.

The Zoo Does Not Have Formal Maintenance or Capital Improvement Plans as Recommended by Best Practices

Although the Honolulu Zoo has master and strategic plans, it lacks formal maintenance and preventive care plans. Best management practices for zoos recommend following a written maintenance plan that outlines the institution's strategy for identifying and addressing maintenance and major repairs in a timely manner. The plan should include a schedule of improvements, anticipated cost and timetable for completion, and a plan for funding maintenance needs. Best practices also suggest establishing a written capital improvements, major repair and replacement program. They include a description of how facilities are assessed along with a written schedule of current and anticipated renovations, new construction, improvements to existing buildings, grounds, exhibits, and demolition of outdated structures. The 2016 AZA Accreditation Team found that while there has been some progress, deferred maintenance is found throughout the zoo. This is a recurring problem that was cited in the AZA's 2011 and 2012 onsite inspections. The AZA team also pointed to a pattern of allowing facility and programs to deteriorate between accreditation inspections, then rallying with increased attention and funding immediately prior to the inspection, only to let the zoo deteriorate again before the next

inspection. We believe the creation and adoption of maintenance and preventive maintenance plans could help correct these reactionary maintenance practices.

While the zoo administrators indicate that re-accreditation is a priority, we believe that the lack of formal maintenance plans is problematic for the zoo, with or without accreditation. Furthermore, the lack of formal plans may result in maintenance expenditures that are reactionary, which can compromise animal, staff, and the public's health and safety. Exhibit 4.4 shows zoo staff attending to daily maintenance.

Exhibit 4.4
Grounds and Exhibits in Daily Maintenance



Source: Office of the City Auditor

Exhibit 4.5 shows budgeted maintenance and deferred maintenance program funding from FY 2015 to FY 2017.

Exhibit 4.5
Maintenance & Deferred Maintenance Program Funding
(FY 2015 to FY 2017)

	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
<i>Zoo Improvements</i>	\$ 500,000	\$ 1,000,000	\$1,680,000
<i>Reptile Amphibian Complex</i>	\$ 500,000	-	-
<i>Water System Upgrade</i>	\$ 300,000	-	\$ 200,000
<i>Pries Building Renovation</i>	-	-	\$ 150,000
<i>Total</i>	\$1,300,000	\$ 1,000,000	\$2,030,000

Source: Department of Enterprise Services

From FY 2015 to FY 2017, total zoo maintenance funding increased 56 percent from \$1.3 million to just over \$2 million. Maintenance program funding is budgeted as a Zoo Improvements line item. From FY 2015 to FY 2017, the Zoo Improvements line item increased 236 percent from \$0.5 million to nearly \$1.7 million. The other budgeted line items that the zoo uses to address deferred maintenance projects include the Reptile Amphibian Complex, Water System Upgrade, and Pries Building Renovation.

According to DES, these projects were included in the Capital Improvements Projects (CIP) Budget with funding requests approved by the administration and city council. The zoo identifies projects and prioritizes based on need which the zoo utilizes as its overall CIP maintenance program. This includes a scheduled list of improvements and anticipated costs. Divisions and departments are required to submit project requests, in priority order, to the administration for review.

We sought to determine whether funding allocations were sufficient to meet maintenance requirements. However without an existing maintenance plan, there is no basis to measure whether the allocations are sufficient to address the particular project needs, the assessment of priority compared to other maintenance needs, and the overall progress for improved care and management of the entire facility.

Daily maintenance operates haphazardly and relies on an informal system

The 2016 AZA committee report on the Honolulu Zoo noted that the zoo had recently purchased a maintenance software system to help improve tracking of regular and major maintenance. We found, as of 2018, that the system was not implemented and zoo maintenance instead continues to rely on the city's electronic forms to manage tasks. We also found that there are no set procedures or maintenance schedule for staff to follow. According to staff, maintenance responsibilities depend on the needs of the day, behavior of zoo animals, and time it takes for zookeepers to complete their responsibilities. Although maintenance staff reported they attend weekly meetings to discuss immediate maintenance needs, we found that there is a lack of preventative maintenance and no long-term planning. We reviewed daily maintenance logs and found that logs are kept informally and are inconsistent. In order to evaluate daily maintenance functions, we requested maintenance logs from FY 2015 to FY 2017, but DES could not provide all daily logs. As a result, we were unable to verify that maintenance functions occurred. More troubling is that the lack of records prevents DES from properly monitoring and planning its maintenance program. Exhibit 4.6 details our review of daily maintenance logs from FY 2015 to FY 2017.

