Minutes - Executive Policy Committee - April 16, 2003

REPORTS

Minute No. 215 Increase of Zoo Admission Fees
File PR-7.1.1 (Vol. 17)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the administrative recommendation and recommends to Council:

1. That Council amend the Parks and Recreation By-Law (No. 3219/82) to permit the following 2003 fee increases for admission to Assiniboine Park Zoo to be effective January 1, 2003:

High season (March 1 to October 31)

	Adult	Senior	Youth	Child	Family
Current fee with GST	$3.00	$2.75	$1.50	$1.00	$7.50
*Proposed fee with GST *Increase*	$3.75 *(+$0.75)*	$3.50 *(+$0.75)*	$2.15 *(+$0.65)*	$1.60 *(+$0.60)*	$10.95 *(+$3.45)*

*all fees inclusive of GST have been rounded to the nearest nickel for administrative purposes, where required.

Low season (November 1 to February 28)

	Adult	Senior	Youth	Child	Family
Current fee with GST	$1.00	$1.00	$1.00	$1.00	$7.50
Proposed fee with GST *Increase*	$3.20 *(+$2.20)*	$2.95 *(+$1.95)*	$1.60 *(+$0.60)*	$1.05 *(+$0.05)*	$8.55 *(+$1.05)*

*all fees inclusive of GST have been rounded to the nearest nickel for administrative purposes, where required.

2. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary amending by-law.

3. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Clement,
That the administrative recommendation be concurred in and forwarded to Council.

Carried

Re: **Increase of Zoo Admission Fees**

For submission to: Executive Policy Committee

Original report signed by: U. Stelman, Director
Community Services Department

Report date: April 11, 2003

In camera item: No

Recommendation(s):

1. That Council amend the Parks and Recreation By-Law (No. 3219/82) to permit the following 2003 fee increases for admission to Assiniboine Park Zoo to be effective January 1, 2003:

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2. That the City Solicitor be instructed to prepare the necessary amending by-law.

3. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REPORT SUMMARY

KEY ISSUES:

1. Analysis undertaken has shown that the present Zoo admission fees are underpriced in comparison to other similar attractions in the local Winnipeg market, as well as being underpriced relative to other Zoos across Canada. The fees put forward herein reflect that analysis and represent a rationalization of admission fees consistent with market conditions, as opposed to merely mirroring historic inflation rates.

2. Fees have not been increased since the Parks and Recreation By-law was amended to allow for an admission fee to be charged at the Zoo. In 1997, a further amendment allowed for annual increases consistent with the rate of inflation. However, due to concerns that this would result in further attendance decreases and consequent decreases in total revenue, no increases to Zoo pricing were implemented. Since 1993, the City of Winnipeg inflation rate has increased 18.3%.

3. Implementation of the proposed fee schedule would result in a revenue increase to meet the 2003 adopted budget.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment:
Adoption of this recommendation will result in higher admission fees and greater overall revenue for the Assiniboine Park Zoo.

Policy implications

	No
X	Yes

Comment:
By-Law No. 3219/82 must be amended to reflect approved Zoo admission fee increases.

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment:
Increases in Zoo admission fees are reflected in the adopted 2003 budget.

Report

RECOMMENDATION(S):

1. That Council amends the Parks and Recreation By-Law (No. 3219/82) to permit the following 2003 fee increases for admission to Assiniboine Park Zoo to be effective January 1, 2003:

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*all fees inclusive of GST have been rounded to the nearest nickel for administrative purposes, where required.

2. That the City Solicitor be instructed to prepare the necessary amending by-law.

3. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT:

Council approval is required to amend a civic by-law.

HISTORY:

- Previous to May 26, 1993, admission to Assiniboine Park Zoo was free.
- On May 26, 1993, Council amended the Parks and Recreation By-law to charge admission fees for Assiniboine Park Zoo. Under this By-law admission to the Zoo on Tuesdays was free.
- In May 1997, free Tuesdays were eliminated.
- On July 23, 1997 Council adopted the Parks and Recreation Department Fees and Charges Bylaw and Fee Schedule 1997-2000 (By-law 7078/97).

DISCUSSION:

This discussion focuses on analyzing high season (March 1 to October 31) Zoo admission fees, low season (November 1 to February 28) Zoo admission fees, and the fee for families.

1. High Season Zoo Admission Fees

The purpose of this analysis was to determine whether or not current Zoo admission fees are under or over priced according to the market.

In order to complete this analysis, the following market factors were studied:

- Canadian Zoo market
- Primary local market analysis
- Secondary local market analysis
- Price Elasticity of Demand
- Recovery Rate
- Inflation
- Demand

The following provides a high level summary analysis of each market factor. (A comprehensive analysis of each market factor is provided in appendix A of this report.)

Canadian Zoo Market

Compared to other Canadian Zoos, regular admission fees at Assiniboine Park Zoo are under priced.

Category	Assiniboine Park Zoo	Canadian Average
Adult	$3.00	$9.37
Senior	$2.75	$7.40
Youth	$1.50	$6.25
Child	$1.00	$5.67
Family	$7.50	$22.25

Primary Local Competitor Market

Compared to the primary local competitor market, (i.e., Oak Hammock, Ft. Whyte, Manitoba Museum, Children's Museum, etc.) regular Assiniboine Park Zoo admission fees are under priced. Average primary local market fees are as follows:

Adult	$5.09
Senior	$4.07
Youth	$4.06
Child	$4.06
Family	$16.33

Secondary Local Competitor Market

Compared to the secondary local competitor market (i.e., theatres, amusement parks & attractions), regular Assiniboine Park Zoo admission fees are under priced. Average secondary local competitor market fees are as follows:

Adult	$6.18
Senior	$5.49
Youth	$6.61
Child	$6.17
Family	No Secondary Competitors have a family rate.

Price Elasticity of Demand

Elasticity of demand indicates the tendency to which demand will be affected by changes in price. Inelastic pricing means that an increase in price will result in an increase in revenue. Analysis indicated that Assiniboine Park Zoo admission fee increases were inelastic; therefore, an increase in fees would theoretically result in an increase in total revenues. However, it should be noted that there are some limitations to this analysis. That is, factors other than price, such as weather conditions, can also influence demand. The price elasticity of demand theoretical formula does not consider these other factors.

Analysis of Calgary and Saskatoon also demonstrated price increases that were inelastic, with similar limitations in the analysis.

Inflation

There have been no Zoo admission fee increases since 1993. Since that time, the City of Winnipeg inflation rate has increased by 18.3%, while the Manitoba recreation, education, and reading inflation rate has increased by 18.8%.

Demand (recent historic attendance trends, macroeconomic, demographics, marketing and promotion)

Since 1998, Zoo attendance has decreased by an average of 7.8% per year. However, the macroeconomic environment is improving and short-term demographic data supports attendance growth in the Statistics Canada 5-9 and 10-14 age groups.

In addition, promotions and special attractions were enhanced in 2002 with the Elephant Encounter program. Although demand was anticipated to decrease as a result of the Elephant Encounter revenues increased by 5% over the same time period in 2001. Other sales (strollers, donations) increased by 16%. Other special programs are planned for 2003 in order to maintain or increase demand.

In summary, analysis of the above market factors demonstrates that regular admission fees at Assiniboine Park Zoo are under priced according to the market.

2. **Low Season Zoo Admission Fees (November 1 to February 28)**

The present low season admission fees are significantly lower than the high season fees. As a result, low season fees were analyzed separately. This analysis includes fee comparisons with other Canadian Zoos as well as discussions regarding perceived value, customer awareness of low season fees, and operational costs.

Canadian Zoo Market

Low season admission fees for the Assiniboine Park Zoo are substantially lower than the Canadian Zoo market. Adult, senior, and youth low season fees range from 33% to 66% of high season fees. The average adult, senior, and youth low season fees for comparable Canadian Zoos range from 82% to 84% of summer rates. (see appendix B)

Perceived Value of a Low Season Zoo Visit

The current low season admission fees do not reflect current product value. The current $1.00 fee gives the impression of little value to a low season visit to the Zoo, when in fact, 95% of the animals are still on display, and there are also numerous indoor locations to view the animals.

Knowledge of Reduced Low Season Fee by Zoo Visitors

Many Zoo customers are not aware that low season rates exist. Observations by Zoo staff indicate that most visitors did not realize that there was a reduction in fees during the low season. This reduction in fees did not impact on their decision to visit the Zoo. The weather appears to be the major factor impacting attendance.

Operational Costs

The cost of collecting the current low season Zoo admission fee often exceeds the revenue generated. The low season fee does not generally create enough revenue to cover operational costs related to collecting the fee.

