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Topeka Zoo

Public Private Partnership Presentation
November 2020

Introduction

The goal of this presentation is to lay out the case for a new public private partnership (PPP) governance model for the Topeka Zoo and Conservation Center. This PPP best positions the Zoo to exceed animal welfare standards, fulfill its conservation mission, and achieve long-term success and sustainability.

On the following slides, the Friends of the Topeka Zoo share a bold vision for what the Zoo can accomplish and how it can become an even stronger asset and economic engine for the Topeka community and greater region.

FOTZ - History of Success

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- Funded seven seasonal exhibits and other exhibit improvements
- Raised $2M for Camp Cowabunga; $5.75M for Kay McFarland Japanese Garden; $4.6M (to date) Giraffe and Friends
- <u>Result: Doubling of attendance in 10 years from 111,000 to 224,000</u>
- Funding support of $124K annually for COT positions: educator, camp counselors, and animal care staff for seasonal exhibits
- Successfully running and growing admissions, concessions, membership, marketing and fundraising
- Strong, engaged, and professional board governance

ARUSHA TENT
MASAI TENT

PPP – Public Private Partnership

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- A full shift of Zoo management to Friends of Topeka Zoo (FOTZ)
  - Animal care, maintenance, & operations all shift from City to FOTZ
  - Zoo operations under independent nonprofit with City representation on FOTZ board
  - Capital improvements made by FOTZ
- Public funding will continue to support Zoo operations and capital
  - Initially through management & license fee – 1) for operations 2) for capital
- PPP model has been vetted, evaluated and analyzed over the last five plus years
  - Follows best practice among AZA institutions
  - Path to stronger financial sustainability

PPP – Public Private Partnership

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FOTZ ⟷ Partnership ⟷ **City**

- Day-to-day Zoo management & operations
- Staffing
- AZA Accreditation
- Animal Care
- Education, Programs & Conservation
- Guest Experience
- Visitor Services – food, gift; attractions
- Fundraising – operating and capital
- Events
- Marketing & Communication
- Manage capital projects

- Ownership of Buildings
- Quasi-Landlord (Licensor)
- Funding support
- Financial support on capital projects
- Representation on FOTZ Board

PPP – Proven Success

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- Over 75% of AZA zoos are operated by nonprofits under a PPP
  - Model for growth – attendance, revenue, fundraising
  - Sets zoos up for long-term success
  - Opens possibilities for alternative funding and greater contributed giving

John Ball Zoo

Grand Rapids, MI

- *28% attendance growth*
- *New exhibits built*
- *Tax initiative passed*

REID PARK ZOO

Tucson, AZ

- *13% attendance growth*
- *New exhibits built*
- *Tax initiative passed*

POTAWATOMI ZOO

South Bend, IN

- *>20% attendance growth*
- *Tax initiative passed*
- *New entrance & exhibits*

SEDGWICK COUNTY ZOO

Wichita, KS

- *>20% attendance growth*
- *New exhibits and entrance being built*

Kansas City ZOO

Kansas City, MO

- *85% attendance growth*
- *Decade of new exhibits*
- *Tax initiative passed*

** Attendance growth over ten-year period; peak year may differ*

ZOO ADVISORS

PPP – Proven Benefits

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- Everyone under one umbrella, streamlined operations and organizational structure; less repetition of service
- Expertise to exceed animal welfare and latest AZA standards
- Access to added resources to support the Zoo
- Flexibility to respond to changing environments and audiences
- Ensures the Zoo remains more accessible to the community over the current municipal model
- Better positions the Zoo as a regional asset and philanthropic priority for the community

ZOO ADVISORS

PPP Implementation - Results

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- Continued roll-out of the Zoo's ambitious master plan
  - Giraffe and Friends – 2022
  - Children's Zoo - 2024
  - Tiger - 2027
- Increased economic impact for the region – jobs, construction, sales tax, community investment
- Continued attendance growth – **up 25% over next 15 years to close to 300,000**
- Less reliance on public support as a % of growing budget – drops from 50% to 40% over contract

Topeka Zoological Park

TOPEKA ZOO MASTER PLAN

January 2016

0 30' 60' 90'
1" = 60'-0"