**Exhibit 4.6
Daily Maintenance Logs (FY 2015 to FY 2017)**

	Number of Logs
FY 2015	1
FY 2016	0
FY 2017	10

Source: Department of Enterprise Services

On our site visits, we observed maintenance-related conditions of zoo grounds and exhibits Exhibit 4.7 shows some of the maintenance issues we identified. One of the conditions we observed confirmed that the findings related to deferred maintenance in the 2015 AZA Committee Report are still problematic. These issues include compromised wood and fencing, tripping hazards and cracked flooring. The report also highlighted zoo service areas where there are fencing gaps that a visitor could easily walk around and have direct access to animals in exhibit and switch areas. During our site visit, we observed an exhibit area where the fencing gap is large enough for a person to

walk into, confirming that fencing gaps have not been adequately addressed. In other words, nearly three years had elapsed since the AZA report noted the fence gap issue, and DES had not yet addressed the risk to zoo visitors and animals.

**Exhibit 4.7
Zoo Grounds and Exhibit Conditions Observed (Deferred and Ongoing Daily Maintenance Repairs)**



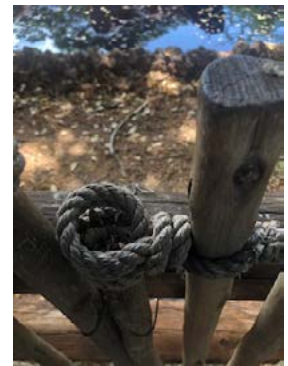
Cracked and lifted sidewalk



Marked, cracked, lifted sidewalk



Overgrown brush



Wood rotting at exhibit



Overgrowth in exhibit; rotting wooden door



Fencing gap in exhibit area



Exhibit railing fastened with various wires/ropes



Broken and inoperable play apparatus



Fire hose used as rope to block off area



Fallen tree branches and shrubs near walking path

Source: Office of the City Auditor

While progress has been made, zoo maintenance is an area of concern because deferred maintenance continues to increase, ongoing daily maintenance issues are prevalent, and there is a history of allowing the zoo to deteriorate between accreditation inspections. Without a formal system and maintenance program in place, facilities will continue to deteriorate, deferred maintenance will increase, and operational costs will increase. More importantly, zoo animals, staff, and visitors' safety may be at increased risk.

Recommendations

DES should:

5. Establish a maintenance program plan that includes a schedule of improvements, anticipated cost and timetable for completion, and a plan for funding maintenance needs; and
6. Formally track and maintain daily maintenance logs.

Chapter 5

Conclusion and Recommendations

The Honolulu Zoo provides important educational, recreational and entertainment programs for Honolulu residents and visitors. In this age of online information access, social media, and video posting, the zoo provides an increasingly rare interactive and hands-on environment for learning. Maintaining the zoo and its resources are critical so that future generations can learn about diverse animals, flora, and fauna in a safe and secure environment.

Over the years, the zoo's programs, infrastructure, and management has declined, resulting in a loss of accreditation. The loss of accreditation not only impacts the zoo's ability to diversify its animal exhibits, it also signaled internal problems that compromised animal, staff, and visitor safety and security. Re-accreditation is a priority for the Honolulu Zoo. After several leadership transitions, a new agreement between the DES and the Honolulu Zoological Society (society), and improvements around the zoo were made to address accreditation issues, the zoo is making progress. However, we found that administrative and operational improvements are still warranted. During our audit period, we identified that DES did not track financial contributions from the society that averaged over \$186,000 annually. As a result, the department is forgoing potential monies that could be used for improving the zoo. Throughout our audit, we requested financial documents as required by the cooperative agreement including the society's audited financial statements. Although the financial statements were provided after our audit, these documents were not readily available and according to DES staff, it was not tracked at the zoo. The required contributions to the conservation fund and percentage of revenues of membership fees and dues from the society under the old cooperative agreement were not actively tracked or monitored by DES. As a result, the zoo did not hold the society accountable for its financial obligations.

