



City of Palo Alto

City Council Staff Report

(ID # 11222)

Report Type:

Meeting Date: 5/12/2020

Summary Title: FY 2021 Preliminary Operating Plan for JMZ

Title: Approval of the Preliminary Operating Plan and new Municipal Fees for the Junior Museum and Zoo

From: City Manager

Lead Department: Community Services

RECOMMENDATION

Finance Committee and Staff recommend that the City Council review and approve the proposed preliminary operating plan for the Junior Museum and Zoo, including the recommended staffing complement and cost recovery levels.

SUMMARY

At the March 3, 2020 Finance Committee meeting, the Committee reviewed staff report [11093: Review and Recommend to Council the Preliminary Operating Plan and New Municipal Fees for the Junior Museum and Zoo](#), transmitted by the Community Services Department and [unanimously approved](#) the report for City Council consideration.

The JMZ will reopen as a larger facility with more animals and exhibits, and as such, fiscal year (FY) 2021 and future year budget adjustments are recommended to accommodate the expanded facilities, animals, and public usage. Staff recommends updating the staffing complement and non-personnel operational details in order to ensure a safe and enjoyable experience for users of the new facility. Staff also recommends introducing new fees at the facility to offset increased costs. It is important to note that this report transmits the recommended operating plan for the JMZ.

At a very high level, staff recommends updating the JMZ's long standing policy of free admission and instead plans to ask visitors to pay to enter through daily entrance fees or an annual pass. This additional revenue will offset new expenses which are recommended to ensure that the new facility will provide visitors with an exceptional, welcoming experience and meet the highest standards in animal care.

Additional recommended resources include both non-personnel expenses and some targeted staffing additions. The majority of recommended staffing additions are proposed to be SEIU-

Hourly employees (5.79 FTE) with one SEIU full-time position (1.0 FTE). Details of these recommended additions are outlined in CMR 11093 (Attachment A). The CMR also described a variety of alternative scenarios that are not recommended at this time.

Updates to Council based on COVID-19 Impacts

Although much has changed in our community and throughout the world since staff's presentation to the Finance Committee, the Council's approval is still needed on the operating plan for the new Junior Museum and Zoo. This plan will be implemented at an appropriate time in the future when we are through the current health crisis.

Uncertainty around the economy and potential limits on public gatherings are both likely to have an impact on the final preparations for and operations of the new JMZ. As a result of COVID-19, a plethora of variables may impact the timeline and operating details of the new JMZ, and many steps may need to be taken before a re-opening is possible and appropriate. Construction of the JMZ has been delayed due to County restrictions to protect the public from COVID-19. Current COVID-19 impacts on the project include delays in fabrication of the new facility's exhibits because staff and contractors are not able to build exhibits during mandatory Shelter-In-Place orders. Other delays may occur, such as the procurement of new zoo animals and the hiring of staff.

In consideration of these factors, staff recommends delaying the facility's public opening to either March or August 2021. It will take the contractor approximately three months to complete the project after construction commences. Once the facility is complete staff can begin acquiring animals, which is a process that must be done either before or after the winter months. After the animals are received, staff require approximately five months to acclimate the animals to the facility before they are ready for public viewing.

If construction can restart before July 2020 staff should be able to acquire animals before winter and could then open to the public in March 2021. If construction is delayed beyond this time frame, staff would need to wait until warmer months to acquire and acclimate animals which would delay the opening by approximately an additional five months.

Staff are also closely monitoring other factors, such as public confidence in visiting large, high-trafficked facilities. Weekly market research data from IMPACTS Research & Development indicate that the public's intention to visit cultural institutions is influenced greatly by safety concerns related to the COVID-19 pandemic. Staff will follow these data and others as new opening dates are considered.

As COVID-19 impacts necessitate changes to the operating plan or result in higher costs or lower revenues than initially estimated, appropriate adjustments will be made. Considering the current circumstances, staff will judiciously monitor revenues and expenses and the hiring of staff to maximize resources and minimize financial exposure to the City. Staff are currently

working to understand and mitigate a wide range of potential operating impacts and revise details as appropriate.

