

Fairmount Park and Zoo Planning

Options 1 & 2 from ConsultEcon

ConsultEcon analyzed the potential operating impact of two different master plan investment options (Option 1 and Option 2). Specifically the Capital Investment Scenarios would:

- ◆ **Reposition the Zoo** – leveraging the growing adventure tourism brand in Duluth and communicating to current and potential visitors that the experience at the Zoo is fun and entertaining. Several of the new attractions planned including Forest Discovery Zone and indoor and outdoor playgrounds, emphasize adventure/active play.
- ◆ **Address blighted areas of the Zoo**, including Polar Shores damaged by the 2012 flood.
- ◆ **Improve the overall visitor experience** and increase the appeal of a visit to the Zoo for a broader audience base.
- ◆ **Create repeatable experiences and programs** that appeal to both existing visitors and new visitors.
- ◆ Offer better indoor **opportunities for year-round visitation**.
- ◆ **Improve Zoo entrance visibility** from main access points.

Summary of Options 1 & 2

- ◆ Options were developed to respond to opportunities and challenges at the Zoo, and within the regional and attraction industry marketplace, and to position the Zoo such that attendance, revenue and mission impact improve over time.
- ◆ For each option, attendance, revenue, and operating expense impacts were analyzed
- ◆ Option 1 represents a \$12 million capital investment.
Option 2 represents a \$16 million over a period of 6 years.

Budget Allocations for Options 1 & 2

| CORE PROJECTS | ILLUSTRATIVE CAPITAL BUDGET (\$) | |
|---|----------------------------------|------------------------|
| <i>Zoo Visitor Experience (Core Product)</i> | <i>Option 1</i> | <i>Option 2</i> |
| Forest Discovery Zone | \$1,750,000 | \$2,000,000 |
| Brown Bear Exhibit | \$2,000,000 | \$3,000,000 |
| Renovation/Expansion of Main Bldg. | \$4,000,000 | \$4,300,000 |
| Multi-Story Indoor Playground | | \$350,000 |
| Primate Conservation Center & Nocturnal Bldg. | \$250,000 | \$350,000 |
| Farm | \$250,000 | \$350,000 |
| Outdoor Themed Destination Playground | \$250,000 | \$500,000 |
| Animal In-fill exhibits | \$500,000 | \$1,300,000 |
| Subtotal | \$9,000,000 | \$12,150,000 |
| <i>Zoo Infrastructure</i> | | |
| Repurposing Polar Shores | \$1,000,000 | \$1,000,000 |
| Entrance Improvements (along Grand Avenue) | \$100,000 | \$175,000 |
| Zoo Site-Wide Improvements | \$200,000 | \$200,000 |
| Reconfigure Zoo Train Route | | \$200,000 |
| Visitor Arrival Improvements/Parking Lot Improvements | \$100,000 | \$150,000 |
| Subtotal | \$1,400,000 | \$1,725,000 |
| <i>Programming</i> | | |
| Programming Supplies & Materials | \$50,000 | \$75,000 |
| Contingency at 15% | \$1,567,500 | \$2,092,500 |
| Total | \$12,017,500 | \$16,042,500 |
| Rounded | \$12,000,000 | \$16,000,000 |

Options 1 & 2 Operational Analysis

| Plan Scenario | Option 1 | Option 2 |
|---------------------------------------|-----------------|-----------------|
| Capital Investment | \$12,000,000 | \$16,000,000 |
| Attendance | 112,907 | 121,418 |
| Memberships | 2,738 | 3,029 |
| Per Capital Admissions Revenue | \$8.68 | \$8.89 |

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| Memberships | 2,738 | | 3,029 | |
| Per Capital Admissions Revenue | \$8.68 | | \$8.89 | |
| Earned Revenue | \$1,732,600 | 79% | \$1,933,100 | 86% |
| Contributed Revenue | \$521,900 | 21% | \$521,900 | 14% |
| Total Operating Expenses | \$2,197,200 | | \$2,238,400 | |
| Net Income Before Exhibit Reinvestment (w/o City subsidy) | \$57,300 | | \$216,600 | |
| Required Annual Revenue Capital Investment | \$575,000 | | \$575,000 | |
| Net Income After Capital Reinvestment (w/o City Operating Subsidy) | (\$517,700) | | (\$358,400) | |

Source: ConsultEcon, Inc.