

1 [Loan Agreement - San Francisco Zoological Society - Operations and Long-Term Financial
2 Sustainability - Up to \$8,500,000]

3 **Resolution authorizing the Recreation and Park Department to enter into an agreement**
4 **to loan up to \$8,500,000 to the San Francisco Zoological Society ("SFZS") to support**
5 **the operations and long-term financial sustainability of the San Francisco Zoo**
6 **contingent on various milestones and terms and conditions effective upon approval of**
7 **this Resolution, to be repaid over 10 years in the form of deductions from the SFZS's**
8 **Management Fee; allowing for the City to terminate the Lease and Management**
9 **Agreement with the SFZS in the event the loan is not timely repaid or if the conditions**
10 **in the loan agreement are otherwise not met; and authorizing the Recreation and Park**
11 **Department General Manager to enter into amendments or modifications to the loan**
12 **agreement that do not materially increase the obligations or liabilities to the City and**
13 **are necessary to effectuate the purposes of the permit or this Resolution.**

14
15 WHEREAS, The City and County of San Francisco (the "City") owns the San Francisco
16 Zoo, which is under the administrative jurisdiction of the Recreation and Park Department
17 ("RPD"); and

18 WHEREAS, The Zoo is operated and managed by the San Francisco Zoological
19 Society ("SFZS") under a Lease and Management Agreement (the "Lease"), which the City
20 approved as of July 1, 1993 and which is scheduled to be renewed in 2028; and

21 WHEREAS, The Lease requires the SFZS to operate and manage the Zoo in
22 exchange for City paying SFZS a Management Fee equal to \$4,000,000 per year, subject to
23 various additional terms and conditions and subject to the budget and fiscal provisions of the
24 Charter, and with oversight through the Joint Zoo Committee which consists of three SFZS
25 Board Members and three members of the Recreation and Park Commission; and

1 WHEREAS, The San Francisco Zoo plays an important role in the city as a cultural,
2 educational, and environmental asset, serving as a home to more than 2,000 animals and
3 providing a vital connection between people and wildlife, offering residents and visitors
4 opportunities to learn about conservation, biodiversity, and the natural world, helping drive
5 local economic activity and supporting nearby businesses; and

6 WHEREAS, The Zoo is facing major financial challenges, and in Fiscal Year (FY) 2025
7 alone, experienced \$7,000,000 in losses on an approximately \$30,000,000 operating budget,
8 and to help address this has requested an up to \$8,500,000 loan from the City to further
9 identify, evaluate, and implement methods to improve its attendance and help resolve its
10 financial challenges, which may include obtaining Giant Pandas, opening improved Big Cat
11 exhibits, and launching new promotive programs; and

12 WHEREAS, The City has engaged in conversations with the Zoo regarding its financial
13 and other challenges, and has reviewed Zoo's recent financial data and its 5-year financial
14 projections under different scenarios; and

15 WHEREAS, The City has analyzed the cost and complexity of immediately terminating
16 SFZS's lease, rehoming all Zoo animals and caring for them in the period until they are
17 rehomed, and determined that it would not be feasible or financially prudent for the City to
18 terminate SFZS's lease at this time; and

19 WHEREAS, The Legislative Budget Analyst (BLA) completed an audit of the Zoo's
20 operations, published on May 1, 2026, and outline recommendations for Zoo and City actions
21 to improve Zoo operations and fiscal sustainability; and

22 WHEREAS, The Zoo has been accredited through the Association of Zoos and
23 Aquariums (AZA) for over 50 years, since the start of the accreditation program which
24 provides the highest standard and best practices for Zoos and Aquariums, with only 10% of
25

1 the approximately 2,800 animal exhibits licensed by the United States Department of
2 Agriculture that are AZA accredited; and

3 WHEREAS, The Zoo's last AZA five-year accreditation was in 2022, and the Zoo is
4 currently working towards completing all requirements for the next five-year AZA accreditation
5 in March of 2027, and anticipates to successfully complete all requirements and receive full
6 accreditation again; and

7 WHEREAS, RPD desires to support the SFZS if SFZS can develop a clear strategy
8 and effective guiding principles for its programmatic and financial decisions, and demonstrate
9 an ability to implement them, and has been reviewing the SFZS's proposal with assistance
10 from the City Controller and Mayor's Office; and

11 WHEREAS, The City is willing to provide a \$6,500,000 loan to help address the Zoo's
12 projected operational deficit for the period between Q2 of Calendar Year 2026 (CY26) through
13 Q2 of CY27, and to hold an additional \$2,000,000 in reserve for purposes of an additional
14 loan to the Zoo post AZA accreditation should City determine at that time that SFZS has made
15 sufficient progress towards financial stability and its long-term goals; and

16 WHEREAS, City will be seeking to appropriate funds for these purposes through a
17 supplemental appropriation and de-appropriation (File No. 260360) and via the annual
18 appropriations ordinance; and

19 WHEREAS, Subject to the appropriation of these funds, RPD and SFZS have
20 negotiated a Term Sheet for a Loan Agreement which is on file with the Clerk of the Board in
21 File No. 260393 and includes, among other provisions, the following significant milestones
22 and terms and conditions:

23 **(1) Term:** The City will provide the loan for a period of 10 years.

24 **(2) Interest Rate:** The City pooled investment rate (currently 3.7%).

