



Civic Partner Annual Report 2015- The Calgary Zoological Society

- 1. Organization Name: THE CALGARY ZOOLOGICAL SOCIETY**
- 2. Fiscal Year: 2015**
- 3. Latest Annual Report available and web address: 2015 Fiscal Year www.calgaryzoo.com**
- 4. Current Vision, Mission and Mandate.**

Vision: Canada's leader in wildlife conservation

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

GOVERNANCE

- 5. Identify any Board or senior management positions that will be vacant in 2016. Describe succession plans that are in place.**

There are no planned senior management vacancies in 2016. When a Director's position becomes vacant during a term, the Board of Directors may appoint an interim Director to the position until the next Annual General Meeting.

In addition to the 3 Board Officers there are 15 additional Trustees to support any succession requirements. The Board of Trustees Governance Committee maintains and monitors a Board skill matrix to support effective recruitment with defined term limits supporting orderly succession.

After a thorough search process, in January 2015 the Society appointed Allen Pedden as Chief Financial Officer and in September 2015 appointed Greg Royer as Chief Operating Officer. There is now greater capacity in the executive team for an interim Chief Executive Officer appointment in support of any recruitment or internal promotional process requirements that may arise.

- 6. Describe any structural changes to your organization's governance model in the past year.**

n/a

- 7. Summarize any activities in 2015 that increased your Board's knowledge and awareness about industry trends, impact of changing economic conditions, risks faced by the organization, or other information needed to make informed decisions.**

Annual Board retreat focused on industry trends and associated risks.

Board committee charters updated to focus on enterprise-level risk identification and management. Role of committees was reinforced.

Business and capital planning program enhanced reflecting lessons learned from flood recovery.

Implemented online board portal to access current and historical board information.

RISK MANAGEMENT

8. Describe the processes and structures your organization uses to identify and manage operational and strategic risks.

Board appointed the CFO as principle risk officer, assessing both sustainability and operational and critical non-financial risks (e.g. endangered species in zoo's captive breeding programs). CFO presents annual risk report to the board along with an annual review of insurance needs. Implemented Incident Command Systems for disaster response. Risks to be managed include compliance with Association of Zoos and Aquariums certification, Health and Safety practices and insurance.

9. What are your organization's top 3-5 strategic risks? For example, financial, governance, business risks, liability, talent management, reputation, or risks related to economic conditions.

Endangered species management where we care for a significant proportion of remaining animals - addressed very proactively with facilities design, training, monitoring, intervention as needed.

Reputational issues associated with activist initiatives – addressed through standards, disclosure and transparency.

Financial risks associated with economic and other conditions – pro-active budget management and adjustment to changing staffing and other attendance-driven variables.

Effective governance – addressed with systematic board prospect identification, recruiting and training.

2015 YEAR IN REVIEW

10. What accomplishments in 2015 contributed to Action Plan's goals of building a prosperous economy, inspiring neighbourhoods, and a healthy and green city?

Maintained quality of care, sterling reputation for welfare of critical, at-risk and other species under Zoo care as a living institution and sanctuary and maintained internationally recognized accreditation.

Active research in advancing animal care knowledge and continually striving for improvement of animal welfare protocols worldwide. Recognized as one of top zoos in the world for wildlife conservation research.

Met sustainable environmental and financial goals.

Participated in City of Calgary flood mitigation and bridge planning to minimize potential impacts. Continued to improve disaster recovery and incident response capacity and programs, including health and safety measures.

