



Niabi Zoo Strategic Business Plan

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Schultz & Williams

Schultz & Williams (S&W) is an established consulting firm that provides comprehensive strategies – including planning, development, direct response, interim staffing, and marketing – to nonprofits of all types and sizes across the nation, with a particular specialization on zoos and aquaria

S&W draws upon our hands-on experience in directly leading over eighty unique planning projects for our Association of Zoos and Aquariums (AZA) clients. Since 1987, the success and integrity of our work and of our team of seasoned nonprofit leaders and experts have been driven by one simple philosophy: management, development and marketing strategies must be fully integrated in order for organizations to achieve financial stability, operational excellence and, ultimately, their mission-related goals.

S&W has extensive experience working with zoos of all sizes across the country. We have helped develop strategic, business, and operational plans for over 100 AZA-accredited institutions, with budgets ranging from less than \$1,000,000 to well over \$60,000,000, and attendance ranging from 75,000 to over 3,000,000 visitors.

In particular, S&W has enjoyed a long working relationship with the Niabi Zoo. Over the past several years, S&W has helped the Zoo with strategic action planning and executive search. Using the knowledge gained through our partnership, S&W is able to leverage our experience to provide viable and sustainable roadmaps for Niabi Zoo.

Schultz & Williams is headquartered in Philadelphia, PA with operations in Los Angeles, CA; San Francisco, CA; and Washington, DC.

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1. Introduction

Schultz & Williams (S&W) was engaged by Niabi Zoo to help identify new strategic, operational and funding opportunities to be integrated with the new facility master plan created by CLR Design. The business plan outlines the key financial and business strategies from 2019 through 2025 that help to ensure the long-term success and viability of Niabi Zoo.

S&W has prepared the following strategic business plan and financial projections for Niabi Zoo, which will allow the Zoo to achieve its mission, fulfill its vision and follow an integrated financial “roadmap” for the Zoo – all within a viable and sustainable financial model and structure.

This business plan builds upon the success of the Zoo and leverages the Zoo as a community asset for entertainment, education and engagement with animals and conservation. The capital investment for the new facility master plan projects is anticipated to be funded through private philanthropy including funding support from the corporate, business, foundation and individual donor sectors.

Based on the capital projects implementation timeline outlined in the facility master plan, this report summarizes our key findings and strategies including the six-year financial operating projections for 2019 through 2025. The 2018 budget developed by the Zoo was used as a baseline in developing the financial projections for 2019 through 2025. We have included in this report the underlying planning assumptions that we utilized to support the six-year business plan.

We believe that the financial projections are realistic and achievable, assuming that the private funding support for the Zoo’s facility master plan projects can be secured. We further believe that with its new facility plan projects, the Zoo has a unique opportunity to celebrate a new vision for its facility and engage the Quad Cities’ donors and community in supporting its future direction and outcomes. The Zoo needs to tell its new story to engage and cultivate community stakeholders who can be champions for Niabi Zoo. In addition, the leadership and support of the Rock Island Forest Preserve Commission will be critical to the Zoo’s success – their partnership with the Zoo will provide the philanthropic community with the confidence to invest in Niabi Zoo as a truly unique public/private partnership.

2. Assessment of Niabi Zoo Financial Performance

For the purposes of our assessment, we reviewed the Zoo's past three years of attendance and overall financial performance. This assessment will create the "roadmap" for the Zoo's future year projections based on the facility master plan implementation timeline created by CLR and Zoo staff.

There were six significant Niabi Zoo impacts that had, and more importantly in future years will have, a direct impact on the Zoo's financial performance and outcomes:

1. Hiring of the new Zoo Director, Lee Jackson, in 2016;
2. Re-positioning the role of the Niabi Zoo Society, initially in 2016 and ultimately in 2017; today, the Society is not involved in any of the Zoo's daily operating activities or programs;
3. Solidifying community stakeholders to focus on the future of Niabi Zoo and not its past challenges which emerged from a lack of a shared vision and priorities between Zoo and Society leadership;
4. Outsourcing the Zoo's marketing services to Mindfire, a Moline-based creative marketing and branding firm;
5. Operating on a seasonal schedule – typically late March/early April through October – with the goal of operating year-round with the opening of the first major facility master plan project in 2023; and
6. Lack of capital investments in Niabi Zoo - other than the "Amazing Oceans" exhibit that was completed in 2017, it has been over five years since a major new animal exhibit has been completed. Note: a number of smaller "repair/replacement/improvement" projects have been completed over the past two years that have enhanced the current visitor experience.

Building on these significant impacts and the opportunities that they create, the Zoo is poised to move forward with implementing its facility master plan – one that will further solidify the Zoo's financial viability and sustainability.

Visitation

After two years of declining attendance, due in part to poor public relations and a lack of new exhibits or attractions, the Zoo is budgeted to see stagnant attendance in FY17/18, with visitation projected to reach 175,000 visitors for the year. The FY 18 attendance of 175,000 visitors is based on the current trend line and future group, event and summer camp projections. If the weather becomes more seasonal – with fewer rainy weekends – annual attendance could exceed 185,000 visitors.

	Actual											
	FY2015				FY2016				FY2017			
	Paid	Free	Member	Total	Paid	Free	Member	Total	Paid	Free	Member	Total
Adult	64,599			64,599	59,525	9,842		69,367	52,283	6,272		58,555
Senior	6,360			6,360	5,593	574		6,167	6,330	380		6,710
Child	36,543			36,543	33,157	6,063		39,220	29,352	4,615		33,967
Members			34,220	34,220			23,422	23,422			32,031	32,031
2 & Under		18,008		18,008		18,971		18,971		15,129		15,129
Other	11,961	13,299		25,260	14,522	9,486		24,008	11,943	9,027		20,970
Total	119,463	31,307	34,220	184,990	112,797	44,936	23,422	181,155	99,908	35,423	32,031	167,362
% of Annual Total	65%	17%	18%		62%	25%	13%		60%	21%	19%	

Note: FY 2015's free visitors are low compared to future years due to a change in how visitors were accounted for in 2015.

