



# **Operational Sustainability: A Balanced Budget Initiative**

**Creating a long-term financial plan**

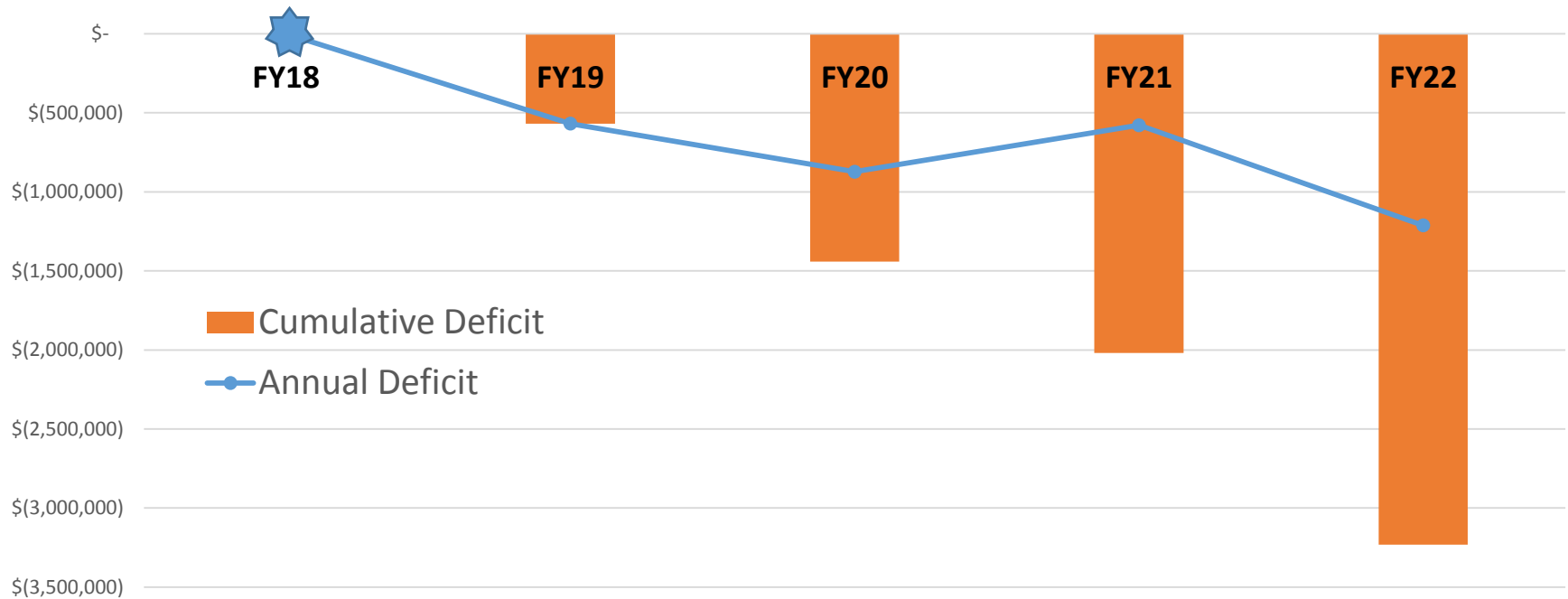
**Audience: Metro Council Work Session**

**June 27, 2017**

# Today's goals

- Provide overview of zoo financial situation and key financial dynamics
- Describe process zoo staff are going through to create a long-term financial plan
- Answer any questions about process
- Provide opportunity for Council input

