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Office of the City Clerk
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BIANNUAL REPORT TO CITY COUNCIL REGARDING THE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE GREATER LOS ANGELES ZOO ASSOCIATION (GLAZA) ON MARKETING, PUBLIC RELATIONS, SITE RENTALS AND CATERED EVENTS

The Zoo Department hereby transmits the second Biannual Report in accordance with the third amendment to the MOU for Marketing, Public Relations, Site Rentals and Catered Events with GLAZA approved by the City Council on September 23, 2014 (C.F. 14-0600-S223). The report specifically addresses the outcomes of the performance metrics outlined in the Business and Marketing Plan and in Section 4A of the original MOU and updated in Section 8 of Amendment No. 3 as follows:

- Invest over \$2,000,000 annually in the Marketing and Public Relations program;
- Generate a total of more than \$6,000,000 of new funding for the Zoo;
- Increase the Zoo's market penetration of its Metropolitan Statistical Area by a total of 12%;
- Increase the Zoo's paid attendance by 5% annually;
- Increase the Zoo's total admissions revenue by 11% annually;
- Increase the Zoo's other earned revenue (increased concessions and membership) by 21% over the term; and
- Replenish and grow the marketing and public relations budget annually.

Amendment No. 3 further modified the baseline upon which the performance metrics would be measured utilizing Fiscal Year 2012-13 actuals as follows: Paid Attendance - 817,688, Admissions Revenue - \$10,826,962, Concessions Revenue - \$949,183, Membership Revenue - \$1,367,926. This report also includes outcomes on the metrics related to catered events and site rentals. This report is based on data and results from the three-year MOU - Fiscal Years 2013-14, 2014-15, 2015-16 and includes an updated chart on attendance data as it relates to the Business and Marketing Plan (Attachment 1).

BACKGROUND

The Zoo entered into a three-year MOU with GLAZA for Marketing, Public Relations, Site Rentals and Catered Events effective July 1, 2013. The benefits of this MOU were anticipated to be significantly increased resources and investment into a comprehensive marketing program for the Zoo by GLAZA, saving the City monies by eliminating the \$800,000 in funding for the Zoo's annual advertising contract, and increasing revenue to the Zoo. The Public Relations and Marketing program had been managed by the Zoo Department for over 16 years with limited resources that were focused on public events, a limited paid advertising program and public relations efforts which garnered free press and exposure. This MOU was intended to take the foundation that the Zoo had established, and through significantly increased resources, enhance and expand the program to a level that the Zoo had been unable to achieve, which would result in increased attendance and revenue to the Zoo.



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PERFORMANCE OUTCOMES**1. Invest over \$2,000,000 annually in the Marketing and Public Relations program**

GLAZA's expenditures for the three fiscal years ending June 30, 2016 are detailed in the chart below:

Category of Expenditure	FY 2013-14	FY 2014-15	FY 2015-16
Advertising and Marketing	\$ 1,513,333	\$ 1,715,367	\$ 1,298,922
Salaries and Benefits	494,282	658,182	706,659
Events	238,992	202,113	203,427
Public Relations and Publicity	63,546	80,421	80,483
Sponsorship	60,000	13,298	10,886
Miscellaneous	30,604	17,457	16,464
Research	1,250	11,500	112,700
TOTAL	\$2,402,007	\$2,698,338	\$ 2,429,541

2. Generate a total of more than \$6,000,000 of new funding for the Zoo

This metric represents projected increases of general admissions revenue from the \$1 annual price increase, net night-time ticketed event revenue, and concessions and membership revenue increases over the three-year MOU. Results from the three fiscal years ending June 30, 2016 towards this goal are as follows:

REVENUE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16	CUMULATIVE CHANGE FROM BASELINE
Admissions	\$ 10,826,962	\$ 11,767,915	\$ 12,723,415	\$ 14,234,758	\$ 6,245,202
Night-time Ticketed Events	-	-	1,137,643	1,205,783	2,343,426
(Less Marketing Refund)	-	(0)	(761,057)	(1,590,540)	(2,351,597)
Concessions	949,183	942,600	1,031,572	1,122,423	249,046
Membership	1,367,926	\$1,366,459	1,534,338	1,546,393	343,412
TOTAL	\$ 13,144,071	\$ 14,076,974	\$ 15,665,911	\$ 16,518,817	\$ 6,829,489

Results from the three year program exceeded the goal by 14%, with more than \$6.8 million in new funding for the Zoo.

3. Increase the Zoo's market penetration of its Metropolitan Statistical Area (MSA) by a total of 12%

The Los Angeles MSA is defined by the populations of Los Angeles-Long Beach-Anaheim areas totaling 12,872,808 (2010 Census Data). This metric represents the growth in attendance based on GLAZA's comprehensive marketing efforts. In Fiscal Year 2012-13, Zoo attendance was 1,506,274. Results from the three fiscal years ending June 30, 2016 towards this goal are as follows:

ATTENDANCE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16	CUMULATIVE CHANGE FROM BASELINE
General Admissions (Daytime)	1,506,274	1,550,343	1,566,291	1,605,161	97,533
Night-time Events	0	0	185,988	179,625	180,979
TOTAL ATTENDANCE	1,506,274	1,550,343	1,752,279	1,784,786	278,512

In FY 2015-16, total attendance increased to 1,784,786 representing 13.9% of the MSA and an increase of 18.5% over FY 2012-13, surpassing the three-year goal of 12% increase in MSA penetration.