	FY2015	FY2016	FY2017	FY2018
	Total	Total	Total	Total
Adult	64,599	69,367	58,555	61,230
Senior	6,360	6,167	6,710	7,017
Child	36,543	39,220	33,967	35,518
Members	34,220	23,422	32,031	33,492
2 & Under	18,008	18,971	15,129	15,817
Other	25,260	24,008	20,970	21,926
Total	184,990	181,155	167,362	175,000

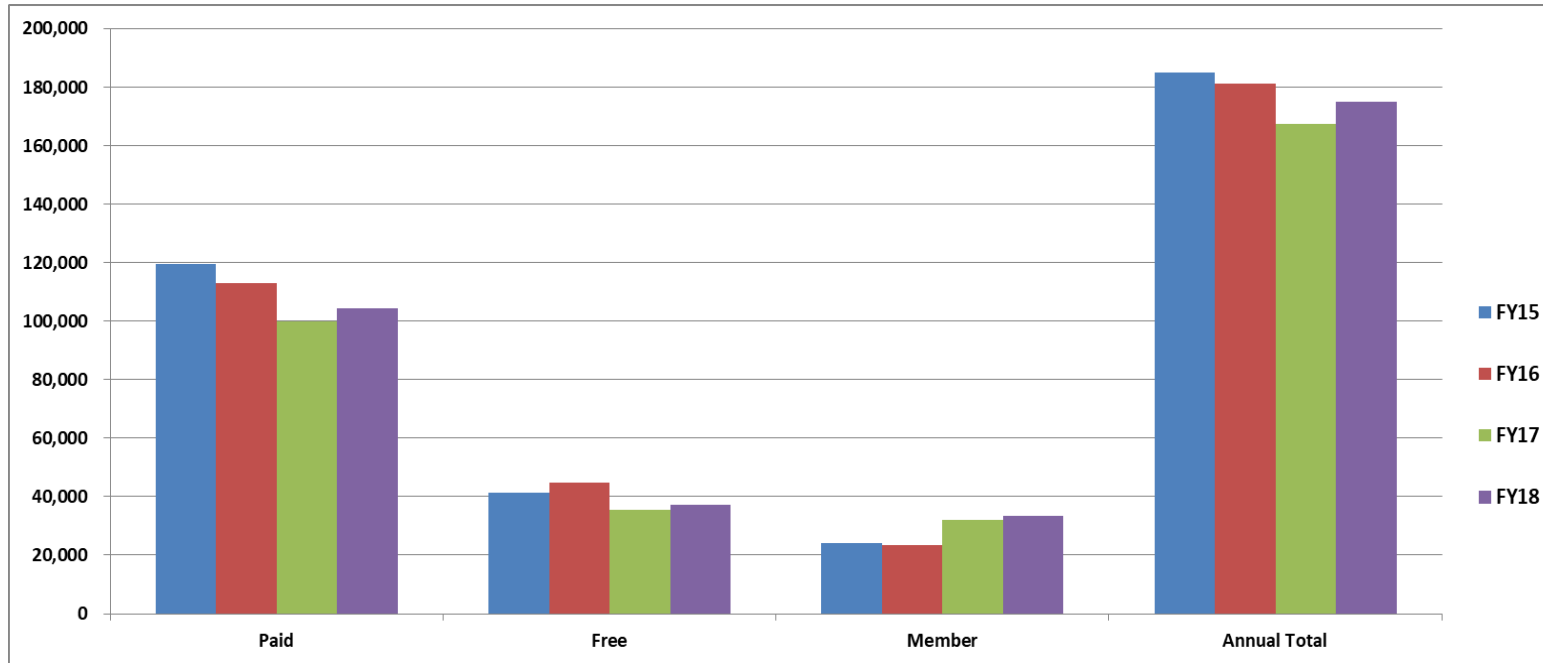
During the period of 2015 to 2017, the Zoo saw a 9.5% drop in total annual visitation. Due to unseasonable weather in the Spring of 2017, particularly on weekends, as well as limited promotion of a free day in the Fall, there was 7.6% decrease in total attendance from 2016 despite the opening of an engaging and new indoor exhibit (Amazing Oceans). Since 2015, the total number of paid guests declined by 16% with free visitation increasing by 13%. However, member visitation decreased by 6.4% during the same period; however, there was significant growth in member visits in 2017. In 2016, member visitation comprised only 13% of total annual admissions. By 2017, it had grown to 19%. This can be attributed to the Zoo assuming control over the membership program from the Niabi Zoo Society during this time as well as the addition of the Zooseum Pass.

	2015		2016		2017		2018	
Paid	119,463	65%	112,793	62%	99,908	60%	104,474	60%
Free	31,307	17%	44,936	25%	35,423	21%	37,034	21%
Member	34,220	18%	23,422	13%	32,031	19%	33,492	19%
Annual Total	184,990		181,151		167,362		175,000	

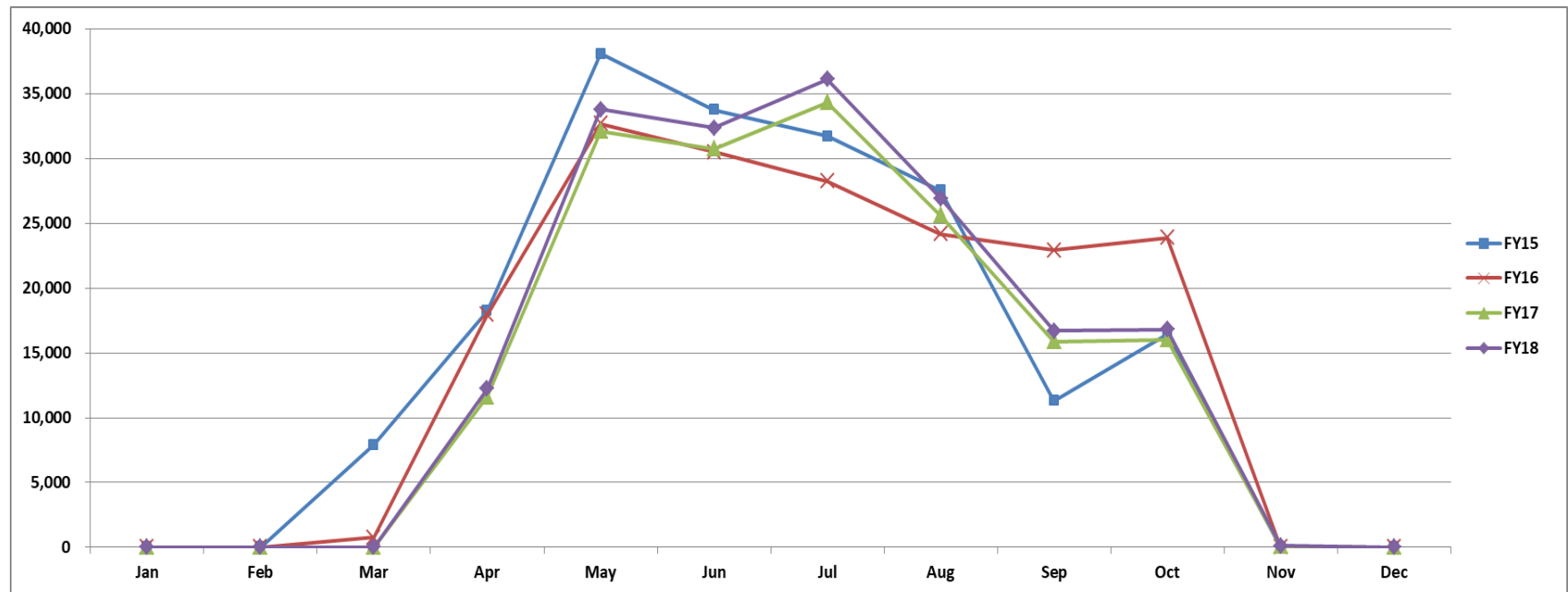
The percentage of paid visitors declined from FY15 to FY18 primarily due to an increase in “promotional” admissions and an increase in member visitation to the Zoo.