# Current projections



Structural Budget Deficit

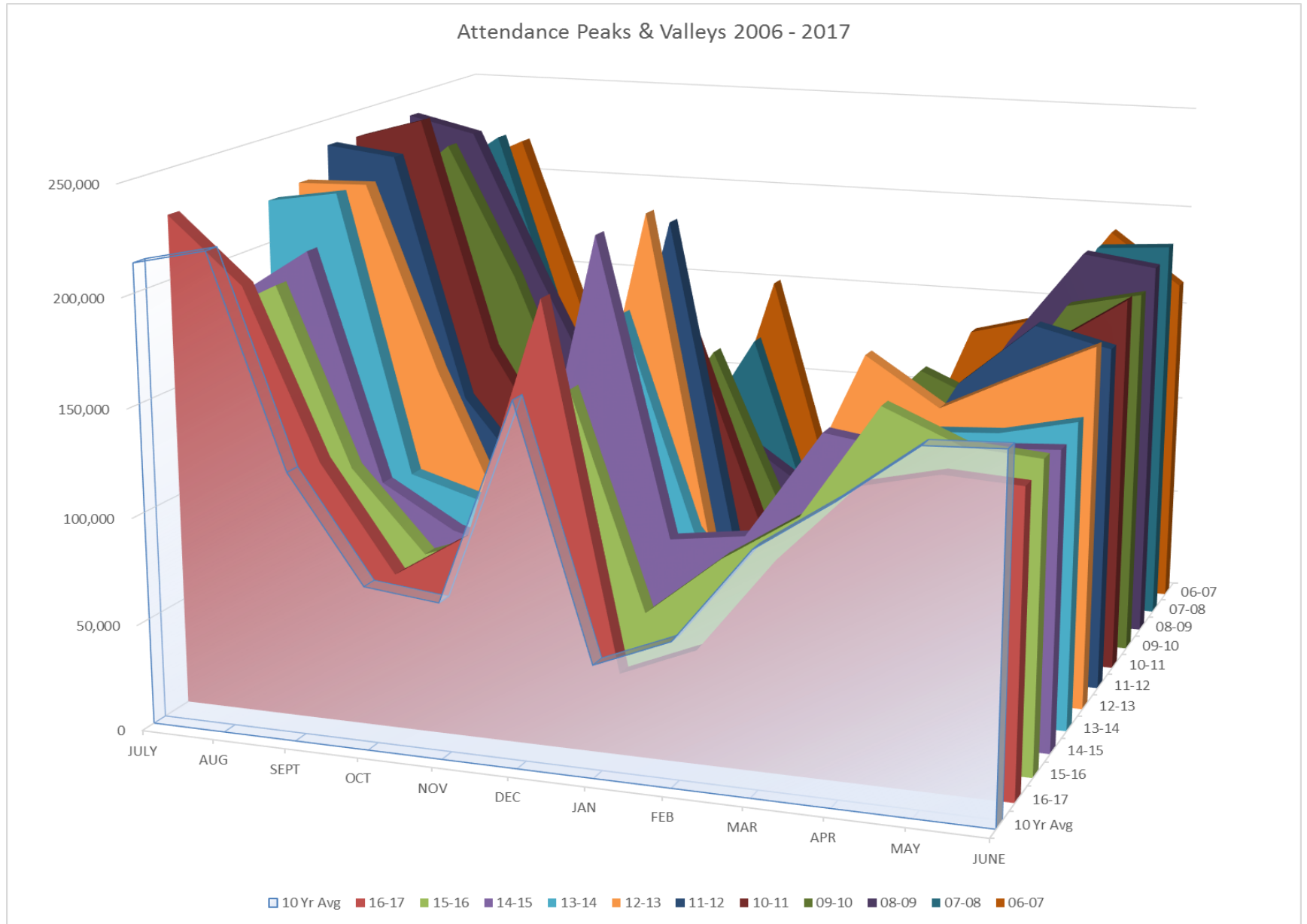
*Revenue growth rate at  
3.4%*

*Expense growth rate at  
5.1%*



*\$800,000  
annual imbalance*

# Attendance trends



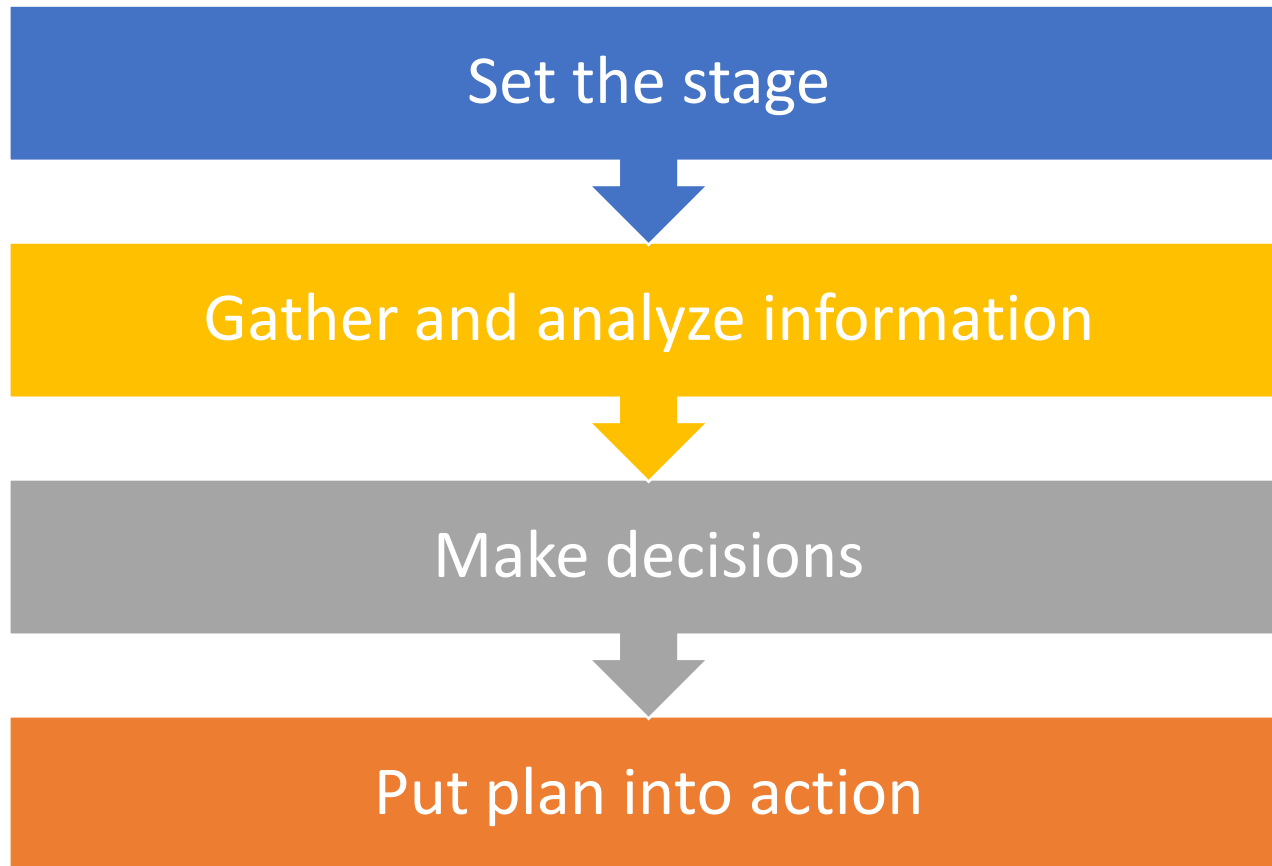
# Zoo as an enterprise fund

## Overview of Annual Zoo Financials based on a 3 yr historical average

Metro General Fund Transfer	\$ 11,800,000	33%
Oregon Zoo Foundation Support	2,700,000	8%
Zoo Generated Revenues	21,350,000	60%
	<hr/>	
	\$ 35,850,000	
Zoo Personnel Expenses	\$ 19,000,000	54%
Zoo Materials & Services	\$ 12,655,000	36%
Central Services Transfer to General Fund	3,600,000	10%
	<hr/>	
	\$ 35,255,000	
Zoo Operating Fund Surplus	<hr/> <hr/>	\$ 595,000

- As an enterprise fund, the zoo keeps any operations surplus and absorbs any deficits.
- Central Services Transfer is an allocated cost of the general fund for services provided to all the Metro Departments and includes legal, risk management, information systems, accounting and human resources.

# Our planning process



# Future projections

## Current year

- Facing a revenue shortfall due to weather.
- However, thanks to careful management of spending and generous Foundation support, zoo staff are narrowing the budget gap for the current year and holding a stronger position going into FY18.

*FY17 Attendance: 100,000 visitors generates approximately \$1.5M*

Compared to the 3 year average. ↑ represents a 5,000 visitors increase and ↓ represents a 5,000 visitors decrease.