4. Increase the Zoo's paid attendance by 5% annually

Paid attendance for the baseline 2012-13 Fiscal Year was 817,688. Results from the three fiscal years ending June 30, 2016 towards this goal are as follows:

PAID ATTENDANCE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16
Daytime Admissions	705,540	722,158	723,912	790,160
Paid Groups	112,148	100,327	102,674	100,064
TOTAL	817,688	822,485	826,586	890,224
Annual Change	-	1%	0%	7.7%

As the chart reflects, the paid attendance change by 5% annually was achieved once out of the three years of the MOU with the 7.7% increase achieved in the 2015-16 fiscal year.

OVERALL ATTENDANCE	FY 2013-14	FY 2014-15	FY 2015-16
Daytime Attendance	1,550,343	1,566,291	1,605,161
Night-time Attendance	0	185,988	179,625
TOTAL	1,550,343	1,752,279	1,784,786
Annual Change	3%	13%	2%

As reflected in the chart, with the addition of night-time events overall attendance increased by 18.5% over the FY 2012-13 baseline total attendance of 1,506,274.

5. Increase the Zoo's total admissions revenue by 11% annually

Paid admissions for the baseline 2012-13 Fiscal Year was \$10,826,962. Results from the three fiscal years ending June 30, 2016 towards this goal are as follows:

ADMISSIONS REVENUE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16
Admissions	\$ 10,826,962	\$ 11,767,915	\$ 12,723,415	\$ 14,234,758
Annual Change (\$)	-	\$ 940,953	\$ 955,500	\$ 1,511,343
Annual Change (%)	-	8.7%	8.1%	11.9%

As the chart reflects, the total admissions revenue increase by 11% annually was achieved once out of the three years of the MOU with the 11.9% increase achieved in the 2015-16 fiscal year.

6. Increase the Zoo's other earned revenue (increased concessions and membership) by 21% over the term

Concessions and membership revenue for the three fiscal years ending June 30, 2016 are as follows:

REVENUE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16
Concessions	\$ 949,183	\$ 942,600	\$ 1,031,572	\$ 1,122,423
Membership	\$ 1,367,926	\$ 1,366,459	\$ 1,534,338	\$ 1,546,393
TOTAL	\$ 2,317,109	\$ 2,309,059	\$ 2,565,910	\$ 2,668,816
Annual Change (\$)	-	\$ (8,050)	\$ 256,851	\$ 102,906
Annual Change (%)	-	(0.3%)	10.7%	15.2%

Concessions revenue experienced an 18% increase and membership revenue experienced a 13% increase over baseline revenue. Combined, this represents a 15% increase over 3 years which is short of the goal of 21% over the term of the MOU.

7. Replenish and grow the marketing and public relations budget annually.

During the three-year MOU ending June 30, 2016, GLAZA received shared revenue towards the marketing refund totaling \$2,351,597. However, as stated in metric #1, GLAZA was able to invest more than \$7.5 million in marketing, public relations, site rentals and catered events programs during this same timeframe.

ADDITIONAL PERFORMANCE OUTCOMES

In addition to the performance outcomes described above, the MOU with GLAZA also included the following metric for site rentals and catered event activities: **Increase catering sales and site rental fees by 50% annually during the term of the MOU.** Results from these efforts are as follows for Fiscal Years 2013-14 through 2015-16 as compared to the baseline performance metrics contained the MOU:

REVENUE	FY 2012-13 BASELINE	FY 2013-14	FY 2014-15	FY 2015-16
Catering Revenue	\$ 76,444	\$ 94,834	\$ 203,613	\$ 290,661
Site Rental Fees	\$ 28,747	\$ 131,803	\$ 88,659	\$ 73,933
TOTAL	\$ 105,191	\$ 226,637	\$ 292,272	\$ 364,594
Annual Change (\$)		\$ 121,446	\$65,635	\$ 72,322
Annual Change (%)		115%	29%	25%

As reflected in the chart, sales dramatically increased in Fiscal Year 2013-14 and significantly exceeded the annual goal of a 50% increase, however in the fiscal years 2014-15 and 2015-16 sales fell short of the annual goal.

CONCLUSION

The MOU with GLAZA for Marketing, Public Relations and Site Rentals and Catered Events has continued to evolve with both successes and lessons learned. The successes include an increased and expanded advertising program, the introduction of new, top-rated and well attended night-time events, expanded free and paid media exposure and more marketing partnerships. The challenges include the ability to drive and increase paid daytime attendance and admissions revenue and to establish a pricing model that optimizes the balance between paid and member attendance. As the Zoo proceeds with negotiating an MOU through June 30, 2017, and the development of a new Business and Marketing Plan, there will continue to be an evaluation of the marketing and public relations program that best benefits the Zoo.

Respectfully submitted,



John R. Lewis, General Manager
Zoo Department

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