

**BUSINESS PLAN FOR
MOONRIDGE ANIMAL PARK**

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Prepared for:

**Big Bear Valley Recreation
and Park District**

Prepared by:

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I. INTRODUCTION

This report provides a Business Plan for relocating and expanding the Moonridge Animal Park (Zoo) from its current location to a twenty-five acre site on the North Shore of Big Bear Lake. The proposed site is on United States Forest Service (USFS) property and would be co-located with the existing Big Bear Discovery Center. In order to proceed with the environmental and permitting process for this relocation, the USFS has requested that the Big Bear Valley Recreation and Park District (District) provide a definitive Business Plan for the project. The Zoo is currently operated by the District, with additional funding and volunteer support provided by the Friends of the Moonridge Zoo (FOMZ), a local non-profit organization.

The main intent of this study is to evaluate the viability, both in terms of market and financial performance, of the proposed Zoo, rather than to provide an in-depth analysis of engineering and design issues. In this regard, the study provides a detailed analysis for the following issues:

- Projections of potential visitation levels based on the scale of the planned facilities and the nature of any proposed program enhancements;
- Forecasts of operations and maintenance (O&M) costs for the new Zoo based on anticipated staffing levels and program activities;
- Forecasts of operating revenues from admission fees and other ongoing funding sources;
- Estimates of the potential capital costs associated with the relocation and new facility development; and
- Identification of potential funding sources for the facility expansion, and of financing mechanisms acceptable to the District.

Currently, the District and FOMZ both play substantial roles in the Zoo's existing operational structure. However, for purposes of providing a clear and straightforward evaluation of the financial viability of the Zoo, this Business Plan assumes the proposed Zoo will be operated by one single entity. Although the actual Zoo operational structure that will ultimately evolve – which, at this time, is not totally certain – might still involve both the District and FOMZ, it should not affect the “bottom-line” findings presented in this analysis.

The remaining chapters of this study are organized as follows:

Chapter II provides a summary of the study's major findings.

Chapter III provides a detailed analysis of projected attendance levels and associated gate revenues for the first fourteen years of Zoo operation.

Chapter IV provides detailed cash flow projections for the first fourteen years of Zoo operation. The cash flow projections include revenue and O&M cost projections, both itemized by detailed categories.

Chapter V provides a general estimate of one-time capital costs associated with relocating the Zoo and developing expanded facilities at the new location. This chapter also includes identified funding sources and their associated dollar amounts for the project.

Appendix A provides a detailed phasing program description with associated staffing levels broken down by position and status (i.e., full-time, part-time and additional part-time).

Appendix B provides operating profiles of comparable facilities. The following information is provided for each zoo: 2001 Attendance, Acres, Annual Budget, Adult Admission Price, Metro Population and number of Memberships.

Appendix C provides a previously completed memorandum detailing the findings of an on-site survey of Zoo visitors conducted from August 23 – 31, 2002.

Appendix D provides two separate capital funding feasibility studies – one for private foundations and one for government grant programs.

Appendix E provides a detailed analysis of membership forecasts for the proposed Zoo.

II. EXECUTIVE SUMMARY

The findings and analysis provided in this study indicate that the proposed relocated and expanded Zoo will be a viable operation, both in terms of market and financial performance. It should be noted at the outset that this study has utilized an overall conservative methodological approach in evaluating the viability of the Zoo. That is, the study's findings regarding market and financial performance are not based on overly optimistic projections; they should be viewed as what the Zoo can achieve at a minimum, based on demographic trends and the increased appeal of the proposed Zoo due to its expanded size and increased programs and exhibits.

II-A Market Performance

At relocation in year 2007, the Zoo is projected to draw nearly 116,000 visitors. In 2010, attendance is projected to reach 160,000 visitors, and by 2020, fourteen years after opening, the Zoo is projected to draw close to 200,000 visitors. Corresponding to these annual attendance figures, annual gate revenue is projected to equal \$540,000 in 2007, \$890,000 in 2010 and just over \$1.0 million in 2020. The gate revenue projections are relatively conservative estimates, since they are based on the absolute minimum the Zoo is expected to charge for admission. The annual attendance and gate revenue projections are provided in Table II-1 on page 4. Section III provides a detailed analysis of these projections.

II-B. Financial Performance

The pro forma cash flow projections provided in this analysis indicate that the proposed Zoo should be a financially self-supporting operation without any additional financial subsidy. On page 5, Table II-2 provides projections of total operating revenue and donation revenue/county support, itemized by revenue-generating category, through the first fourteen years of operation. Table II-3, on page 6, provides O&M cost projections, itemized by cost category, for the same time period. Finally, Table II-4, on page 7, provides a summary of the revenue and cost projections for this study period. As Table II-4 illustrates, the Zoo is expected to generate substantial operating profits in its first fourteen years of operation. The projected operating profits will allow the Zoo to aggressively fund a capital expansion/replacement projects account in five-year cycles, allowing the Zoo to cover any expenses related to capital replacement and /or repairs and new major projects. Section IV provides a detailed analysis of the pro forma cash flow projections.

Although the pro forma cash flow projections show substantial annual operating profits for the Zoo during this study period, in TNCI's opinion, they are not overly optimistic. On the revenue side, the projections do not include potential categories that may ultimately generate revenue for the Zoo. On the O&M cost side, the projections rely on an accelerated phasing of the project, compared to a phasing program previously proposed by Zoo staff, which subsequently increases O&M costs earlier in the project development.

**Table II-1
 Projected Gate Revenue
 Moonridge Animal Park (MAP)
 2001 - 2020
 In 2001 Constant Dollars**

Admission Schedule by Year (in 2001 Constant Dollars)

Breakdown by Price Range		2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Adult	58%	\$4.00	\$6.00	\$6.00	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Child	24%	\$3.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Senior	6%	\$3.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Free/Reciprocal	12%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%											
Total Annual Attendance:		78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300
Total Annual Gate Revenue (1):		\$252,770	\$542,703	\$553,817	\$565,212	\$892,020	\$909,211	\$926,768	\$944,700	\$963,016	\$981,724	\$1,080,309

(1) Does not reflect new revenue sharing agreement with Friends of the Moonridge Zoo.