GLMVZOOS
...the wilder side of GLMVArchitecture

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Topeka Zoo

Giraffe Exhibit

GLMVZOS

Master Plan - Update

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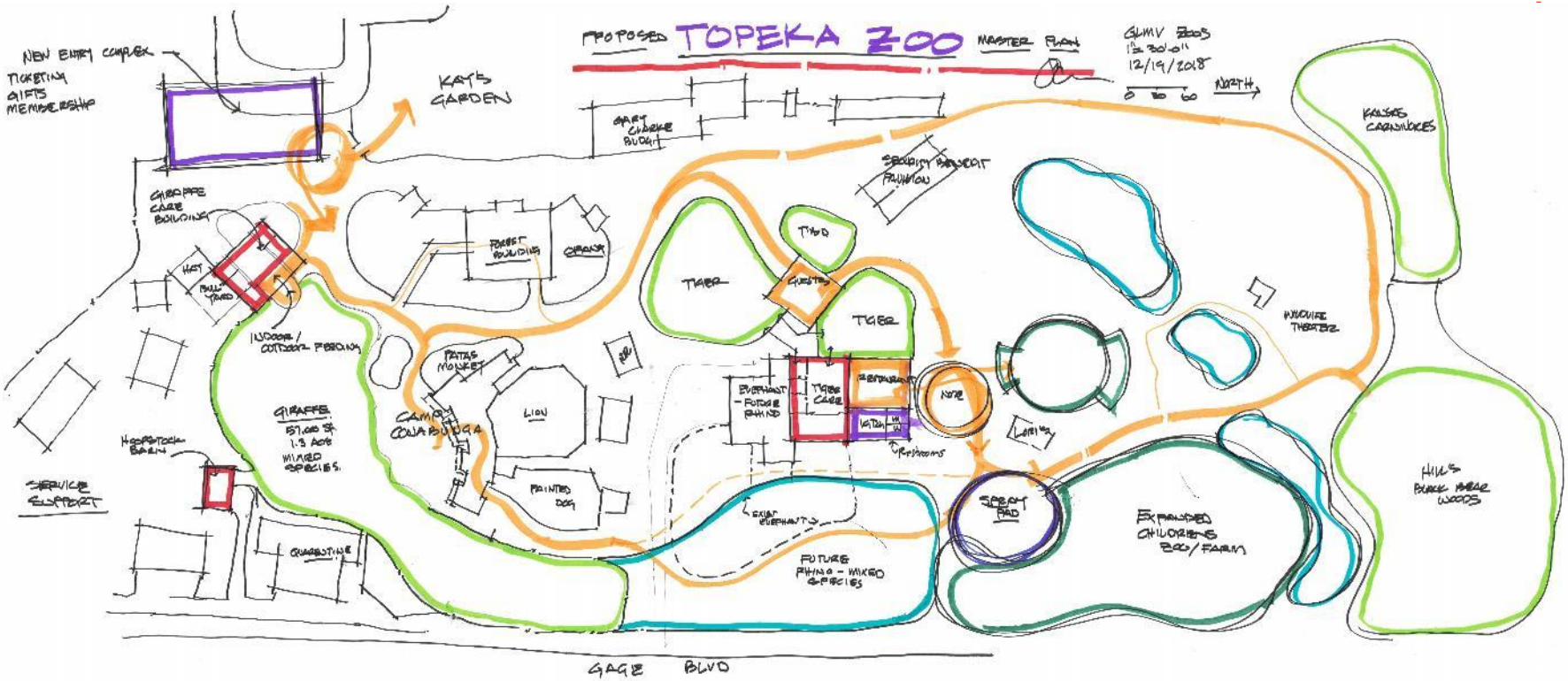
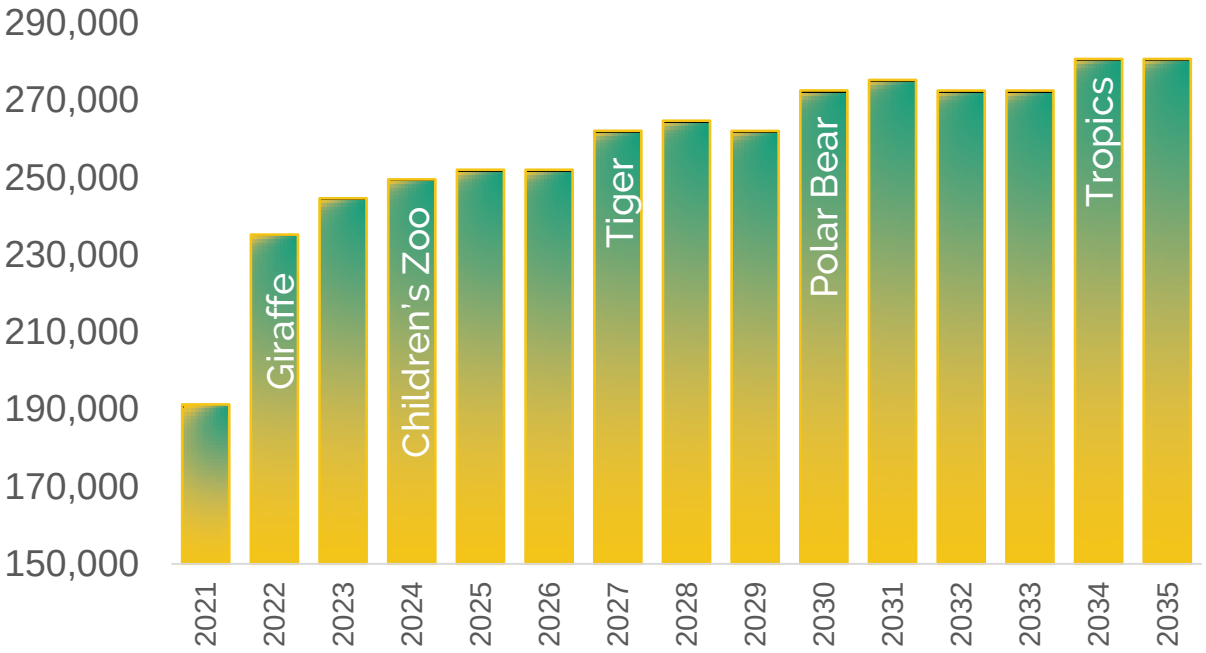