Under the new concession agreement, the society is required to:

- allocate 1 percent of the annual gross sales proceeds from their educational programs into its Conservation Fund; and
- Provide financial and in-kind support to the zoo, including but not limited to, program expenses (including payroll),

and net income an amount not less than 75 percent of the society's net income from all donations, contributions, memberships, fundraising events, and other fees received during the prior fiscal year.

Although the financial support from the society is not meant to balance the zoo's budget, these contributions and revenues are meant to benefit the zoo as set forth in agreement. We acknowledge DES' progress with improving the terms of its agreement with the society. However, based on our audit findings, DES should establish the proper internal controls to ensure that the issues we identified are mitigated and resolved with its new agreement. If the monies aren't actively tracked to ensure that they are being received, the zoo may not be maximizing its revenue stream and collecting funds to program zoo improvements.

The Honolulu Zoo is open seven days a week and, unlike most city agencies and programs, the demands for staffing are rigorous and challenging. We identified shortages in staff by comparing the required staff coverage per day with the scheduled staff coverage for day. The average required staff coverage per day was 5.35 shifts, while the scheduled staff coverage per day was 2.87 shifts. The shortages in staffing and coverage for emergencies, animal health and welfare needs, events, and after hour transports resulted in overtime costs totaling over \$750,000 from FY 2015 to FY 2017.

During our audit period, we found that zoo maintenance lacked formal maintenance plans. Maintenance was open to staff interpretation and done haphazardly with deferred maintenance costs increasing and areas of the zoo were not maintained properly. While the department reports that it keeps daily maintenance logs, only 11 daily logs were provided from FY 2015 to FY 2017. Subsequent to our audit, DES reports that it has implemented a work order tracking system and completed a maintenance plan including checklists of equipment, vehicles and facilities and scheduled inspections. While we acknowledge the department's progress with this implementation, we were unable to verify whether this system or plan was implemented.

Recommendations

DES should:

1. Strengthen transparency and accountability by requiring, obtaining, and reviewing audited annual financial statements and other relevant financial data included in terms of the

- cooperative agreement including membership fees and gross proceeds from educational programs from the society;
2. Report funds they receive from the society annually in their annual Department and Agency Report submission or other communication to the city council;
 3. Establish performance metrics related to contractual responsibilities with the society based on the intention that the society supports the zoo's overall success
 4. Properly monitor and provide oversight of the cooperative agreement to ensure that deliverables and obligations are met;
 5. Establish a maintenance program plan that includes a schedule of improvements, anticipated cost and timetable for completion, and a plan for funding maintenance needs; and
 6. Formally track and maintain daily maintenance logs.

Management Response

In response to a draft of this audit report, the managing director and the Department of Enterprise Services expressed general agreement with the report's findings and recommendations. The department indicated that since our audit work was completed, it had implemented, or was in the process of implementing, improvements to address challenges identified in the audit report. While we were unable to verify or assess some of the improvements made because they were implemented outside of our audit review period, we are encouraged by the department's initiatives and hope they will result in meaningful improvements in the zoo's administration and operation. We did not make any significant amendments to the audit report as a result of management's response, but we made technical, non-substantive changes for purposes of accuracy, clarity, and style. A copy of management's full response can be found on page 42.

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KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR
GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

December 4, 2019

Mr. Troy Shimasaki
Acting City Auditor
Office of the City Auditor
1001 Kamokila Boulevard, Suite 215
Kapolei, Hawaii 96707

Dear Mr. Shimasaki:

SUBJECT: Response to Audit of the Department of Enterprise Services
Operations – Honolulu Zoo

Thank you for the Office of the City Auditor's November 2019 draft report, "Audit of the Department of Enterprise Services Operations – Honolulu Zoo."