Table II-2
Projected Operational and Donation Revenues/County Support
by Category: 2007 - 2020
In 2001 Constant Dollars (Rounded)
Moonridge Animal Park (MAP)

Revenue Source:	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
<i>Operating Revenue</i>											
Total Gate Revenue	253,000	543,000	554,000	565,000	892,000	909,000	927,000	945,000	963,000	982,000	1,080,000
Gift Store Sales ⁽¹⁾	93,000	123,000	126,000	128,000	203,000	207,000	211,000	215,000	219,000	223,000	246,000
Food Concessions	n/a	84,000	86,000	88,000	139,000	141,000	144,000	147,000	150,000	153,000	168,000
Special Events	31,000	50,000	51,000	52,000	82,000	84,000	85,000	87,000	89,000	90,000	99,000
Education Programs	21,000	23,000	23,000	23,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Vending Machines	n/a	9,000	10,000	10,000	15,000	16,000	16,000	16,000	17,000	17,000	19,000
Park Rentals ⁽²⁾	n/a	9,000	10,000	11,000	13,000	14,000	14,000	15,000	15,000	16,000	17,000
Visitor Rentals ⁽³⁾	n/a	6,000	6,000	7,000	10,000	10,000	11,000	11,000	11,000	11,000	12,000
<i>Subtotal</i>	<i>\$398,000</i>	<i>\$847,000</i>	<i>\$866,000</i>	<i>\$884,000</i>	<i>\$1,398,000</i>	<i>\$1,425,000</i>	<i>\$1,452,000</i>	<i>\$1,480,000</i>	<i>\$1,508,000</i>	<i>\$1,536,000</i>	<i>\$1,685,000</i>
<i>Donation Revenue /County Support</i>											
Nay Foundation	n/a	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Restricted Donations ⁽⁴⁾	35,000	64,000	67,000	70,000	98,000	101,000	104,000	108,000	111,000	114,000	130,000
General Donations	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Property Tax	67,000	63,000	62,000	61,000	60,000	59,000	57,000	55,000	54,000	52,000	42,000
<i>Subtotal</i>	<i>\$122,000</i>	<i>\$352,000</i>	<i>\$354,000</i>	<i>\$356,000</i>	<i>\$383,000</i>	<i>\$385,000</i>	<i>\$386,000</i>	<i>\$388,000</i>	<i>\$390,000</i>	<i>\$391,000</i>	<i>\$397,000</i>
TOTAL ⁽⁵⁾	\$520,000	\$1,199,000	\$1,220,000	\$1,240,000	\$1,781,000	\$1,810,000	\$1,838,000	\$1,868,000	\$1,898,000	\$1,927,000	\$2,082,000

Total Attendance by Year:											
2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	
78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300	

Notes:

- (1) Projected gift stores sales have been reduced by a factor of 25% to reflect the potential competitive nature of the co-located Discovery Center gift store sales.
- (2) Includes revenue from birthday party rentals and rentals by local organizations.
- (3) Includes revenue from visitor rentals of strollers, wagons and other single-day use rentals.
- (4) Includes revenue from memberships, placard sales and animal adoption sales
- (5) Does not include revenue from the following potential sources: grants, corporate sponsorships/underwriting, targeted fundraising drives and animal food sales.

Table II-3
Projected O&M Costs by Category: 2007 - 2020
In 2001 Constant Dollars
Moonridge Animal Park (MAP)

O & M Category:	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Staffing Levels⁽¹⁾											
Full-Time	7	11	11	11	20	20	20	20	20	24	24
Part-Time	8	6	6	6	11	11	11	11	11	9	9
Additional Temporary	0	2	2	2	3	3	3	3	3	3	3
Salaries & Benefits	213,000	511,000	511,000	511,000	938,000	938,000	938,000	938,000	938,000	1,033,000	1,033,000
Cost of Sales	52,000	128,000	130,000	133,000	210,000	214,000	218,000	222,000	226,000	231,000	254,000
Zoo Public Relations	12,000	29,000	29,000	29,000	53,000	53,000	53,000	53,000	53,000	59,000	59,000
Services and Supplies	75,000	98,000	106,000	114,000	122,000	131,000	141,000	152,000	163,000	175,000	175,000
Fundraising Expenses	8,000	18,000	18,000	18,000	33,000	33,000	33,000	33,000	33,000	37,000	37,000
Building & Grounds Maintenance	9,000	23,000	23,000	23,000	41,000	41,000	41,000	41,000	41,000	45,000	45,000
Other Zoo Operational Expenses	30,000	72,000	72,000	72,000	131,000	131,000	131,000	131,000	131,000	145,000	145,000
Forest Service Special Use Permit ⁽²⁾	n/a	42,000	43,000	44,000	70,000	71,000	73,000	74,000	75,000	77,000	84,000
TOTAL	\$399,000	\$921,000	\$932,000	\$944,000	\$1,598,000	\$1,612,000	\$1,628,000	\$1,644,000	\$1,660,000	\$1,802,000	\$1,832,000

Notes:

(1) Assumes the following time frame for personnel development phasing:

Phase 1: 2007, Phase 2: 2010, Phase 3: 2015.

(2) Based on 5% of gross operating revenue.

Total Attendance by Year:											
2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	
78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300	

Table II-4
Summary of Total Revenues and O&M Costs
In 2001 Constant Dollars: 2007 - 2020
Moonridge Animal Park (MAP)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Total Operating Revenue	847,000	866,000	884,000	1,398,000	1,425,000	1,452,000	1,480,000	1,508,000	1,536,000	1,685,000
Total Donation Revenue / County Support	352,000	354,000	356,000	383,000	385,000	386,000	388,000	390,000	391,000	397,000
Previous Year's Surplus Carried Forward	0	278,000	566,000	862,000	183,000	381,000	591,000	815,000	1,053,000	938,000
Total Revenue	1,199,000	1,498,000	1,806,000	2,643,000	1,993,000	2,219,000	2,459,000	2,713,000	2,980,000	3,020,000
Total O&M Costs	921,000	932,000	944,000	1,598,000	1,612,000	1,628,000	1,644,000	1,660,000	1,802,000	1,832,000
Capital Expansion/ Replacement Projects	0	0	0	862,000	0	0	0	0	1,053,000	938,000
Total Expenditures	921,000	932,000	944,000	2,460,000	1,612,000	1,628,000	1,644,000	1,660,000	2,855,000	2,770,000
<i>Net Surplus</i>	\$278,000	\$566,000	\$862,000	\$183,000	\$381,000	\$591,000	\$815,000	\$1,053,000	\$125,000	\$250,000

Total Attendance by Year:

2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300

Notes:

Total operating revenue does not include potential sources of revenue from the following categories:

- Grants
- Corporate Sponsorships/Underwriting
- Targeted Fundraising Revenues
- Animal Food Sales

II-C. Development Costs

TNCI has prepared general estimates of one-time capital costs associated with relocating the Zoo and developing expanded facilities at the new location. The estimates are based on data obtained from existing Zoo records and from information provided by the Zoo Business Task Force members. Table II-5, on the following page, provides a list of the development costs associated with the Zoo expansion and relocation, along with identified funding sources for the Zoo relocation. As illustrated in the Table, total development costs are estimated at \$4.105 million, and identified funding sources for the project total \$4.125 million, which equates to a projected surplus of \$20,000. Therefore, it is not anticipated that the Zoo will need to pursue other funding sources, provided in the Funding Feasibility Study in Appendix D, or issue debt for one-time capital costs associated with relocation and expansion of the Zoo.