	2015	2016	2017	2018
Paid	65%	62%	60%	60%
Free	17%	25%	21%	21%
Member	18%	13%	19%	19%

The chart below shows the consistency in the Zoo's paid, free and member actual visitation from FY15 to FY17. FY18 is budgeted at 175,000 visitors, which appears to be attainable based on visitation through May 2018.



Monthly attendance models below show that the Zoo's annual peak season runs from May to August with a slight increase again in October before closing for the season. For the past two years, July has been the most highly visited month of the year with May ranking as the second most visited. October is generally the last month of the year for which the Zoo is open and can represent a significant opportunity for the Zoo to increase its weekend visitation with seasonal "Fall" events and promotions. The Zoo has been considering remaining open year-round and has allowed small numbers of guests into the Zoo during the closed months to test how remaining open year-round would impact the Zoo.



The chart below supports the consistency of the Zoo's seasonal visitation with opportunities to increase the "shoulder months" of April, September and October on weekends. Once the Zoo adds new animal exhibits the Zoo, it could consider adding a "winter" operating schedule.

	Monthly Attendance FY15	Monthly Attendance FY16	Monthly Attendance FY17	Budgeted - Monthly Attendance 2018
Jan	0	5	6	8
Feb	0	4	6	8
Mar	7,899	772	8	11
Apr	18,236	17,948	11,623	12,223
May	38,064	32,685	32,109	33,767
Jun	33,751	30,474	30,749	32,337
Jul	31,709	28,251	34,315	36,097
Aug	27,535	24,182	25,600	26,922
Sep	11,321	22,921	15,871	16,691
Oct	16,460	23,886	16,007	16,819
Nov	0	4	100	105
Dec	15	19	13	14
Total	184,990	181,151	166,407	175,000

Revenue

Excluding tax revenues (property tax allocation from the Forest Preserve and hotel/motel allocations), over the past two years and the current FY 2018 budget projections, the Zoo has experienced steady growth in its operating revenues. Admissions revenue has increased by 17% in this period of time, reaching a projected \$755,080 in FY17/18. Due to a shift in core functions from the Niabi Zoo Society to Zoo management beginning in 2016 and fully completed in 2017, the Zoo has seen several noteworthy increases in its operating revenues:

- As summarized in the Table below, membership revenue, gift shop revenue and carousel revenues have all shown significant increases over the past two – three years due primarily to the implementation of fees or the reallocation of revenue from the Society to the Zoo. Membership and gift shop revenues reflect only six-months of activity in FY15/16.
- The Zoo began implementing a parking fee for cars in FY16/17 and has budgeted a 124% increase in parking revenue for FY17/18 to reflect a full year of operations as well as the addition of a bus parking fee in 2018.

Revenue			
	FY15/16	FY16/17	FY17/18*
	YTD - Actual	YTD Actual	YTD Budget
Total Tax Revenue	\$1,468,032	\$1,802,891	\$1,235,290
Zoo Admission Fees	\$647,419	\$741,758	\$755,080
Carousel	\$53	\$31,698	\$66,000
Zoo Train Fees	\$180,960	\$269,889	\$345,000
Zoo Education Program Fees	\$41,047	\$39,018	\$33,706
Zoo Special Events Fees	\$32,096	\$11,216	\$32,885
Zoo Animal Feed Station Fees	\$138,666	\$139,645	\$137,000
Zoo Gift Shop	\$170,174	\$317,101	\$315,000
Zoo Membership Fees	\$33,391	\$116,702	\$140,235
Zoo Parking Fees	\$0	\$44,625	\$100,000
Zoo Concessions	\$20,111	\$15,877	\$20,000
Contributions & Grants	\$48,593	\$104,332	\$116,667
Total Miscellaneous	\$52,959	\$13,634	\$12,900
Total Revenue	\$2,833,499	\$3,648,386	\$3,309,763

Expenses

	FY15/16 Actual	FY16/17 Actual	FY17/18 Budget
Zoo Salaries/Wages & Benefits			
Zoo Program & Special Events	\$59,111	\$48,259	\$84,215
Zoo Animal Care & Enrichment	\$559,084	\$559,352	\$662,754
Administration	\$246,294	\$363,765	\$374,793
Facilities	\$256,751	\$278,278	\$314,946
Total Salaries & Benefits	\$1,121,240	\$1,249,653	\$1,436,708
Zoo Program & Special Events			
Total Repair & Maintenance	\$99	\$749	\$8,450
Operating Supplies	\$6,981	\$3,924	\$6,863
Professional Services	\$5,583	\$17,900	\$8,500
Printing, Duplication & Publishing	\$329	\$736	\$23,900
Total Miscellaneous & Training	\$3,946	\$3,729	\$11,929
Total Zoo Program & Special Events Expenses	\$16,938	\$27,037	\$59,642
Zoo Animal Care & Enrichment			
Total Repair & Maintenance	\$22,919	\$33,506	\$154,072
Operating Supplies	\$123,723	\$186,522	\$179,842
Professional Services	\$111,883	\$141,614	\$116,500
Zoo Animals	\$33	\$21,886	\$6,500
Total Miscellaneous & Training	\$10,151	\$7,207	\$22,160
Total Zoo Animal Care & Enrichment Expenses	\$268,709	\$390,735	\$479,074
Administration			
Total Repair & Maintenance	\$30,671	\$2,020	\$14,460
Operating Supplies	\$4,096	\$6,795	\$6,950
Professional Services	\$118,996	\$132,687	\$118,423
Printing, Duplication & Publishing	\$6,122	\$6,455	\$33,570
Gift Shop Merch. Supplies	\$90,334	\$99,299	\$130,000
Outside Contractual	\$22,114	\$29,440	\$55,001
Principal	\$200,000	\$200,000	\$259,143
Interest	\$169,693	\$106,189	\$90,175
Credit Card Service Fee	\$16,407	\$19,965	\$20,000
Transfer to Other Agencies	\$146,722	\$279,392	\$185,000
Total Miscellaneous & Training	\$116,791	\$22,971	\$55,579
Total Administration Expenses	\$921,946	\$905,212	\$968,301
Facilities/Maintenance			
Total Repair & Maintenance	\$94,344	\$449,342	\$150,672
Operating Supplies	\$43,304	\$39,672	\$47,500
Professional Services	\$46,150	\$27,754	\$14,050
Outside Contractual	\$1,604	\$5,361	\$12,181
Public Utility Services	\$83,328	\$88,299	\$97,651
Total Miscellaneous & Training	\$9,225	\$7,531	\$13,864
Total Facilities/Maintenance Expense	\$277,955	\$617,959	\$335,918
Research & Conservation			
Total Research & Conservation Expenses		\$6,968	\$30,120
Capital Improvement Fund			
Total (Net of Revenue Allocations)	\$32,928	\$440,645	\$0
Total Operating Expenses	\$2,639,716	\$3,638,210	\$3,309,763
Grand Total			
Total Revenue	\$2,997,645	\$3,648,386	\$3,309,763
Total Expenses	\$2,639,716	\$3,638,210	\$3,309,763
Net Operating Margin	\$357,929	\$10,176	\$0