We appreciate the time and effort the Office of the City Auditor has expended to understand and evaluate operational concerns raised by the Association of Zoos and Aquariums (AZA) inspection team which resulted in the Honolulu Zoo's loss of accreditation in 2016. As your staff has now become aware, the zoo's operations are complex and challenging. The Honolulu Zoo has proactively responded to the concerns reported by the AZA in 2016 and has since taken steps to address all deficiencies.

However, much of the findings in your audit relate to issues outstanding through FY2017. Since that time, many positive improvements have been made at the zoo and these are not fully described in your report. Although we agree with most of the findings in your audit, we feel compelled to state that the Honolulu Zoo, has corrected or is in the process of correcting the many challenges identified by the AZA. This has been accomplished through the efforts of many people including the staff and management of the Honolulu Zoo, the Honolulu Zoo Society ("Society"), many City departments and offices, as well as the Mayor and City Council as the governing entities.

We also feel compelled to mention that the previously strained relations that existed for many years between the City and the Society is now a strong partnership. The audit implies that turnover of both zoo and Society leadership was problematic but

Mr. Troy Shimasaki, Acting City Auditor
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we contend that the opposite is true--these changes were necessary to create a fresh and stronger working relationship between the two entities.

This letter responds to the six recommendations included in the audit. Additionally, an addendum (Exhibit A) to this letter is attached that further describes policy changes and other enhancements that have occurred since FY2017 that are not included in your report. The addendum provides readers of this audit with a more current understanding of the present state of our beloved Honolulu Zoo.

Thank you for this opportunity to respond.

Recommendations:

1. *Strengthen transparency and accountability by requiring, obtaining, and reviewing audited annual financial statements and other relevant financial data included in the terms of the cooperative agreement including membership fees and gross proceeds from educational programs from the society;*

Response:

Completed. The underlying reason for this audit finding and recommendation was a result of many years of strained relationship between the Honolulu Zoo and the Society. The relations has been mended, roles are clearly defined, and together the entities have created and formalized a new contract agreement that benefits all stakeholders.

The Society provides monthly financial statements and reports to DES and the zoo at its monthly Board meetings. Statements and reports include Society revenues (membership, program, fundraising, contributions, conservation income, and expenses), as well as direct and indirect support to the zoo. The Society also provides a copy of their monthly balance sheet. The Society has engaged an independent CPA firm to conduct an audit of their financial statements to comply with their contractual reporting obligations.

The Society revised the format of the financial report in early 2019 to address the city's contract monitoring needs. In FY19, the Society provided \$817,629 in financial and in-kind support to the Honolulu Zoo which represented support rate of 73% of all funds received, excluding grants, restricted donations and bequests. The new contract, effective August 2019, requires a desired annual threshold of 75%. So far, for the period of July 1 to October 31, 2019, the Society has provided \$324,233 in zoo support, totaling 103%, exceeding the desired threshold of 75%.

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As the Society's education program responsibilities are of utmost importance, the zoo will continue to work closely with the Society to achieve and maintain the required standards. DES will continue to review the monthly and annual reports to ensure the Society is compliant, stable and that the contract is working properly for both parties to succeed.

2. *Report funds they receive from the society annually in their annual Department and Agency Report submission or other communication to the City Council;*

Response:

Completed. DES will continue to monitor the Society's contributions of financial and in-kind support to ensure they meet requirements specified in the contract agreement and report on the Society's compliance in DES' annual submission to Department and Agency Reports.

3. *Establish performance metrics related to contractual responsibilities with the society based on the intention that the society supports the Zoo's overall success;*

Response:

Currently in-process. DES will continue to monitor the Society's support of the zoo as defined within the contract agreement. The zoo will continue to work with the Society to maintain the required educational standards. Independently, the Society has committed to creating a new strategic plan, setting goals and performance metrics for education, membership, and volunteer programs.

4. *Properly monitor and provide oversight of the cooperative agreement to ensure that deliverables and obligations are met;*

Response:

Currently in-process. We agree with this recommendation and will continue our oversight of the cooperative agreement.