**Table II-5
Summary of Development Costs & Funding Sources
Moonridge Animal Park (MAP)
(Based on Projected Funding in Place by Fall 2006)**

Zoo Component Costs	Costs
Environmental Impact Report (EIR)	75,000
Zoo Design and Development	65,000
Zoo Landscape, Sewers, and Roads	45,000
Funding for Development	3,250,000
Planning Engineering Permits ⁽¹⁾	670,000
TOTAL	\$4,105,000
Identified Funding Sources	Amount
Institute of Museum and Library Services (Grant)	50,000
Congressman Jerry Lewis - Matching Funds	200,000
FOMZ Relocation Funds	675,000
Accrued Nay Foundation Income ⁽²⁾	700,000
Proposition 12 Funds	500,000
Proposition 12 - Per Capita Grants	2,000,000
TOTAL	\$4,125,000

Notes:

(1) Includes costs for: Roads, Landscape, Water Restoration & Recover and Electrical; Individual Exhibit Construction.

(2) Assumes income is \$200,000 per year beginning Spring 2003; assumes 100% of this income would be earmarked for relocation.

Source: Strategic Plan for Moonridge Animal Park: 2002-2006;
Living Forest Wildlife Center Business Plan; Business Plan Taskforce.

III. PROJECTION OF ATTENDANCE LEVELS AND GATE REVENUES

III-A. Overview of Methodology and Data Sources

This chapter summarizes TNCI's projections of potential attendance levels and gate revenue for the proposed Zoo relocation and expansion. The projections provided in this chapter are based on the following factors:

- Growth in the overall "pools" of potential visitors based on local and regional population growth and ongoing increases in the numbers of tourists visiting the Big Bear area; and
- Increases in the Zoo's "capture rates" or market shares of the total market based on the expanded and upgraded facility and program offerings.¹

In defining reasonable capture rates, the consultants have estimated the Zoo's existing capture rates based on available data and adjusted them upward, for the relocated and expanded Zoo, based on the following:

- Responses to the on-site survey of existing Zoo patrons (indicating the likelihood of expanded visitation based on upgraded facility); and
- A review of the total attendance levels and estimated market penetration rates of "comparable" zoos throughout the United States.

The analysis provided in this chapter considers three separate Zoo visitor market segments: 1) local (Big Bear area) residents, 2) southern California day visitors, and 3) overnight tourists visiting the Big Bear area.

III-B. Projections of Potential Attendance Levels

Table III-1, on page 11, provides a summary of existing visitation (on-site) to the Zoo. Included in the Table is the approximate 2001 annual attendance breakdown by General Admission and Special Event/Tours. Also included is the estimated breakdown (percentage of total) of General Admission visitors in the following three categories: 1) local (Big Bear Area) residents, 2) southern California day visitors by origin and 3) overnight visitors by origin. Based on an examination of Zoo attendance records and findings from TNCI's visitor survey, 2001 annual attendance is estimated at 78,500 (70,000 – Gen. Admission, 8,500 – Special Events/Tours), with 6% of the total attendance from local (Big Bear area) residents, 22% from southern California day visitors and 72% from overnight visitors.

¹ In this context, a "capture rate" is simply the percentage of visits (actual attendance) to the Zoo from a given population. For example, if total attendance to the Zoo was 1,000 visits and the market area (the area where the Zoo draws its visitors) population was 10,000 people, the capture rate would be 10%. In this hypothetical scenario, the 10% capture rate does not necessarily imply that 10% of the market area's population attends the Zoo, given that some Zoo visitors attend multiple (more than one) times in a year. It indicates the Zoo can expect to draw 1,000 visitors (assuming 10% capture rate) from a total population of 10,000 people in the market area.

Table III-1
Summary of Existing Visitation (On-Site)
Moonridge Animal Park (MAP)
Based on 2001 Data

Approximate Annual Attendance:

General Admission	70,000
Special Events/Tours	<u>8,500</u>
Total	78,500

Estimated Breakdown of General Admission Visitors:

Local (Big Bear Area) Residents	6%	4,270
Southern California Day Visitors by Origin		
Other San Bernardino Mountain Residents	1%	514
High Desert (Victorville, etc.)	3%	1,920
Other San Bernardino County	3%	2,121
Riverside County	4%	2,903
Los Angeles County	7%	5,180
Orange County	<u>4%</u>	<u>2,746</u>
Subtotal	22%	15,384
Overnight Visitors by Origin		
High Desert (Victorville, etc.)	2%	1,239
Other San Bernardino County	5%	3,717
Riverside County	6%	4,336
Los Angeles County	25%	17,345
Orange County	11%	7,434
San Diego County	7%	4,956
Ventura	1%	619
Other California	2%	1,239
Out of State	<u>6%</u>	<u>4,336</u>
Subtotal	72%	50,346
GRAND TOTAL	100%	70,000

Note: Totals do not include participants in off-site programs.

Source: TNCI visitor survey; Moonridge Animal Park attendance records.

Table III-2, on page 13, provides an estimate of the Zoo's current capture rates in the three market segments – Big Bear area residents, southern California day trips and overnight visitors to Big Bear – evaluated in this analysis. The second column lists the market segments' total market size in terms of number of residents and total visitors per year to Big Bear. Finally, the Zoo's existing capture rates are calculated by taking the ratio of the number of Zoo visitors by market segment, as determined in Table III-1, to total "populations" in each respective market segment. The estimated current capture rates are as follows: Big Bear area residents – 15.06%, southern California day trips – 0.10% and overnight visitors to Big Bear – 1.12%.

Table III-3, on page 14, provides projected growth in the evaluated market segments' total populations from 2007 to 2020. The projections are based on data forecasts adopted by the San Bernardino Association of Governments (SANBAG) and Southern California Association of Governments (SCAG) and historic growth patterns of tourism in San Bernardino County. By year 2020, there is projected to be approximately 60,000 Big Bear area residents, 20.1 million southern California residents and 6.5 million overnight visitors to Big Bear.