This Table summarizes the actual operating expenses for the prior two fiscal years with the current FY 17/18 operating budget.

See the following page for additional comments about the key operating expenses.

During the last two years, operating expenses were less than operating revenues with the Zoo having a surplus of over \$350,000 in FY15/16 and over \$10,000 in FY16/17. The surplus mainly contributed to the consolidation of the Zoo Fund and the Zoo Improvement Fund. The Zoo is projected to operate at breakeven in FY17/18, although it actually could operate at a deficit in FY 17/18 due, again, to unseasonable weather.

Some key findings from FY 2015 – FY 2018 – compared to AZA (Association of Zoos & Aquariums) industry benchmarks for zoos of similar size and attendance:

- Total Salaries & Benefits were 42.5%; 34.3% and 43.3% of total operating expenses from FY 15/16 to FY 17/18 – an AZA benchmark is typically between 48% - 55% of total operating expenses.
- Professional Services in Administration for marketing services reflects 4.5% and 3.6% of total operating expenses – an AZA benchmark is typically between 4% - 6% for marketing-related services.
- Cost of goods for gift/retail has been inconsistent due to the transfer of responsibilities from the Society to the Zoo, but the benchmark is typically consistent with the projected 41% allocated for FY 2018.
- Utilities have been 2.4% - 3% of the Zoo's operating expenses which is within the benchmark for AZA institutions similar to the Zoo's size.
- The Zoo's investments in capital improvements and repair and maintenance is supported by the level of Tax Revenues Allocated – as noted, the FY 2018 Tax Revenues are lower than the previous two years and therefore the Zoo's resources for these expenditures is limited in FY 2018 – as compared to previous years.

Based on the facility master plan Implementation schedule, we have identified the following business and financial impacts that will support the Zoo's viability:

- Increase admission and membership fees:
 - Admission and membership prices will be increased to coincide with the opening of new exhibits and attractions at the Zoo.
- Increase member visits by offering incentives:
 - Create reasons for members to purchase food, retail and rides.
 - Test “unlimited” member incentives including discounts or member days.
- Increase sponsorship and partnership support:
 - Use the opening of new exhibits and attractions to engage with potential and existing corporate sponsors and partners to increase the Zoo's awareness and brand.
- Increase public awareness of “something new at the Zoo” to increase visitation:
 - Plan for and execute marketing campaigns advertising the new exhibits leading up to their opening and for the duration of the operating season.
- Maintain higher visitor/member satisfaction with exciting and new experiences:
 - Improve customer service and training of all staff on guest relations.
 - Continue to improve/update signage and maps.
 - Increase number of interactive/hands-on exhibits.
 - Continue to increase guest interaction with keepers.
- Increase guest/member stay-time or repeat visitation – a reason to visit or return to the Zoo:
 - Continue adding keeper chats, increased numbers of feeding stations, behind-the scenes- tours, an expanded play area and traveling/temporary exhibits.

- New/expanded events – day and evening:
 - Holiday-specific events, expanded Pints for Preservation (2-3 events annually), International Conservation Day (June 28), Expanded Boo at the Zoo event (Month long, weekends only).
- Increase corporate/business events:
 - With the opening of the new main entry area, lion exhibit and restaurant.
- Increase food and retail per capita spending:
 - Increase/update food carts, rotate in new inventory for gift shop, offer member discounts, themed food and retail options to coincide with new exhibit openings or special events.

The chart below summarizes the implementation schedule of the business impacts outlined above.

	2019	2020	2021	2022	2023	2024	2025
Opening Exhibit/Attraction		Flamingos & Prairie Dogs	Primate Project, Gift Shop & New Train Station		Lions & Restaurant	Otters	Penguins
Admissions	Conduct Visitor Surveys	Price Increase	Price Increase	Conduct Visitor Surveys	Price Increase		Price Increase
Membership	Conduct Member Surveys	Price Increase, Test of "Unlimited" Member Incentives	Price Increase	Conduct Member Surveys	Price Increase		Price Increase
Sponsorships & Partnerships	Conduct Review of Past and Current Marketing	Regional Corporate Sponsorship & Partnership Drive	Host Corporate Meetings / Parties	Host Corporate Meetings / Parties	Host Corporate Meetings / Parties	Host Corporate Meetings / Parties	Host Corporate Meetings / Parties
Increase Overall Marketing/Awareness of Niabi	Update/Improve Website - Ability to Purchase Tickets & Memberships Online	New Marketing Campaign for New Exhibits, New Membership Drive Campaign			New Membership Drive Campaign		
Events & Private Rentals	Add Keeper Chats	Host Private Rental Events, Expand After Hours Events, Add Keeper Chats	Host Private Rental Events, Primate Keeper Chats	Host Private Rental Events, Expanded Holiday Events	Expanded Birthday/Party Rentals, Expand Offseason Event Rentals, Lion Keeper Chats	Host Private Rental Events, Otter Keeper Chats	Host Private Rental Events, Penguin Keeper Chats
Attractions & Rides			Train Price Increase	Carousel Price Increase	Guided Tours		
Parking		Cars Price Increase	Bus Price Increase		Cars Price Increase	Bus Price Increase	
Retail & Concessions			Retail Price Increase, Expanded Retail Selection		Concession Price Increase, Expanded Concessions Options, New Retail Product Range for Lions		

4. Business Plan Assumptions & Projections

S&W developed the following planning assumptions to guide the six-year financial projections (2019-2025) for the Niabi Zoo based on the implementation schedule outlined in the Facility Master Plan.

