

## 2015-2018 Business Plan & Budget Summary

1. Organization Name: Calgary Zoological Society

2. Current Vision and Mission:

Vision: Canada's leader in wildlife conservation

Mission: Take and inspire action to sustain wildlife and wild places.

### 2015-2018 BUSINESS CASE

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3. Synopsis of your organizational priorities and actions for 2015-2018:

The next 3 years are a period of final flood recovery and growth for the Calgary Zoo as it implements its Master Plan launched in April 2013. These ambitious yet necessary plans build on what is currently offered to visitors along with new and replacement spaces to encourage exploration and discovery. In June 2013, the Calgary Zoo experienced a catastrophic flood that shut down operations for many months and caused significant damage to land, infrastructure and buildings (all City-owned assets). Two exhibit buildings had to be demolished and we're working to replace them with a new Land of Lemurs exhibit and the Wildlife Interactive Education Centre. Our critical capital projects for the next four years are:

- An agreement with the People's Republic of China has the Calgary Zoo hosting highly-endangered and charismatic **giant pandas** from 2018 to 2023. Based on our 1988 experience and experience of other zoos, attendance could increase by 50 per cent - to 1.8 million visitors annually over the pandas' five-year tenure, attracting significant tourism traffic from across Canada and northwest United States.
- **Land of Lemurs** is a top priority. Visitors will travel through on an elevated walkway lifting them up into the lush canopy of trees, providing a fresh new perspective – literally and figuratively utilizing unused land at the east end of the island. Subject to funding we hope to begin construction in 2015, with the exhibit opening in 2016.
- Part of the zoo's master plan and replacement for exhibit space lost to the flood, the **Wildlife Interactive Education Centre** will more effectively engage visitors and promote conservation education in ways that are retained. Once funding is approved, the Calgary Zoo will leverage other funding opportunities to work towards opening it to the public in 2017.
- A new and exciting habitat for Amur tigers, Japanese snow monkeys and takin is created **Beyond the Great Wall** to replace the west end of the Prehistoric Park and draw together species from Eastern China, Korea and Japan.

**4. Outline how your organizational priorities & actions align with Council Priorities for 2015-2018.**

This project supports the following Council priorities:

**Priority: A city of inspiring neighbourhoods**

- 4. Revitalize the role and ability of community associations, and use of community facilities.
- 9. Provide great public spaces and public realm improvements across the city to foster opportunity for well used public spaces and places for citizen connections and urban vitality.

**Priority: A healthy and green city**

- 6. Continue to build public awareness and understanding of our shared responsibility to conserve and protect the environment.

**Priority: A well-run city**

- 6. Effectively manage The City's inventory of public assets, optimizing limited resources to balance growth and maintenance requirements.

**Priority: A Prosperous City**

- 1. Strengthen Calgary's position as a global energy centre and location of choice for international talent, investment and innovation through enhanced business development, marketing and place-making initiatives.
- 2. Advance purposeful economic diversification and growth.
- 3. Support civic, business and community partners, as well as business revitalization zones, to collaborate and attract local and global investment.

**5. Provide specific examples on how your organization will work towards restraining expenses and seeking efficiencies over the 2015-2018 timeframe outlining the net impact to service delivery or organizational sustainability.**

Identifying opportunities to reduce costs and improve efficiencies is an integral part of the zoo's operational approach. The organization and its budget units are challenged annually during the budget process and ongoing monitoring and accountability to find ways to work more effectively and efficiently without compromising safety while ensuring enjoyable and beneficial experiences for all zoo visitors.

Over the last year internal analyses have found ways to save on utilities, communications, IT, food costs and labour. Labour represents about 60% of our operating costs. As was demonstrated in July 2013 when 300 staff positions were terminated due to the flood and closure of the zoo for repairs, Calgary Zoo management has the insight and courage to make changes necessary for the viability and financial well-being of the zoo.

**6. Which of your key services are funded by the operating grant provided by The City?**

The City's operating grant goes into the zoo's general operating budget and so supports the full spectrum of our operations. This grant represents approximately 19% of total operating revenues of \$37 million (in a typical year).