Table III-4, on page 15, provides existing capture rates, as determined by the calculations in Table III-2, and potential increased capture rates based on the proposed Zoo's expanded size and additional programs and exhibits. In 2007 (assumed year of relocation in this analysis), the capture rates for the three market segments are as follows: Big Bear area residents – 18%, southern California Population – 0.12% and overnight visitors to Big Bear – 0.15%. As illustrated in the table, the capture rates are projected to increase in 2010, too. Capture rates are projected to increase in 2007 in order to reflect likely improved market performance of the proposed new Zoo, considering it will be much larger with expanded exhibits and programs. By 2010 it is expected even more potential visitors will be aware of the new and expanded Zoo – which will have even more attractions based on the likely phasing of the project – and therefore capture rates are projected to increase once again.

Table III-2
Estimate of Current "Capture Rates" of Potential Market
Moonridge Animal Park (MAP)
Based on 2001 Data

Market Segment	Estimated Size of Total Potential Market	Current MAP Visitors	MAP's Capture Rates
Big Bear Area Residents	28,360 full-time residents (1)	4,270	15.06%
Southern California Day Trips	15,930,063 residents (2)	15,384	0.10%
Overnight Visitors to Big Bear	4,500,000 visitors per year (3)	50,346	1.12%

(1) Based on 2000 Census data for Big Bear CCD, adjusted to reflect growth between 2000 and 2001.

(2) Includes counties of San Bernardino, Riverside, Los Angeles and Orange.

(3) Estimate based on information provided by City of Big Bear Lake and other sources.

Table III-3
Projected Growth in Market Segments
Moonridge Animal Park (MAP)
2001 - 2020

Forecast by Year:

Market Segment	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Big Bear Area Residents (1)	28,360	36,011	38,028	40,157	42,406	44,060	45,778	47,563	49,418	51,346	59,813
Southern California Population (2)	15,930,063	17,423,192	17,618,543	17,816,085	18,015,842	18,199,291	18,384,608	18,571,813	18,760,923	18,951,959	20,123,787
Overnight Visitors to Big Bear (3)	4,500,000	5,067,731	5,169,086	5,272,467	5,377,917	5,485,475	5,595,184	5,707,088	5,821,230	5,937,654	6,555,650

(1) Based on forecasts adopted by San Bernardino Association of Governments (SANBAG).

(2) Based on forecasts adopted by Southern California Association of Governments (SCAG).

(3) Assumed to grow at an average annual rate of 2.0%, based on historic growth of tourism in San Bernardino County.

**Table III-4
 Potential Increases in Market Capture Rates
 Moonridge Animal Park (MAP)
 2001 – 2020**

Market Segment	Percent of Total Potential Market by Year:				
	2001	2007	2010	2015	2020
Big Bear Area Residents	15.06%	18.00%	20.00%	20.00%	20.00%
Southern California Population	0.10%	0.12%	0.15%	0.15%	0.15%
Overnight Visitors to Big Bear	1.12%	1.50%	2.00%	2.00%	2.00%

Based on the data provided in Tables III-1 through III-4, projections of annual attendance from 2007 to 2020 to the proposed new and relocated Zoo are shown in Table III-5. The projections for General Admission totals are broken out for the three market segments evaluated in this analysis. They are calculated each year by taking the product of the capture rate and the projected population totals for each market segment, as provided in Tables III-3 and III-4. For example, in 2007 the projected General Admission attendance to the Zoo from the Big Bear resident market segment is calculated by multiplying 18.0% (this market segment's projected capture rate) by 36,011 (this market segment's projected 2007 population), which equals 6,482 General Admission visits. In addition, as part of total attendance, Special Events/Tours are projected to increase in proportion to General Admissions. Final projected total attendance to the proposed new and relocated Zoo is as follows: year 2007 – 115,962, year 2010 – 160,435, year 2015 – 176,569 and year 2020 – 194,300.

Table III-5
Projected Attendance by Market Segment
Moonridge Animal Park (MAP)
2001 - 2020

Total Attendance by Year:

Market Segment	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Big Bear Area Residents	4,270	6,482	6,845	7,228	8,481	8,812	9,156	9,513	9,884	10,269	11,963
Southern California Population	15,384	20,908	21,142	21,379	27,024	27,299	27,577	27,858	28,141	28,428	30,186
Overnight Visitors to Big Bear	50,346	76,016	77,536	79,087	107,558	109,709	111,904	114,142	116,425	118,753	131,113
Subtotal, Gen. Admission	70,000	103,406	105,524	107,695	143,063	145,820	148,636	151,512	154,450	157,450	173,261
Special Events/Tours (1)	8,500	12,556	12,814	13,077	17,372	17,707	18,049	18,398	18,755	19,119	21,039
GRAND TOTAL	78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300

(1) Assumed to grow in proportion to general admissions.

III-C. Gate Revenue Projections

Based on the annual attendance projections, Table III-6 provides the proposed Zoo's projected gate revenue from 2007 to 2020. The first column in the table provides the estimated percentage breakdown of total attendance in each of the Zoo's four price range categories – Adult, Child, Senior and Free/Reciprocal. These percentages were determined by a review of existing Zoo attendance records and TNCI's visitor survey. Also provided in the table is a projected admission fee schedule in each year of the study period. At relocation, to bring the admission fee schedule in line with the expanded Zoo, the following admission fee schedule is proposed: Adult prices increase 50% from \$4.00 to \$6.00, and Child and Senior prices increase 33% from \$3.00 to \$4.00. As the Zoo expands with additional programs and exhibits, the admission fee schedule is projected to slightly increase again in 2010.

Although the proposed admission fee schedule represents roughly the average of comparable zoos to what's envisioned for the new and relocated facility², it is also a relatively conservative estimate (i.e., the fee schedule could justifiably be higher than what is proposed in this analysis). For one, based on the findings from TNCI's visitor survey, many of the Zoo's existing visitors would be willing to pay a much higher price to the new and relocated Zoo: more than 90% of the respondents indicated they would be willing to pay a higher price than existing prices and more than 50% indicated they would be willing to pay \$8.00 or more dollars for admission. Also, as members of the Business Plan Task Force have noted, the new and relocated Zoo will have to some extent a "captive audience", given the limited base of other leisure-based attractions in the Big Bear area. Therefore, the Zoo will possibly be able to charge higher admission prices than other comparable zoos, which are often faced with competition from many other attractions. Finally, the proposed admission fee schedule represents a relative value compared to some nearby competitors. For example, the Alpine Slide at Magic Mountain charges \$18.00 for 5-ride book on the Alpine Slide and \$12.00 for a day pass at the Water Slide.³ However, to remain conservative in the projection of the proposed new facility's gate revenue (i.e., potentially underestimating rather than overestimating gate revenue), the fee schedule provided in Table III-6 has been utilized for all of the financial projections in this analysis.