YTD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
↑↑↑	↑↑↑↑↑ ↑↑	↓↓	↑↑↑↑	↓	↑↑↑↑	↑↑↑↑	↓↓↓↓↓ ↓↓	↓↓↓	↓↓↓↓↓	↓	↑↑↑

# Future projections

## Future fiscal years at a glance

- **FY18** expenses balanced to revenues
- **FY19** expenses are forecasted to exceed revenues by \$600K
- **FY20 and beyond** expenses are forecasted to exceed revenues by > \$1M

**Action:** Planning is underway to now to balance the FY19 budget



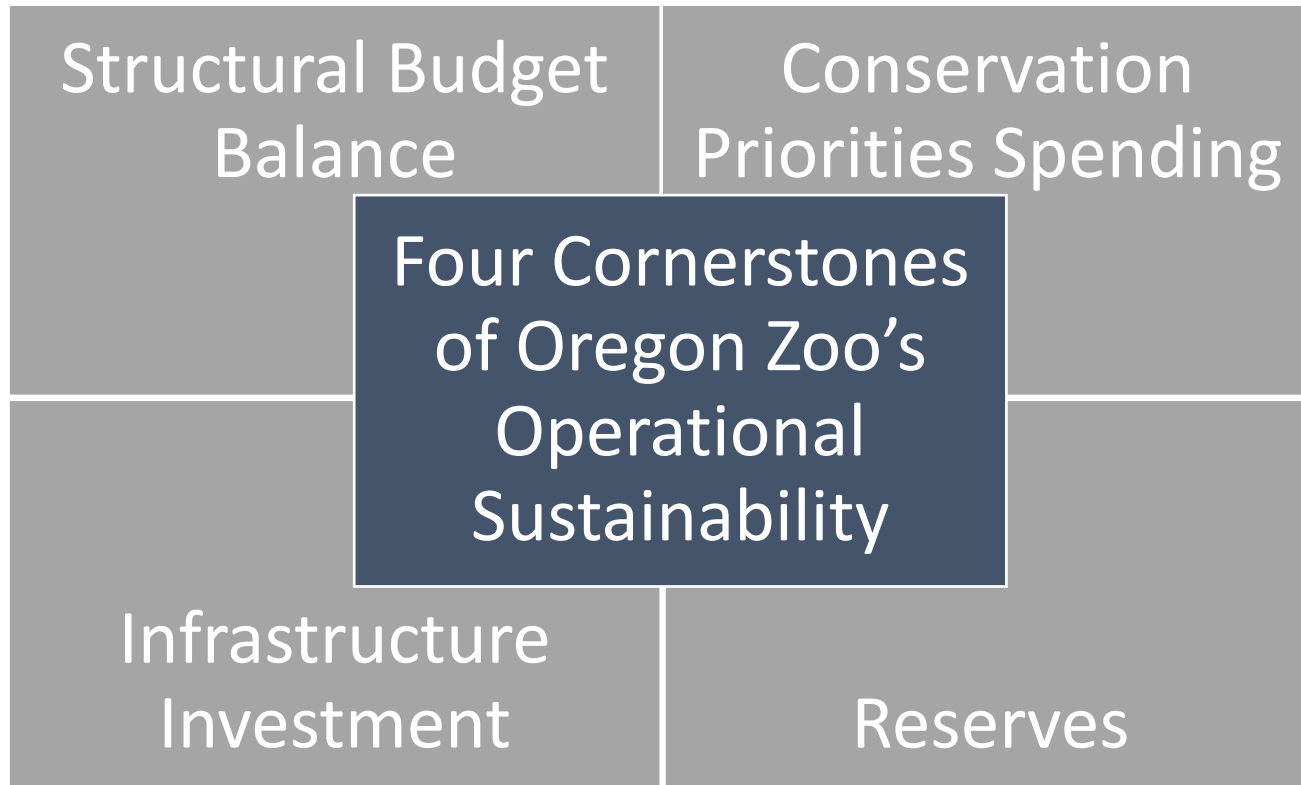
# Deeper impact



# Strategic initiatives

1. Integrated Conservation Action Plan (ICAP)
2. Financial sustainability
3. Employee engagement and audit response
4. Polar Passage, Primate Forest and rhino habitat design
5. Construction impacts on visitor experience
6. Summer (peak visitor season)
7. Washington Park Master Plan

# Long-term financial plan



# Long-term financial plan

## Goals and measureable outcomes

**GOAL 1:** Recurring revenues cover recurring expenses

*Measurable outcome:* Balance FY19 budget.



**GOAL 2:** Choose percentage of budget for conservation spending target.

*Measurable outcome:* Define conservation spending and measure on regular report card.