CMR 11093 presented to the Finance Committee recommended pricing for tickets and memberships that would recover just over 50 percent of the JMZ's total costs, guided by the City's Cost Recovery Policy. With the City's unprecedented financial challenges in the near term, staff have analyzed alternative cost recovery scenarios, up to and including full cost recovery through user fees. Full cost recovery would eliminate the need for the City (via the General Fund) to financially support the JMZ. The details of several alternative cost recovery scenarios are provided in the tables below.

FY 2021: With the delayed opening of the facility, full cost recovery will not be realistic in FY 2021, but if ticket and membership prices were increased the fiscal impact to the City could be mitigated. The following table outlines the original operating plan (Scenario 1), the change in expenses achieved by delaying the opening to March 2021 and therefore delaying the hiring of staff (Scenario 2), and the combined impact of delaying the opening and also increasing ticket and membership pricing (Scenario 3).

FY 2021	Scenario 1 CMR 11093 Original Proposal	Scenario 2 March 2021 Opening	Scenario 3 March 2021 Opening, Increased Fees
Attendance	138,750	62,000	62,000
Ticket Price	\$10	\$10	\$23
Membership price ranges	\$110 - \$245	\$110 - \$245	\$185 - \$400
# of memberships sold	2,000	2,000	2,000
Projected revenue	\$1,915,000	\$1,456,000	\$2,085,000
Total Expenses	\$3,778,000	\$3,515,000	\$3,515,000
Net General Fund Impact	\$1,858,000	2,059,000	\$1,430,000
Cost Recovery	51%	41%	59%

FY 2022: If the JMZ is able to open in early March 2021, full cost recovery in FY 2022 would be feasible. Here are several projections for FY 2022:

FY 2022	FY 2022 Original Pricing & Increased Attendance	FY 2022 Current Attendance & Increased Price	FY 2022 Lower Attendance & Somewhat Increased Price
Attendance	386,000	185,000	166,500
Ticket Price	\$10	\$23	\$18
Membership price ranges	\$110 - \$245	\$185 - \$400	\$160 - \$400
# of memberships sold	5,000	2,000	2,000
Projected revenue	\$3,770,000	\$3,782,000	\$3,000,000
Total Expenses	\$3,778,000	\$3,778,000	\$3,778,000
Net General Fund Impact	\$8,000	\$-4,000*	\$778,000
Cost Recovery	100%	100%	79%

*A negative number in Net General Fund Impact indicates that this scenario would contribute financially to the General Fund.

As shown in the tables above, both attendance and pricing are key factors in cost recovery. In the FY 2022 table, the first column shows the visitation levels that would be necessary to achieve full cost recovery if pricing remains the same as originally proposed. The second column shows the pricing necessary if visitation remains the same as originally projected. The final column shows the impact of less dramatic pricing changes and somewhat reduced visitation levels. If Council would like to aim for higher cost recovery, staff will conduct outreach to potential visitors over the summer and fall to identify the price points most likely to result in the highest cost recovery beginning in FY 2022.

Another scenario is delaying opening of the new facility to FY 2023. This would include cancelation of current JMZ activities such as classes, camps, school outreach, and exhibit development and maintenance. This would keep the existing zoo animals in the City’s care at the new facility. The total General Fund impact for this option is \$1.7M, which consists of indirect costs, animal care and feeding, and zoo staff. This option would result in significant staff impacts to JMZ staff not directly responsible for care of zoo animals.

Stakeholder Engagement

Stakeholder engagement for these program adjustments are described in detail in the attached CMR 11093.

Resource Impact

The actions recommended in CMR 11093 (attached) in staff and Finance Committee’s recommended scenario were inadvertently understated by approximately \$54,000. The revised net increase of support from the General Fund to the JMZ is \$116,000 in FY 2021. The following table is updated accordingly. Further details can be found in the Resource Impact section of that report.