Total annual gate revenue is calculated by multiplying total annual attendance by each price range category (Adult, Child, Senior and Free/Reciprocal) and the corresponding admission price. At relocation, the Zoo is projected to generate gate revenues of nearly \$543,000 in 2007, \$892,000 in 2010, \$982,000 in 2015 and \$1.1 million in 2020.

² See Appendix B for comparable zoos' admission fee schedules.

³ Prices for these uses were obtained from the Alpine Slide at Magic Mountain's website – www.bigbear.com/alpineslide, accessed 12/10/02.

Table III-6
Projected Gate Revenue
Moonridge Animal Park (MAP)
2001 - 2020
In 2001 Constant Dollars

Admission Schedule by Year (in 2001 Constant Dollars)

Breakdown by Price Range		2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Adult	58%	\$4.00	\$6.00	\$6.00	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Child	24%	\$3.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Senior	6%	\$3.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Free/Reciprocal	12%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	100%											
Total Annual Attendance:		78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300
Total Annual Gate Revenue (1):		\$252,770	\$542,703	\$553,817	\$565,212	\$892,020	\$909,211	\$926,768	\$944,700	\$963,016	\$981,724	\$1,080,309

(1) Does not reflect new revenue sharing agreement with Friends of the Moonridge Zoo.

IV. PRO FORMA CASH FLOW PROJECTIONS

IV-A. Overview of Methodology and Data Sources

This chapter provides pro forma cash flow projections for the proposed new and relocated Zoo's first fourteen years of operation, itemized by detailed cost and revenue category. In preparing these pro forma cash flow projections, TNCI has utilized existing District and FOMZ budget records and operational revenue and O&M cost data from a survey of comparable zoos – in terms of scale, size, and attendance levels – to what is envisioned for the proposed new and relocated facility.

The gate revenue projections detailed in Chapter III serve as the basis for projecting many of the other operational revenues, given that many of the operational revenues other than admission fees – such as gift store sales, food concession sales, etc. – are directly tied to overall attendance levels to the Zoo. For projecting O&M costs, TNCI, as a starting point, has utilized a detailed staffing analysis completed by existing Zoo staff that corresponds to multiple phases of Zoo development.⁴ The remaining O&M categories – such as services and supplies, building and grounds maintenance, etc – have been determined by a review of existing Zoo records. They have been projected to increase in relation to the following: increases in staffing requirements, proposed additions to the animal collection, increased scale of the new facility and anticipated improvements.

IV-B. Forecasts of Operating and Donation Revenues

This analysis projects future growth in Zoo revenues for two major categories:

1. Operating Revenues:

- a. Gate Revenue⁵
- b. Gift Store Sales
- c. Food Concession Sales
- d. Special Events
- e. Educational Programming
- f. Vending Machines (soda and food)
- g. Park Rentals (Birthday Parties, Local Organizations, etc.)
- h. Visitor Rentals (Strollers, Wagons, and other single day-use rentals)

2. Donation Revenues/County Support:

- a. Nay Foundation
- b. Restricted Donations (revenue from memberships, placard sales and animal adoptions)
- c. General Donations (unrestricted donations)
- d. Property Taxes

⁴ Richardson, Don. "Living Forest Wildlife Center Business Plan."

⁵ A detailed analysis of gate revenues is provided in Chapter III.

The projections of operating revenue do not include the following:

- Grants (government and private foundations)
- Corporate Sponsorships/Underwriting
- Targeted Fundraising Drives
- Animal Food Sales

These potential revenue sources have not been included in the revenue projections because they are inherently more difficult to predict over a long-term time horizon for the following reasons.

Grants: Since the awards of grants typically involve a competitive application process, it is difficult to predict, with a high degree of certainty, the amount of revenue that the Zoo could count on from this source. Therefore, grant revenue is not accounted for in the revenue projections.⁶

Corporate sponsorships/underwriting: Members of the Business Plan Task Force have also made TNCI aware of wireless telecommunications company that has expressed a strong interest in providing corporate sponsorship revenue in return for setting up cell tower at the proposed site for Zoo. And although initial information indicates that it could be sited at the Zoo with little or no complications, there are potential environmental impact issues with a cell tower at the proposed location, and therefore it is not included in the revenue projections.

Targeted Fundraising Drives: The existing Zoo has been very successful at raising large sums of revenues related to specific programs or causes, which are in addition to the “Restricted Donations” and “General Donations” categories provided in the revenue projections. For example, the Zoo raised over \$100,000 in 2001 strictly for the relocation effort. In previous years, the Zoo has raised upwards of \$60,000 for programs related to specific species of animals. However, since it is impossible to predict specific programs and causes that the Zoo will attempt to raise money for in the future, this category is not included in the revenue projections.

Animal food sales: This is also a source of revenue for comparable zoos – and, in some cases, a very important source of revenue⁷ – but they have not been included in this analysis, since there is not a strong consensus among Business Plan Task Force members regarding whether this is a desired feature at the proposed Zoo.

Although these revenue categories have not been included in the analysis, they do have the potential to generate revenue for the proposed Zoo. However, for the reasons listed above, there is less a degree of accuracy in projecting them over a long-term time horizon – that is, compared to the categories explicitly examined in the revenue projections. So, to retain an overall conservative approach in evaluating the overall financial performance of the Zoo, TNCI has only included revenue sources that can be projected with a higher degree of confidence.

Table IV-1 provides the annual revenue projections itemized by revenue producing category for the first fourteen years of Zoo operation.

⁶ Although grant revenue for Zoo operations is not explicitly accounted in the revenue projections, the Funding Feasibility Study in Appendix D provides a number of public and private funding sources that the Zoo could pursue to increase its annual cash flow.

⁷ For example, at the Cheyenne Mountain Zoo in Colorado Springs, Colorado, animal food sales generate nearly \$100,000 in annual revenues.

