

The City of Waco

Discussion of Cameron Park Zoo Governance Study Phase 1

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CPZ Governance Study

Background

The purpose of this presentation is to provide the findings from Phase 1 of a Governance Study regarding the Cameron Park Zoo.

- April 18, 2023 – City of Waco and Cameron Park Zoological & Botanical Society set forth an objective to share the costs of a study to evaluate the zoo's governance and consider privatization.
- October 1, 2024 – An agreement was approved with Canopy Strategic Partners to conduct the first phase of a governance study.

The purpose of this presentation is to provide the findings o

What's a Governance Study?

Different names; same strategy:

- Public Private Partnership
- Privatization Study
- Governance Study

When a zoo with a traditional operating model where the City owns the facilities and operates certain functions and a non-profit support society operates other functions privatizes, the public private partnership is modified to shift the form of governance from a body of elected officials to a non-profit board of directors.

Is it common for zoos to privatize?

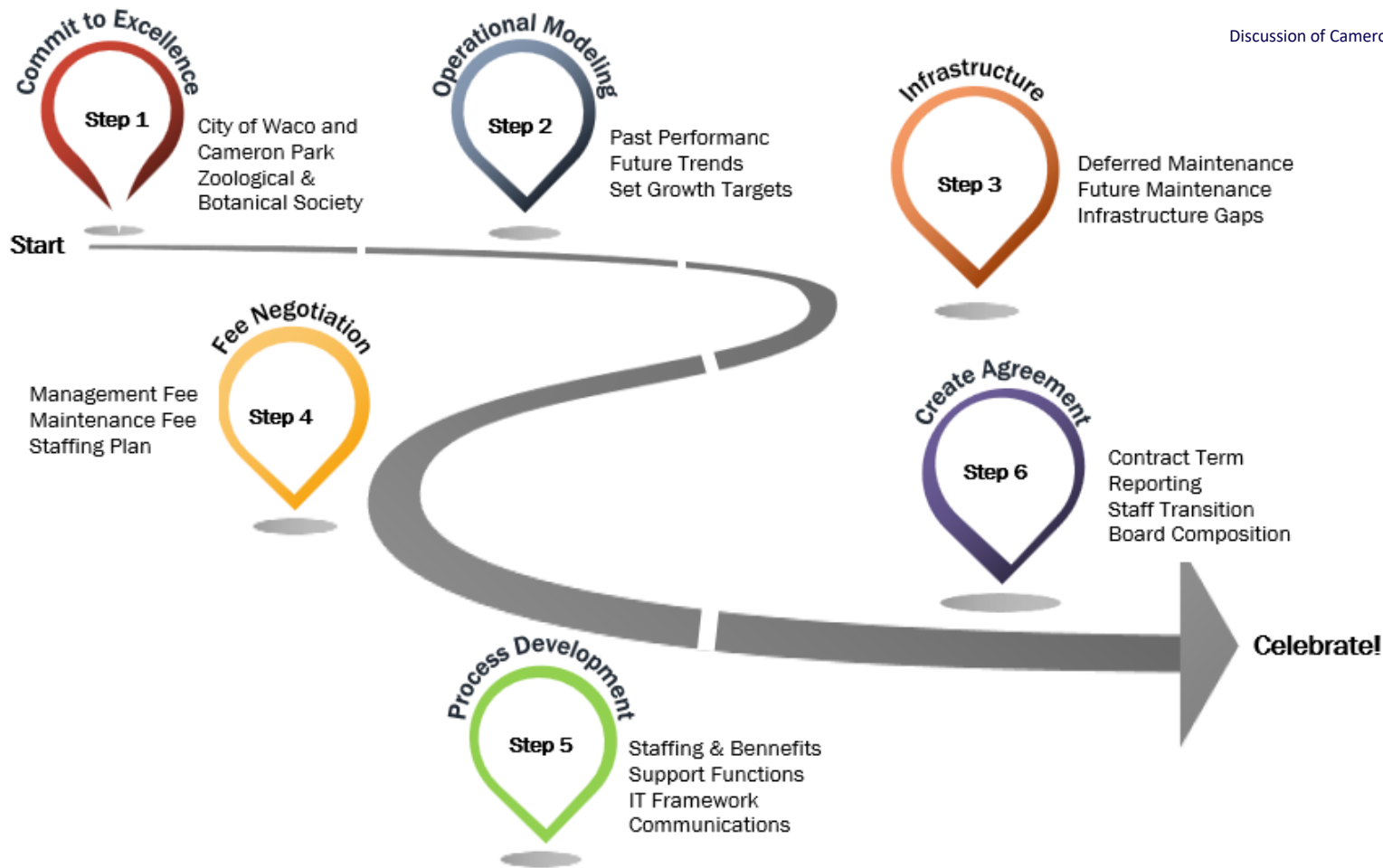
Of the 225 AZA accredited zoos located in the United States:

- 22 zoos are municipally owned and operated.
- 8 aquariums are municipally owned and operated.
- 32 are governed by another form of government or district.
- 133 operate as non-profits.
- 30 operate as for-profit businesses.
- Of the 17 AZA member zoos and aquariums in Texas, only 2 are municipally operated.

Why do zoos privatize?

Zoos and aquariums privatize for a variety of reasons:

- Funding model no longer meets funding needs.
- User base no longer matches funding base.
- Barriers to successful accreditation.
- Sometimes a crisis drives the need.



Privatization - It's a journey!

Cameron Park Zoo

Governance Study Findings
2025



canopy
STRATEGIC PARTNERS™

Process Overview



PROCESS OVERVIEW

DISCOVERY

1

In the first phase, **Discovery**, the project team took a deep dive into the Cameron Park Zoo's historical finances and attendance data to build an organizational profile, combining both the City and Society's full operating financials to study trends in usership and reach to generate an understanding of potential growth.

MODELING

2

In the second phase, Canopy utilized **Financial Modeling** through a combined view of both the City's and Society's expenses and revenues to model different scenarios ten years into the future- 1) Baseline and; 2) Privatization.

KEY MODELING ASSUMPTIONS



In both models, that the Zoo completes a comprehensive master plan that articulates a vision for improvement of the site, including new guest experiences and habitats; and improvements to infrastructure.



In both models, that 30 + new personnel are gradually added to the organization to maintain the highest possible quality of care and experience, and that AZA accreditation standards are met.



In both models, there is a \$3+ million annual operating subsidy from City.



KEY MODELING ASSUMPTIONS



In both models, only annual operating funds are addressed; no capital funds are included.



In the Privatization model, personnel compensation and costs are modified to align with those typical of best-in-class AZA institutions. In the Baseline model, the current spending pattern is maintained.