5. *Establish a maintenance program plan that includes a schedule of improvements, anticipated cost and timetable for completion, and a plan for funding maintenance needs;*

Response:

Completed. The zoo's manual maintenance program has been upgraded and computer software is now used by the zoo to track maintenance of the zoo's facilities, equipment, vehicles, and other assets. The maintenance program is utilized as a planning tool and to ensure the zoo's inventory of assets are

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properly maintained and budgeted for, and to preserve its lifespan to the longest extent possible. The program includes servicing and replacement programs, checklists requiring appropriate staff reviews (i.e. daily, monthly, quarterly, etc.), scheduling of improvements, and a correlating work order procedure to prevent deferred maintenance. The program meets criteria set forth by AZA standards which reviews the overall institution's condition (i.e. buildings, exhibits, walkways, railings, structures, signage, etc.), housekeeping (pest control, drainage, clutter, etc.).

6. *Formally track and maintain daily maintenance logs.*

Response:

Completed. Prior attempts to move to an electronic work order system were never embraced as they were cumbersome and did not fit the zoo's needs. However, an electronic tracking system implemented in early 2019 provides for ease of access, use and tracking.

Warm Regards,


Roy K. Amemiya, Jr.
Managing Director

Enclosure

cc: Guy H. Kaulukukui, Director
Department of Enterprise Services

Exhibit A

Zoo Funding and Capital Improvements

AZA standards are created to ensure zoos apply best practices in providing adequate and consistent animal care and welfare (which includes funding, facilities, and governance), to ultimately support animal conservation and education efforts worldwide.

In November 2016, a Charter Amendment was passed, appropriating one-half percent of the county's revenues collected from property taxes to the Honolulu Zoo Fund. This created a significant policy statement and mechanism of zoo funding. In addition, an administrative rule change approving a five dollar (\$5) increase to non-resident admission approved in Fall 2017 increased annual zoo revenues by \$500,000, plus an additional \$200,000 with a new parking concession contract.

The zoo launched a series of physical improvements in FY 17, implementing dozens of capital projects over the past three years:

1. To address deferred maintenance, which include infrastructure improvements (i.e. upgrading the zoo's deteriorating waterline system in phases), and demolition and replacement of antiquated exhibits and buildings with new facilities to meet modern zoological practices (i.e. ectotherm complex, spider monkey exhibit, old front entrance building);
2. To support animal welfare and enrichment with upgrades to animal exhibits, holding facilities and sleeping quarters (i.e. warthog, sun bear, lion, cheetah, African savanna); and
3. To advance the zoo's vision by contracting design architects to work on new projects to improve operational efficiencies for animal care and creating new facilities and attractions (i.e. Hawaii Islands Exhibit, Phase I, new bird building, new bird holding facility, and new bird rehabilitation facility).

New Support Organization Agreement and Mission

The zoo and the Honolulu Zoo Society ("Society") have successfully rebuilt their relationship and together, identified and established programs to meet required accreditation standards. After having gone through leadership changes in both the Honolulu Zoo and the Society since 2015, a new team, comprised of a new zoo director, selected in September 2017 (with 30 plus years of experience with the Honolulu Zoo), a new Society executive director as of May 2018 (the daughter of the first Honolulu Zoo director), and new Board co-presidents since mid-2017, collaborated to clarify roles, focus efforts and produce a new contract agreement in mid-2019. The new agreement addresses AZA concerns, defines roles and responsibilities, and includes a more appropriate method for reporting zoo support to the zoo.

In August 2017, the Society changed their mission to basically state they support the zoo's mission. It was updated in August 2019, to mirror amendments made to the zoo's mission:

The mission of the Honolulu Zoo Society is to support the Honolulu Zoo in its mission "to inspire stewardship of our living world by providing conservation, education, and meaningful experiences to our community. The Zoo emphasizes Pacific tropical island ecosystems and our traditional values of *malama* (caring) and *ho'okipa* (hospitality)."

Sound Governance Structure

An accredited zoo requires consistent and stable financing to provide operational support of all animal welfare, care and program needs.