In summary, the existing low season admission fees are under priced.

3. **Family Admission Fees to the Zoo (see appendix C)**

Since over 14,000 family day passes are sold annually, the family admission fee was analyzed separately. This analysis is used to demonstrate whether or not the Assiniboine Park Zoo family admission fee is under or over priced according to the Canadian Zoo Market and the Local Competitor Market.

Definition of a "Family" Used in the Family Admission Fee

The Assiniboine Park Zoo definition of a family is the least restrictive relative to the Canadian Zoo market and the Local Competitor Market

The Assiniboine Park Zoo defines a family as ‘two adults and children, 17 years and under, living in the same household’. Many other jurisdictions define ‘family’ differently. The number of children permitted within the ‘family’ definition ranges from 2 to unlimited.

Canadian Zoo Market

The family fee for Assiniboine Park Zoo is undervalued in relation to the average family fee charged at other Canadian Zoos. Of the seven Canadian Zoos analyzed, four have family rates. Only Calgary and Toronto do not. The average admission fee for families is $22.25. The family fee for Assiniboine Park Zoo is $7.50

Local Competitor Market

The family fee for Assiniboine Park Zoo is undervalued in relation to the average family fee of primary local competitors.

Three of six primary competitors have a family rate averaging $16.33, while none of the secondary competitors have a family admission fee.

Demand for the Family Admission Fee at Assiniboine Park Zoo

There is demand for the Assiniboine Park Zoo family admission fee category, as approximately 14,000 family passes are purchased annually.

In summary, the present family rate is under valued. The proposed family rate provides a price reduction for larger families, while still being competitive with other local competitors.

In conclusion, the subject analysis supports the establishment of new Zoo admission fees, as proposed herein. Actual Zoo admission fees have not been adjusted since 1993, not even for inflation. This rational analysis supports an increase in Zoo admission pricing. The proposed fees herein are based upon a rational approach to pricing at the Zoo and more fairly represents market rates, as opposed to rates set strictly on the basis of applying inflation rates to existing prices which have little bearing to the market.

After considering the analyses in this report, revenue projections were developed using both the current and proposed fee schedules that considered worst case, most probable, and best-case scenarios. (see appendix D)

Implementation of the proposed fee schedule would enable the Community Services Department to generate revenue to meet 2003 adopted zoo revenue of $699,008.

Project Name: **First Year of Program** **2003**

Increase of Zoo Admission Fees

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Total Additional Debt Required	$ -	$ -	$ -	$ -	$ -
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	699,008	-	-	-	-
Net Cost/(Benefit)	$ (699,008)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(699,008)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The proposed fee schedule would enable the Community Services Department to meet the Addpted 2003 revenue budget.

C. Wightman
Manager, Finance & Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE:

The Zoological Society of Manitoba was consulted and is in support of the proposed admission fee increases.

THIS REPORT SUBMITTED BY:

Department: Community Services Department
Division: Assiniboine Park Enterprise
Prepared by: R. Nicol, K. Knudsen, P. de Graaf, D. Ross, K. Mathieson
File No.

Appendix A

Assiniboine Park Zoo
PRICING ANALYSIS

INTRODUCTION

The purpose of this analysis is to determine how current zoo admission fees are priced in relation to the market. Furthermore, this analysis assesses the potential impact of a price increase on consumer demand.

The following market factors are analyzed:

I. Canadian Zoo Market
II. Primary Local Market
III. Secondary Local Market
IV. Price Elasticity of Demand
V. Recovery Rate
VI. Inflation
VII. Demand
    - Macroeconomics
    - Demographics
    - Attendance
    - Promotions

Exhibits are used to substantiate the analysis and conclusions are drawn for each market factor presented.

I. CANADIAN ZOO MARKET

Eight comparable Canadian Zoos including the Assiniboine Park Zoo have been analyzed according to price and value (see Exhibit 1.1). For this analysis, zoo admission value is based on the number of animals, number of species, number of feature animals, and developed acreage.

The Canadian market analysis demonstrates the following:

- The Assiniboine Park Zoo has the lowest adult, senior, youth, and child admission fees of all eight Canadian zoos
- The Assiniboine Park Zoo is priced substantially below the average admission fees of the other seven Canadian zoos in all age groups.
- The Assiniboine Park Zoo has the second highest number of animals and species, the fourth highest number of feature animals, and third lowest developed acreage.

Stepwise regression analysis was also used to determine whether or not the Assiniboine Park Zoo admission fees are under or over priced according to the Canadian zoo market. Exhibit 1.2 demonstrates that the Assiniboine Park Zoo's regular adult admission fee should be $6.78 and therefore is undervalued by 56%. Similarly, the senior admission fee should be $5.60 and is therefore undervalued by 51%.

Conclusion: The Assiniboine Park Zoo is substantially under priced according to comparable Canadian zoos.

Exhibit 1.1 Canadian Zoo Admission Fees - 2002

REGULAR (HIGH-SEASON)

Zoo	Adult *	Senior	Youth	Child	Infant Free	Family	Personal Disposable Income Per Capita (2000)**	# Animals	# Species	# of Feature Animals***	Developed Acreage	Season
Assiniboine Park Zoo	**$3.00**	**$2.75**	**$1.50**	**$1.00**	**<2 yrs**	**$7.50**	**$21,107**	**2,127**	**333**	**4**	**60**	**March -Oct.**
Calgary Zoo	$12.84	$10.70	$6.42	$6.42	<2 yrs	N/A	$26,486	1,100	250	9	72	May - Dec
Valley Zoo (Edmonton)	$5.75	$4.25	$4.25	$3.25	<2 yrs	$18.00	$21,191	282	101	2	70	May 6 - Oct 8
Greater Vancouver Zoo	$12.00	$9.00	$9.00	$9.00	<3 yrs	$40.00	$20,880	800	180	8	120	Year Round
Kamloops Wildlife Park	$7.49	$5.35	$5.35	$4.28	<3 yrs	N/A		200	70	2	120	April - Oct.
Magnetic Hill (Moncton)	$8.00	$7.00	$7.00	$5.00	<3 yrs	$22.00		436	100	1	25	June 23 - Sept 3
Toronto Zoo	$15.00	$11.00	$9.00	$9.00	<3 yrs	N/A	$23,817	5,000	450	10	155	Year Round
Saskatoon Zoo	$4.50	$4.50	$2.75	2.75	<5 yrs	$9.00	$19,769	370	96	1	30	April 16 - Oct. 15
Average of Competition	**$9.37**	**$7.40**	**$6.25**	**$5.67**		**$22.25**		**1,170**	**178**	**5**	**85**	

LOW SEASON

Zoo	Adult *	Senior	Youth	Child	Infant Free	Family	Personal Disposable Income Per Capita (2000)**	# Animals	# Species	# of Feature Animals***	Developed Acreage	Season
Assiniboine Park Zoo	**$1.00**	**$1.00**	**$1.00**	**$1.00**	**<2 yrs**	**N/A**	**$21,107**	**2,127**	**333**	**4**	**60**	**Nov. - Feb.**
Calgary	$10.70	$8.56	$5.35	$5.35	<2 yrs	N/A	$26,486	1,100	250	9	72	Jan - April
Valley Zoo (Edmonton)	$4.00	$3.25	$3.25	$2.50	<2 yrs	$12.25	$21,191	282	101	2	70	Oct. 9 - May 5
Greater Vancouver	$12.00	$9.00	$9.00	$9.00	<3 yrs	$40.00	$20,880	800	180	8	120	Year Round
Kamloops	$6.05	$4.33	$4.33	$3.48	<3 yrs	N/A		200	70	2	120	Nov. - March
Magnetic Hill (Moncton)	$6.50	$5.50	$5.50	$4.25	<3 yrs	$20.00		436	100	1	25	April 1 - June 22 & Sep 4 - Oct 31
Toronto	$15.00	$11.00	$9.00	$9.00	<3 yrs	N/A	$23,817	5,000	450	10	155	Year Round
Saskatoon	$0.00	$0.00	$0.00	$0.00	<5 yrs	N/A	$19,769	370	96	1	30	Oct. 16 - April 14
Average of Competition	**$7.75**	**$5.95**	**$5.20**	**$4.80**		**$24.08**		**1,170**	**178**	**5**	**85**	

* 2002 Admission Fees including GST (HST in Moncton)

** Source: The Conference Board of Canada

*** Feature Animals Tiger: **T**, Polar Bear: **PB**, Bear: **B**, Elepant: **E**, Giraffe: **G**, Lion: **L**, Great Ape: **GA**, Rhino: **R**, Hippo: **H,** Cheetah: **C,** Leopard: **LP**

Exhibit 1.2 Canadian Zoo – Pricing Regression Analysis

ASSINIBOINE PARK ZOO - REGULAR SEASON PRICING ANALYSIS (2002)

Zoo	*Current Admission Price	Market Price	% Difference between Current and Market Price	Under or Over Priced According to Market	# of Feature Animals	# Animals	# of Species	Developed Acreage	Personal Disposable Income per Capita (2000)	Season
Adult	$3.00	$6.78	-56%	Under	4	2,127	333	60	$21,107.00	Mar.-Oct.
Senior	$2.75	$5.60	-51%	Under	4	2,127	333	60	$21,107.00	Mar.-Oct.
Youth	$1.50	** N/A	N/A	N/A	4	2,127	333	60	$21,107.00	Mar.-Oct.
Child	$1.00	N/A	N/A	N/A	4	2,127	333	60	$21,107.00	Mar.-Oct.