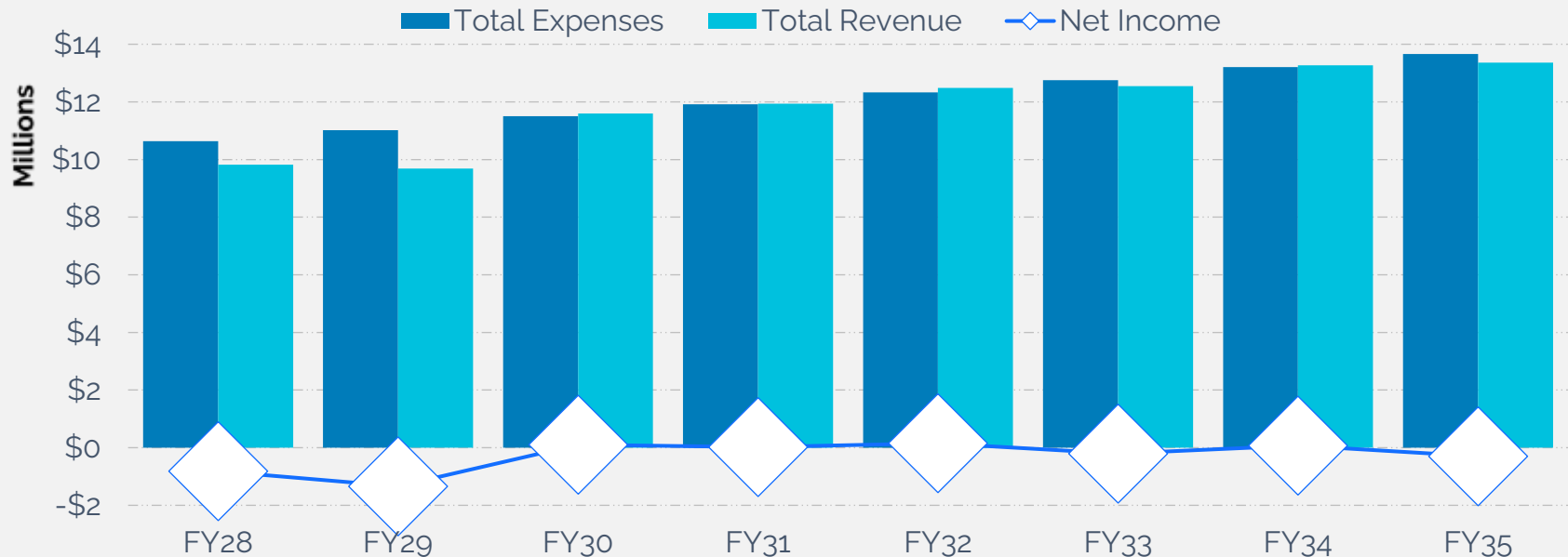
Findings



OUTCOME: BASELINE

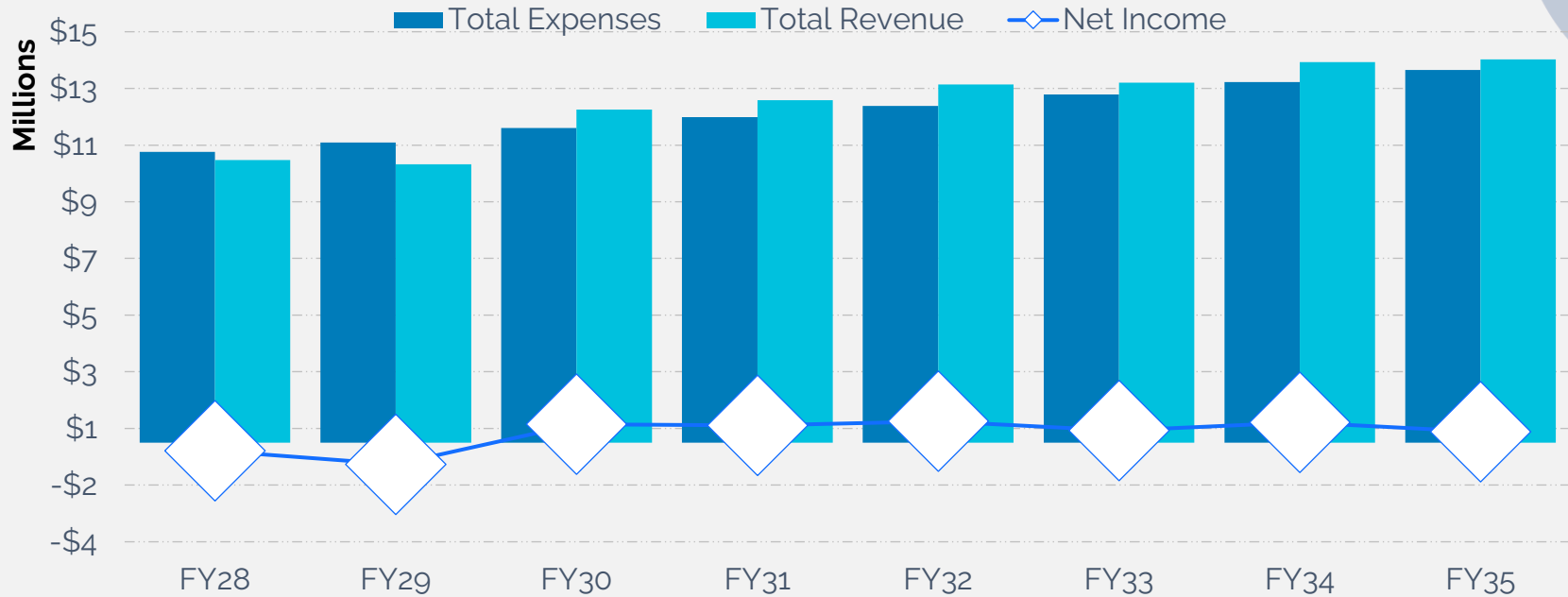
Two financial scenarios were modeled, both using the same growth trends relating to attendance, pricing, new exhibits, and staff growth: Baseline and Privatization.