Attendance Assumptions

Based on the budgeted visitation number for FY17/18 of 175,000 and the indications that the Zoo will reach, if not exceed, that number combined with the opening of new exhibits regularly beginning in 2020, we believe that the attendance assumptions are conservative based on the facility master plan implementation timeline. The Zoo should see strong annual visitation growth during the implementation period exceeding what has been projected.

	Budget	Assumptions						
	2018	2019	2020	2021	2022	2023	2024	2025
Implementation			Flamingos & Prairie Dogs	Primate Project, Gift Shop & New Train Station		Lions & Restaurant	Otters	Penguins
Adult	61,170	62,393	66,137	72,751	73,842	84,918	89,164	93,622
Senior	7,021	7,161	7,591	8,350	8,475	9,747	10,234	10,746
Child	35,534	36,245	38,419	42,261	42,895	49,329	51,796	54,545
Members	33,509	34,179	36,230	39,853	40,451	46,518	48,844	51,301
2 & Under	15,828	16,145	17,113	18,825	19,107	21,973	23,072	24,225
Other	21,937	22,376	23,718	25,956	26,345	30,297	31,812	33,402
Total	175,000	178,500	189,210	208,119	211,240	242,926	255,073	267,842

Attendance increases will be tied to the opening of new exhibits and attractions as scheduled in the CLR implementation timeline. Overall that schedule can be summarized as:

- 2019: No new exhibits or attractions opening, 2% growth in visitation
- 2020: Flamingo and Prairie Dog exhibit opening, 6% growth in visitation
- 2021: Primate Project, new gift shop and train station opening, 10% increase in visitation
- 2022: No new exhibits or attractions opening, 1.5% growth in visitation

- 2023: Lion exhibit and restaurant opening, 15% growth in visitation
- 2024: Otter exhibit opening, 5% growth in visitation
- 2025: Penguin exhibit opening, 5% growth in visitation
- Overall attendance is projected to increase by 42% or 78,000 visitors between 2020 and 2025.

The table below identifies where the Zoo's attendance growth will occur based on the Zoo's current admission/member categories – we have assumed that the Zoo's paid:free ratios will remain consistent from 2018 to 2025 with significant growth in the number of member visits.

	FY2018 Budget				FY2025 Assumption			
	Paid	Free	Member	Total	Paid	Free	Member	Total
Adult	54,672	6,557		61,230	83,678	10,036		93,714
Senior	6,620	397		7,017	10,132	608		10,740
Child	30,693	4,825		35,518	46,976	7,385		54,361
Members			33,492	33,492			51,260	51,260
2 & Under		15,817		15,817		24,208		24,208
Other	12,489	9,438		21,926	19,114	14,444		33,559
Total	104,474	37,034	33,492	175,000	159,900	56,682	51,260	267,842
% of Annual Total	60%	21%	19%		60%	21%	19%	

Admission Fee Assumptions

Admission prices for adults were raised in FY17/18 by \$.75 from \$8.25 to \$9.00. To leverage the planned opening of new exhibits and attractions starting in FY2020, admissions prices will be updated.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Implementation					Flamingos & Prairie Dogs	Primate Project, Gift Shop & New Train Station		Lions & Restaurant	Otters	Penguins
Adult	\$8.25	\$8.25	\$9.00	\$9.00	\$10.00	\$11.00	\$11.00	\$12.00	\$12.00	\$13.00
Child	\$6.50	\$6.50	\$6.50	\$6.50	\$7.50	\$8.50	\$8.50	\$9.50	\$9.50	\$10.50
Senior	\$8.00	\$8.00	\$8.00	\$8.00	\$9.00	\$10.00	\$10.00	\$11.00	\$11.00	\$12.00
% Change					11%	10%		9%		9%
Attendance	181,151	167,362	175,000	178,500	189,210	208,131	211,253	242,941	255,088	267,842
Percent Change		-8%	5%	1%	6%	10%	2%	15%	5%	5%

- 2020: A \$1.00 or 11% admission increase to coincide with the opening of the flamingo and prairie dog exhibits.
- 2021: A \$1.00 or 10% admission increase to coincide with the opening of the primate project exhibit, new gift shop and the new train station.
- 2022: No admission increase.
- 2023: A \$1.00 or 9% admission increase to coincide with the opening of the lion exhibit and new zoo restaurant.
- 2024: No admission increase. Opening of the otter exhibit.
- 2025: A \$1.00 of 9% admission increase to coincide with the opening of the penguin exhibit.

Projected paid admission revenue in 2025 is expected to be over \$1,275,000, an increase of 69% or \$520,000 over the budgeted FY18 admission revenue of \$755,080. The projected 69% increase is generated from increases in attendance due to the opening of new exhibit/attractions and increased admission fees by \$4 per ticket between FY20 and FY25

Staffing Assumptions

	2018	Total Salaries	2018	2019	2020	2021	2022	2023	2024	2025
	Current	Budget Salaries		Projected New Positions						
New Exhibits/Facilities Opening	Full-Time Only			Flamingos, Prarie Dog Exhibits	Primate Project, New Gift Shop and Train		Lion Exhibit, New Restaurant	Otter Exhibit	Penguin Exhibit	
Zoo Program & Special Events	0	\$51,165								
Maintenance	4	\$185,445	\$178,652				1			
Administration	5	\$318,102	\$192,519				1			
Animal	11	\$423,322	\$490,138	1	2		2		1	
Baseline	20	\$926,869	\$912,474	0	1	2	0	4	0	1
Seasonal Wages & OT		\$275,000	\$281,683		\$20,000	\$20,000	\$20,000	\$25,000		\$22,000
Benefit Rate on FT Position			26.5%							
New Salaries Added					\$38,484	\$76,968		\$156,968		\$38,484
Baseline Salaries Growth	20		\$963,944	4%	4%	4%	4%	4%	4%	4%
Seasonal Wages & OT			\$292,950	4%	\$20,000	4%	\$25,000	4%	4%	4%
Total Salaries			\$1,256,894	\$1,365,654	\$1,517,248	\$1,567,592	\$1,812,264	\$1,884,754	\$2,020,628	
Benefit Rate (26.5% FT/12% ST)			\$266,501	\$287,359	\$319,250	\$332,020	\$386,897	\$402,373	\$428,666	
Total Salaries & Benefits			\$1,523,395	\$1,653,013	\$1,836,497	\$1,899,612	\$2,199,161	\$2,287,127	\$2,449,294	

- Projections are based on “current” staffing resources and allocations.
- Current “blended” benefit rate for full-time employees is 26.5%; we have assumed a 12% average rate for seasonal staff to cover social security and related employment expenses.
- Full-time and seasonal wages are adjusted by 4% annually.
- Seasonal wages assume ~20,000 hours annually for seasonal staff positions:
 - Seasonal wages were adjusted in 2020 and 2023 to support adding seasonal staff for new retail operations, enhanced train experiences and new restaurant operations with the new lion exhibit in 2023.
 - Seasonal wages were also adjusted in 2020, 2022 and 2025 to reflect increases in minimum wage with increases reflecting \$1/hour increases.
- The staffing plan includes 8 new full-time employees to support the new facility master plan projects with 6 of the 8 new positions in the animal department.