ASSINIBOINE PARK ZOO - LOW-SEASON (WINTER) PRICING ANALYSIS (2002)

Zoo	Current Admission Price	Market Price	% Difference between Current and Market Price	Under or Over Priced According to Market	# of Feature Animals	# Animals	# of Species	Developed Acreage	Personal Disposable Income per Capita (2000)	Season
Adult	$1.00	$4.37	-77%	Under	4	2,127	333	60	$21,107.00	Nov. - Feb.
Senior	$1.00	$3.44	-71%	Under	4	2,127	333	60	$21,107.00	Nov. - Feb.
Youth	$1.00	N/A**	N/A	N/A	4	2,127	333	60	$21,107.00	Nov. - Feb.
Child	$1.00	N/A	N/A	N/A	4	2,127	333	60	$21,107.00	Nov. - Feb.

*** GST is included in current prices**
**** N/A - Stepwise regression analysis identified no significant variables**

II. PRIMARY LOCAL MARKET ANALYSIS

The "typical customer" profile for Assiniboine Park Zoo consists of two adults, one or more being female, with two children under the age of 12.[1] Zoo attendance is highest on weekends. A number of other local attractions that cater to clientele typical to that of the Zoo were surveyed for comparative purposes.

In Winnipeg, the greatest direct competition for the Zoo comes from local wildlife based attractions including Fort Whyte Centre and Oak Hammond Marsh. Family oriented museums including the Manitoba Children's Museum, Manitoba Museum, Touch the Universe Science Centre and the Forks also offer similar educational and entertainment value and thus are also considered as primary local competition.

Six primary local competitors were compared for attraction value and pricing (Exhibit 2.1). The Forks National Historic Site is the only attraction free of charge to consumers. Of the remaining attractions, the admission fees range from:

- $4.00 to $6.96 for adults (including GST)
- $3.00 to $5.35 for children, youth and seniors
- $14.00 to $20.00 for families

During the peak season Assiniboine Park Zoo in comparison is priced at:

- $3.00 for adults (including GST)
- $2.75 for seniors
- $1.50 for youth
- $1.00 for children
- $7.50 for a family (2 adults and children)

During the low season Assiniboine Park Zoo is priced at $1.00 per person. None of the other attractions offer seasonal rates. The average price of admission for the primary competition is $5.09 for adults and $4.06 for children, considerably higher that of the Zoo. The admission fees of the lowest primary competitor, Oak Hammond Marsh, are $4.00 per adult and $3.00 per child, youth and senior.

Conclusion: The Assiniboine Park Zoo is under priced in comparison to the primary local market competition.

[1] The Zoological Society of Manitoba, The Assiniboine Park Zoo Customer Survey 1998

Exhibit 2.1 Primary Local Competition

Attraction	Type of Attraction	REGULAR ADMISSION FEES					Season
		Adult*	Senior*	Youth*	Child*	Family*	
Assiniboine Park	An accredited Zoo featuring over 1800 animals of 300 different species in its collection including the Siberian Tiger, Polar Bear, Snow Leopard and Monkeys. This 60 acre zoo also features the Kinsmen Discovery Centre and the Tropical House.	$3.00	$2.75	$1.50	$1.00	$7.50	Year Round
Fort Whyte Centre	An environmental education centre with more than 400 acres of prairie, lakes, forest, and wetlands. Features: Bison viewing, 5 km of interpretive trails, family tree house, bird feeding stations, floating boardwalks and lakes. Interpretive Centre features exhibits, Aquarium of the Prairies and waterfowl viewing room. The Alloway Reception Centre houses a café and nature shop.	$5.00	$4.00	$3.00	$3.00	N/A	Year Round
Manitoba Children's Museum	Interactive learning environment through a series of 6 hands-on galleries including: Wonderworks Infrastructure Gallery, Tree and Me Gallery, Live Wire Gallery (technology), All Aboard Gallery (train), Our TV Gallery and the Say What Gallery (video - comment booth).	$4.50	$4.00	$4.95	$4.95	N/A	Year Round
Manitoba Museum	A multi-dimensional museum on the human and natural history of Manitoba. Travel through the major ecological communities of Manitoba through a series of galleries including: Orientation, Earth History, Artic/Sub-Artic, Boreau Forest, Nonsuch, Grasslands, Urban and the Hudson's Bay Gallery.	$6.96	$5.35	$5.35	$5.35	$20.00	Year Round
Touch the Universe Science Centre	A hands-on science centre with nearly 100 hands-on exhibits to explore. Learn about yourself and the world around you through science, technology, art and illusion.	$5.00	$4.00	$4.00	$4.00	$15.00	Year Round
Oak Hammond Marsh	A 36 square km wildlife management area and interpretive centre. Habitat for 25 species of mammals, 296 species of birds, numerous amphibians, reptiles, fish and invertebrates. Features: a Conservation Centre, an Interpretive Centre with a multi-media theatre, interactive exhibits and rooftop observation deck.	$4.00	$3.00	$3.00	$3.00	$14.00	Year Round
The Forks	A nine acre historic park and market place located at the junction of the Red and Assiniboine Rivers. Features: river walk trail, interpretive exhibits, native species garden, heritage adventure playground and amphitheatre. Several local festivals are held at the Scotiabank stage.	$0.00	$0.00	$0.00	$0.00	N/A	Year Round
Average of Competition	Excluding the Forks	**$5.09**	**$4.07**	**$4.06**	**$4.06**	**$16.33**	

* All rates include GST

III. SECONDARY LOCAL MARKET ANALYSIS

Other local attractions that catered to the family market were also analyzed (Exhibit 3.1). These secondary local competitors were selected for their similarity of being a popular cultural entertainment attraction for families with young children. Thirteen local competitors were identified as secondary local competition for the Zoo. Where admission fees varied, such as for movie theatres, the lowest weekend rate was recorded. For the purpose of this analysis, sporting events were excluded in that they are scheduled games and are generally higher in cost.

Admission rates for the secondary local competitors range from $2.00 to $12.00 for adults and $2.00 to $11.72 for children under twelve. The average rate is $6.18 for adults and $6.17 for children, once again considerably higher than that of the Assiniboine Park Zoo.

Conclusion: The Assiniboine Park Zoo is under priced in comparison to the secondary local market competition.