Table IV-1
Projected Operational and Donation Revenues/County Support
by Category: 2007 - 2020
In 2001 Constant Dollars (Rounded)
Moonridge Animal Park (MAP)

Revenue Source:	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
<i>Operating Revenue</i>											
Total Gate Revenue	253,000	543,000	554,000	565,000	892,000	909,000	927,000	945,000	963,000	982,000	1,080,000
Gift Store Sales ¹	93,000	123,000	126,000	128,000	203,000	207,000	211,000	215,000	219,000	223,000	246,000
Food Concessions	n/a	84,000	86,000	88,000	139,000	141,000	144,000	147,000	150,000	153,000	168,000
Special Events	31,000	50,000	51,000	52,000	82,000	84,000	85,000	87,000	89,000	90,000	99,000
Education Programs	21,000	23,000	23,000	23,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Vending Machines	n/a	9,000	10,000	10,000	15,000	16,000	16,000	16,000	17,000	17,000	19,000
Park Rentals ²	n/a	9,000	10,000	11,000	13,000	14,000	14,000	15,000	15,000	16,000	17,000
Visitor Rentals ³	n/a	6,000	6,000	7,000	10,000	10,000	11,000	11,000	11,000	11,000	12,000
<i>Subtotal</i>	<i>\$398,000</i>	<i>\$847,000</i>	<i>\$866,000</i>	<i>\$884,000</i>	<i>\$1,398,000</i>	<i>\$1,425,000</i>	<i>\$1,452,000</i>	<i>\$1,480,000</i>	<i>\$1,508,000</i>	<i>\$1,536,000</i>	<i>\$1,685,000</i>
<i>Donation Revenue /County Support</i>											
Nay Foundation	n/a	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Restricted Donations ⁴	35,000	64,000	67,000	70,000	98,000	101,000	104,000	108,000	111,000	114,000	130,000
General Donations	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Property Tax	67,000	63,000	62,000	61,000	60,000	59,000	57,000	55,000	54,000	52,000	42,000
<i>Subtotal</i>	<i>\$122,000</i>	<i>\$352,000</i>	<i>\$354,000</i>	<i>\$356,000</i>	<i>\$383,000</i>	<i>\$385,000</i>	<i>\$386,000</i>	<i>\$388,000</i>	<i>\$390,000</i>	<i>\$391,000</i>	<i>\$397,000</i>
TOTAL ⁵	\$520,000	\$1,199,000	\$1,220,000	\$1,240,000	\$1,781,000	\$1,810,000	\$1,838,000	\$1,868,000	\$1,898,000	\$1,927,000	\$2,082,000

Total Attendance by Year:											
2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	
78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300	

Notes:

- (1) Projected gift stores sales have been reduced by a factor of 25% to reflect the potential competitive nature of the co-located Discovery Center gift store sales.
- (2) Includes revenue from birthday party rentals and rentals by local organizations.
- (3) Includes revenue from visitor rentals of strollers, wagons and other single-day use rentals.
- (4) Includes revenue from memberships, placard sales and animal adoption sales
- (5) Does not include revenue from the following potential sources: grants, corporate sponsorships/underwriting, targeted fundraising drives and animal food sales.

As shown in Table IV-1, the Zoo is projected to generate approximately \$1.2 million in revenues in the relocation year (2007), \$1.8 million in 2010 and \$2.1 million in 2020.⁸ Table IV-2 provides a summary of the forecast methodology utilized for each revenue category.

<p style="text-align: center;">Table IV-2 Operating/Donation Revenue Forecast Methodology Moonridge Animal Park (MAP)</p>		
Revenue Source	Relocation Year (2007)	Projection Methodology
<i>Operating Revenue</i>		
Gate Revenue	Capture Rate Analysis –Chapter III	Continuing capture
Gift Store Sales	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
Food Concessions	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
Special Events	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
Education Programs	Comparable Zoos – Appendix B	Increase in proportion to education programming staff
Vending Machines	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
Park Rentals	Comparable Zoos – Appendix B	Increase in proportion to local population base
Visitor Rentals	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
<i>Donation Revenue/ County Support</i>		
Nay Foundation	Actual Totals	Actual Totals
Restricted Donations (memberships)	Capture Rate Analysis – Chapter III	Continuing capture
Restricted Donations (adoptions, placards, etc.)	Comparable Zoos – Appendix B	Increase in proportion to gate revenue
General Donations	Historical Data	Historical Data
Property Tax	County Staff Projections	County Staff Projections

Operating Revenue

A detailed analysis of the gate revenue forecasts, which accounts for approximately two-thirds of the Zoo’s projected operating revenues, is provided in Chapter III. The remaining revenue sources in the relocation year were estimated by examining comparable zoos’ revenue figures for these categories, which are provided in Appendix B. For purposes of projecting revenues in future years, this analysis assumes the following operating revenue sources will increase in proportion to gate revenue: gift store sales, food concessions, special events, vending machine sales, and visitor rentals. The underlying rationale for this approach is that increases in Zoo attendance generate the increases in gate revenue, and as more people visit the Zoo it is expected there will be proportionate increases in gift store purchases, food concession sales, vending machine sales, etc.

The remaining two operating revenue categories – educational programming and park rentals – are not necessarily tied to total Zoo attendance; educational programming revenue is more a

⁸ The substantial increase in operating revenues in 2010 reflects the increased capture rates and corresponding increases in Zoo attendance (see Chapter III). The capture rates are adjusted upward in 2010 to account for expanded Zoo attractions, based on projected project phasing (see Chapter III).

function of the Zoo's capacity to provide educational programming, and Park Rentals' revenue will largely come from local residents and local organizations. Therefore, for educational programming, revenues are projected to increase in line with increases in Zoo personnel dedicated for educational programming activities. For the Park Rentals category – which would include rentals for events such as birthday parties – revenue is projected to increase in proportion to local (Big Bear area) population growth and the increased capture rates of the local population, as provided in Table III-4.⁹

Donation Revenue/County Support

This analysis considers three broad categories of Zoo donation revenue. The Nay Foundation revenue is bequeathed from the late Blanch Nay, and it will provide the Zoo an annual revenue stream of \$200,000.¹⁰ The restricted donations category includes revenue from memberships, animal adoptions and placard sales. Membership revenue is projected by the same “capture rate” methodology utilized to project attendance levels and total gate revenue (see Appendix E), while revenue from animal adoptions and the sale of placards is projected to increase in proportion to total gate revenue. The differing projection methodology results from the fact that the majority of membership donations will come from local residents, while animal adoptions and placard sales are expected to come from Zoo visitors irrespective of residential origin. Finally, the general donations revenue projection is based on the average annual unrestricted donations the Zoo has received over the past six years.¹¹

Projected County support is based on County staff's estimate of the Zoo's share of property taxes it is expected to receive annually between 2007 and 2020.

⁹ Zoo rental revenues are projected to increase at the following annual rates: 2007 to 2009 – 7.85%, and 2010 to 2020 – 3.5%. These growth rates correspond to the local population projections provided in Table III-3. The revenue projections have been adjusted upward an additional 10% in 2010 to account for the increased in capture rate (of 10%) of Big Bear residents, provided in Table III-4.

¹⁰ The Zoo will begin receiving the Nay funds in March 2003. Prior to relocation and expansion, the Nay funds will be used for one-time capital costs associated with relocation and expansion. See Chapter V.