	FY 2020	FY 2021
Revenue	\$734,000	\$1,920,000
Staffing Expense	\$1,854,000	\$2,380,000
Non-personnel Expense	\$126,000	\$498,000
Allocated Charges	\$500,000	\$900,000
Total Expense	\$2,479,000	\$3,778,000
Net General Fund Impact	\$1,745,000	\$1,858,000

Environmental Review

The City Council adopted a resolution approving a mitigated negative declaration and mitigation monitoring and reporting program in accordance with CEQA for the JMZ project on December 4, 2017 ([staff report](#), [resolution](#) and [action minutes](#)).

Attachment:

City Manager Report ID #11093 Review and Recommend to Council the Preliminary Operating Plan and New Municipal Fees for the Junior Museum and Zoo

Attachments:

- Staff Report 11093: Review and Recommend to Council the Preliminary Operating Plan and New Municipal Fees for the Junior Museum and Zoo



City of Palo Alto

Finance Committee Staff Report

(ID # 11093)

Report Type: Action Items

Meeting Date: 3/3/2020

Summary Title: FY 2021 Preliminary Operating Plan for JMZ

Title: Review and Recommend to Council the Preliminary Operating Plan and New Municipal Fees for the Junior Museum and Zoo

From: City Manager

Lead Department: Community Services

RECOMMENDATION

Staff recommends that the Finance Committee review and recommend to City Council this report's proposed operating plan for the Junior Museum and Zoo, including the recommended staffing complement and cost recovery levels.

EXECUTIVE SUMMARY

This memo outlines staff's recommendations for an operating plan, including staffing complement and cost recovery levels associated with the re-opening of the Junior Museum and Zoo (JMZ). The JMZ will reopen in October 2020 as a larger facility with more animals and exhibits, and as such fiscal year (FY) 2021 and future year budget adjustments are recommended to accommodate the expanded facilities, animals, and public usage. Staff recommends expanding personnel and some non-personnel budget items in order to ensure a safe and enjoyable experience for users of the new facility. Staff also recommends introducing new fees at the facility to offset increased costs. Details of this plan are described below. Any necessary budgetary adjustments will be brought forward for Finance Committee review and City Council approval in the appropriate budget cycle.

BACKGROUND

Founded in 1934, the Palo Alto Junior Museum & Zoo (JMZ) is dedicated to enriching the lives of children, ages 0 to 11, through hands-on exploration of the world. Specifically, the mission is to engage a child's curiosity for science and nature. This mission is furthered through a variety of exhibits, a diverse community of live animals, and educational programs for children, families and schools.

The JMZ's permanent location and facility was established in 1941, when the JMZ building was built, and in 1969, when the zoo was added. About a decade ago, the Friends of the Junior Museum and Zoo (Friends) launched the JMZ Initiative – a \$25 million campaign to rebuild the

outdated JMZ facility in recognition that the existing structures were not adequately sized nor designed to 1) accommodate the JMZ's vibrant exhibits, expanded educational programs, current accessibility and seismic code requirements, and 2) to meet best-practices in modern animal care and collection management.

By January 31, 2017, the Friends successfully met this campaign goal, thanks to a \$15 million matching grant from the Peery Family and \$10 million in other private donations from local donors. These donations have enabled the City and the Friends to build a new JMZ, which will improve the visitor experience by combining experiential exhibits, with an expanded and optimized space to make science programming scalable and able to meet the increased needs of future generations. The JMZ has served families for more than eighty years and the new facility will ensure the same exceptional quality of early science education for children for many years to come.

The JMZ construction project began in the summer of 2018 and is expected to conclude in the summer of 2020. Details of the rebuilding process can be found in [Council Memo 8851](#) from February 5, 2018 and [Council Memo 9245](#) from May 29, 2018.

The JMZ will reopen in October 2020 as a state-of-the-art museum and zoo built with a focus on inclusion, accessibility and the highest standards in animal care.

As leaders in early childhood education, the Junior Museum & Zoo engages infants, toddlers and children through play to think critically and creatively. Research in this field points to the following findings:

- Neuroscience confirms that play significantly effects the development of a young child's brain.
- Social science studies indicate that play helps a child build interpersonal and self-regulation abilities.
- Futurists point to the global economy and the need for a workforce that can imagine, innovate and empathize.
- Exhibits and programs provide children with tangible interactions that challenge them to accomplish small and large feats.