Exhibit 3.1 Secondary Local Competition

Attraction	Type of Attraction	REGULAR ADMISSION FEES					Season	Indoor/ Outdoor	Pay as you go extras
		Adult*	Senior*	Youth*	Child*	Family*			
Assiniboine Park	An accredited Zoo featuring 1800 animals of 300 different species. This 60 acre zoo also features the Kinsmen Discovery Centre and the Tropical House.	$3.00	$2.75	$1.50	$1.00	$7.50	Year Round	Both	stroller, wagon, wheelchair rentals, zoo camp and specialty workshops
Adventure City	A large 3200' indoor playground with 150' soft playstructure, miniature train and toddler play area. (Ages 1-12 yrs)	N/A	N/A	N/A	$8.55	N/A	Year Round	Indoor	token operated games
Bounc'en Good Times	A large indoor playground with 11 inflatable playstructures, crawling tubes, ball pit and moon walk. (Ages 1-9 yrs)	N/A	N/A	N/A	$5.35	N/A	Year Round	Indoor	
Fun FX	Slide, maze and parachute ride	N/A	N/A	N/A	$5.34	N/A	Year round	Indoor	token operated arcade, lazer tag, mini golf, sports simulators
Magic Land	Pay for time arcade & computers	$4.25	$4.25	$4.25	$4.25	N/A	Year Round	Indoor	
Cinema City	Movie Theatre - weekend matinee	$2.00	$2.00	$2.00	$2.00	N/A	Year Round	Indoor	
Cineplex	Movie Theatre - weekend matinee	$4.25	$4.25	$4.25	$4.25	N/A	Year Round	Indoor	
Towne 8	Movie Theatre - weekend matinee	$4.00	$4.00	$4.00	$4.00	N/A	Year Round	Indoor	arcade games
Famous Players Theatre (Grant Park)	Movie Theatre - weekend matinee	$6.99	$6.99	$6.99	$6.99	N/A	Year Round	Indoor	
Silver City	Movie Theatre - weekend matinee	$7.95	$7.95	$7.95	$7.95	N/A	Year Round	Indoor	arcade games
Imax	Giant Movie Theatre	$7.90	$7.00	$7.90	$5.30	N/A	Year Round	Indoor	
Tinkertown	Amusement Park - rides, playstructure & miniature train	$7.44	$7.44	$11.72	$11.72	N/A	May - September	Outdoor	games and mini golf
Thunder Rapids	Go Karts (Minimum age 10)	$5.00	$5.00	$5.00	$5.00	N/A	May - September	Outdoor	mini golf, batting cages, arcade
Fun Mountain	Water Park with large slides and hot tub	$12.00	$6.00	$12.00	$9.50	N/A	June - August	Outdoor	mini golf, bumper boats, arcade
Average of Competition		**$6.18**	**$5.49**	**$6.61**	**$6.17**				

N/A = Not applicable

* All rates include GST

IV. PRICE ELASTICITY OF DEMAND

Price elasticity of demand may be used to measure the impact of a price increase (decrease) on total revenues. Exhibits 4.1 and 4.2 demonstrate price elasticity of demand values for the Assiniboine Park Zoo. Since a different zoo admission fee is charged during winter months, separate elasticity appendices have been prepared: one for March 1 to October 31 and another for November 1 to February 28/29.

The price elasticity values for March 1 to October 31 were inelastic and ranged from –0.28 to –0.10. Price elasticity values for November 1 to February 28/29 were inelastic and ranged from -.38 to 0.52.[2] The highest price elasticity values determined in the previous two charts were then used to project the impact on total revenues. Exhibit 4.3 demonstrates the effect of the 2002 proposed price increase (from $2.80 to $3.50) on total revenues for adult admission. Total revenue from ***adult admission*** would increase from approximately $282,500 in 2001 to $340,591 in 2002.

These inelastic price elasticity of demand values appear to imply that a price increase will result in an increase in total revenues despite a drop in attendance. However, a major assumption of the price elasticity of demand formula is that 'all other things are equal'.

With respect to the zoo, all other things are **not** equal. That is, other factors (beside price) that affect demand (i.e., weather, special attractions, the economy, disposable income, etc.) may affect demand more significantly than a change in price. The price elasticity of demand formula does not consider these other factors.

The Assiniboine Park Zoo data is also limited due to lack of recent historic price increases. The last zoo price increase was in 1993 - consumer behaviour may be different now than it was in 1993.

Exhibit 4.4 demonstrates more recent price elasticity analyses from Calgary and Saskatoon. The results are inelastic and elastic but are also inconclusive due to 'all other things not being equal'

Conclusion: The Price Elasticity of Demand calculations are inconclusive in determining the impact on total revenues due to all other things not being equal and due to lack of recent historic price increase data.

[2] Normally, price elasticity of demand values are negative. Positive elasticity values were obtained due to other factors (i.e., weather) impacting demand more significantly than price. A larger negative elasticity value implies greater elasticity. (Elasticity values greater that –1.0 are considered elastic, values less than –1.0 are elastic, and values of 1.0 are unit elastic. If a product is inelastic, a price increase will increase total revenues. On the other hand, if a product is elastic a price increase will decrease total revenues, all other things being equal.)

EXHIBIT 4.1 Assiniboine Park Zoo Price Elasticity of Demand (March 1 – October 31)

Year	****Adult Fee	Total Attendance (March 1 - Oct 31)	Adult Paid Attendance (March 1 - Oct 31)*****	Special Exhibit/Attraction	Free Tuesdays	MB Real GDP	******Price Elasticity of Demand
1991	$0.00	487,474				-2.90%	
1992	$0.00	552,758	171,128			1.70%	
1993*	$2.80	357,626	110,717	Koalas	Yes	-0.60%	-0.21
1994	$2.80	327,108	101,269		Yes	3.60%	-0.26
1995	$2.80	311,347	96,390		Yes	2.30%	-0.28
1996**	$2.80	342,952	106,174	Boo at the Zoo	Yes	2.70%	-0.23
1997	$2.80	315,712	97,741	Boo at the Zoo	Until May 1, 1997	3.60%	-0.27
1998***	$2.80	403,020	124,771	Boo at the Zoo & Elephant	No	4.10%	-0.16
1999	$2.80	351,427	108,798	Boo at the Zoo	No	2.20%	-0.22
2000	$2.80	345,480	106,957	Boo at the Zoo	No	3.20%	-0.23
2001	$2.80	321,489	99,530	Boo at the Zoo	No		-0.26

* Fee introduced March 1, 1993. Free Tuesday zoo attendees have been removed from the total attendance figures for 1993, 1994, 1995, 1996, and up to April of 1997.

** 1996 - 2001- includes Boo at the Zoo (last 10 days in October)

*** 1998 was a very good weather year during spring,summer, and fall. 1993 was a very poor weather year during the spring/summer

**** Adult fees do not include GST. Membership dues, family passes, and special groups have not been included in these calcuations.

***** Adult paid attendance is equal to 31% of the total attendance, based on 2000 data. Paid attendance for the adult sector was not available for earlier years.

****** Arc price elasticity of demand was used for these calculations (i.e., ((Q2-Q1)/(P2-P1))*(P2+P1)/(Q2+Q1))). Since there has only been one price increase, 1992 was used as the base year for all calcuations. That is, the arc price elasticity of demand for 1993, 1994, 1995 etc. were compared to 1992.

Limitations

1) Arc price elasticity of demand assumes 'all other things are equal". Other factors of demand (beside price) such as the weather, special attractions, the economy, promotions, etc may affect demand and therefore distort the results. Price elasticity of demand does not consider these other factors.

2) Lack of recent price increases. The only zoo admission price increase occurred in 1993; therefore, all of the results are based on 1993. Calculating elasicity values for 2001 based on 1993 data is questionable. Consumer behaviour in 2002 may be different from 1993.

3) The elasticity claculations are based on a percentage of the total attendance. It was assumed for this analysis the approximately 31% of customers paid the full rate, based on 200 data.

4) Customer segmentation data (I.e., senior, adult, children, etc.) were not available for some years.

EXHIBIT 4.2 Assiniboine Park Zoo Price Elasticity of Demand (November 1- February 28)

Year	***Adult Fee	Total Attendance (Nov 1 - Feb 28/29)	Adult Adult Paid Attendance (Nov 1 - Feb 28/29)****	Special Exhibit Attraction	Free Tuesdays	MB RGDP	****Price Elasticity of Demand
1991	$0.00	28,447				-2.90%	
1992	$0.00	28,350				1.70%	
1993*	$0.93	15,081	4,669		Yes	-0.60%	-0.31
1994	$0.93	58,811	18,207		Yes	3.60%	0.35
1995**	$0.93	45,998	14,240	Lights of the Wild	Yes	2.30%	0.24
1996	$0.93	88,633	27,440	Lights of the Wild	Yes	2.70%	0.52
1997	$0.93	33,762	10,452	Lights of the Wild	Until May 1, 1997	3.60%	0.09
1998	$0.93	34,306	10,621	Lights of the Wild	No	4.10%	0.10
1999	$0.93	33,950	10,511	Lights of the Wild	No	2.20%	0.09
2000	$0.93	12,785	3,958	Lights of the Wild	No	3.20%	-0.38
2001	$0.93	12,992	4,022		No		-0.37

* Fee introduced March 1, 1993. Free Tuesday zoo attendees have been removed from the total attendance figures for 1993, 1994, 1995, 1996, and up to April of 1997.

** 1 995 - January 2000 includes Lights of the Wild

**** Adult fees do not include GST. Membership dues, family passes, and special groups have not been included in these calcuations.

**** Adult paid attendance is equal to 31% of the total attendance, based on 2000 data. Paid attendance for the adult sector was not available for earlier years.