- Staffing resources for “development/fundraising” functions will be managed by a consultant, with funds allocated within administrative “professional services”.

Revenue Assumptions

The chart below shows a breakdown of projected Zoo revenue during the implementation period consistent with projected visitation and fee increases as scheduled.

Revenue										
	FY15/16	FY16/17	FY17/18*	2019	2020	2021	2022	2023	2024	2025
	Actual			Assumptions						
Implementation					Flamingos & Prairie Dogs	Primate Project, Gift Shop & New Train Station		Lions & Restaurant	Otters	Penguins
Attendance	180,953	167,362	175,000	178,500	189,210	208,131	211,253	242,941	255,088	267,842
Total Tax Revenue	\$1,468,032	\$1,802,891	\$1,235,290	\$1,240,900	\$1,246,918	\$1,253,056	\$1,259,317	\$1,265,704	\$1,272,218	\$1,278,862
Zoo Admission Fees	\$647,419	\$741,758	\$755,080	\$770,182	\$929,918	\$1,147,789	\$1,165,006	\$1,461,227	\$1,534,288	\$1,718,140
Carousel	\$53	\$31,698	\$66,000	\$67,320	\$71,359	\$88,902	\$90,235	\$103,770	\$108,959	\$114,407
Zoo Train Fees	\$180,960	\$269,889	\$345,000	\$351,900	\$373,014	\$410,315	\$416,470	\$551,823	\$579,414	\$608,385
Zoo Education Program Fees	\$41,047	\$39,018	\$33,706	\$34,717	\$35,759	\$36,831	\$39,041	\$41,384	\$43,867	\$45,183
Zoo Special Events Fees	\$32,096	\$11,216	\$32,885	\$33,214	\$33,878	\$49,556	\$50,051	\$50,552	\$51,563	\$52,594
Zoo Animal Feed Station Fees	\$138,666	\$139,645	\$137,000	\$139,740	\$148,124	\$162,937	\$165,381	\$190,188	\$199,697	\$209,682
Zoo Gift Shop	\$170,174	\$317,101	\$315,000	\$321,300	\$340,578	\$374,636	\$380,255	\$437,294	\$459,158	\$482,116
Zoo Membership Fees	\$33,391	\$116,702	\$140,235	\$144,442	\$151,664	\$159,247	\$164,025	\$188,628	\$194,287	\$200,116
Zoo Parking Fees	\$0	\$44,625	\$100,000	\$102,000	\$108,120	\$118,932	\$120,716	\$138,823	\$145,765	\$153,053
Zoo Concessions	\$20,111	\$15,877	\$20,000	\$27,900	\$29,574	\$32,531	\$33,019	\$37,972	\$39,871	\$41,864
Contributions & Grants	\$48,593	\$104,332	\$116,667	\$127,833	\$130,390	\$143,429	\$144,863	\$166,593	\$169,925	\$175,022
Total Miscellaneous	\$52,959	\$13,634	\$12,900	\$13,287	\$13,686	\$14,096	\$14,519	\$14,955	\$15,403	\$15,865
Total Revenue	\$2,833,499	\$3,648,386	\$3,309,763	\$3,377,385	\$3,615,633	\$3,994,908	\$4,045,550	\$4,651,563	\$4,817,066	\$5,097,940

In 2020 the Zoo will implement a schedule of fee increases timed to coincide with the implementation of the facility master plan to capitalize on increased visitation and enhanced public awareness. Based on the attendance assumptions, we believe that a projected overall revenue increase of 32% by 2025 may be conservative due to strong FY17/18 attendance indicators.

Admission revenue is projected to increase by 6% in 2020, 10% in 2021, 1.5% in 2022, 15% in 2023 and 5% in 2024 and 2025 due to the opening of six new exhibits in that period. Within the facility master plan implementation timeline, the only year in which no new exhibits or attractions will be opened is 2022; this is the cause for the 1.5% admission growth during that year.

Property tax revenue is a combination of the Property Tax and the Hotel/Motel Tax. We project that the County Property Tax will increase 1% - 2.5% annually, while the Hotel/Motel Tax will increase by 2% annually.

Expense Assumptions

With the opening of new exhibits starting in 2020, projections indicate a steady increase in total annual expenses through 2025. Projections indicate that expenditures will have increased by 49% in 2025 to \$4,916,319 over the total expenses of \$3,309,763 budgeted for 2018. The increases in expenses are driven by the increased costs of buildings and infrastructure, marketing, veterinary services, facility maintenance and the hiring of 8 new Zoo employees.

- Total Wages and Benefits:
 - Total Program and Special Events Wages and Benefits are projected to increase by 4% annually.
 - Total Animal Care and Enrichment Wages and Benefits are projected to increase by 4% annually.
 - Animal Care is projected to hire a total of 5 new employees.
 - Total Administration Wages and Benefits are projected to increase annually by 4%.
 - Administration is projected to hire one new employee.
 - Total Maintenance Wages and Benefits are projected to increase annually by 4%.
 - Facilities and Maintenance is projected to hire one new employee.

- Program & Special Events:
 - Operating Supplies, Professional Services Total Repair and Maintenance and Total Miscellaneous and Training are projected to increase by 2% annually.
 - Printing, Duplication and Publishing is projected to increase by 5% annually.
- Animal Care and Enrichment:
 - Total Repair and Maintenance is projected to increase by 10% annually.
 - Operating Supplies costs are projected to increase by 5% annually.
 - Professional Services costs are projected to increase by 3% annually.
 - The 23% increase in Professional Services is a result of projected increased veterinary services.
 - There is no projected increase in the annual cost of Zoo Animals.
 - Total Miscellaneous and Training costs are projected to increase by 2% annually.
- Administration:
 - Professional Services relates to the Zoo's marketing campaigns, which is projected to have an annual increase depending on the new exhibits opening in a given year:
 - 2019: No change over previous year
 - 2020: Increase by 5% - Flamingo & Prairie Dog exhibits opening
 - 2021: Increase by 10% - Primate Project exhibit, new gift shop and new train station opening
 - 2022: Increase by 3% - No new exhibits opening
 - 2023: Increase by 15% - Lion exhibit and Restaurant opening
 - 2024: Increase by 5% - Otter exhibit opening
 - 2025: Increase by 5% - Penguin exhibit opening