Total Attendance

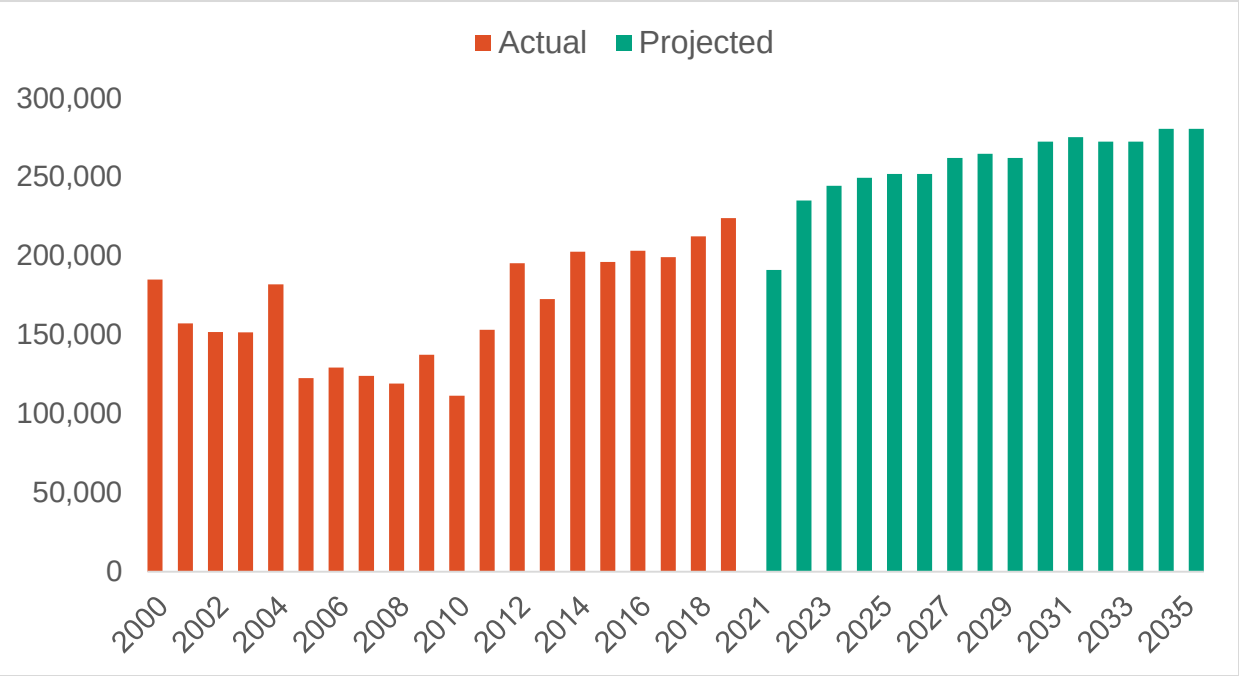


2021 is projected as a year when COVID is still impacting the Zoo's attendance.

In subsequent years, the Zoo is projected to show steady attendance growth, peaking at 280,000.

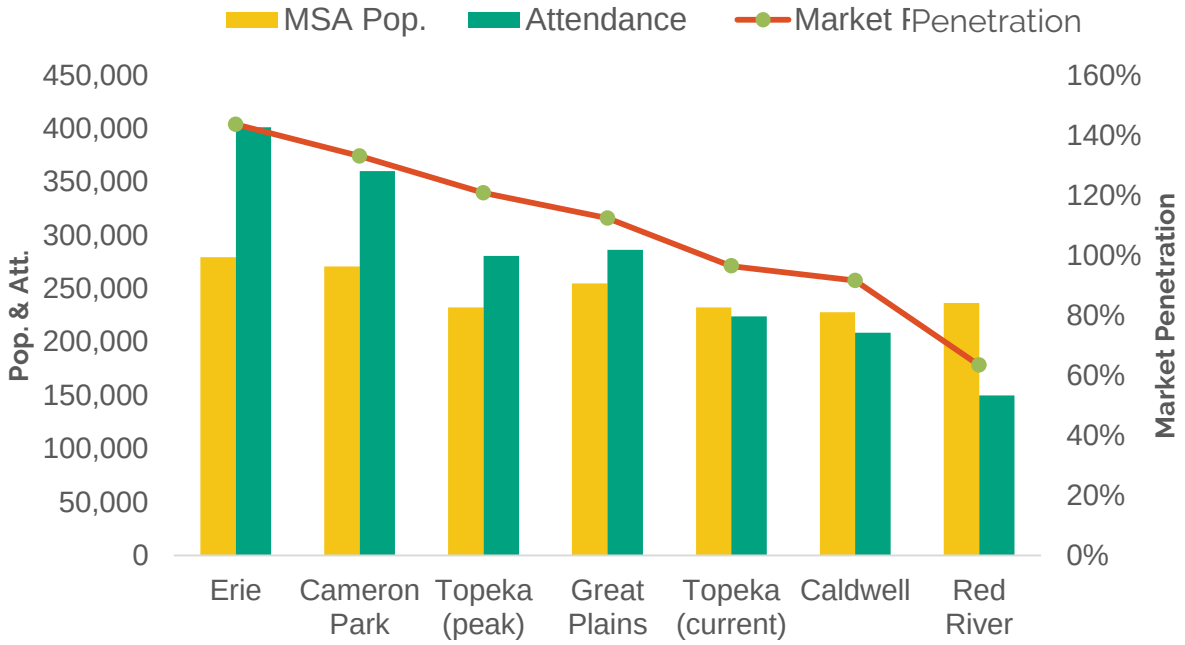
* *Improvements, i.e. specific animal species, beyond 2023 are subject to change.*