***** Arc price elasticity of demand was used for these calculations (i.e., ((Q2-Q1)/(P2-P1))*(P2+P1)/(Q2+Q1))). Since there has only been one price increase, 1992 was used as the base year for all calcuations. That is, the arc price elasticity of demand for 1993, 1994, 1995 etc. were compared to 1992.

Limitations

1) Arc price elasticity of demand assumes 'all other things are equal". Other factors of demand (beside price) such as the weather, special attractions, the economy, promotions, etc may affect demand and therefore distort the results. Price elasticity of demand does not consider these other factors.

2) Lack of recent price increases. The only zoo admission price increase occurred in 1993; therefore, all of the results are based on 1993.
Calculating elasicity values for 2001 based on 1993 data is questionable. Consumer behaviour in 2002 may be different from 1993.

3) The elasticity claculations are based on a percentage of the total attendance. It was assumed for this analysis the approximately 31% of customers paid the full rate, based on 200 data.

4) Customer segmentation data (I.e., senior, adult, children, etc.) were not available for some years.

Exhibit 4.3 2002 Adult Paid Attendance & Total Revenue

(Projections based on Price Elasticity of Demand)

		2001	2002 (Projections)
Price	March 1 - Oct 31	$2.80	$3.50
	Nov. 1 - Feb. 28	$0.93	$3.50
Price Elasticity* of Demand	March 1 - Oct. 31	-0.23	-0.28
	Nov. 1 - Feb. 28	-0.38	-0.38
Attendance	March 1 - Oct. 31	99,530	93,524.00
	Nov. 1 - Feb. 28	4022	3787.7
Total Revenues	March 1 - Oct. 31	$278,684.00	$327,334.00
	Nov. 1 - Feb. 28	$3,740.46	$13,256.95
Annual Total Revenue**		$282,424.46	$340,590.95

* Price elasticity of demand calculations are based on all other things being equal. Other factors of demand (I.e., weather, promotions, economy, etc.) are not considered in these calculations.

** Attendance projections are calculated using the arc price elasticity of demand formula. The highest inelastic values were used in these calculations. Once the projected attendances were determined, the new total revenue calculations were determined using the proposed 2002 price increases.

Exhibit 4.4 Price Elasticity of Demand – Calgary Zoo and Saskatoon Zoo

Calgary - Price Elasticity of Demand

Year	Total Attendance	*Adult Fee	Price Elasticity of Demand
1995	700,000	$7.50	
1996	707,900	$7.50	
1997	918,928	$9.50	1.10
1998	987,723	$9.50	
1999	1,093,368	$9.50	
2000	900,070	$10.70	-1.63

* GST not included

Saskatoon - Price Elasticity of Demand

Year	Total Attendance	*Adult Fee	Price Elasticity of Demand
1995	n/a	n/a	
1996	n/a	n/a	
1997	67,553	$3.27	
1998	83,326	$3.74	1.56
1999	75,672	$3.74	
2000	74,082	$4.21	-0.18

* GST not included

V. RECOVERY RATE

The 2001 operating costs of Assiniboine Park Zoo was $3,647,206. The total revenue generated from admission fees was $512,982. Revenue generated from the sale of Zoological Society memberships is excluded from this calculation. Based on 2001 data, and existing admission fees, the zoo recovers only 14.07% of its operational budget through admission fee revenues.

Conclusion: The present zoo admission fees generated a 14.07% recovery of the Zoo operating costs.

VI. INFLATION

The Consumer Price Index (CPI) for Winnipeg has increased 18.3% since 1993 when the current fee schedule for Assiniboine Park Zoo was implemented.

Year	Winnipeg CPI	% Increase
1993	102.7	
1994	104.1	1.4%
1995	107.0	2.8%
1996	109.2	2.1%
1997	111.5	2.1%
1998	113.0	1.3%
1999	115.3	2.0%
2000	118.1	2.4%
2001	121.5	2.9%
Change from 1993 to 2001		**18.3%**

The Manitoba Consumer Price Index for Recreation, Education and Reading rose 18.8% from 1993 to 2001, slightly more than the Winnipeg All-items CPI.

Year	Manitoba Recreation, education & reading CPI	% Increase
1993	104.2	
1994	107.0	2.7%
1995	111.3	4.0%
1996	114.4	2.8%
1997	117.6	2.8%
1998	119.6	1.7%
1999	120.8	1.0%
2000	123.4	2.2%
2001	123.8	.3%
Change from 1993 to 2001		**18.8%**

Conclusions: The Winnipeg Consumer Price Index and the Manitoba-Recreation, education and reading CPI have increased by 18.3% and 18.8% respectively since 1993. Zoo admission fees have not increased since 1993.

VII. DEMAND

Product demand is comprised of the macroeconomic environment, local demographics, zoo attendance trends and special promotions.

Macroeconomics

Not only has Canada avoided a recession, growth prospects are strong with broad-based gains expected to push growth up to 3% this year followed by 4.1% in 2003.[1] Manitoba's unemployment rate continues to be one of the lowest in Canada at 5.4% and consumer spending has remained surprisingly resilient.[2] While most urban centers in North America saw their strong growth rates disappear, Winnipeg expanded its economic growth from 1.2% in 2000 to 1.9% in 2001. Winnipeg's economic growth is expected to more than double next year thanks to a broad industrial base and a healthy dose of research investment. The Conference Board of Canada predicts in its spring outlook that Winnipeg's GDP growth will more than double from 1.6% in 2002 to 3.7% in 2003.[3]

Conclusion: Manitoba's diversified economy has held up surprisingly well and modest growth is projected in 2002 and 2003.

Demographics

Market research has shown that visitors to the Zoo are primarily family orientated. In fact, 80% of all groups include one or more children.[4] Furthermore, adult females comprise 33% of all zoo customers and over 91% of all groups have at least one adult female. Consequently, for the purpose of this report, demographic analysis focuses on children, women in childbearing years, and potential grandparents.

Winnipeg Demographics - Children (see Exhibit 7.1)

- From 1986 to 2001, Winnipeg's 0-4 age group has steadily decreased from 40,640 to 35,835 (-11.82%).
- From 1986 to 2001, Winnipeg's 5-9 age group has increased from 38,110 to 40,090 (5.19%).
- From 1986 to 2000, Winnipeg's 10-14 age group increased from 39,030 to 40,605 (4.03%)

[1] RBC Financial Group, Economic and financial market outlook, Spring 2002 , (www.rbc.com/economics)
[2] Statistics Canada, Labour Force Survey, May 2002, (www.statscan.ca)
[3] "City's economy on brink of boom", Winnipeg Free Press, May 15, 2002, p1, col. 3.
[4] The Zoological Society of Manitoba, The Assiniboine Park Zoo Customer survey 1998.

Women in childbearing years (see exhibit 7.2)

- Since 1991 Winnipeg's female population (ages 20-39) has decreased 14.53% from 106,320 to 90,875. Given that the 15 to 19 years age group is even smaller, this trend is unlikely to reverse over the next decade.

Seniors (Grandma and Grandpa)

- From 1986 to 2001, Winnipeg's senior population (ages 55-74) declined 2.76 % (53,565 in 1986 vs. 52,085 in 2001).
- Within 5 years a high number of baby boomers (potential grandparents) will be retiring. This trend will continue for 15 years.

Conclusion: Currently market opportunities are strongest within the children's 5-14 age group. Future opportunities exist in targeting the growing grandparent population. Since the next generation of mothers (15-24 years) exhibits a declining population growth, the birth rate is anticipated to continue to decline.

Attendance

Total attendance at Assiniboine Park Zoo declined 35.4% over the last decade from 517,898 visitors in 1991 to 334,481 visitors in 2001 (see exhibit 7.1). Over the past 3 years attendance declined an average of 7.8% per year. Adults and children 12 years and under continue to comprise the majority of zoo visitors, however the children's category is declining at a slightly faster rate than that of the other categories, indicating a need for additional marketing in this area (see exhibit 7.2).

Weather conditions, particularly during the peak summer months, account for some of the fluctuations in yearly attendance rates, however this can be offset to some extent through special events and promotions. Special events such as Boo at the Zoo and attractions such as the Panda exhibit have historically significantly increased visitor attendance rates at Assiniboine Park Zoo. All things being equal, without additional promotions or capital improvements, it is anticipated that attendance at Assiniboine Park Zoo will continue to further decline in 2002.

