

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 1 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board
SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT

The purpose of this Informational Item is to provide an update to the Parks and Community Services Advisory Board regarding the comprehensive review to determine the feasibility of contract management of the Nature Center & Refuge (Nature Center) to the non profit 501(c)(3) Friends of the FWNC&R.

Background

During the budget development process for FY2011, the City Council was faced with difficult economic choices as a result of a projected gap in the FY2011 General Fund Operating Budget. As part of that discussion, the City Manager challenged departments to think about delivering services in new ways to create efficiencies and reduce costs where possible. An investigation into possible overlapping services within the City and existing and potential partnerships with other agencies was considered worthy of review. This resulted in the creation of the City Manager's Review Committee for the Library and Parks & Community Services Departments to find ways of improving the efficiency and delivery of Parks and Library services in light of ongoing budget constraints.

The fifteen (15) member citizens review committee conducted a comprehensive assessment of the Library and PACS Departments and adopted its final recommendations on May 19, 2011 and the final report was forwarded to City Manager on May 25, 2011. One of the twenty four (24) recommendations made by the Committee related to the management and operation of cultural, historic and educational venues and service programs. Specifically the Committee recommended that the City Manager:

Consider risks and benefits of shifting management of the Botanic Garden, Nature Center, Log Cabin Village and the Cowboy Santas program from the City to their respective non-profit support groups.

For each of the above named facilities and programs, the following is recommended:

1. Review the current role of all support groups.
2. Study any possible changes that would enhance the operation for the benefit of the public.
3. In conducting the review/study for each facility the following criteria should be considered:
 - a. Evaluate the financial benefit potential including increased revenue from fundraising, private foundations, corporations, trusts, memberships and fees for programs, special events, rentals, admissions and parking while maintaining accessibility across diverse social and economic levels.
 - b. If the City decides to engage in any contracts, ensure that development of the facilities is consistent with a publicly adopted master plan.

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 2 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board

SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT

- c. Conduct appropriate market studies to understand origin of patrons and willingness to pay for services.
- d. Ensure a mechanism for accessibility to students and low-income citizens.

Non Profit Agency Investigation Process and Conclusions

Prior to the formation of the City Manager's Citizens Review Committee the two non-profit support groups for the Nature Center, the Friends of the Fort Worth Nature Center & Refuge, Inc. (Friends) and the Fort Worth Nature Center & Refuge Conservancy (Conservancy) had already begun to explore the possibility of contracting with the City to manage the facility. The Conservancy, which formed in 2004 to facilitate the implementation of the Nature Center's 2003 Strategic Master Plan initiated the process in November 2010 in collaboration with the Friends and Park staff. Contract management for the facility was explored for the following reasons:

- The Nature Center would no longer have to compete for funding with City services that had been assigned a higher priority.
- Few of the recommendations set forth in the 2003 Master Plan had been completed due to funding uncertainties through the City of Fort Worth's (CFW) General Fund budget.
- Management by a non-profit entity would enable a simpler process to be put in place for accepting donations and outside funding for capital improvements.

A series of meetings and independent discovery studies began on December 9, 2010, and subsequently an Informal Report (I.R. No. 9337) was issued to the City Council on December 14, 2010. The meetings included representatives from the Conservancy, the Friends, Parks and Community Services, the Budget Office, the City Attorney's Office, the City Manager's Office and an independent consultant hired by the Conservancy to guide them through the process. Between meetings staff conducted research, gathering information from other City Departments, other Nature Centers and other non-profit agencies similar in scope in an effort to respond to questions and provide evaluative data to the study committee.

It was during this period of discovery and regular meetings that the City staff, Friends and Conservancy agreed that the City would only enter into a contractual agreement with a single entity. After a year-long process of meetings and negotiations conducted separately from the contract management discussion with the City, the Friends and Conservancy merged their operations on December 31, 2011. (The newly merged

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 3 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board
SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT

group is continuing as the Friends and continues to employ the independent consultant hired by the Conservancy.)

The Friends then formed a Finance sub-committee to further examine the Nature Center's budget in greater detail. Together, City staff and the sub-committee scrutinized each line item of the budget in order to provide the Friends a comprehensive and realistic understanding of what is actually involved in the operation of the Nature Center. A total of seven meetings were held during the period from December 2010 to May 2012. Further, staff met individually with the Friends' consultant a number of times during this period. At a final meeting with City representatives on May 31, 2012 the Friends presented the results of their investigation and analysis.