# Long-term financial plan

## Goals and measurable outcomes

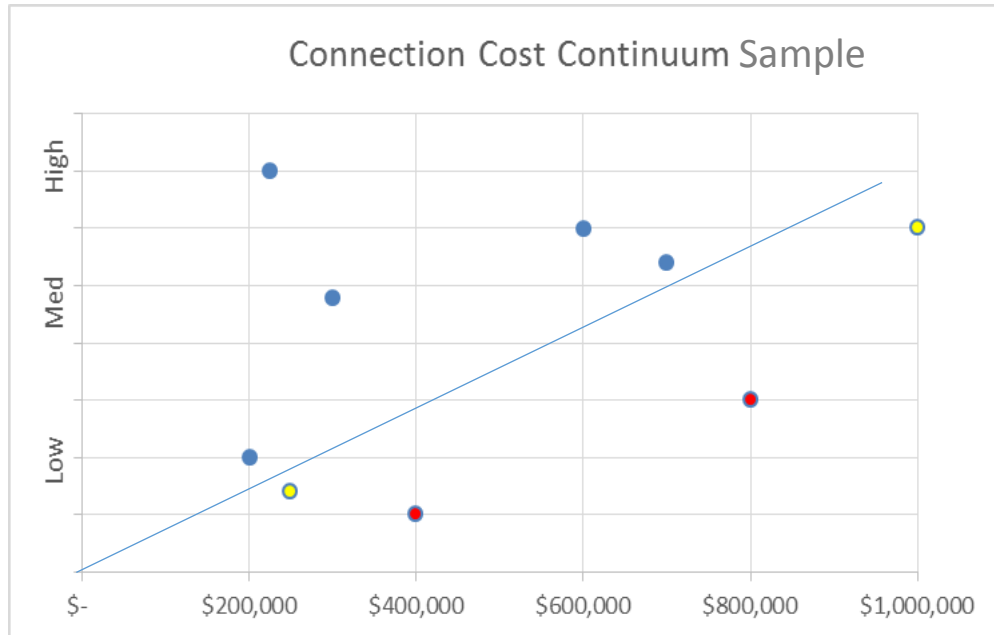
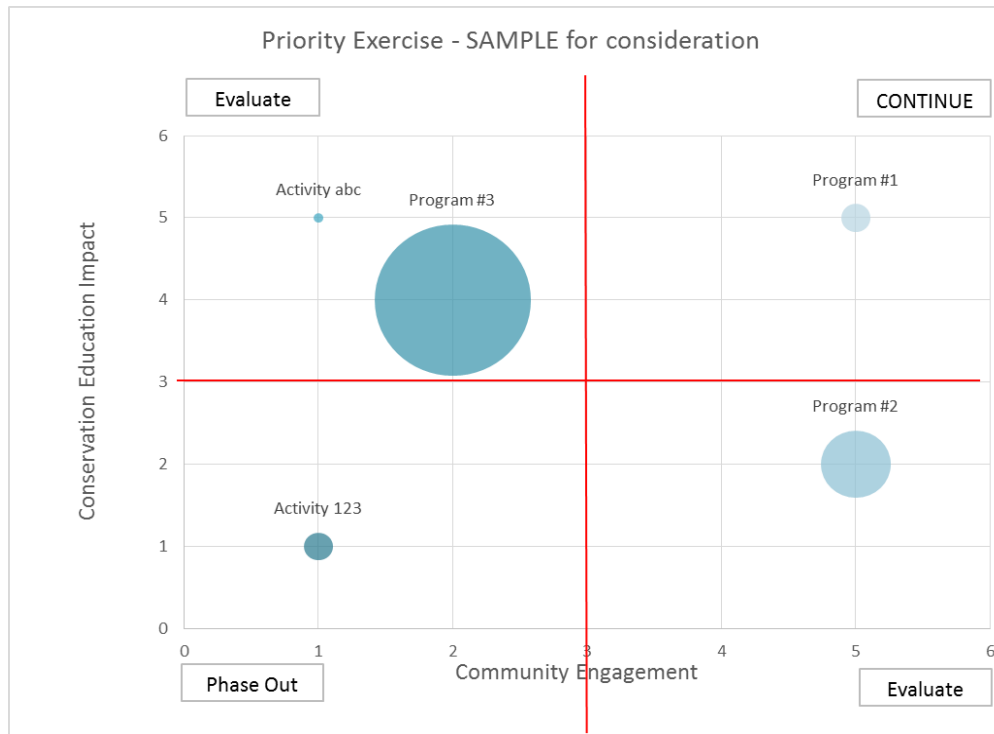
**GOAL 3:** Develop strategy to address deferred maintenance.