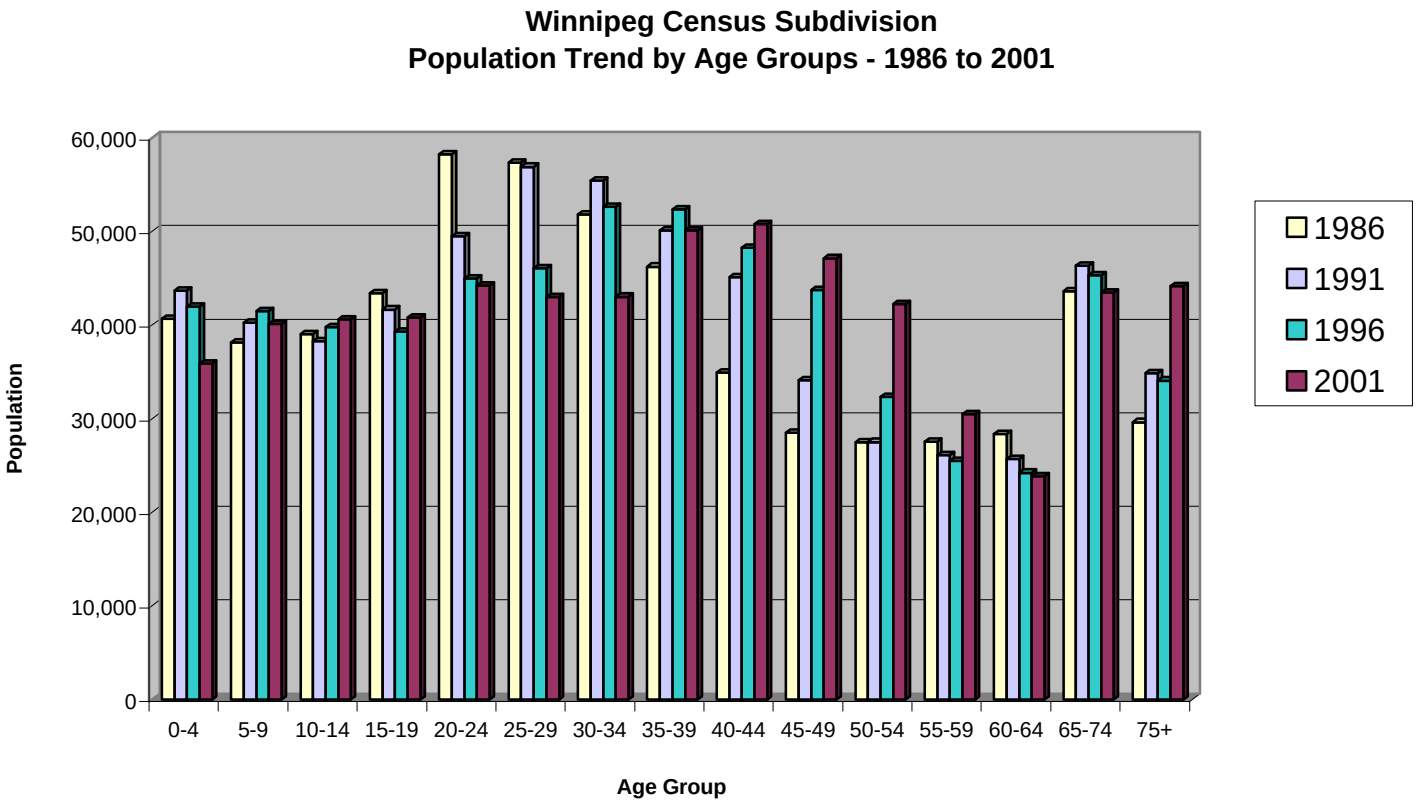
Promotions

Even with an increase in admission fees, marketing and promotion of the zoo is critical in order to meet attendance and therefore revenue targets. The Zoo does not have funding in the operating budget for marketing and promotion. At present any money that can be used for this purpose comes as a special request from the Assiniboine Park Enterprise Reserve Fund.

Most zoos are finding that developing and promoting new products, particularly special events, increases attendance, and therefore revenues. In 1998, Assiniboine Park Zoo used zoo reserve funding to produce a special event featuring an elephant. This helped to increase zoo attendance by 18,000 persons over a six-week period.

In 2002, with the financial assistance of the Zoological Society of Manitoba, the acquired the same elephant for a twelve-week period. The Zoo is also considering a number of other events and promotions on a regular basis during future years. It is expected that this will help the zoo maintain or exceed 3-year average attendance figures, and therefore ensure, that even with an increase in admission, overall revenue targets for 2003 will be met.