- Gift Shop Merchandise Supplies is projected to increase by 2% annually.
- Credit Card Service Fees are projected to increase by 5% annually due to increased usage during business plan implementation.
- There is no projected annual change in Principal costs between 2019 and 2025.
- Facilities and Maintenance:
 - Total Repair and Maintenance costs are projected to increase by 10% annually.
 - The projected increase in costs is attributed to the construction of new exhibits and increased annual visitation.
 - Public Utility Services costs are projected to increase by 4% annually.
 - The projected increase is the result of the opening of new exhibits and increased annual visitation.
- Research and Conservation:
 - There are no projected annual increases in Research and Conservation costs between 2019 and 2025.
- Capital Improvement:
 - There are no projected annual increases in Capital Improvement costs between 2019 and 2025 although the Zoo should consider utilizing the District-wide capital funds for infrastructure and improvements to visitor amenities.
- Grand Total:
 - Total Expenses are projected to increase by an average of 7% annually.

Expenses								
	FY17/18 Budget	2019	2020	2021	2022	2023	2024	2025
					Projections			
Zoo Salaries/Wages & Benefits								
Zoo Program & Special Events	\$84,215							
Zoo Animal Care & Enrichment	\$662,754							
Administration	\$374,793							
Facilities	\$314,946							
Total Salaries & Benefits	\$1,436,708	\$1,523,395	\$1,653,013	\$1,836,497	\$1,899,612	\$2,199,161	\$2,287,127	\$2,449,294
Zoo Program & Special Events								
Total Repair & Maintenance	\$8,450	\$8,619	\$8,791	\$8,967	\$9,147	\$9,329	\$9,516	\$9,706
Operating Supplies	\$6,863	\$7,000	\$7,140	\$7,283	\$7,429	\$7,577	\$7,729	\$7,883
Professional Services	\$8,500	\$8,670	\$8,843	\$9,020	\$9,201	\$9,385	\$9,572	\$9,764
Printing, Duplication & Publishing	\$23,900	\$25,095	\$26,350	\$27,667	\$29,051	\$30,503	\$32,028	\$33,630
Total Miscellaneous & Training	\$11,929	\$12,168	\$12,411	\$12,659	\$12,912	\$13,171	\$13,434	\$13,703
Total Zoo Program & Special Events Expenses	\$59,642	\$61,552	\$63,536	\$65,597	\$67,827	\$69,965	\$72,280	\$74,686
Zoo Animal Care & Enrichment								
Total Repair & Maintenance	\$154,072	\$169,479	\$186,427	\$205,070	\$225,577	\$283,134	\$311,448	\$342,593
Operating Supplies	\$179,842	\$188,834	\$196,387	\$204,243	\$212,413	\$220,909	\$229,746	\$238,935
Professional Services	\$116,500	\$119,995	\$123,595	\$127,303	\$131,122	\$135,055	\$139,107	\$143,280
Zoo Animals	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Total Miscellaneous & Training	\$22,160	\$22,603	\$23,055	\$23,516	\$23,987	\$24,466	\$24,956	\$25,455
Total Zoo Animal Care & Enrichment Expenses	\$479,074	\$507,412	\$535,965	\$566,632	\$599,598	\$645,599	\$686,801	\$756,763
Administration								
Total Repair & Maintenance	\$14,460	\$14,749	\$15,044	\$15,345	\$15,652	\$15,965	\$16,284	\$16,610
Operating Supplies	\$6,950	\$7,089	\$7,231	\$7,375	\$7,523	\$7,673	\$7,827	\$7,983
Professional Services	\$118,423	\$124,344	\$130,561	\$143,617	\$147,926	\$170,115	\$178,621	\$187,552
Printing, Duplication & Publishing	\$33,570	\$34,577	\$35,614	\$36,683	\$37,783	\$38,917	\$40,084	\$41,287
Gift Shop Merch. Supplies	\$130,000	\$128,520	\$136,231	\$149,854	\$152,102	\$174,917	\$183,663	\$192,847
Outside Contractual	\$55,001	\$56,101	\$57,223	\$58,368	\$59,535	\$60,726	\$61,940	\$63,179
Principal	\$259,143	\$259,143	\$259,143	\$259,143	\$259,143	\$259,143	\$259,143	\$259,143
Interest	\$90,175	\$91,077	\$93,809	\$96,623	\$99,522	\$102,508	\$105,583	\$108,750
Credit Card Service Fee	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310	\$25,526	\$26,802	\$28,142
Transfer to Other Agencies	\$185,000	\$190,550	\$196,267	\$202,154	\$208,219	\$214,466	\$220,900	\$227,527
Total Miscellaneous & Training	\$55,579	\$56,691	\$57,824	\$58,981	\$60,160	\$61,364	\$62,591	\$63,843
Total Administration Expenses	\$968,301	\$983,841	\$1,010,998	\$1,051,297	\$1,071,876	\$1,131,319	\$1,163,438	\$1,196,863
Facilities/Maintenance								
Total Repair & Maintenance	\$150,672	\$165,739	\$182,313	\$200,544	\$220,598	\$253,688	\$279,057	\$306,963
Operating Supplies	\$47,500	\$48,925	\$50,393	\$51,905	\$53,462	\$55,066	\$56,717	\$58,419
Professional Services	\$14,050	\$14,331	\$14,618	\$14,910	\$15,208	\$15,512	\$15,823	\$16,139
Outside Contractual	\$12,181	\$12,425	\$12,673	\$12,927	\$13,185	\$13,449	\$13,718	\$13,992
Public Utility Services	\$97,651	\$101,557	\$105,619	\$109,844	\$114,238	\$118,807	\$123,560	\$128,502
Total Miscellaneous & Training	\$13,864	\$14,141	\$14,424	\$14,713	\$15,007	\$15,307	\$15,613	\$15,925
Total Facilities/Maintenance Expense	\$335,918	\$342,976	\$380,040	\$404,842	\$431,698	\$471,829	\$504,488	\$539,940
Research & Conservation								
Total Research & Conservation Expenses	\$30,120	\$30,120	\$30,120	\$30,120	\$30,120	\$30,120	\$30,120	\$30,120
Capital Improvement Fund								
Total (Net of Revenue Allocations)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$3,309,763	\$3,449,295	\$3,673,670	\$3,954,984	\$4,087,731	\$4,547,993	\$4,744,253	\$5,047,667

Consolidated Financial Impact

The table below summarizes the consolidated operating revenues and expenses from 2019-2025 based on the facility master plan implementation timeline and the business planning assumptions and projections noted above. As noted below, the Zoo operates above “breakeven” in four of the seven years. However, in years where there is no new animal exhibit or experience opening, the Zoo is projected to generate a minor operating deficit based on the conservative attendance projections.

