

STAFF MEMO

To: City Council Finance Committee                      Date: January 8, 2013  
Via: Gary Jackson, City Manager  
From: Roderick Simmons, Parks, Recreation and Cultural Arts Director  
Subject: Contract for Development of the Nature Center Operational Model

Attached is a proposed scope of work from Zoo Advisors to conduct an analysis of the operations and the financial structure of the Nature Center. The immediate goal is to identify ways to save the City on the subsidy in the short-term and begin laying the case for a longer term shift of governance for operation of the Nature Center in the future.

The proposal will be discussed with the Finance Committee on January 22, 2013



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January 4, 2013

Mr. Roderick Simmons  
Director  
City of Asheville  
Asheville City Hall, Fourth Floor  
70 Court Plaza  
Asheville, NC 28802

Dear Roderick:

We are pleased to submit this proposed scope of work that outlines how Zoo Advisors (ZA) could assist the City of Asheville in strengthening and advancing the public private partnership at the Western North Carolina Nature Center. We will provide the City, the leadership of the Friends of WNCNC, and staff with expert counsel, recommendations and analysis to identify and implement strategies to insure a sustainable future for the Nature Center. ZA will facilitate discussions that bring together all of the Center stakeholders to unite behind a common vision, and develop an actionable plan to achieve success. The primary goals of this work include:

- *Developing a more sustainable City funding model with an initial focus on short-term solutions*
- *Identifying new or improve existing revenue and/or funding strategies*
- *Enhancing the relationship between the COA and the Friends of the WNCNC with respect to the operations of the Center*
- *Building the 'case-for-support' as to the value of and future for the Nature Center as an important asset to the WNC region*

#### **PROPOSED SERVICES**

Based on our discussions and previous work with the Friends, we propose the following approach:

- Confirming the Center's financial data (revenue & expenses)
- Detailing opportunities for growing revenue and income at the Center
- Defining the business model that best supports the COA's and Friends goals
- Clarifying roles between the COA and the Friends
- Developing the Case-for-Support

We would begin our work by establishing a small planning group, comprised of representatives from both the Friends as well as the City, to insure an inclusive and transparent process. This working group will be critical in pulling together all relevant, accurate, and up-to-date information and data, assuring a better foundation for our planning efforts.

We would then review and confirm all existing data including all previous work completed and update any relevant information. Given the amount of work that has already been completed, we see this step as being relatively quick, but will give all stakeholders the opportunity to confirm the financial details that will be used in completing our work.

### **Opportunities**

At this point in the process, the ZA team will identify key opportunities to strengthen and enhance revenue and income growth. We would evaluate a variety of opportunities based on their cost, income potential, visitor impact, and fit within the Center to determine the feasibility of implementation. We would look at a variety of areas, to include but not be limited to:

- Improvements to concessions areas: food, gift, and visitor amenities
- Rental and special events
- Fee-based attractions and offerings
- Animal encounters
- Corporate sponsorship

The Center will be provided with a matrix of enhancement ideas that outlines revenue potential, capital investment (at a macro level), operating expenses (macro level), staffing, ease of implementation, and other strengths and weaknesses. The ZA team will provide their recommendations on a phasing and implementation strategy, including who should manage or oversee these enhancements based on what we have seen work in other venues.

### **Business Model Development**

During this step, we will take the existing financial information and couple it with the identified revenue opportunities to develop a suggested business and financial model for the Center. This model will include projections for:

- Revenue categories: earned, public, and contributed
  - ⇒ Earned: Attendance with recommended pricing strategies; membership; concessions, rentals, and other fee-based attractions
  - ⇒ Contributed: individual, corporate, and other contributed giving
  - ⇒ Public: City investment
- Expenses: based on current baseline data to include staffing, utilities, animal care, insurance, marketing, administrative, and supplies
- Staffing plan
  - ⇒ Recommended staff adjustments to realize revenue potential

As part of this step, ZA will provide recommendations on revenue and cost sharing models between the COA and the Friends with the goal of stabilizing or reducing over time the City operating subsidy in the Center. Specifically, we will look at formulas for sharing of membership revenue; corporate sponsorship potential; and expanded ways to share operational costs. Additionally, ZA will offer recommendations on the impact of capital investment in the Center and explore how shifting of operating dollars to capital could effect the business model.