As the Honolulu Zoo is owned and operated by the City, all of the zoo's full time staff are civil servants and the salaries and current expenses are supported by the Honolulu Zoo Special Fund, real property tax revenues, and General Fund subsidy. The cost of support services from almost the entire inventory of city agencies which provide budgetary, human resources, transportation, facility maintenance, design and construction, IT, permitting and inspection, sewer and water infrastructure, public safety and emergency services, legal, parks maintenance, etc. for the zoo are not reflected in the zoo's operating budget of \$18 M.

Being a zoo isolated on an island requires higher funding levels in both the operating and capital budgets to address unique operational challenges. Air and barge transport time and costs to Hawaii (which are impacted by weather conditions) are considerably higher for food, supplies, construction materials, medical lab tests, travel (staff and expert resources/trainers) and animal movements. Staff recruitment out of state for experienced animal care positions oftentimes require higher salaries to offset higher costs of living. Higher construction costs (due to shipment of specialized supplies and materials overseas) result in higher construction bids and longer project completion times.

Supporting an approximate \$20M operating budget annually plus annual capital improvements of \$2-7M would be difficult to achieve by a non-profit in Hawaii, particularly if an objective is to make admission affordable for our Oahu residents.

Comparing the zoo's budgetary needs of a 42.5 acre, year-round open-air Honolulu Zoo with 89 FTE, and attendance of 550,000 annually to zoos with municipalities of comparable populations is difficult as their budgets and funding formulas are drastically different and they largely vary in size, location, climate, collections, attendance and number of employees.

Some zoos have large endowments and foundations, others have land masses and major capital investors to construct unique and state of the art exhibits.

Nonetheless, AZA does not prescribe a governance structure but requires the governance structure of the zoo to provide consistent and stable funding to properly and adequately maintain and operate a zoo based on current standards.

Adequate Staffing and Budgeted Overtime

Over the past five years, the zoo's FTE staff increased from 76 to 89 and the staff retention rate averaged 86%. Although zoos throughout the nation have been experiencing difficulty with staff recruitment due to low unemployment rates, the Honolulu Zoo's staffing requests and fills have been actively supported by city agencies to prevent excessive or prolonged vacancies.

Overtime requests to cover operational needs of a 365 live animal care facility, although unavoidable and difficult to predict (i.e. to cover emergencies, animal health and welfare needs, weather events, after hour transports and staffing shortages due to sick calls, family leave and workers' compensation cases), have been budgeted to best reflect anticipated levels of need. Finding a suitable replacement for a keeper trained in a specific animal section is very challenging. Due to strict safety and welfare issues for staff, animals and the public, keepers cannot be assigned to tend to areas they are not trained, therefore requiring the need for staff to be brought in on overtime. Scheduling procedures based on collective bargaining requirements also dictates how overtime is allocated.

As the zoo is adequately staffed, more positions would not properly or ideally address unanticipated shortages. Over the years, the zoo has found the utilizing budgeted overtime to address staffing shortages provides the most flexibility to cover operational needs and adequately maintain daily standards.

Capital Funding and Maintenance Program Addresses Deferred Maintenance

Annual capital improvement funding for line items and bulk fund appropriations support the zoo's priority project needs. The city requires agencies to provide a 6-year plan for capital projects which is included in the Capital Improvement Program and Budget each fiscal year. The 6-year plan reflects an anticipated schedule for funding and implementation of projects, which the zoo has been utilizing to reflect their broader maintenance program priorities. Over the past five years, the zoo has identified and prioritized projects to renovate, rebuild or build—all which require extensive planning, expertise and extreme attention to detail to ensure facilities are appropriately, properly and safely built. Unless an unanticipated/emergency need arises, zoo projects are not requested on a reactionary basis. Prior to FY17, higher than expected construction bids exceeded capital funding allocations budgeted to address zoo maintenance priorities. This hampered the zoo's ability to complete a number of priority projects. Subsequent capital budgets allocated adequate funds to tackle deferred maintenance issues and move the zoo forward with modernization projects, including new exhibits.