Upon completing their investigation the Friends voted to decline assuming the management of the Nature Center at this time as communicated in the attached June 27, 2012 letter to the Parks and Community Services Advisory Board. Highlighted in the Friends letter are the following points that had a major influence on their decision:

- The administrative infrastructure and support services that currently exist under the City's umbrella are of critical importance as they subsidize indirect administrative costs of the Nature Center's operations.
- This is a crucial element of ongoing operational success because even if the City guaranteed the current Nature Center budget allocation to the Friends in perpetuity, the current Nature Center operations would have to be drastically reduced in order to absorb the greater cost of operating without the City's administrative and operational support.
- Due to the assumed contract management fee obligation the benefit to the City's General Fund budget would be minimal to none.
- The current climate for natural gas leasing is poor with no guarantee of substantial revenue in the near future to assist in implementing recommendations of the 2003 Master Plan. Therefore the Friends believe that their time is better spent fundraising to supplement the Nature Center's City budget allocation.

While contract management is not being pursued at this time a number of benefits came out of this process, including the following:

- Merger of Friends and Conservancy
- Better understanding by support groups of operations
- Comparable research of other facilities to identify best practices

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 4 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board

SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT

- Comprehensive recording of all revenues and expenditures sources and programs/operations

Staff is prepared to answer any questions related to the exploration of contract management at the Nature Center. This item will be scheduled for action at the Board's August 22, 2012 meeting. Pending action by the Park Board, an Informal Report from the City Manager to the City Council will be issued in September 2012.

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 5 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board
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*Friends of the Fort Worth
Nature Center & Refuge*

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Stephanie Erb
Laura Harrison
Sue Harvison
Murray James
William Meadows
Bob O'Kennon
Elaine Petrus
William Richerson
Dale Roberts

June 26, 2012

The Honorable Dennis Shingleton
District 7 Council Member
Fort Worth City Council
1100 Throckmorton Street
Fort Worth TX 76102

*Re: Statement of the Friends of the Fort Worth Nature Center & Refuge, Inc.
Regarding Exploration of Contract Management of the Fort Worth Nature Center & Refuge*

Dear Mr. Shingleton:

Enclosed is the Friends' Statement referenced above which has been prepared for distribution to the Parks and Community Services Department Advisory Board Members at its Wednesday, June 27, 2012 meeting. It is also being mailed to Mayor Betsy Price and the Members of the Fort Worth City Council.

The document briefly describes the history of the founding of the Nature Center Conservancy by several members of the Friends of the Fort Worth Nature Center & Refuge for the purpose of pursuing the advancement of the Nature Center's 2003 Master Plan, which was financed by the City of Fort Worth. The Nature Center Conservancy was instrumental in seeking the possibility of operational management of the Fort Worth Nature Center & Refuge, as the Master Plan had recommended that Nature Center should ultimately become self-sufficient.

Considerable time and effort was expended over the past several years by Parks Department and other City of Fort Worth representatives and members of both the Nature Center Conservancy and the Friends of the Nature Center, working toward the common goal of possible contract operational management by the non-profit groups. Subsequently having merged on January 1, 2012, the Friends Board was presented the mutually agreed upon conclusion and recommendation of the Friends' Sub-committee and the Parks Department, which it approved on May 31, 2012.

The Friends of the Nature Center wishes to express its appreciation to the Parks Department and the City Council for its having agreed to consider the proposal of contract operational management and its assistance to date regarding this goal.

Respectfully submitted,

Richard L. Shepherd

Copy: Linda Christie, District 7 PACSD Advisory Committee Member

Our Mission:

To Preserve, protect and conserve in perpetuity the Fort Worth Nature Center & Refuge

City of Fort Worth Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 6 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board
SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT



*Friends of the Fort Worth
Nature Center & Refuge*

**Statement of Friends of the Fort Worth Nature Center & Refuge, Inc
Regarding Exploration of Contract Management of the Fort Worth Nature Center & Refuge
June 20, 2012**

Recommendation:

At this time, the Friends of the Fort Worth Nature Center & Refuge, Inc. will not pursue contract management of the Fort Worth Nature Center & Refuge.

Background:

The City of Fort Worth (City) funded *Preserving Native Texas* in 2003, a Master Plan (Plan) laying out multi-year objectives to improve and expand structures, attendance, and programs at the Fort Worth Nature Center & Refuge (Nature Center). Shortly thereafter, the Nature Center Conservancy (NCC) was formed by a few members from the Friends of the Fort Worth Nature Center & Refuge (Friends) as a separate non-profit organization to focus solely on fundraising for the Plan. Potentially extensive natural gas reserves underneath the Nature Center made funding for the entire Master Plan a distinct possibility. The NCC negotiated a funding agreement with the City to secure those dollars for Nature Center expansion. The recession delayed indefinitely the hoped-for income from gas leasing and led to expanded City budget cuts for the Nature Center in the last few years.