¹¹ This figure does not include donations for specific Zoo causes, such as the recent fundraising drive for the relocation effort, or past efforts at fundraising for programs tied to specific species of animals.

IV-C. Forecast of O&M Costs

In defining and quantifying parameters affecting O&M costs, this analysis considers O&M costs the Zoo currently incurs, both for the District and FOMZ. It is assumed general O&M cost categories for the proposed new Zoo will not change, but will increase in line with the Zoo's expanded size and additional programs and exhibits. This analysis projects Zoo O&M costs for the following categories:

- Salaries and Benefits
- Services and Supplies
- Cost of Sales
- Zoo Public Relations
- Services and Supplies
- Fundraising Expenses
- Building and Grounds Maintenance
- Other Zoo Operational Expenses
- Forest Service Special Use Permit

Table IV-3 provides annual O&M cost projections itemized by O&M cost category for the first fourteen years of Zoo operation.

**Table IV-3
Projected O&M Costs by Category: 2007 - 2020
In 2001 Constant Dollars
Moonridge Animal Park (MAP)**

O & M Category:	2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Staffing Levels⁽¹⁾											
Full-Time	7	11	11	11	20	20	20	20	20	24	24
Part-Time	8	6	6	6	11	11	11	11	11	9	9
Additional Temporary	0	2	2	2	3	3	3	3	3	3	3
Salaries & Benefits	213,000	511,000	511,000	511,000	938,000	938,000	938,000	938,000	938,000	1,033,000	1,033,000
Cost of Sales	52,000	128,000	130,000	133,000	210,000	214,000	218,000	222,000	226,000	231,000	254,000
Zoo Public Relations	12,000	29,000	29,000	29,000	53,000	53,000	53,000	53,000	53,000	59,000	59,000
Services and Supplies	75,000	98,000	106,000	114,000	122,000	131,000	141,000	152,000	163,000	175,000	175,000
Fundraising Expenses	8,000	18,000	18,000	18,000	33,000	33,000	33,000	33,000	33,000	37,000	37,000
Building & Grounds Maintenance	9,000	23,000	23,000	23,000	41,000	41,000	41,000	41,000	41,000	45,000	45,000
Other Zoo Operational Expenses	30,000	72,000	72,000	72,000	131,000	131,000	131,000	131,000	131,000	145,000	145,000
Forest Service Special Use Permit ⁽²⁾	n/a	42,000	43,000	44,000	70,000	71,000	73,000	74,000	75,000	77,000	84,000
TOTAL	\$399,000	\$921,000	\$932,000	\$944,000	\$1,598,000	\$1,612,000	\$1,628,000	\$1,644,000	\$1,660,000	\$1,802,000	\$1,832,000

Notes:

(1) Assumes the following time frame for personnel development phasing:

Phase 1: 2007, Phase 2: 2010, Phase 3: 2015.

(2) Based on 5% of gross operating revenue.

Total Attendance by Year:											
2001	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	
78,500	115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300	

As shown in Table IV-3, Zoo O&M costs are projected to reach approximately \$.9 million in 2007, \$1.6 million in 2010 and \$1.8 million in 2020. Table IV-4 provides a summary of the forecast methodology utilized for each revenue category. The substantial increases in 2010 and 2015 O&M costs reflect proposed project phasing, which includes additional staff and expanded Zoo attractions. Phase 2 is projected to occur in 2010, and Phase 3 is projected to occur in 2015, four and nine years, respectively, after Zoo relocation. See Appendix A for a detailed analysis of project phasing.

Table IV-4: O&M Forecast Methodology	
O&M Category	Projection Methodology
Salaries and Benefits	Staff Analysis/Comparable Zoos: Appendix A
Cost of Sales	Increase in proportion to total sales (factored at 55% of total sales)
Zoo Public Relations	Increase in proportion to Salaries and Benefits
Services and Supplies	Increase at 7.5% annual rate
Fundraising Expenses	Increase in proportion to Salaries and Benefits
Building Grounds Maintenance	Increase in proportion to Salaries and Benefits
Other Zoo Operational Expenses	Increase in proportion to Salaries and Benefits
Forest Service Special Use Permit	5% of total operating revenues

As a basis for projecting salaries and benefits, TNCI has utilized a detailed staffing analysis previously completed by existing Zoo personnel.¹² This staff analysis considers a five-phase personnel development process over a 10-year time frame, with Phase 1 occurring at relocation and Phase 5 occurring ten years after relocation. However, based on the attendance levels forecasted in this study, the staff analysis has been accelerated into just three phases. That is, it is TNCI's opinion that the Zoo, in order to have the capacity to adequately serve the number of visitors projected to attend the facility, will have to add personnel earlier than what was proposed in the staff analysis. This approach is also consistent with the overall conservative framework employed in this analysis – given that the projected increases in salaries' and benefits' costs are projected to occur earlier than in the previously completed staff analysis.

The Cost of Sales O&M category is projected to increase in proportion to sales (at 55% of total sales) in each year of operation. This factor is slightly higher than the Zoo's existing cost of sales – estimated at 49%, based on Zoo budget records – but is more in line with cost of sales data obtained from comparable zoos. Services and Supplies are estimated to increase at a 7.5% annual rate during the study period.¹³ Remaining O&M categories are projected to increase at the same rate as salaries and benefits. The rationale for this methodological approach is that as expanded Zoo attractions require increased staffing levels, they will also likely generate commensurate increases in the other O&M categories.

To provide a further check of reasonableness of the projected O&M cost totals, Table IV-5 provides budgetary data for comparable zoos with annual attendance levels between 150,000

¹² Richardson, Don. "Living Forest Wildlife Center Business Plan" (DRAFT).

¹³ This factor was determined in consultation with the Zoo Curator, Don Richardson. In the previously completed "Living Forest Wildlife Center Business Plan", staff had projected services and supplies costs to increase at a 5% annual rate based on anticipated staff increases and expanded Zoo size. However, to remain conservative in evaluating the financial performance of the Zoo by not underestimating potential O&M costs, TNCI has utilized a 7.5% factor in this analysis.

and 200,000, the attendance range projected for the proposed Zoo between years 2010 and 2020.