The experience that guests will have in the zoo has been reimagined and rebuilt. The experience is called Loose-in-the-Zoo because children will lead the experience and many of the animals will be loose within the zoo (but under a protective net.) It is place where children will lead their families to find animals where they would in nature; on a pond, in a log, in a tree stump, underground, underwater, and in the trees. Animal care takers will introduce children to animals in the Wildlife Circle, including the many birds that are loose in the zoo, such as ibises, flamingos, spoonbills and many more.

In 2022, the JMZ will also open a permanent exhibit about the dinosaurs that lived in California. It will include live cretaceous-era plants, turtles, geologic specimens, a fossil dig, and life-size models of several types of dinosaurs from California.

The new JMZ experience has been designed to accommodate people of all abilities. The interactive science exhibits were developed by City exhibit staff who designed, prototyped, and tested exhibits under the watchful eyes of an accessibility advisory committee made up of people representing a variety of disabilities. This process helped find solutions to difficult challenges and assured that every exhibit can be enjoyed by all. For example, in the zoo there will be life-sized, detailed bronze sculptures representing the species of live animals on display, so that everyone can use their sense of touch to learn more about their forms.

Outside the JMZ there will be several enhancements including a redesigned parking lot with enhanced pathways for bicyclists and pedestrians, and improvements in the connecting spaces around the Lucie Stern Community Center, the Lou Henry Hoover Girl Scout House, the JMZ and Rinconada Park. There will be new picnic areas, a new playground, and new exhibits along the promenade that connects Middlefield Road to Rinconada Park. Children can hop on boulders through a bioswale, play alongside animal sculptures under a tree, or explore a 10-billionth scale model of our solar system. The new facility will enhance the JMZ’s ability to deliver their award-winning educational programs that deliver hands-on science lessons to more than 18,000 students in 60 schools including many Title 1 schools in East Palo Alto and Santa Clara County.

DISCUSSION

As shown in the table below, the new JMZ facility will offer increased space for education, interactive exhibits, play areas and enclosures. There will also be an increased number of animals in the zoo and opportunities for visitors to interact with the animals. Because of these increases, staff have developed operating model options designed to manage costs while providing visitors with an exceptional, welcoming experience that meets the highest standards in animal care. In order to reach these goals, staff recommends growing the JMZ’s headcount and expenses in targeted program areas. The staff recommended option is presented below; however, several options are included for consideration and discussion in the Analysis and Alternatives section of this report. In every scenario, visitor safety and animal health and welfare are prioritized. The JMZ will re-open as a larger facility which is a driving factor of the recommendation to grow staff and expenses. The table below outlines the changes in square footage and other aspects of the facility which contribute to this preferred recommendation.

	Museum (sq. ft.)	Zoo (sq. ft.)	Education space (sq. ft.)	Exhibition Area (sq. ft.)	Number of interactive exhibits	Number of science play areas	Number of animal enclosures
Old JMZ	9,000	10,000	3,300	2,500	40	7	35
New JMZ	15,150	18,518	4,690	6,713	78	13	60
Difference	6,150	8,518	1,390	4,213	38	6	25
As Percent	68%	85%	42%	169%	95%	86%	71%

Staff also recommend that the JMZ move to a fee-based ticketed gate when it reopens. This recommendation is being made for several reasons, most notably to develop new funding streams to support the increased expenses associated with a larger facility and increased programming. Fee-based entry also provides an opportunity to smooth out visitation and reduce surges in visitation with the possibility of timed-entry tickets or variable pricing. Staff is still exploring whether these will be the right choice for the JMZ upon re-opening.

For decades, the JMZ has had a donation-based “pay-as-you-wish” policy for visiting the museum. Staff recommends that the new JMZ require that visitors pay an admission fee (or become a member) to enter the facility. This policy change will ensure that future generations will inherit a strong and financially stable institution that is both a world-class museum and zoo and a source of community pride.