Attendance History



Since 2000, Topeka Zoo's attendance has been on a generally upwards trend. The model projects that the trend will continue with the implementation of the master plan to reach **280,000 annual visitors.**

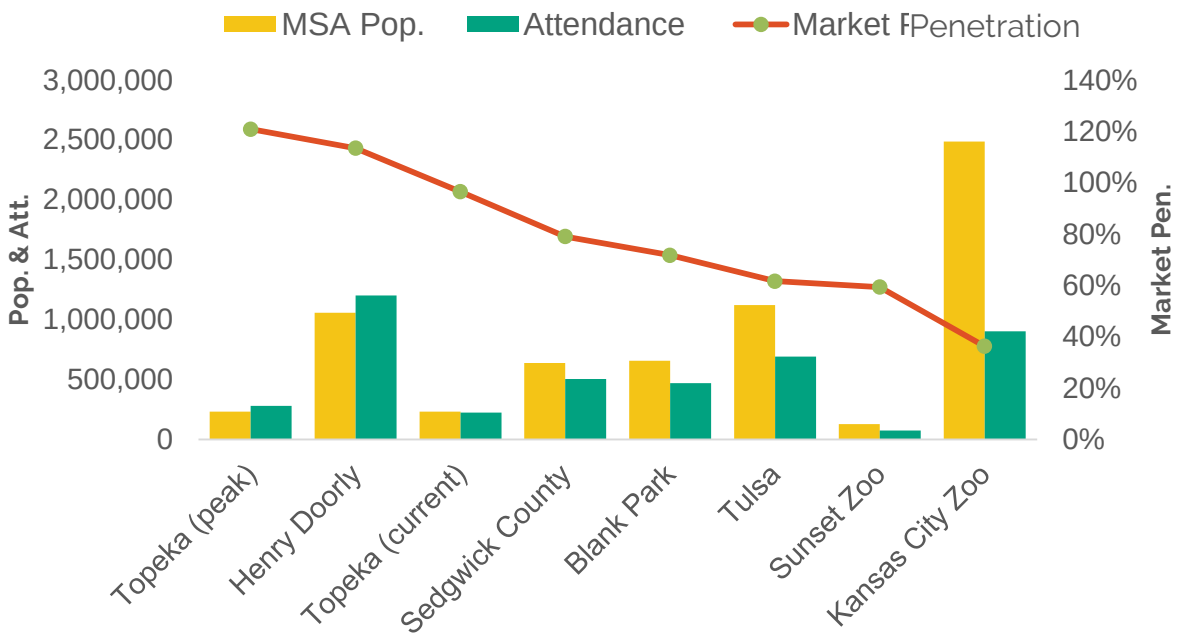
Market Benchmarks



Topeka Zoo currently penetrates its market at about 96%. The model projects it will reach peak penetration (*total attendance divided by MSA population*) of about 121%.

* ***MSA:*** *Metropolitan Statistical Area*
Market Penetration: *Total Attendance/MSA*