The Friends continued its mission, established in 1974, to support the Nature Center in whatever fashion was needed, mainly financial support to supplement the City operational budget and to cover expenses not included in the City budget, such as Travel and Training for Nature Center professional staff. Over time, annual contributions from the Friends exceeded \$150,000 and came to include part-time/seasonal staffing assistance and maintaining positions that were removed by the City.

Process:

The NCC asked the City to explore entering into contract management of the Nature Center. The City, NCC, and the Friends agreed to this exploration process in November 2010. With the assistance of consultant, Laura Wood, the NCC and the Friends merged back into one organization in order to provide a stronger entity as a management group. The merger was completed on January 1, 2012.

City of Fort Worth

Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 7 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board

SUBJECT: FORT WORTH NATURE CENTER & REFUGE CONTRACT MANAGEMENT

On December 9, 2010, representatives from both groups and Laura Wood began a series of meetings with the City and its Parks and Community Services Department (PACS) to discuss the myriad financial details involved in running the Nature Center. A commitment was made that only if the venture was mutually advantageous to both the City and the Friends/NCC, would a contract management agreement be pursued. Advantages would include substantial financial savings to the City and fast-track enhancement of the Nature Center and its Plan.

Over the next year, timelines were established for possible operational privatization and the NCC/Friends merger advanced. Organizations like *The Herd, the Fort Worth, Houston and Dallas Zoos, and the Trinity River Audubon Center* in Dallas were carefully analyzed as models of how a successful public/private partnership could work. It became clear that the agreement would hinge on budgetary matters while other advantages, such as easier handling of contract services, would be secondary.

In January 2012, the newly merged group, the City, and PACS started intensive analysis of the money spent by all parties to support the Nature Center in one year. Laura Wood and Matthew Quinn (City) compiled a comprehensive financial statement covering all costs related to the Nature Center. Ms. Wood then researched comparison costs in the private sector and indirect costs not associated with the City's Nature Center budget. A final budget comparison was presented to the joint groups on May 31, 2012.

The final numbers were analyzed in great detail and discussed in depth by the joint group. Savings to the City would be minimal. The financial burden to the Friends would be substantial.

Decision Details:

- The private sector cannot compete with personnel and benefit costs available to a city-managed entity. In addition, compensation would need to be offered to current employees for lost city benefits. Possible solution: Friends take over operations while leaving personnel under City management.
- The main difference between the budgets of the City and the proposed Friends contract management agreement is indirect costs from its overall budget, but reallocate them to its remaining departments, resulting in no substantial savings. The Friends would take over these costs that are now group-managed by the City for functions such as Human Resources and Payroll. However, the City would not remove these costs.
- The current climate for natural gas leasing is poor. There can be no assumption of substantial revenue in the near future to assist in implementing the Master Plan. With this in mind, it is best for the Friends to use its fundraising ability to supplement City expenditures.

City of Fort Worth
Parks and Community Services Advisory Board

INFORMATION ITEM

No. V. A

July 25, 2012

Page 8 of 8

TO: Chair and Members of the Parks and Community Services Advisory Board
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With its positive potential to increase financial support of the Nature Center, the Friends will also be able to assist in hiring and/or maintaining staff positions, one of its greatest concerns with continuing City support during this recession.

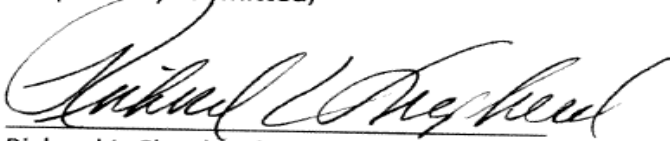
- The newly merged Friends need to mature as a unified group with a defined structure and possibly even employees to oversee critical functions. Policies, fundraising goals, and strategic plans must be in place in order to assume positive management of the Nature Center.

Conclusion:

It is not practical at this time for the Friends to pursue contract management of the Nature Center. Financial support from the Friends is better used to enhance operations and special needs of the Nature Center rather than to run a contract organization.

The Friends of the Fort Worth Nature Center & Refuge expresses its appreciation to all personnel representing the City of Fort Worth, the Parks & Community Services Department and consultant Laura Wood for their dedication to the extensive and time consuming process necessary to arrive at this conclusion.

Respectfully submitted,



Richard L. Shepherd, President
Friends of the Fort Worth Nature Center & Refuge