The zoo prioritizes projects based on need and the ability to sequence the project to avoid animal welfare or public safety issues (i.e. phasing in the replacement of water system as water is critical to support animal welfare and operations and cannot be shut down all at once; building proper holding facilities to temporarily relocate animals which need to be moved when their facilities or neighboring facilities are under construction; coordinating access to restrooms, entrances and exits during construction periods to safely accommodate patrons during business hours, etc.).

Although a maintenance program was not electronically documented, the zoo utilized a manual process for work orders, maintenance and budgetary planning. Through this process, priorities were submitted and included in both operating (short-term, day to day needs) and capital budgets (larger scale improvements) for funding.

The zoo currently documents their maintenance program electronically, which is constantly updated to remain current. As the zoo has addressed the majority of its deferred maintenance needs in the past three years, the zoo has turned the corner and is now able to focus on modernization efforts.

As shown in the photos of this report, grounds maintenance needs for a 42 acre, open-air parcel is routine and without reprieve. Landscaping (i.e. weeding and overgrowth), small repairs (i.e. replacing wooden guardrails and posts) and temporary area closures to clear areas (i.e. broken tree limbs due to high winds) or to repair broken facilities (i.e. cracked play apparatus piece), are identified by work order and included in part of everyday operations. Cracked sidewalks are repaired in-house, with service contracts and have recently been done with the help of trades apprenticeship programs.

It is critical to note that to properly incorporate the detailed concerns of animal welfare and modern zoological practice needs (i.e. non-use of pesticides, aerosol paints, special types of non-spore releasing mulch detrimental to birds, use of untreated and unpainted wood in or around certain animals exhibits, allowing for enough overgrowth to provide buffers for animal exhibits and create a wild/naturalistic look) into daily maintenance functions requires constant coordination and communication between animal staff and maintenance staff. Although these type of specialized requirements pose a greater challenge for maintenance upkeep (as things tend to rust quicker in open-air animal habitats, untreated wood attracts termites, non-use of pesticides makes it difficult to curb vegetation and overgrowth, etc.), the zoo has invested in efforts to prevent future deferred maintenance and accreditation concerns.

Summary

In summary, the Honolulu Zoo has addressed the 2016 AZA concerns noted in this audit and is focusing all daily operational efforts on meeting or exceeding the current AZA standards.

Appendix A

National Comparison

	<i>Honolulu Zoo</i>	<i>Oakland Zoo</i>	<i>Point Defiance Zoo & Aquarium</i>	<i>Roger Williams Park Zoo</i>	<i>Cheyenne Mountain Zoo</i>
Location	Honolulu, HI	Oakland, CA	Tacoma, WA	Providence, RI	Colorado Springs, CO
Attendance	700,000	750,000	661,748	646,752	607,269
Budget (2014)	\$10,000,000	\$11,300,000	\$13,137,267	\$9,900,000	\$8,000,000
Infrastructure	\$500,000	\$802,000	\$338,000		\$200,000
New Construction		\$1,200,000	\$1,000,000	\$500,000	\$4,488,000
Total Acres (Developed)	42	42	27/27	40/40	145/70
Metro Pop	907,574	2,532,756	3,407,848	1,600,642	668,353
Animals	905	660	9,000	100+ species	950
Full-Time	76	121	88	97	82
Part-Time	2	94	60	12	14
Temp/Out	2		45		76
Volunteers	220	585	103	307	2,750
Governance	City Government	Society	Regional Government/Park District or Authority	Non-Profit	Non-Profit
Website	http://www.honolulu zoo.org/default.htm	http://www.oaklandzoo.org/	http://www.pdza.org/	http://rwpzoo.org/	http://www.cmzoo.org/
Exhibits/Map of Zoo	http://www.honolulu zoo.org/pdfs/Honolulu-Zoo-Map.pdf	http://www.oaklandzoo.org/images/maps/map-zoo.jpg	http://www.pdza.org/zo o-map	https://www.rwpzoo.org/sites/default/files/files/zoo-map-3-13-14.pdf	http://www.cmzoo.org/g uestInformation/guestSe rvices/zooMap.asp

Source: Department of Enterprise Services

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