Staffing Recommendations

The JMZ’s current staffing structure is outlined in the table below:

Status Quo Staffing (Full-time equivalent)	Animal Care and Experiences	Exhibitions and Museum Maintenance	Education Programs	Guest Services and Experiences	Management	Total
Benefitted Positions	1	1	4.60	1	1.15	8.75
Part-Time Positions	1.07	1.38	4.26	0.48	0	7.19
Total	2.07	2.38	8.86	1.48	1.15	15.94

As described above, City staff have analyzed the current staffing model to determine what changes may be needed in order to meet the goals of an exceptional visitor experience and provide the highest standards in animal care. Staff identified several key areas to grow to ensure these goals are met. The recommended staff additions are outlined in the table below:

Proposed Additions (Full-time equivalent)	Animal Care and Experiences	Exhibitions and Museum Maintenance	Education Programs	Guest Services and Experiences	Management	Total
Benefitted Positions	1	0	0	0	0	1
Part-Time Positions	2.16	0.75	0	2.88	0	5.79
Total Additions	3.16	0.75	0	2.88	0	6.79

As the table shows, most of the staffing additions are recommended in the Animal Care and Experiences and Guest Services and Experiences program areas. These staffing additions and changes would add an additional, estimated expense of \$470,000 annually. These additions will provide several benefits:

- Ensure that visitor services staff are present at the entrance and available to roam the facility to ensure safety and provide additional customer service support.
- Increase open hours by 5 percent. The JMZ is currently open 10am to 5pm Tuesday through Saturday and 1 to 4pm Sundays. This model will grow open hours to 10am to 5pm Sunday.

5pm Tuesday through Sunday. Weekends are the most popular time to visit the facility and community members have consistently requested additional weekend hours.

- Train zoo animals to be able to handle facilitated public encounters.
- Provide ‘floor programming’ of additional interactive science experiences to visitors throughout the day.
- Meet best-in-class standards for animal care including close monitoring of diets for each animal and daily monitoring of health and wellbeing for every animal. Meeting these standards will allow the JMZ to develop a path towards Association of Zoos and Aquariums (AZA) Accreditation.

Non-Personnel Budget Change Recommendations

Staff also recommend several non-personnel budget additions. These include increasing funding for contract services, supplies and costs associated with museum affiliations and memberships. Staff recommends increasing these operating expenses by an estimated total of \$370,000 in FY 2021. These expense increases will provide the following: sufficient funding for marketing the new facility, overhead charges associated with an increased headcount, additional funding for veterinary care and food for the increased number of animals at the zoo, maintenance funding for the aquatic features, additional funding for exhibit maintenance, museum association memberships and participation in conservation programs. The total expense additions between personnel and non-personnel expenses that are recommended sum to \$840,000. The figures provided in this report are estimates and final figures will be refined and brought forward for Finance Committee and City Council consideration through the FY 2021 budget process.

Pricing Recommendations

As described above, staff recommends updating the JMZ’s long standing policy of free admission. While the pay-as-you-wish model has allowed the facility to be open and accessible to everyone regardless of their ability to pay, staff recommends moving to a fee-based ticketed entry. There are other tools available to allow access for community members for whom the ticket fee will be a barrier, which are described in the next paragraph. Staff received pricing strategy recommendations from the consulting firm Shultz and Williams. Based on that guidance, staff recommend the following pricing model:

Daily Entrance Ticket	\$10 (\$0 - 1 and younger)
Discounted Ticket Fee	\$0 - \$2
Annual Family Membership - Resident	\$110
Annual Family Membership - Non-Resident*	\$145
Annual Family Plus Membership - Resident	\$185
Annual Family Plus Membership - Non-Resident*	\$245

* Non-Resident fees are set at approximately 30% above resident fee rates.

Staff have also engaged a market research firm, Gardella and Associates, to further develop the new JMZ marketing strategy. Any advice related to pricing will be included in CSD's Finance Committee budget presentations in May.

Daily entrance tickets and membership prices will become new municipal fees in FY 2021 and will be adopted through the municipal fee development process. These prices will be finalized pending recommendation from the Finance Committee and City Council and are anticipated to range approximately 30% based on expense considerations of operating the facility and Finance Committee and City Council recommendation on cost recovery.