This model and our recommendations can be incorporated into the City's budget proposal for the Center's subsidy for the 2013/14 fiscal year.

## Roles

During this step, we will further clarify roles between the COA and the Friends to strengthen the operating potential of the Center. We will look at areas to include but not be limited to:

- ⇒ Capital project process
- ⇒ Marketing & Special Events
- ⇒ Membership Program
- ⇒ Education

After joint discussions with both the COA and representatives for the Friends, we will develop a summary matrix defining roles, responsibilities, and a suggested decision making process. Based on our work with other dual structured institutions, we will provide recommendations on reporting relationships, information flow, and internal communication strategies. All of which will serve to strengthen the Center's operations and create a strong working relationship amongst all stakeholders.

## Case-for-Support

During this final step, Zoo Advisors will assist the COA and the Friends in crafting a case-for-support to clearly communicate the value the Western NC Nature Center offers the community and region. Building off the extensive work that has already been completed, including the strategic plan, the master plan, and the Friends 2020 vision documents, this summary case will concisely illustrate the need for continued support and investment in the Center by a broad group of stakeholders. Combining the previous work with the latest financial data and new revenue opportunities will create a vibrant document that will build excitement within the community.

It's envisioned that this two to three page document could be used with City, County, and other political leaders and stakeholders as a tool to garner support beyond the current mix of supporters. Additionally, the Case can serve as catalyst for greater private and corporate giving at the Center. Case elements could include:

- ⇒ Current success of the Nature Center; attendance, programs, events
- ⇒ New exhibits
- ⇒ 2020 Vision
- ⇒ History of support and investment by the City and the Friends

In creating the Case, the thought would be that ZA would work closely with staff at the Center and Friends to craft the document, utilizing much of the information that has already been written. The goal would be to create something brief yet compelling that summarizes the key message points on the value of the Center.

Our final deliverables of this project would include the following four elements:

- 1) Revenue opportunity matrix
- 2) Business Model with recommendations on revenue and cost sharing
- 3) Roles Matrix
- 4) Summary Case-for-Support

## **PROPOSED TIMELINE**

I have outlined a tentative timeline of activities and would see much of the work taking place over a three month period. This would allow the necessary information to be presented to the City in preparation for budget discussions. This tight schedule will be very dependent on availability of data from the City and scheduling of the working group. We can jointly develop a more detailed schedule once upon project engagement.

### **January 2013 - Data Gathering**

- Data collection and updates of financials
- Initial GoTo Meeting with Working Group to review current data
- Preliminary brainstorm of revenue opportunities

### **February 2013 - Develop models & roles**

- Site Visit: Intensive multi-day workshop with Working Group; discussion topics include: revenue opportunities, business model review, discussion of roles
- Revenue Opportunity Matrix

### **March 2013 - Case-for Support & Presentation**

- Finalize business model
- Site Visit: Discussion of roles & case elements
- Presentation to Council

### **April 2013 - Final Report & Findings**

- Roles
- Case-for-Support

## **STAFFING**

I will manage this project and be involved in all key meetings and discussions. My colleague, Kathy Wagner, will help develop the case-for-support and develop the roles recommendations.

## **FEES AND REIMBURSABLE EXPENSES**

### **FEES**

The total fee for our services as described above would be \$13,750. We would be glad to discuss these fees with you further. Our fees do not cover any out-of-pocket expenses such as travel, photocopies, postal, delivery or fax services, etc. Any such expenses would be billed monthly at cost times a 1.1 administrative multiple. We estimate three person trips to Asheville including one for the multi-day workshop in February and then a second visit by me and Kathy Wagner for the presentation to Council and the discussion of the Case.

Thank you for this opportunity to work with you and the City of Asheville again. I'm looking forward to continuing to build on the exciting work that's already been completed. Please call or e-mail me with any questions or concerns. I can be reached at 267-438-6015 or via e-mail at [dwalsh@zooadvisors.com](mailto:dwalsh@zooadvisors.com).

Sincerely,

A handwritten signature in cursive script that reads "D. Walsh".

David Walsh  
President