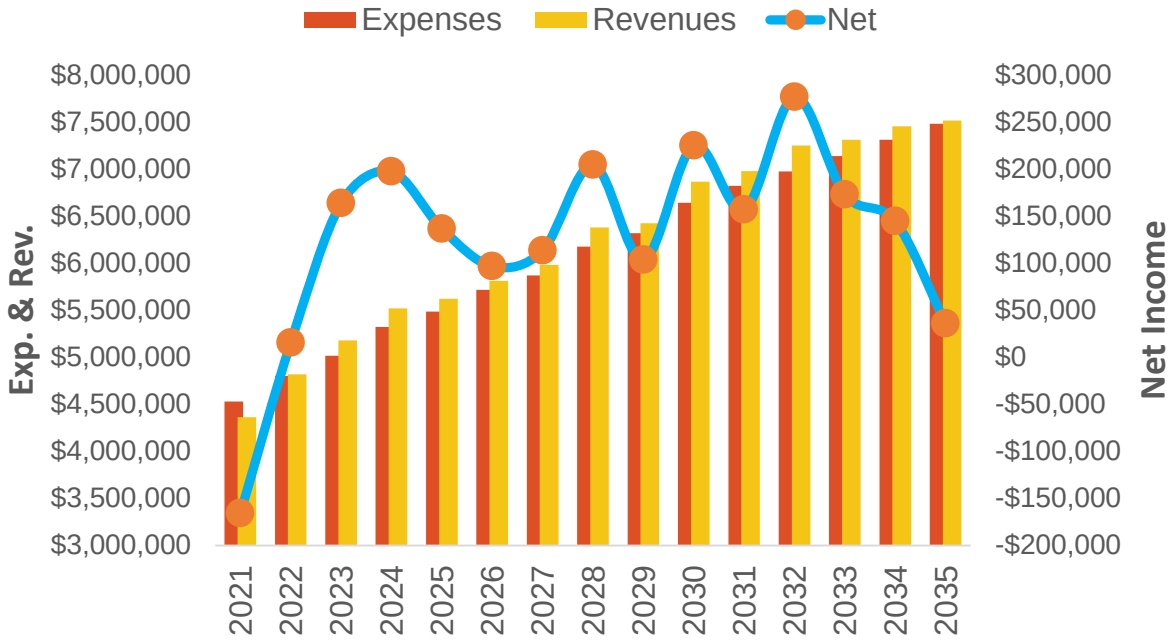
Regional Benchmarks



At peak attendance, the model shows Topeka Zoo having the highest market penetration among regional benchmarks, which is to be expected given it is in one of the smallest markets.

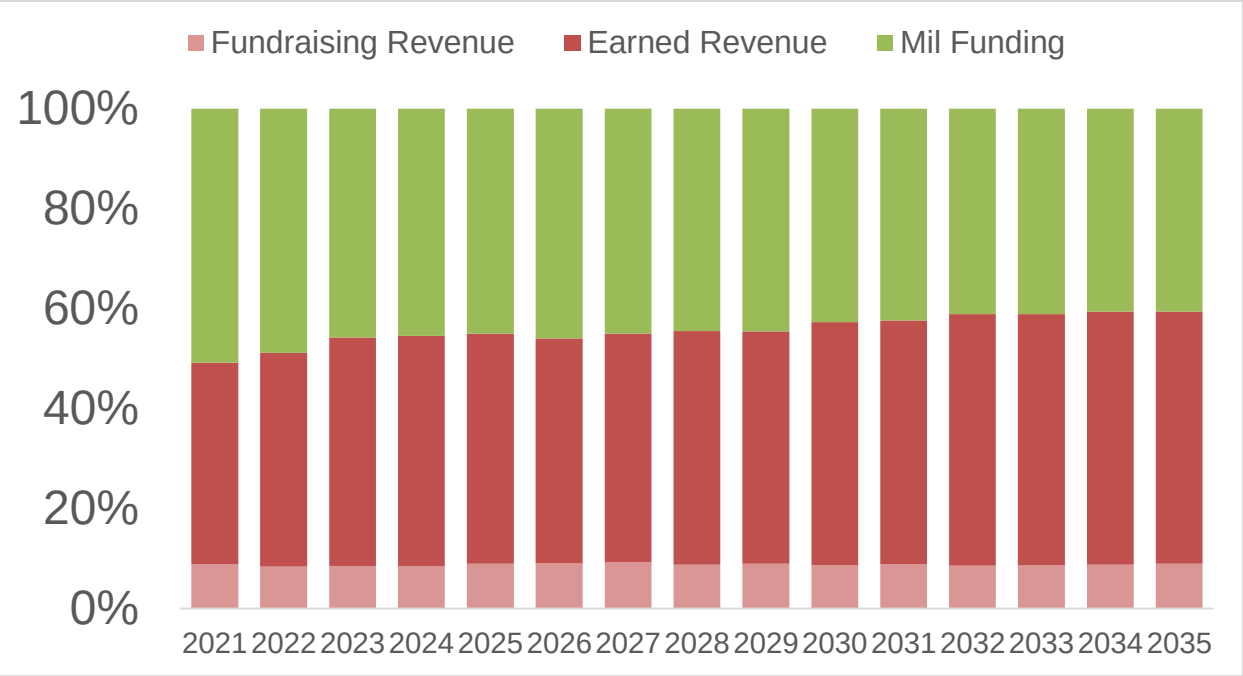
* ***MSA:*** *Metropolitan Statistical Area*
Market Penetration: *Total Attendance/MSA*