*Measurable outcome:* Determining funding gap and working to develop strategies to fill that gap.

**GOAL 4:** Build appropriate level of reserves to weather downturns in attendance and to absorb emergencies.

*Measurable outcome:* Create reserve policy for Zoo Operating Fund.

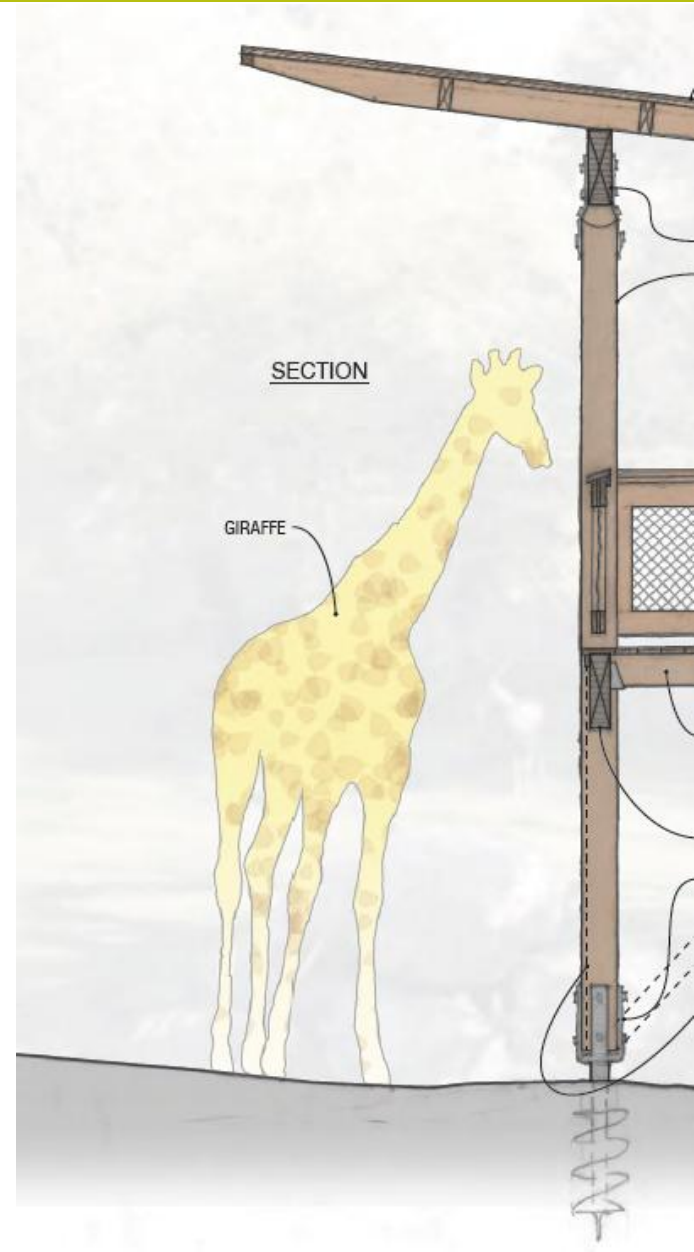
# Program evaluation frameworks



**Disclaimer:**  
*These are samples to give you an idea. The numbers and titles are arbitrary.*

# Resources

- **Growing existing** revenue channels (seasonal pricing, increased food per caps, collaborating funders)
- Creating **new revenue streams** (giraffe feeding, carousel, event spaces, grants)
- Hosted **revenue brainstorming workshop** with partners from Metro's other visitor venues (P5, Oregon Convention Center and Expo)
- **Partnership with OZF** (special program initiatives, capital projects, donor development, etc.)



# Timeline

Communication & employee engagement

Set the stage (now)



Gather and analyze information  
(now - June)



Make decisions (July - October)



Heavy investment of Exec Team's time for discussion internally and in collaboration with Metro & OZF



Put plan into action

(Preliminary plan in October with 5 year forecast. Final in January with FY19 Budget submission, ongoing assessment of goal achievement and targets)





# Metro Council Involvement

**Communication:** Zoo financials presented on regular basis to Metro Council.

**Support:** Appreciate continued support of the zoo.

# Next Steps

Questions/Comments?