Table IV-5 Annual Budget Data for Comparable Zoos Attendance Range: 150,000 – 200,000				
Zoo Name	Location (City, State)	2001 Attendance	Acres	Annual Budget
Cameron Park Zoo	Waco, TX	154,207	52	\$1,580,797
Potawatomi Zoo	South Bend, IN	154,723	23	\$1,545,418
Folsom Children's Zoo	Lincoln, NE	170,333	17	\$1,117,180
Caribbean Gardens	Naples, FL	182,937	52	\$2,200,000
Jackson Zoological Park	Jackson, MS	189,779	45	\$1,662,572
Alexandria Zoological Park	Alexandria, LA	192,017	33	\$1,028,357
Dickerson Park Zoo	Springfield, MO	195,463	45	\$1,483,967
MEAN		177,066	38	\$1,516,899

As illustrated in Table IV-5, this group of zoos' average annual budget is approximately \$1.5 million. TNCI's O&M cost projections slightly exceed this average amount in 2010, the first year in which the Zoo is projected to draw more than 150,000 in attendance. And in 2015, O&M costs are projected to reach \$1.8 million, well over the \$1.5 million average figure. These data provide further evidence that the projected O&M costs, based on the Zoo's anticipated size and projected attendance levels, are "on target". And any potential margin of error in the cost projections, based on the data from comparable zoos, likely overestimates rather than underestimates O&M costs.¹⁴

¹⁴Moreover, the three zoos with the highest budgets in this group, which skews the average upward, are all substantially larger than the proposed Zoo – from 20 to 27 acres larger. And there is likely a correlation between larger zoos and higher annual budgets. That is, on average, larger zoos tend to have larger annual budgets. If the average annual budget figure excluded these zoos, the remaining zoo's (which are similar in size to the proposed Zoo at 33, 23 and 17 acres respectively) average annual budget is \$1.23 million.

IV-D. Summary Cash Flow Projections

Table IV-6 provides a summary cash flow analysis for the first fourteen years of Zoo operation. The summary totals are based on projected operational revenues (Table IV-1) and O&M costs (Table IV-3).

As illustrated in the Table, the proposed Zoo is projected to run substantial operating surpluses through its first fourteen years of operation. The Zoo is projected to generate a net surplus of \$.86 million in 2009 and over \$1.0 million in 2014. The decline in the net surplus in 2010 and 2015 reflects two separate factors: 1) increased O&M costs associated with project phasing, and 2) the allocation of the previous years' – 2009 and 2014, respectively – net surplus into a capital expansion/replacement projects fund, which would be used for costs related to Zoo expansion (corresponding to Phase 2 in 2010 and Phase 3 in 2015) and any necessary capital replacements or repairs.¹⁵ Based on the findings of the cash flow projections, it is TNCI's opinion that the proposed Zoo is a financially viable project; it is expected to be able to fully self-support its operations through the various revenue generation sources detailed in this analysis.

¹⁵ The cash flow projections assume there will be an expense for capital expansion/replacement projects every five years, and that it will be funded by the previous year's net surplus. It may well be the case that this expense is less than the prior year's projected net surplus, providing the Zoo a larger net operating surplus. However, to remain conservative in evaluating the financial performance of the Zoo, this analysis assumes that the entire net surplus after every five years will be used for this fund.

Table IV-6
Summary of Total Revenues and O&M Costs
In 2001 Constant Dollars: 2007 - 2020
Moonridge Animal Park (MAP)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
Total Operating Revenue	847,000	866,000	884,000	1,398,000	1,425,000	1,452,000	1,480,000	1,508,000	1,536,000	1,685,000
Total Donation Revenue / County Support	352,000	354,000	356,000	383,000	385,000	386,000	388,000	390,000	391,000	397,000
Previous Year's Surplus Carried Forward	0	278,000	566,000	862,000	183,000	381,000	591,000	815,000	1,053,000	938,000
Total Revenue	1,199,000	1,498,000	1,806,000	2,643,000	1,993,000	2,219,000	2,459,000	2,713,000	2,980,000	3,020,000
Total O&M Costs	921,000	932,000	944,000	1,598,000	1,612,000	1,628,000	1,644,000	1,660,000	1,802,000	1,832,000
Capital Expansion/ Replacement Projects	0	0	0	862,000	0	0	0	0	1,053,000	938,000
Total Expenditures	921,000	932,000	944,000	2,460,000	1,612,000	1,628,000	1,644,000	1,660,000	2,855,000	2,770,000
<i>Net Surplus</i>	\$278,000	\$566,000	\$862,000	\$183,000	\$381,000	\$591,000	\$815,000	\$1,053,000	\$125,000	\$250,000

Total Attendance by Year:									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2020
115,962	118,337	120,772	160,435	163,527	166,685	169,910	173,204	176,569	194,300

Notes:

Total operating revenue does not include potential sources of revenue from the following categories:

- Grants
- Corporate Sponsorships/Underwriting
- Targeted Fundraising Revenues
- Animal Food Sales

V. EVALUATION OF POTENTIAL CAPITAL COSTS

This chapter provides a general estimate of the one-time capital costs associated with relocating the Zoo and developing expanded programs and exhibits at the new location. The estimates are based on information obtained from the Business Task Force members and from an examination of existing Zoo records.

V-A. Total Development Costs

The five cost components identified in Table V-1 are the remaining costs the Zoo is projected to incur for relocation and expansion. Total development costs are estimated at \$4.105 million.

V-B. Identified Funding Sources

The identified funding sources provided in Table V-1 are either already committed or in the process of being finalized as funds that will be earmarked for one-time capital costs for development of the proposed Zoo. Based on the amounts identified by Business Plan Task Force Members for each funding source, total Zoo development funding is estimated at \$4.125 million. Thus, it is anticipated there will be a \$20,000 surplus in the Zoo one-time capital cost fund, and therefore no need at this time to pursue other public or private funding sources, or to issue any debt.

Table V-1
Summary of Development Costs & Funding Sources
Moonridge Animal Park (MAP)
(Based on Projected Funding in Place by Fall 2006)

Zoo Component Costs	Costs
Environmental Impact Report (EIR)	75,000
Zoo Design and Development	65,000
Zoo Landscape, Sewers, and Roads	45,000
Funding for Development	3,250,000
Planning Engineering Permits ⁽¹⁾	670,000
TOTAL	\$4,105,000

Identified Funding Sources	Amount
Institute of Museum and Library Services (Grant)	50,000
Congressman Jerry Lewis - Matching Funds	200,000
FOMZ Relocation Funds	675,000
Accrued Nay Foundation Income ⁽²⁾	700,000
Proposition 12 Funds	500,000
Proposition 12 - Per Capita Grants	2,000,000
TOTAL	\$4,125,000

Notes:

(1) Includes costs for: Roads, Landscape, Water Restoration & Recover and Electrical; Individual Exhibit Construction.

(2) Assumes income is \$200,000 per year beginning Spring 2003; assumes 100% of this income would be earmarked for relocation.

Source: Strategic Plan for Moonridge Animal Park: 2002-2006;
 Living Forest Wildlife Center Business Plan; Business Plan Taskforce.