**7. Identify performance indicators and targets you will use to evaluate your organization's performance in the 2015-2018 timeframe.**

The zoo's long-term objectives are to

1. Deliver outstanding enjoyable experiences that attract and retain guests.
2. Motivate stakeholders to take action for wildlife and wild places.
3. Achieve and be recognized for the highest standards of animal welfare.
4. Be a centre of excellence and influence in wildlife conservation.
5. Develop an effective, cohesive and engaged workforce that embraces the Zoo's mission, vision and values.
6. Achieve financial and environmental sustainability.
7. Effectively communicate internally and externally to build pride in and support for the zoo.

**8. Identify how you will leverage resources in 2015-2018 and provide specific examples.**

Support from the City of Calgary through its annual operating grant and lifecycle maintenance programs is critical to the Calgary Zoo.

The operating grant allows the zoo to continue to provide an outstanding experience for its annual 1.2 million visitors, 50% of whom are tourists. This ensures the zoo maintains its annual economic impact of \$79 million as the City's top tourist attraction and the top destination for Calgary families.

Lifecycle-maintenance is equally essential. The zoo's physical infrastructure has a current replacement value of between \$300 million and \$400 million. Over the past decade, the lifecycle-maintenance program has grown both in scale and cost, reflecting an increase in zoo visitation and the deteriorating condition of the physical infrastructure. As a result, the zoo remains in catch up mode in regard to its capital maintenance.

**BUDGET AND FINANCIAL INFORMATION**

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**9. Provide your budget projections covering the 2015-2018 timeframe** (complete table below).

<b>Operations (000's)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City of Calgary draft operating grants	\$7.4MM	\$7.7MM	\$8.0MM	\$8.2MM
Other operating grants	\$0	\$0	\$0	\$0
Earned revenue from operations	\$38.3MM	\$39.4MM	\$40.6MM	\$41.8MM
Donations & fundraising revenue	\$1.2MM	\$1.3MM	\$1.4MM	\$1.5MM
Operating expenses	\$33.6MM	\$34.7MM	\$35.7MM	\$36.8MM
<b>Net of revenue and expenses</b>	\$4.7MM	\$4.7MM	\$4.9MM	\$5.0MM
Opening operating reserves	\$6.0MM	\$6.0MM	\$6.0MM	\$6.0MM
<b>Ending operating reserves</b>	\$6.0MM	\$6.0MM	\$6.0MM	\$5.0MM
<b>Capital (000's)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Opening capital reserves	\$5.0MM	\$3.6MM	\$2.1MM	\$6.0MM
Requested City of Calgary lifecycle grants	\$2.2MM	\$2.3MM	\$2.3MM	\$2.4MM
Other City of Calgary capital grants	\$0	\$0	\$0	\$0
Other capital revenues	\$4.7MM	\$4.7MM	\$4.9MM	\$6.0MM
Capital expenditures	\$8.3MM	\$8.5MM	\$8.7MM	\$8.9MM
<b>Ending capital reserves</b>	\$3.6MM	\$2.1MM	\$0.6MM	\$0.1MM

**10. Financial risks or challenges related to budget projections. Provide specific examples and year in which challenges are anticipated.**

The key assumption upon which our budgets are based is that our revenue streams remain constant or grow. In order for us to maintain and grow our revenue sources, we must continue to invest in life cycle maintenance, and create new attractions/exhibits that will continue to attract guests to the zoo. This is increasingly challenging as the hospitality industry is becoming more and more competitive, locally, regionally, and nationally.

Presently, we are scheduled to open a giant panda exhibit in 2018, and although this will be a significant event for the zoo and Calgary, we must maintain and improve the zoo between now and 2018. Also, in advance of the giant panda exhibit, we will start incurring operating and capital expenses, and these must be financed out of cash flow from operations. The detailed operating and capital budget for the giant panda exhibit has not yet been determined.

In this self-funding capital model, the Calgary Zoo continues to invest wisely in future growth, but ultimately it requires major capital investment from third parties to fully realize its Master Plan.

## 2013 ANNUAL REPORTING

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### **11. Outline your key services and activities undertaken in 2013 and how they advanced priorities identified in Council's 2012- 2014 Fiscal Plan for Calgary.**

The catastrophic flooding the zoo experienced in June of 2013 shut down operations and caused significant damage to land, infrastructure and buildings. This singular event drastically impacted how the zoo was able to respond the priorities set out by council in 2013. Despite the losses, the zoo was able rebound and re-opened the north side of the park on July 31, 2013 with a full re-opening on November 28, 2013 and the final major project on the island completed on June 28, 2014.