Topline Financials



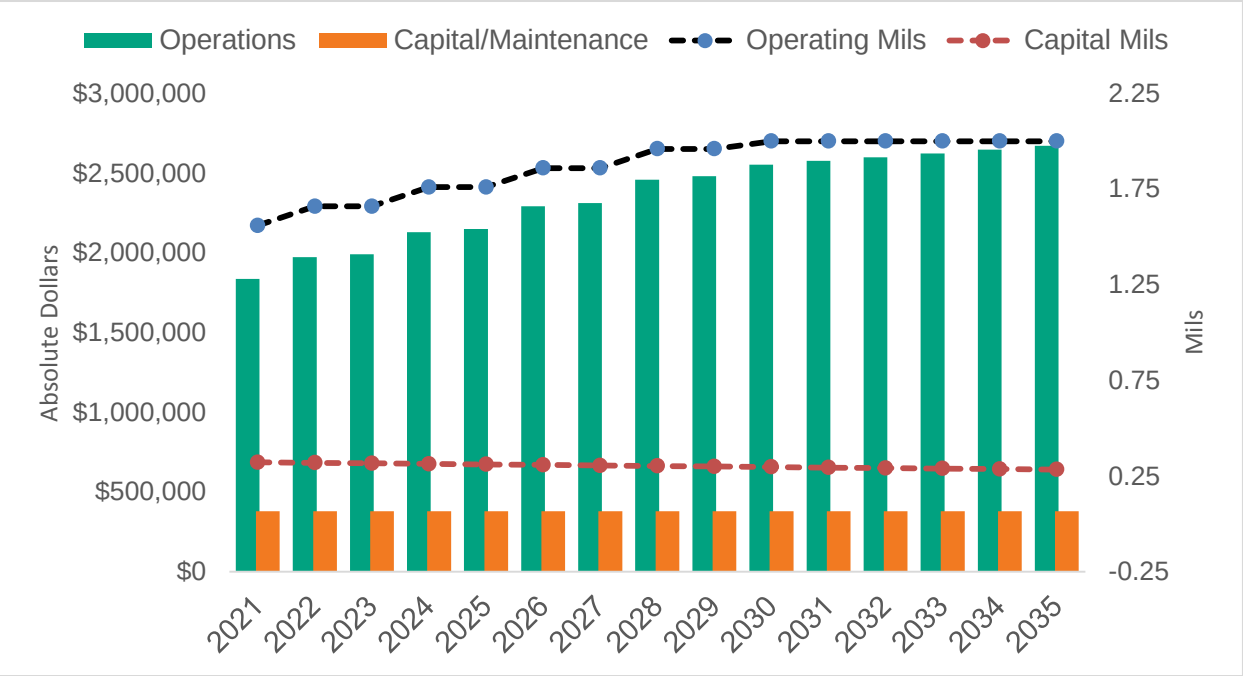
The model projections show a sustainable and thriving Zoo, with revenues exceeding expenses in all but one year (2021, a COVID-recovery year).

Revenue Composite



Based on the projected levels of support, the Zoo's total public operating subsidies would decline from about 50% to about 40% of total revenues by 2035.

City Funding Support ($s & Mils)



The City's funding support for operations will grow from 1.56 to 1.96 mils over 9 years and then remain level at 2 mils from 2030 to 2035. Capital mil funding will decline from 0.32 to 0.28

Key Considerations

- 15 year contract length
- All current positions transition to FOTZ
- Continued investment in adding new staff
- City will have representation on FOTZ Board
- Zoo pricing will remain accessible to Topeka community

No PPP - Risks of Not Proceeding

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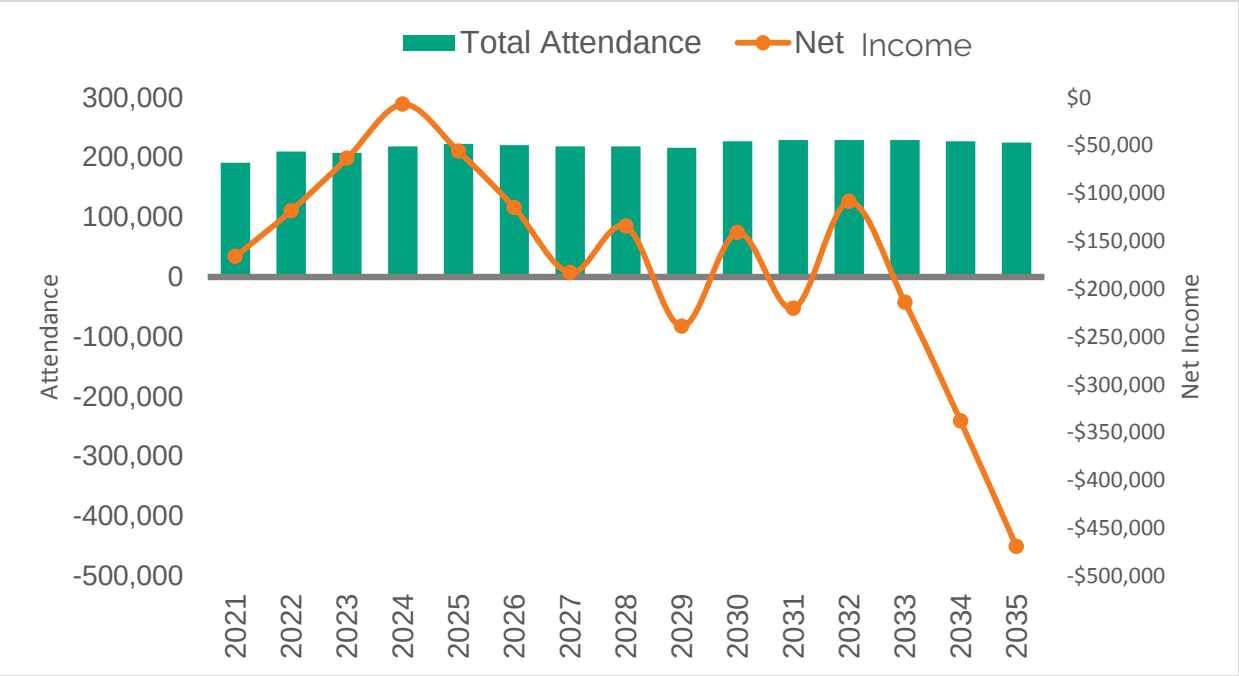
- Can COT continue to respond swiftly to rising animal welfare standards and needs?
  - USDA Violation Risks; Maintaining AZA accreditation
  - COT has two previous consent agreements with USDA
- More limited investments will lead to attendance declines; long-term sustainability in question
- Continued pressure on municipal budgets and funding
- Duplicative services
- Reduction of animal collection

Topline - No PPP



If the Zoo elects not to revise its partnership agreement, attendance is likely to be stagnant due to lack of continued investment and net income is projected to become unsustainable and have a negative economic impact.