- 1 **(3) Financial Sustainability Plan:** SFZS will develop, with a specialized zoo
2 consultant, a Financial Sustainability Plan (FSP) that includes a repayment strategy
3 for the City's one-time \$6.5 million loan, and an annual budget that balances annual
4 expenses with revenues, taking into account three scenarios regarding Giant
5 Pandas.
- 6 **(4) Strategic Plan:** SFZS will develop, with a qualified zoo consultant, a 5-year
7 strategic plan for programmatic decisions to improve attendance and revenue that
8 aligns with the financial sustainability plan. This includes any major additions,
9 removals, or renovations of exhibits. The Zoo will also participate in a separate,
10 long-term visioning process with City staff and other partners, to determine the
11 SFZS's long-term vision, which will also guide the 5-year strategic plan.
- 12 **(5) Payment Schedule:** Starting in Q1 of CY28, the City will incrementally decrease its
13 monthly management fee by payments to the SFZS to cover loan remaining. A
14 \$6.5M loan would result in a monthly fee payment reduction of \$64,886.57. The
15 SFZS may elect to not withdraw the entirety of any loan payment.
- 16 **(6) Increased Reporting:** On a quarterly basis, SFZS will report to the City on its
17 progress to improve attendance, new member acquisition, fundraising efforts,
18 expenses and financial records, and progress on the capital project associated with
19 Giant Pandas.
- 20 **(7) Accreditation with AZA:** SFZS must successfully achieve full accreditation by the
21 AZA for the 5-year period beginning in Spring 2027.
- 22 **(8) BLA Audit:** The City will evaluate the BLA report following its publication and
23 reserves the opportunity to negotiate and impose additional conditions on the SFZS
24 in response to the report recommendations.
- 25

1 **(9) Immediate Expense Reduction:** SFZS will immediately reduce its annual
2 operational expenses by a minimum of 10%.

3 **(10) No New Liabilities or Animals:** Apart from Giant Pandas, SFZS will not take on
4 any new animals requiring capital habitat investment or staffing resources, or any
5 other new liabilities, unless a dedicated funding source for such investment or
6 liability was previously obtained by the SFZS.

7 **(11) Board of Directors:** SFZS will gradually increase its Board capacity to reach a
8 contribution goal of 10% of Zoo's annual operating budget and add a board member
9 with extensive financial management experience, including deep knowledge of
10 finances, financial controls, and financial planning. This individual should have
11 experience in financial analysis, risk management, and financial strategy. The City
12 will review the qualifications of the board member to ensure the experience is
13 sufficiently met.

14
15 WHEREAS, The Term Sheet further provides that if SFZS does not meet these
16 milestones, then City will have the ability to terminate the loan and demand immediate
17 repayment, regardless of the length of time remaining in the loan term, as well as to terminate
18 the SFZS Lease; and

19 WHEREAS, The Loan Agreement will provide significant recreational benefits by
20 supporting the Zoo and preserving a long-standing beloved San Francisco recreational and
21 educational establishment and tourist attraction; now, therefore, be it

22 RESOLVED, That given the SFZS's unique history and experience managing the Zoo
23 to date, and given their existing remaining Lease term at this time, the Board of Supervisors
24 finds it is appropriate and in the public interest for the City to loan funds to the SFZS; and, be
25 it

1 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes RPD to
2 execute a Loan Agreement with terms substantially similar to the Term Sheet on file with the
3 Clerk; and, be it

4 FURTHER RESOLVED, That the RPD General Manager is authorized to take any and
5 all steps necessary to execute and deliver the Loan Agreement, and is authorized to enter into
6 any further additions, amendments, or other modifications to the Loan Agreement that the
7 General Manager, in their discretion following consultation with the City Attorney and the City
8 Controller, determines are in in the best interests of the City, do not materially increase the
9 obligations or liabilities of the City or materially decrease the payments or other benefits to the
10 City, and are necessary or advisable to effectuate the purpose and intent of this Resolution;
11 and, be it

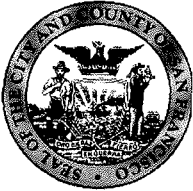
12 FURTHER RESOLVED, The General Manager shall place a final signed copy of the
13 Loan Agreement in the Board File within 30 days after it is executed.

14
15 RECOMMENDED

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17
18 /s/ _____

19 Sarah Madland

20 Interim General Manager of the Recreation and Park Department
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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 260393

Date Passed: May 19, 2026

Resolution authorizing the Recreation and Park Department to enter into an agreement to loan up to \$8,500,000 to the San Francisco Zoological Society ("SFZS") to support the operations and long-term financial sustainability of the San Francisco Zoo contingent on various milestones and terms and conditions effective upon approval of this Resolution, to be repaid over 10 years in the form of deductions from the SFZS's Management Fee; allowing for the City to terminate the Lease and Management Agreement with the SFZS in the event the loan is not timely repaid or if the conditions in the loan agreement are otherwise not met; and authorizing the Recreation and Park Department General Manager to enter into amendments or modifications to the loan agreement that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the permit or this Resolution.

May 06, 2026 Budget and Finance Committee - CONTINUED

May 13, 2026 Budget and Finance Committee - RECOMMENDED

May 19, 2026 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Chen, Dorsey, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong
Excused: 1 - Fielder

File No. 260393

I hereby certify that the foregoing Resolution was ADOPTED on 5/19/2026 by the Board of Supervisors of the City and County of San Francisco.

f Angela Galvillo
Clerk of the Board

Daniel Lurie
Mayor

MAY 21, 2026

Date Approved