It should be noted that although in three of the seven years the Zoo is projected to operate at a deficit (we recognize that Zoo leadership will aggressively work to balance operating revenues and expenses in the projected deficit years), the projected annual operating expenses include allocations annually for the following “indirect” non-operating Zoo expenditures – these expenditures are supported through the Zoo’s earned revenues programs and visitation:

- Debt Service of Principal Bond Payment- \$259,000
- Interest Expense for the Debt Service \$95,000
- Transfer to Other Forest Preserve Agencies \$200,000
- **Total** **\$554,000**

If not included in the annual projections, the Zoo would generate net positive operating margins from its visitation and visitor experience programs.

Expenses								
	FY17/18 Budget	2019	2020	2021	2022	2023	2024	2025
					Projections			
Grand Total								
Total Revenue	\$3,309,763	\$3,377,385	\$3,615,633	\$3,994,908	\$4,045,550	\$4,651,563	\$4,817,066	\$5,097,953
Total Expenses	\$3,309,763	\$3,449,295	\$3,673,670	\$3,954,984	\$4,087,731	\$4,547,993	\$4,744,253	\$5,047,667
Net Operating Margin	\$0	(\$71,910)	(\$58,038)	\$39,924	(\$42,181)	\$103,570	\$72,813	\$50,286

5. Next Steps

The Niabi Zoo's future financial viability and sustainability is directly linked to investing in its core animal exhibits and visitor experiences as outlined in the facility master plan. As the Zoo moves quickly to engage the Quad Cities in supporting its exciting future, there are a number of short-term strategies that must be acted-upon to help insure the Zoo's continued growth and development:

1. Provide fun and engaging visitor and animal experiences that build awareness of the Zoo and create a reason to visit. While beginning to plan for the major projects outlined in the facility master plan, it will be important to continue enhancing and investing in the visitor experience with more interactions, pop-up experiences and unique opportunities throughout the visit.
2. Develop additional community partnerships that will serve to help Niabi Zoo leadership promote the Zoo and raise greater awareness within the Quad Cities about the Zoo. In addition, Zoo leadership should strive to increase sponsorships for events and other activities at the Zoo, as they generate increased revenue and help to leverage greater awareness, potentially with new and different audiences.
3. Seek accreditation in 2019 with the Association of Zoos and Aquariums. Doing so will provide greater confidence to both its funders and partners that the Zoo is operating at the highest standards. This should also be featured in marketing messaging and a philanthropic case for support, emphasizing the strides the Zoo has taken to become accredited, ensuring that the Zoo provides the highest quality experience for visitors and continually remains a highly regarded asset for the community.

In addition, implementing the projects outlined in the master plan will require significant funding, much of which will need to come through private, contributed sources of revenue. Given that Niabi Zoo doesn't currently have a cohesive development program or a history of raising significant philanthropic support, it will be critical that Zoo leadership take the time to carefully plan for a campaign, raise its visibility and begin to lay the groundwork for a significant fundraising effort. Doing the necessary "due diligence" will be critical to ensuring fundraising success and generating the positive momentum required to execute the campaign.

Develop a philanthropic case for support

- Using the Master and Business Plans as a guide, develop a case for support that articulates the vision behind the master plan and describes not only the key projects but how they will both improve the Zoo and impact the community.
- While a capsule case for support would be developed and tested during a campaign planning study, it will be important to begin thinking internally now about the key themes, messages and the Zoo's overall vision for the future. In addition, by having a case for support, even if preliminary in nature, this will allow Zoo leadership to cultivate and solicit potential prospects that articulate an interest in supporting the Zoo philanthropically.

Raise awareness of the Zoo

- While messaging about the Zoo and an eventual campaign should be consistent and cohesive, the Zoo should continue its efforts to continue to be “top of mind” within the community. It is very difficult to become a philanthropic priority if an organization isn’t sufficiently visible in the community.
- The Zoo Director should begin to be an even greater presence in the community, attending key events that provide opportunities to both discuss Niabi Zoo and its plans for the future as well as begin to develop relationships with key philanthropic and other prominent members of the community.
- The Zoo should also continue to plan a preview event for CAB members and their colleagues, to provide them with an exclusive sneak-peak of the master plan.

Conduct a campaign planning study

- A campaign planning study will help to determine the degree to which the Zoo possesses the fundamental requirements for campaign success including: a clear and compelling case for support; a cultivated constituency and the willingness of that constituency to contribute; capable and willing volunteer leadership; and staffing and infrastructure to support a major fundraising effort.
- While there may be awareness of the Zoo’s status in several of these categories, a campaign planning study can be a powerful way to engage the philanthropic community and gain its perspective about the Zoo and the projects outlined in the master plan. It can be an opportunity to cultivate existing and prospective donors and identify potential volunteer leadership.
- It is important to note that we strongly recommend that the Zoo engage in a campaign planning study and not a feasibility study. A campaign planning study will provide guidance on refining the case for support, provide a recommendation on the phasing and timing of the campaign as well as a realistic fundraising goal. It will also provide input on potential prospects and volunteer leadership. A feasibility study, on the other hand, simply identifies whether the fundraising goal tested can be raised.

Secure internal resources to support a campaign

- Given that Niabi Zoo is a lean organization, there is not capacity within current staff levels to support the demands of a capital campaign. As a result, it will be critical that the Zoo hire a full-time development resource. Typically, this is a position that could begin as a Campaign Director, managing the logistics of the capital campaign. In time, the position could then transition to a Director of Development, who is then responsible for managing the formal development program that will have been created as a result of the campaign.

- This resource could be hired after the campaign planning study, as the findings could help to inform the job description.
- Note: The funds to support this position will need to be raised. They are not supported through the operating budget.

Develop a campaign plan

- With a development resource secured and the findings from a campaign planning study, the next step would be to develop a detailed plan for how the campaign will be executed. It will ensure that adequate consideration is given to the resources needed and steps that will be taken to ensure fundraising success.

Identify and Recruit Volunteer Leadership

- While the Community Advisory Board is a volunteer leadership entity whose members serve as ambassadors for Niabi Zoo in the community, this was not a group recruited with the express purpose of fundraising and supporting an eventual capital campaign.
- Campaign leadership is the cornerstone to any successful capital campaign. The connection between a volunteer leader and a donor is a peer relationship. The Zoo will need to identify and recruit a Capital Campaign Committee, a group of volunteer leaders who would help to guide the campaign and strengthen the Zoo's philanthropic relationships.