Inflection Point

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- PPP needed to continue the Zoo's growth trajectory and a solid foundation of financial sustainability
- The zoo field is changing and evolving quickly….
  - FOTZ is better positioned to take on greater management role and guide the Topeka Zoo towards exceptional growth and conservation impact
  - FOTZ can better leverage public support for greater investment in Zoo improvements and development

Next Steps

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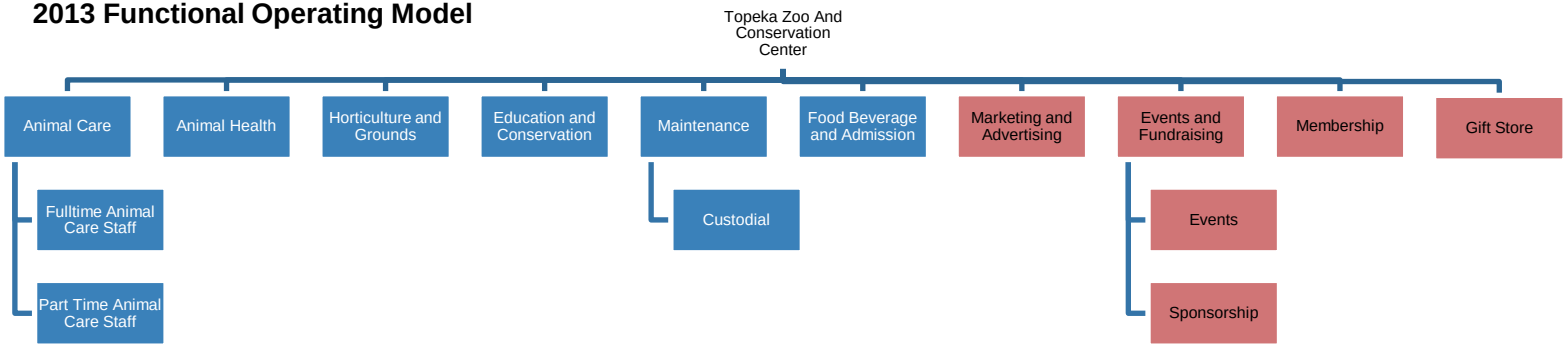
- ✓ Gain Council approval for COT/FOTZ management agreement
- ✓ Commit to COT license and management fee for operating and capital support
- ✓ Begin implementation steps for transitioning employees to FOTZ
- ✓ Begin transition process