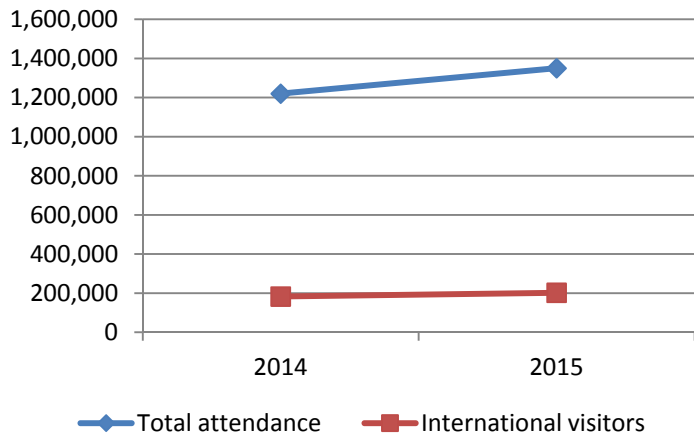
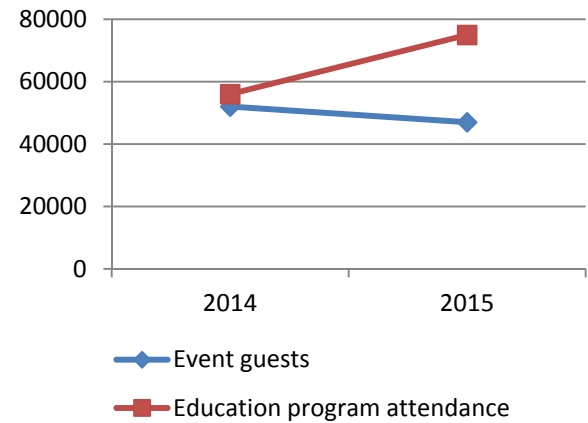
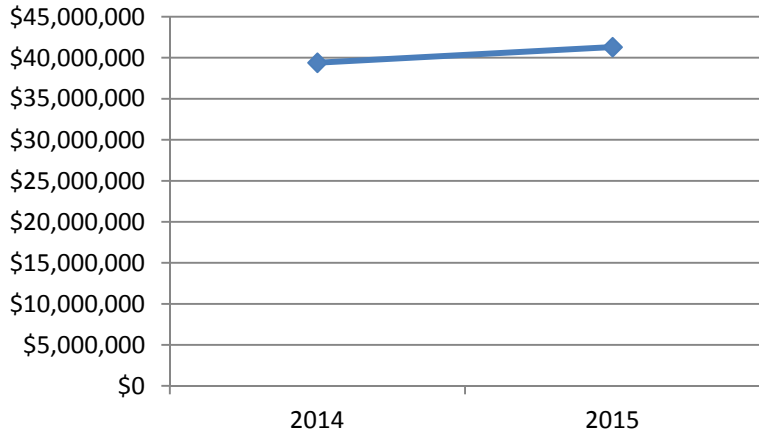
Began discussions with City Parks staff about pilot project to re-introduce northern leopard frog populations into selected city wetlands.

Pursued funding for the first two components of the twenty year Zoo Master Plan: *Land of Lemurs* and *Pathway to Pandas*.

Opened Shea Butter Processing Plant in Wechiau, Ghana as part of Community Conservation project - providing the community with a thriving business to support protection one of the last remaining wild hippo populations in Ghana.

11. Using your organization's existing performance measurement data, please provide selected 2015 performance measures that describe how much you did, how well you did it, and how Calgarians are better off. If needed, provide a brief description why these measures are meaningful.

Performance Measure Highlights

How much did you do?																			
Attendance and international visitors  <table><tr><th>Measure</th><th>2014</th><th>2015</th></tr><tr><td>Total attendance</td><td>~1,200,000</td><td>~1,350,000</td></tr><tr><td>International visitors</td><td>~180,000</td><td>~200,000</td></tr></table>	Measure	2014	2015	Total attendance	~1,200,000	~1,350,000	International visitors	~180,000	~200,000	Events and education program attendance  <table><tr><th>Measure</th><th>2014</th><th>2015</th></tr><tr><td>Event guests</td><td>~50,000</td><td>~45,000</td></tr><tr><td>Education program attendance</td><td>~55,000</td><td>~75,000</td></tr></table>	Measure	2014	2015	Event guests	~50,000	~45,000	Education program attendance	~55,000	~75,000
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Story behind the baseline Despite the economic challenges, attendance at the Zoo continued to grow in 2015. The Zoo also saw a 9 per cent increase in international visitors	Story behind the baseline With reduced corporate spending, event attendance dropped 9% in 2015. Education program attendance continued to grow with a 25 per cent increase.																		
How well did you do it?																			
Revenues  <table><tr><th>Measure</th><th>2014</th><th>2015</th></tr><tr><td>Revenues</td><td>~\$39,000,000</td><td>~\$41,000,000</td></tr></table>	Measure	2014	2015	Revenues	~\$39,000,000	~\$41,000,000	Story behind the baseline In spite of the economic downturn, 2015 saw increased attendance, membership sales, concession and gift shop revenues. Revenues increased 4 per cent in 2015.												
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Detailed performance measures