Staff anticipate that most visitors will opt to purchase daily tickets for their visit, with approximately 10% of visitors qualifying for discounted tickets. To ensure that the JMZ remains accessible for as many families as possible, the JMZ plans to participate in several cooperative initiatives that provide free or discounted entrance fees including the Blue Star Museums Program and the Museums for All Program. Blue Star Museums is a collaboration among the National Endowment for the Arts, Blue Star Families, the Department of Defense, and museums across America. Each summer since 2010, Blue Star Museums have offered free admission to the nation's active-duty military personnel and their families, including National Guard and Reserve. The Museums for All program is a cooperative initiative between the Association of Children's Museums (ACM) and the Institute of Museum and Library Services (IMLS) to offer free or reduced admission to individuals and families presenting a Supplemental Nutrition Assistance Program (SNAP) Electronic Benefits Transfer (EBT) card.

Staff would also like to encourage Palo Alto residents to continue to view the JMZ as a treasured community asset where they can easily drop-in to enjoy throughout the year and as such, have built in discounted membership pricing for Palo Alto residents. There are two membership options. The basic Family Membership provides access to two named adults plus all children living at the same address. The Family Plus membership provides additional access of a caregiver card plus the benefit of bringing two guests on every visit. Each level will include several one-time guest passes for members to use and museum reciprocity to visit other museums at a free or reduced rate through the Association of Children's Museums reciprocity program and the Association of Science and Technology Center's passport program.

Staff do not propose different daily ticket prices for residents and non-residents. Requiring visitors to show proof of residency at the ticket gate would diminish the customer experience by having longer wait times to enter the JMZ and potentially turning guests away who do not have proof of residency. The only resident rate that will be offered is through purchase of an annual membership.

Pricing Comparisons

The prices in the table above were set to be competitive with other nearby family science and zoo-based attractions. Other local attractions have pricing models as follows:

	Ticket	Membership (Basic Family)
Children's Discovery Museum - San Jose	\$15	\$175
Happy Hollow Park & Zoo - San Jose	\$14.25	\$160
Curiodyssey - San Mateo	\$15.95 Adult / \$12.95 Child	\$145
Children's Creativity Museum – San Francisco	\$15	\$119
Children's Fairyland - Oakland	\$12	\$119

As this chart makes clear, the JMZ’s proposed pricing model is slightly below the typical ticket fee for other nearby attractions. Resident membership pricing is also slightly below other nearby attractions and non-resident membership fees are set at approximately the median in this group.

Staff have set fees to be priced slightly below other comparable attractions in consideration of the adjustment that visitors to the old JMZ will need to make in moving from free to ticketed entry.

Anticipated Visitation, Revenues Projection, Cost Recovery and Net Impact on the General Fund

Before the JMZ moved to its temporary location at Cubberley (during the construction period), approximately 185,000 people visited the museum and zoo throughout the year. Museum market consultants have advised that with robust marketing around the JMZ’s reopening, an initial surge of visitation is likely, with expected current levels of attendance in the first year despite a ticketed fee. Projecting revenue on ticket and membership sales without historical data to rely on is challenging. The total number of visitors, total number of memberships, and percentage of visitation by ticketed versus member visits are all hard to predict. Staff have reviewed data from other local area attractions to develop realistic and conservative budget expectations.

Most local area attractions see a ratio of approximately two-thirds of admission revenue from ticket sales and one-third from memberships. Staff assumed a similar ratio for the JMZ. Previous marketing strategists employed by the City have advised that 2,000 memberships is a conservative estimate. If visitation reaches roughly 75% of previous attendance levels or 138,000 visitors annually, then these assumptions net the following estimated revenue and expense outcomes for FY 2021.

	FY 2020	FY 2021
Revenue*	\$734,000	\$1,920,000
Staffing Expense	\$1,854,000	\$2,327,000
Non-personnel Expense	\$126,000	\$498,000
Allocated Charges**	\$500,000	\$900,000
Total Expense	\$2,479,000	\$3,724,000
Net General Fund Impact	\$1,745,000	\$1,807,000

*Revenues to the JMZ is generated from science-based classes and camps, birthdays and other facility rentals, field trips, and school-based science programming.