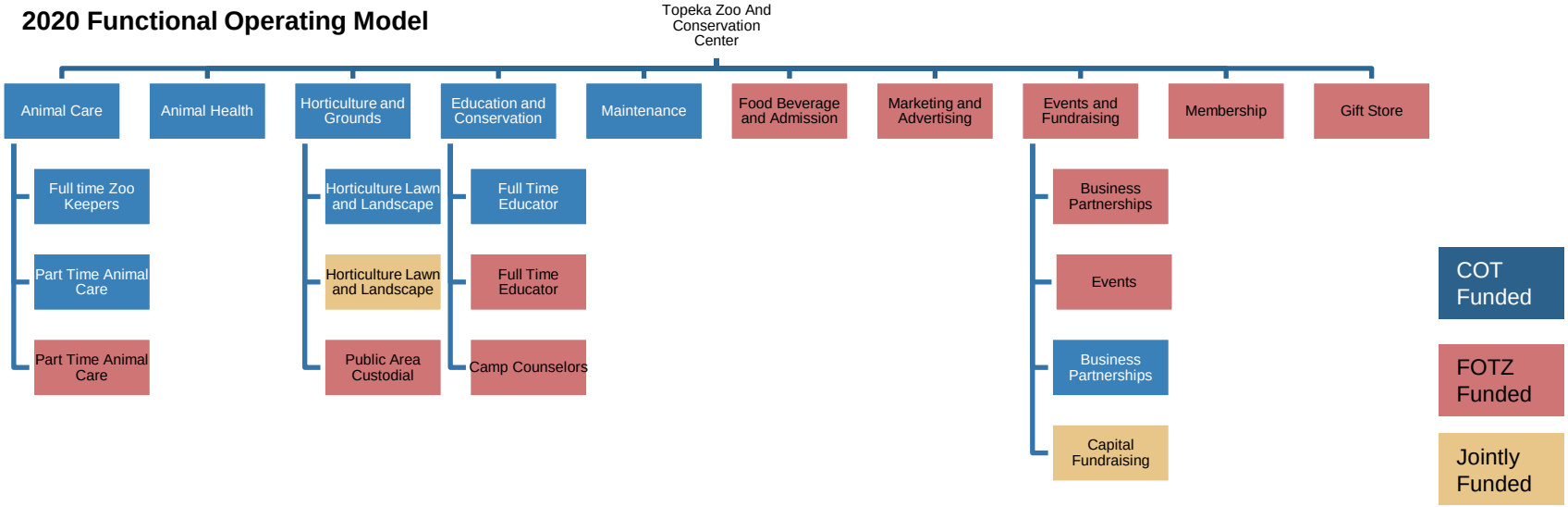
TIGER CUBS

Supporting Slides

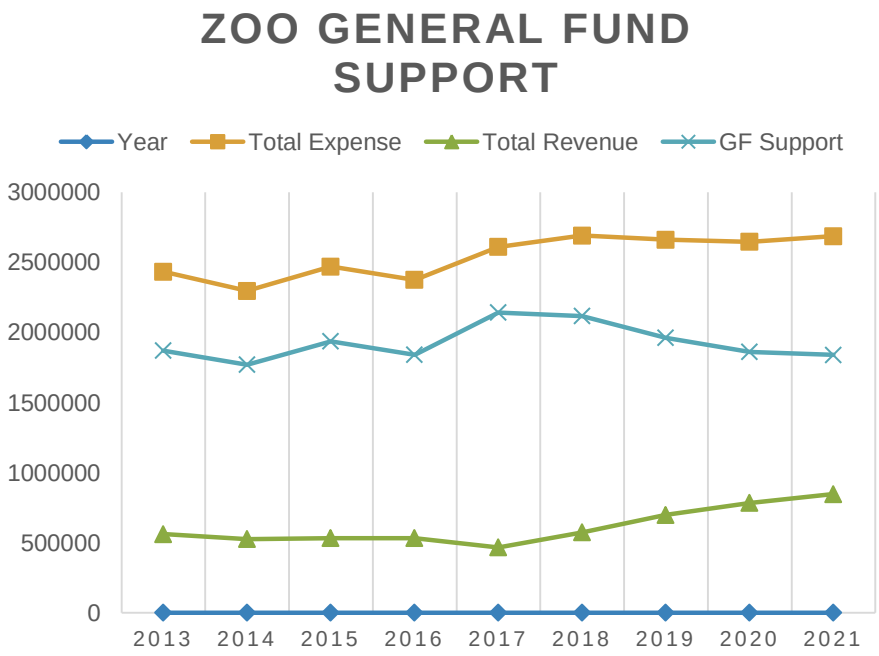
2013 Functional Operating Model



2020 Functional Operating Model



General Fund Operational Support - History



Year	Total Expense	Total Revenue	GF Support
2013	2,433,815	562,193	1,871,622
2014	2,297,439	526,763	1,770,676
2015	2,470,559	533,235	1,937,325
2016	2,375,174	533,335	1,841,839
2017	2,610,591	467,332	2,143,259
2018	2,691,853	574,506	2,117,347
2019	2,661,575	698,756	1,962,819
2020*	2,647,382	785,000	2,238,534
2021*	2,687,269	847,522	1,839,747

* 2020 and 2021 are budget amounts. All other years are actual expenditures and revenue.

Leveraging Half-Cent Countywide Sales Tax for Zoo Capital Improvements

Project	Sales Tax	Donations/Grants	Project Cost
Camp Cowabunga	$2,500,000	$2,044,000	$4,544,000
Kay McFarland Japanese Garden	$1,250,000	$5,750,000	$7,000,000
Giraffe and Friends*	$1,500,000	$6,000,000	$7,500,000
Utilities and Parking	$500,000	$0	$500,000
Projected totals at end of 2022	$5,750,000	$13,794,000	$19,544,000

* Denotes future estimate.

License and Management Fee and Payment Schedule

2021 Approved Zoo Expense Budget	$2,687,269	
less 2021 Approved Revenue Goal	$847,522	(Includes $2 per ticket rate increase.)
License and Management Fee	$1,839,747	
Cash Value of a COT Mill (estimated)	$1,178,138	
License and Management Fee in Mils (Operating Support)	1.562	

- Payment Schedule
  - Establish payment schedule in inverse proportion to admission revenue bell curve.

Capital Maintenance - GO Bond CIP Support History

Project	Year	Cost
Animals and Man Roof Replacement	2010	$89,504
Hippo Wall and KS Carnivore Roof	2011	$170,402
Rainforest Roof Replacement	2011	$1,012,187
Necropsy Room	2011	$109,256
Security Fence Phase 1	2011	$155,477
Animals and Man Boiler Replacement	2012	$105,547
Quarantine Facility	2012	$1,034,287
Rainforest AC Upgrade	2013	$242,400
Security Fence Phase 2	2013	$126,130
Pond Repair	2015	$217,709
Greenhouse/Storage	2016	$154,200
Digital X-Ray	2016	$91,140
Fire Hydrant Install	2017	$154,000
Zoo Parking Lot Resurfacing and Drainage	2018	$416,079
Storm Drainage	2019	$1,456,000
		$5,534,318

Past average capital maintenance cost from the CIP is somewhere between $338,226 and $614,924 annually from 2010 - 2019.

The table to the left and the above figures are based on a “wait till it breaks then replace it” type of maintenance plan. Recent CIBs have supported a true maintenance plan designed to extend the life of infrastructure. It has an annual estimated cost of approximately $632,625 per year.