Damage to the buildings was repaired through an insurance claim as well as through other funding sources where the work was not covered by insurance (i.e. pre-flood conditions that were uncovered during demolition). While the impacts of the flood were devastating, the Calgary Zoo benefited from the repairs that were completed post flood and were able to continue to manage the city's assets and invest in existing infrastructure.

In September 2013, the zoo secured renewal of its five-year accreditation with the Association of Zoos and Aquariums (AZA). At the announcement, the AZA commission stated, "The Calgary Zoo sets itself apart as one of the top zoos in the world." This designation validates the hard work of the zoo team as the AZA team inspected every aspect of zoo operations including, animal care, veterinary programs, conservation, education and safety. It also provides important external validation the City's confidence in The Calgary Zoological Society as operator of the zoo.

In addition to being a major employer in Calgary, the Calgary Zoo is also an important tourism partner. It was the most visited zoo in Canada with 1.45 million visits in 2012, with 50 per cent of all visitors from out-of-town. To remain appealing to tourists, the Calgary Zoo must replace lost exhibits/animals and maintain a diversity of experiences available to visitors.

It is estimated that the Calgary Zoo's current total economic impact is \$79 million annually (Grant Thornton, 2013), and the new master plan will create an incremental \$363 million impact over the next 10 years. This recent economic impact assessment by Grant Thornton LLP concluded that for every dollar invested in the Calgary Zoo, over two dollars of impacts are generated. For example, in the case of the Land of Lemurs, each dollar provided by The City, would generate two dollars from other sources and have an estimated overall economic impact of six dollars.

**12. Identify how you measured the success of your services and activities in 2013. Please provide examples of these results.**

After the 2013 flood, it is even more necessary that the Calgary Zoo maintain a diversity of programming to remain attractive to Calgarians and tourists. It must urgently open replacement exhibits to sustain its value to the community as the most visited zoo in Canada (2012), generating an annual economic impact of \$79 million, internationally recognized as one of the top conservation zoos in the world, and providing leading education initiatives and programming for Calgary families.

- The best single day attendance ever in the zoo's 85-year history on the 2013 Easter weekend with 14,690 on Good Friday and its best day ever in membership sales at \$64,137 more than doubling the 2012 Easter membership sales
- 2013 attendance was 787,862, far less than the 1.3 million targeted, because of the flood.
- Zoolights attendance was 104,000 and, while less than 2012, the event did well considering that temperatures were very cold for several weeks.
- The zoo shared its news and stories reaching over 145 million people across Canada and the world.
- For a short time immediately following the flood, social media was the only means available for the zoo team to connect with the community and as a result, the zoo's social media following more than doubled in 2013.
- Joint Parks Canada CEO Award of Excellence with team members from the Parks Canada
- Calgary's Child Magazine Parent's Choice awards - 3 awards
- FFWD Magazine - 2 awards
- Members – 70,000
- Private Events - 309 with a total of 31,698 guests
- High season interpreters and year round weekend interpreters interacted with 112,039 visitors in 2013, not including Penguin Plunge visitors. More than 556,908 people visited the Penguin Plunge exhibit where they also interacted with interpreters and keepers.
- More than 200 birthday parties were held – that's almost one a day for six months of the year.
- Approximately 60,977 school kids, teachers and chaperones interacted with the zoo in 2013 (52,000 students).

**13. Identify how you leveraged resources in 2013. Please provide examples.**

The not-for-profit Calgary Zoological Society puts every dollar raised back into conservation research, education and outreach as well as on-park facilities and programs that engage Calgarians and visitors in the effort to raise conservation awareness and save endangered species. The goal is to get visitors excited about the natural world and to inspire them to take steps in their own lives to protect it. The devastating flood of 2013 will be forever remembered in the zoo's history. Despite being closed during the busy summer season, through the hard work of staff, the zoo was able to rebound, partially reopening July 31, before a full reopening on November 28, 2013. Moreover, through responsible stewardship the Calgary Zoo actually finished its fiscal 2013 with a modest surplus despite having most of the facility closed for flood repairs for five months. This monumental achievement was thanks in part to the tremendous support of Calgarians who provided \$3.2 million in donations, nearly \$5 million in insurance and the management decision to reduce expenses by more than \$4 million through drastic job cuts. 2013 proved to be a year of resiliency and renewal reinforcing the zoo's belief in hope and conservation.