Exhibit 7.1 Total Population - 1986 to 2001

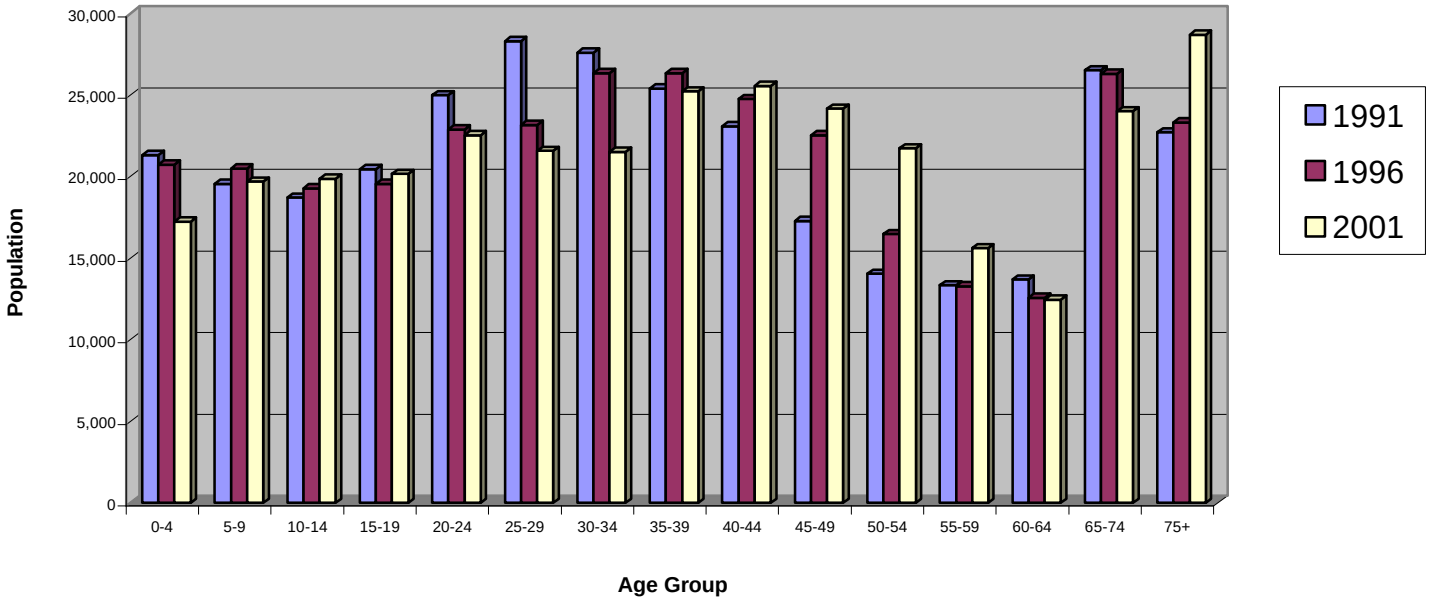


Source of Data

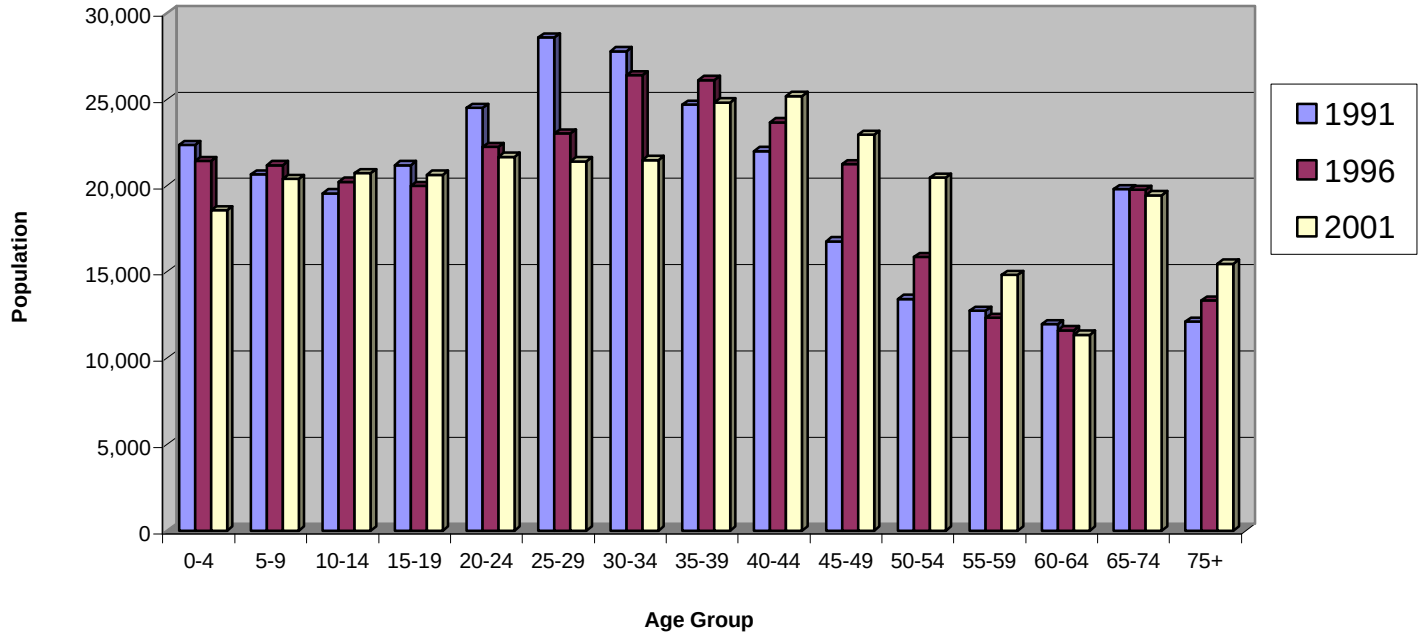
Statistics Canada Census – 1986 to 2001
100% of data (unadjusted)

Exhibit 7.2 Population by Gender - 1991 to 2001

Winnipeg Census Subdivision
Population Trend for Females - 1991 to 2001

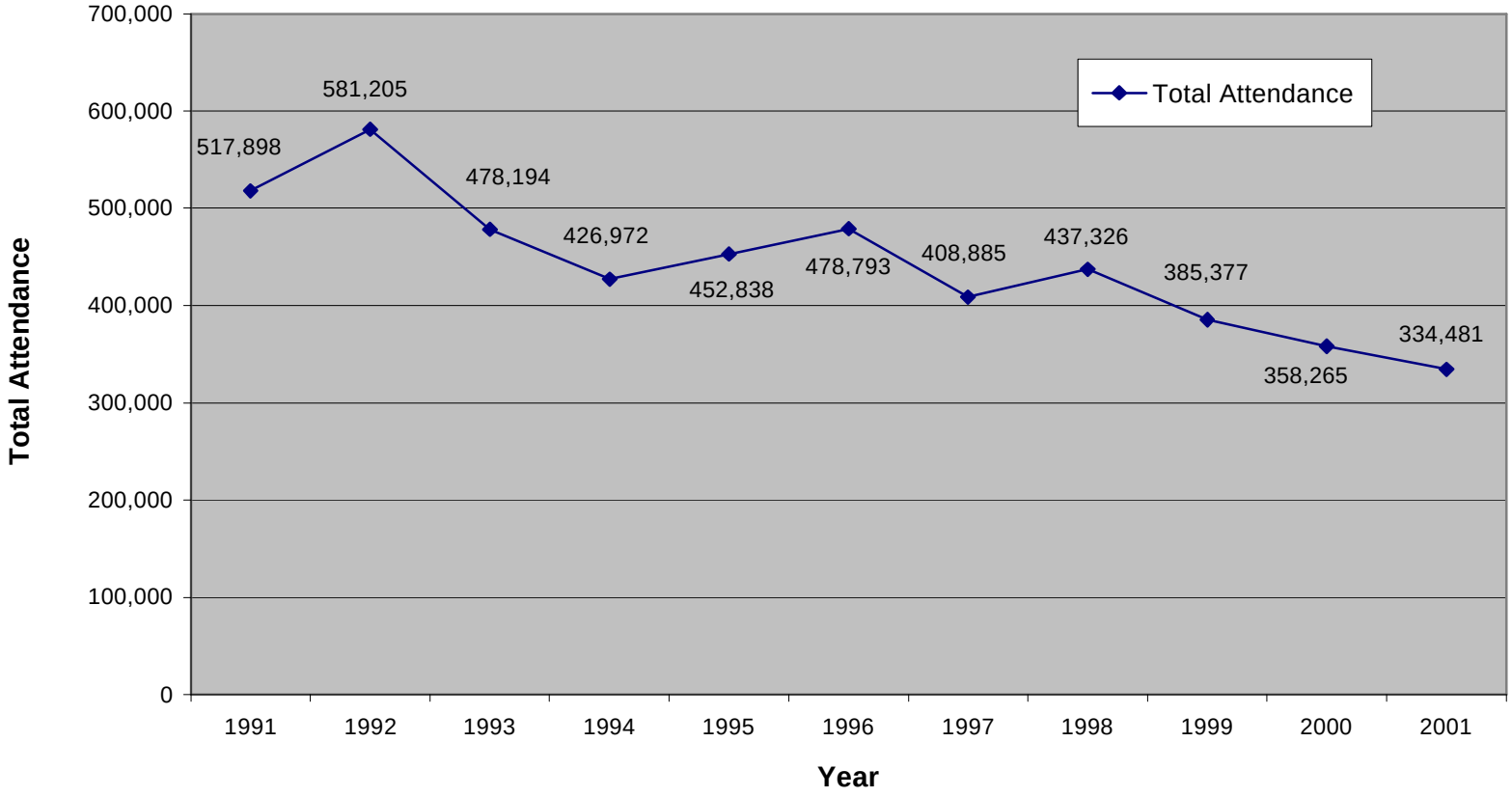


Winnipeg Census Subdivision
Population Trend for Males - 1991 to 2001



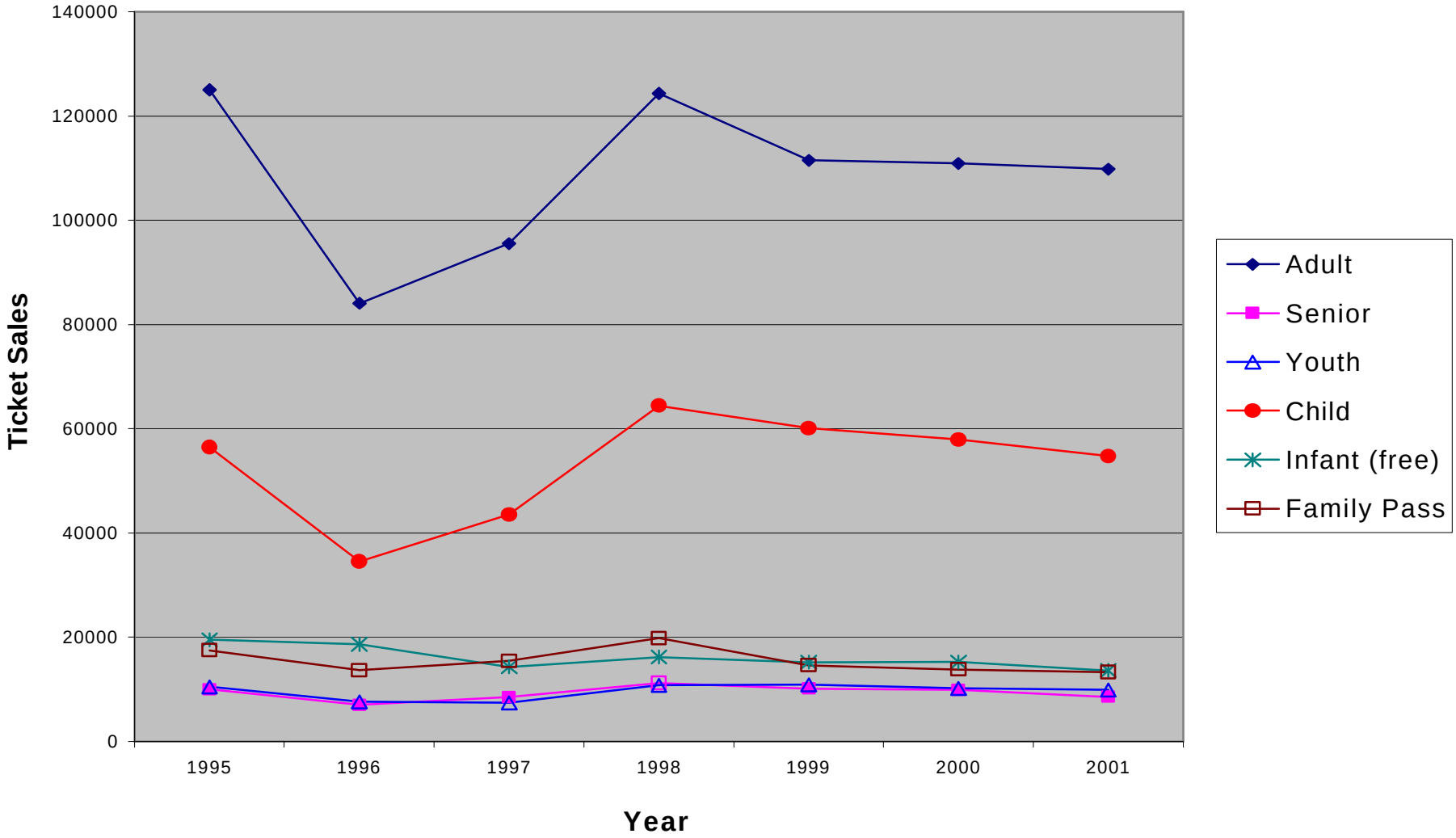
Source of Data: Statistics Canada Census – 1986 to 2001