In the **Baseline** model, which assumes the current governance structure continues through FY2035, there would be a cumulative **net loss of \$2,319,548** through FY2035.



OUTCOME: REVISED PPP

The Privatization model, which assumes privatization occurs in FY2028, there would be a cumulative **net surplus of \$2,457,258** through FY2035.

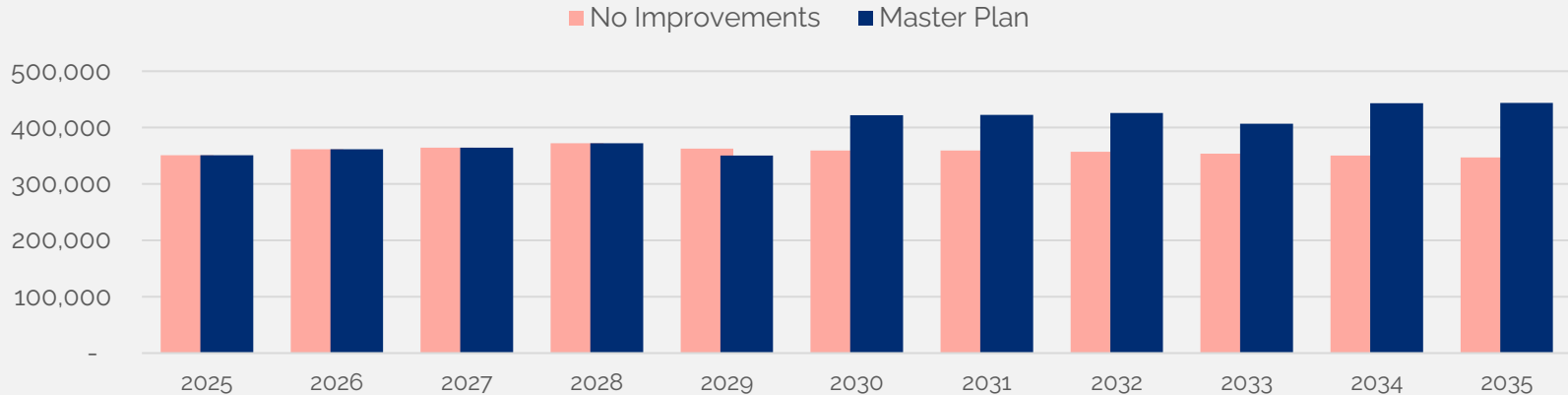


Considerations



CONSIDERATIONS

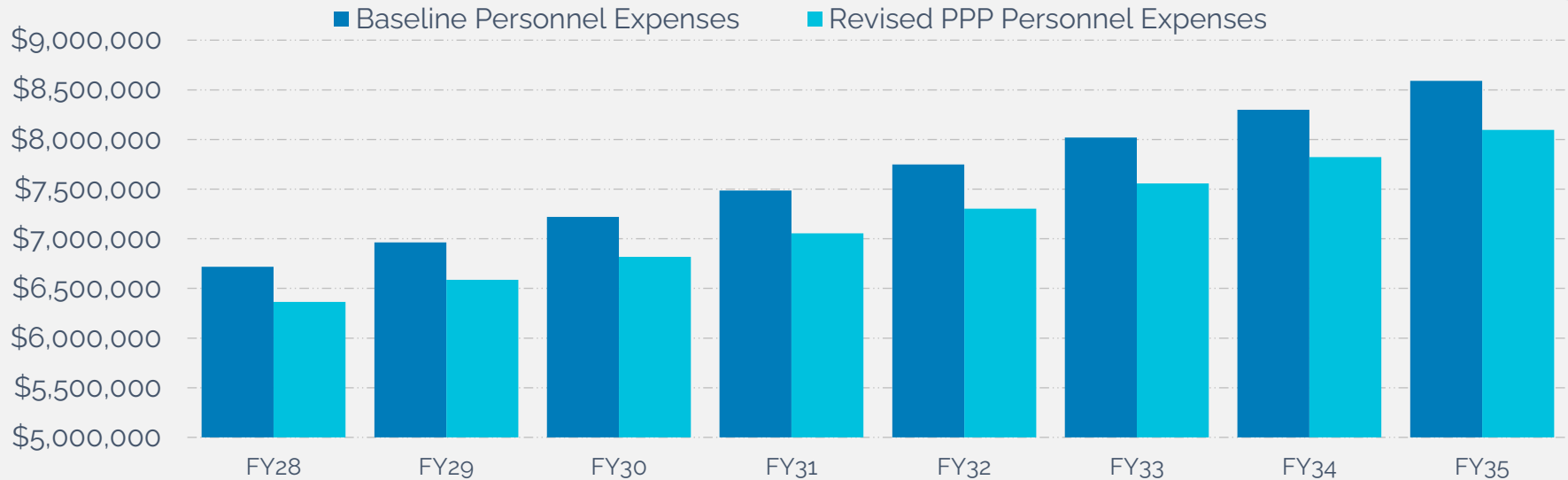
Visitor volume is the financial lifeblood for any zoo. It is critical to invest in guest experiences over time to sustain and grow visitation. Regardless of the questions surrounding governance, the Zoo should pursue an updated master plan with the aim of maintaining a visitor level of about **400,000 to 450,000 annual visitors** in the next decade.



In a hypothetical future where **the master plan is not pursued**, we assess that visitation is likely to be stagnant and declining over the longer term. In this scenario, the 10-year deficit would be about \$7 million. If the **master plan is pursued**, the most likely outcome is that visitation grows to about 440,000 visitors at peak.

CONSIDERATIONS

The second consideration is the rate and cost of staff growth. The growth of personnel expenses using the Baseline Model outpaces the growth of the Privatization model significantly. The Baseline model total personnel costs are approximately \$61 million over the 8-year period compared to the \$57.6 million it would cost in the Privatization model. **Total cost savings of \$3.4 million.**



Moving Forward



MOVING FORWARD

Baseline

Whether or not Privatization is pursued, the Zoo should continue into the Integrated Master Planning process.

Revised PPP

- Establish privatization priorities of both the City and the Society.
- Further identify current City systems and processes that would need to shift to the Society and map out the mechanics to accomplish that.
- Identify new systems and processes the Society would need to establish and map out the mechanics to accomplish that.
- Evaluate a management fee and or capital maintenance fee against potential revenue the Society could earn and goals of both the City and Society.
- Create an agreement to describe the relationship moving forward.

RECOMMENDATIONS

The Zoo should continue with its evaluation to outsource food service and retail operations. The decision will likely net out modestly in the Zoo's favor, and the decrease in administrative and personnel oversight will free up resources for needs that are more aligned with organizational core competencies.

Start planning now for improvements to the site. Regardless of which path is chosen, it is critical to start planning for future growth today. That means developing a site plan to build on guest experience and increase attendance levels.

It is in the best interests of the community and the Zoo to pursue privatization. There is a very small (and diminishing) pool of accredited zoos that are publicly operated. Operating an impactful, financially sustainable zoo is extremely challenging. In most cases, public governance has become prohibitive as subsidies have had more competing needs.

THANK YOU.

- Please contact BrendanW@wacotx.gov for any questions

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