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
How much did you do?	Total Attendance	1.22M	1.35M	Attendance continues to grow due to effective marketing, local community support and tourism.
	Number of event guests	52k	47k	We experienced an anticipated reduction from 2014, with a corporate clients cancelling events or scaling back the size and spend.
	Education programs	56K	75K	Calgary Zoo education and experiential learning opportunities continue to attract strong participation by Calgary schools, teachers and their students. Summer camp attendance remained strong.
How well did you do it?	Increased annual revenues	\$39.4	\$41.3M	In spite of the economic downturn, 2015 saw increased attendance, membership sales, concession and gift shop revenues.
	Increase in International visitors	183k	202k	As overall attendance increased in 2015, so did the number of international visitors. We attribute this to factors such as Travel Alberta and Tourism Calgary advertising in international markets and the state of the dollar exchange rate.
How are Calgarians better off?	Number of people participating in interpretive sessions	167k	185k	We engage as many visitors, aged 6 through elderly, as possible in interpretive programs that enlighten them as to what can be done to preserve wild animals and wild places, and why that matters to them. Growth in participation is what we want to see. Calgarians and visitors care and want to learn about solutions.
	Increased visitation	1.22M	1.35M	Calgary Zoo is the most popular attraction in the area for family outings. Research tells us people come here to relax, to learn and to experience wildlife in an exceptional setting where they know the animals receive the best of care.

CAPITAL REPORTING

12. Provide a summary of your organization's 2015 capital development, including specific lifecycle/maintenance projects.

In 2015 the remaining flood recovery claims of \$1 million were settled. Between the operating and capital funds \$4.6 million of lifecycle/maintenance projects were completed in 2015. At December 31st 2014 an additional \$0.7 million of projects were in progress at fiscal year-end. For 2014 \$5 million of projects were completed and capitalized during the fiscal year. In demonstration of commitment to conservation two buildings received LEED gold certification. Specific significant projects completed in 2015 included (Total of 121 individual projects completed):

- Animal Care Maintenance and Improvements – e.g. Veterinary Clinic – Animal Holding Areas – Animal Transfer Systems and Carnivore Crating – waterers & feeders
- Multiple Exhibit Improvements - Shade Tree Replacements - Stand Off Barriers – Viewing Improvements – Natural lighting - skylights
- Hippo and Rainforest - Waste Management and Filtration System
- Exterior Site Lighting Upgrades – Fences, Handrails and Other Guest Safety Systems
- Energy Management Programs – Waste Heat Recovery Tubes – Waste Management and Waste Diversion Programs – Lighting Upgrades – Low Flow Options – Power Upgrades
- Guest Services Areas - – Food Preparation and Service Systems – Guest Restrooms – Guest Amenities
- Detailed Exhibit Design - *Land of Lemurs* Project - Permitting
- Winter Season entertainment venue – Covered Ice Rink

13. What funding was leveraged to support capital activities in 2015?

- In 2015 an operating fund transfer of \$3.8 million was made to the capital fund to support capital activity
- An operating fund transfer of \$1.5 million was made to the Conservation Fund to support wildlife conservation research and projects
- The City's commitment of \$2.7 million to Land of Lemurs was leveraged 2:1
- The City's CPRIIPS \$1.8 million funding for lifecycle maintenance was leveraged ~1.5:1

FINANCES

14. What resources were leveraged to support operational activities in 2015?

- Attendance through memberships and gate admission generated \$ 17.4 million with guest services generated an additional \$ 13.1 million for a total of \$ 30.5 million in revenue (73.8 % of normal operating revenue)
- Educational programs generated \$ 1.3 million in revenues (3.1% of normal operating revenue)
- Private fund raising and other private revenues provided \$ 1.2 million in operating contributions (2.9% of normal operating revenue) – of a total \$ 6.2 million cash and pledges (\$ 4.6 million currently recognized) from 2,100 donors and 35 corporate sponsors.
- Leverage maintained city operating grant revenues at 18.6 % of normal operating revenues - \$ 8 of every \$ 10 is generated by Zoo operations

15. Do you anticipate any changes to plans and/or budget projections for 2016-2018?

No

16. What would be the operational impact if your grant(s) from The City were reduced?

The City Operating Grant (\$ 7.4 million) supports the full spectrum of Zoo operations. As a primary part of our Mission the Zoo is committed to sensitive legacy projects in endangered species conservation that are currently underway. Exhibit preparations for the arrival of the Giant Panda under the terms of a prominent international agreement must be sustained. Therefore operating grant reductions would have to impact operations in one or all of the following ways:

- Reductions in Zoo promotional plans – reduced awareness resulting in reduced visitation with possible disproportionate impact on tourism draw
- Reduction in staffing, guest experience projects and plans – reduction in guest satisfaction levels resulting in reduced visitation and memberships
- Reduction of planned 2015 \$4.3 million in operating support for capital asset lifecycle/maintenance/improvement
- Deferral of significant capital projects
- Per the Grant Thornton study each \$1 invested in operating the Zoo produces an estimated \$2.16 in local economic returns – visitation supports 80% of the budgeted investment
- Reducing the 2:1 match of the \$1.8 million City of Calgary capital lifecycle grant request (per 2015-18 business plans) - deferring maintenance coupled with increased visitations could have significant negative consequences to City owned assets and Zoo quality reputation.

17. Please describe the impact, if any, of the economic downturn on your organization's operations or revenues.

The Calgary Zoo has been impacted by a reduction in corporate events held here, and in corporate donations and sponsorships. We are responding with a more pro-active marketing effort for our catered event services and this is bringing promising results. Fund raising efforts have been re-focused on large capacity private donors and offshore-owned companies who are active in Alberta. It's too early to tell if the latter will make up for the loss of support from Alberta-based companies. That said, we are working to maintain our relationships with Alberta companies by providing corporate volunteer opportunities, etc.

LOOKING FORWARD

18. Based on your business plans for 2015-2018, what are your priorities and deliverables for 2016- 2017?

- Begin construction of Land of Lemurs Project for completion and opening in summer 2017 – this is a critical decision unlocking the community investment potential of \$ 5.3 for a \$ 7.9 million City building project - charismatic animals – powerful conservation impact – engaging walk through exhibit design – room for exhibit animal growth of up to 50% to support a new SSP program - critical capacity development project in support of an anticipated attendance of 1.6 million visitors for the arrival of the Giant Pandas in 2018
- Complete detailed design for giant pandas exhibit and related infrastructure for arrival of the animals in March 2018 under international agreement
- Continue run of Dinosaurs Alive in Prehistoric Park– popular animatronic dinosaur exhibit
- Host year two of **ILLUMINASIA™** Lantern and Garden Festival - Sponsored by Sinopec Canada (a division of the largest oil and gas company in the world) - an iconic attraction to expanding attendance into a traditional shoulder for the Zoo – themed attraction to forge new community connections in support of the 2018 Giant Panda opening

- Continue comprehensive guest experience enhancement project to sustain gains in visitation from 2015 by keeping satisfaction high as evidenced by visitor research studies
- Identify and secure new location for the Wildlife Conservation Centre
- Complete negotiations and sign off of a new multi-year operating lease agreement with the City of Calgary
- Continue to develop imaginative partnerships with other civic partners, tourism authorities and other world-leading conservation organizations
- Continue to fully participate in City of Calgary planning and potential remediation activities related to flood mitigation and new bridge construction
- Continue to work closely with the City's Civic partners team
- Secure City and Provincial funding commitments for **Pathway to Pandas**

19. Are there any additional projects or initiatives in 2016-17 that may require further discussion or decisions by Council?

We are at the very early stages of research into the viability of converting zoo operations to renewable energy sources. At this time we do not know if our research will be sufficiently advanced in 2016 for this to merit council's attention.

20. Identify any specific opportunities/projects that would directly stimulate the Calgary economy if supported by a strategic investment by The City.

- **Land of Lemurs** Project – detailed design phase complete the project is 100% shovel ready for immediate start – based on a City investment of \$ 2.7 million in the \$ 7.9 million project Zoo Trustees have endorsed conditional on the City funding one third of the project – a 66% leverage for a City owned asset – the exhibit operation has the potential to generate up to 40 thousand additional visits during the first full season of operations (2017-2018) for an annual economic impact of \$2.6 million
- **Pathway to Pandas** Projects – in addition to the exhibit facility a number critical guest service and infrastructure projects (cost estimates projects total \$ 37.6 million) are planned to upgrade Zoo capacity to accommodate an additional 300 thousand visits for a planned total of 1.6 million visits in 2018 - this represents a 23% increase in attendance with a corresponding potential incremental annual economic impact of \$16-18 million from exhibit operation – the Giant Panda agreement covers five years until 2022 – exhibit plans for include consideration for repurposing the exhibit for orangutans at minimal reinvestment to sustain additional visitation beyond 2022