Exhibit 7.3 Assiniboine Park Zoo – Total Attendance 1991 to 2001



Notes: Total Attendance in all categories including individual ticket sales, season passes, group sales, free admissions and special events
1991 & 1992 admission was free of charge
1993 to March 1997, free admission on Tuesdays
1993 - Koala Exhibit
1995 - 1999 includes Lights of the Wild
1996 - 2001 includes Boo at the Zoo
1998 - Elephant attraction with exceptionally good weather during the spring and fall.

Exhibit 7.4 Assiniboine Park Zoo – Ticket Sales by Type (1995 – 2001)



Note: Excludes season passes, school groups, free admissions and special events (Boo at the Zoo and Lights of the Wild)

Appendix B

Assiniboine Park Zoo

LOW SEASON ADMISSION FEE ANALYSIS

Low-season Admission Fees

Five of the seven Canadian Zoos surveyed offer a reduced admission fee during the low (winter) season. On average the low-season admission fee is 80 – 85% of the regular (high) season rate.

Assiniboine Park Zoo offers a reduced rate of $1.00 per person during the low season (November 1 to February 28). The low-season rate for adults corresponds to 33% of the high-season rate and the senior's rate 36% of the high season rate. The low-season admission fee for youth is 66% of the regular rate. The children's and family admission fees remains unchanged at $1.00 and $7.50 respectively year round. The Assiniboine Park Zoo low-season admission fees are also substantially lower than the Canadian Zoo average.

Low-season Admission Fees in Comparison to High-season Fees

Assiniboine Park Zoo

	Adult	Senior	Youth	Child	Family
High-season rates	$3.00	$2.75	$1.50	$1.00	$7.50
Low-season rates	$1.00	$1.00	$1.00	$1.00	$7.50
Ratio (low/ high season)	33%	36%	66%	100%	100%

Canadian Zoo Average

	Adult	Senior	Youth	Child	Family
High-season rates	$9.37	$7.40	$6.25	$5.67	$22.25
Low-season rates	$7.75	$5.95	$5.20	$4.80	$24.08
Ratio (low/ high season)	83%	80%	83%	85%	108%

Conclusion: The Assiniboine Park low-season admission fees for adults, seniors, children and youth are under priced according to comparable Canadian zoos.

Appendix C

Assiniboine Park Zoo
FAMILY RATE ANALYSIS

Family Rate Analysis

Four other comparable Canadian zoos and three local primary competitors offer a family admission fee. The family rates range from a low of $9.00 at Saskatoon Zoo to $40.00 at Greater Vancouver Zoo.

The definitions of a Family varies from one organization to the next, however all organizations limit the number of adults to two per family unit. The APZ's definition of a family is the same as Valley Zoo (Edmonton) and the Oak Hammond Marsh, and less restrictive than the five other organizations analyzed.

The family admission fee at Assiniboine Park is lower than the family rate charged by all other Canadian zoos and the local market competitors analyzed.

FAMILY ADMISSION FEES - CANADIAN ZOOS

Attraction	Adult *	Senior*	Youth*	Child*	Family*	Definition of Family
Assiniboine Park Zoo	**$3.00**	**$2.75**	**$1.50**	**$1.00**	**$7.50**	2 adults & children 17 yrs & under living in the same household
Valley Zoo (Edmonton)	$5.75	$4.25	$4.25	$3.25	$18.00	2 adults & children 17 yrs & under living in the same household
Greater Vancouver Zoo	$12.00	$9.00	$9.00	$9.00	$40.00	2 adults, 2 children
Magnetic Hill (Moncton)	$8.00	$7.00	$7.00	$5.00	$22.00	2 adults, 2 children
Saskatoon Zoo	$4.50	$4.50	$2.75	2.75	$9.00	2 adults & up to 5 children
Average of Competition					**$22.25**	

FAMILY ADMISSION FEES - LOCAL COMPETITION

Attraction	Adult *	Senior*	Youth*	Child*	Family*	Definition of Family
Assiniboine Park Zoo	**$3.00**	**$2.75**	**$1.50**	**$1.00**	**$7.50**	2 adults & children 17 yrs & under living in the same household
Manitoba Museum	$6.96	$5.35	$5.35	$5.35	$20.00	Up to 5 people, no more than 2 adults
Touch the Universe Science Centre	$5.00	$4.00	$4.00	$4.00	$15.00	Up to 5 people, no more than 2 adults
Oak Hammond Marsh	$4.00	$3.00	$3.00	$3.00	$14.00	2 adults & children 17 yrs & under living in the same household
Average of Competition					**$16.33**	

* Includes GST

Conclusion: The Assiniboine Park Zoo family rate is under priced according to both comparable Canadian Zoos and local competitors.

Appendix D

Assiniboine Park Zoo
2003 REVENUE PROJECTIONS

2003 Revenue Projections

Revenue projections for 2003 were prepared for the **Best Case**, **Most Probable Case**, and **Worse Case** scenarios, with and without the proposed fee increases. If the new fee structure is not implemented the most probable case projects a deficit of $190,198 for the 2003 revenue target as budgeted. With the implementation of the proposed fee increases, the most probable case projects a modest deficit of $15,143 for the 2003 revenue target as budgeted.

With No Fee Increase

	Best Case	Most Probable Case	Worst Case
Revenue - High Season	$503,725	$479,738	$429,679
Revenue - Low Season	$9,528	$9,075	$8,614
Revenue - Season Passes	$19,997	$19,997	$19,997
Total Revenue	**$533,251**	**508,810**	**458,290**
2003 Revenue Target	$699,008	699,008	699,008
Variance	**$ (165,757)**	**$ (190,198)**	**$ (240,718)**

With Proposed Fee Increase

	Best Case	Most Probable Case	Worst Case
Revenue - High Season	$673,688	$641,611	$573,953
Revenue - Low Season	$23,370	$22,257	$21,513
Revenue - Season Passes	$19,997	$19,997	$19,997
Total Revenue	**$717,056**	**683,865**	**615,463**
2003 Revenue Target	$699,008	699,008	699,008
Variance	**$ 18,048**	**$ (15,143)**	**$ (83,545)**

Notes on Methods for Calculation of Assiniboine Park Zoo Best, Most Probable, and Worst Case Revenue Projections for 2003.

1. All attendance figures are based on paid attendance only.
2. Three-year averages are based on 1999, 2000, and 2001 attendance. A three-year average was used in order to better show changes in attendance trends and therefore increase accuracy.
3. The **Best Case Scenario** is based on the three-year average attendance plus 5%. A value of 5% relates to the increases due to having an elephant at the zoo as part of a promotional event in 1998 and 2002.

4. The **Most Probable Case** is the zoo reaching the 3-year average attendance figures. Once again, this should be attainable with special events similar to the recent elephant promotion. The Most Probable Case would allow for a summer with poor weather, which might impact negatively on any special events.
5. The **Worst Case Scenario** is based on continuing the trend in attendance decline, which has occurred over the past 3 years. The decline has been calculated to be an average of 7.8% per year over the 3-year period. The attendance figures that have been used are based on 2001 paid attendance minus 7.8%.
6. Additional revenue each year comes from seasons passes. The Zoo season passes are sold by the Zoological Society of Manitoba as part of their membership program. Under new contract with the Society the Zoo receives 331/3% of gross sales, or approximately $19997 based upon 2001 sales. This figure has been added to each scenario.

Conclusion: The proposed admission fee increases are essential in order to reach the 2003 revenue targets as budgeted.