** Allocated Charges include direct services such as electricity and refuse collection. They do not include General Fund Cost Allocation Plan charges such as Human Resources or Administrative Services support, which are typically included in determining cost recovery levels. These additional costs would add an estimated \$500,000 in annual expenses. Allocated Charges are generally budgeted at the department level, not by specific facilities. Therefore, the estimates included in this report are the result of staff analysis of FTE and building square footage ratios managed by the Community Services Department. These estimates will be refined in collaboration amongst internal stakeholders and brought forward as part of the annual budget process.

The proposed plan results in an estimated increase of \$62,000 in expenses to the General Fund in FY 2021, however, if the JMZ attains annual visitation of around 140,000 visitors with 2,200 memberships in the first year, or ticket prices were raised further, this proposal may be able to operate with no additional resources from the General Fund.

Historically, cost recovery for the JMZ has been between 25-30%, with revenue generated through classes, camps, and facility rentals, and donations. The proposed ticket fee and membership prices above would significantly increase revenue, with the potential to bring in approximately \$1,920,000 and raise the JMZ's cost recovery to approximately 50% in FY21. This would shift the JMZ's cost recovery from the Low to the Medium Cost Recovery Level Group as defined in the City of Palo Alto User Fee Cost Recovery Level Policy (<https://www.cityofpaloalto.org/civicax/filebank/documents/75393>).

It is important to note that in FY 2021, the JMZ will need to ramp up staffing and expenses during the summer to prepare for opening but the zoo will not open until October. This means that the JMZ will be open 75% of the fiscal year and should therefore have visitation levels around 138,750 in FY 2021 to meet previous visitation levels. Due to the training, operations, and planning required to prepare for the opening, staffing levels and other expenses are not recommended to be prorated.

In the next section, several alternative staffing complements are provided for the Finance Committee's consideration. In each alternative scenario, an estimated cost of staffing expenses is provided. Non-personnel expenses and Allocated Charges remain constant through all alternative scenarios.

Analysis and Alternatives

Staff evaluated several options for the JMZ reopening that are not recommended at this time, though they are presented to clarify the options considered.

Alternative #1 is most akin to a ‘status quo’ option. This option would not have an entrance fee but still requires some additional staff and funding to ensure the safety and welfare of animals and visitors because the facility is larger and will contain more animals. Alternative #1 increases full-time equivalent (FTE) staff at the JMZ by 4.94 to provide care for the increased number of animals at the zoo and to provide additional guest services staff for safety in the larger facility (1 benefited position, and 3.94 FTE unbenefited.) Overall, this option raises the JMZ’s impact on the General Fund by approximately \$1,100,000. The main benefit of this option is that it continues to allow the JMZ to be free for all community members. The drawbacks of this option are that it does not allow for additional staff to provide interactive programming or increased open hours.

Two models that increased staffing beyond what is recommended at this time were also evaluated. **Alternative #2** increases staffing by 12.59 FTE from the current base staffing (including 2.0 additional benefitted FTE.) This amount of additional staffing leads to an expected \$530,000 in increased impact to the General Fund in FY 2021. This option provides additional staffing resources that would be used to provide extensive floor programming on weekends and additional open hours. Staff anticipate that this option would be a good model to consider in Year 2 or 3 of operation as it would also allow for sustainable growth in programming as visitation grows and the zoo animals and landscaping mature to allow for additional programs. If the JMZ attains annual visitation above 190,000 and annual membership of 3,500, this model could potentially require no additional resources from the General Fund.

Alternative #3 is what staff consider to be a ‘fully matured’ staffing projection for the facility if visitation remains high and/or if the additional Phase 2 capital improvements that are envisioned by the Friends of the JMZ are built. This model increases staffing by an additional 16.95 FTE from the current base staffing (including 3.0 additional benefitted FTE.) This amount of additional staffing leads to an expected \$830,000 in increased impact to the General Fund in FY 2021. Only if the JMZ reached annual visitation levels of 220,000 and annual memberships of over 4,400 would this require no additional resources from the General Fund. This projection may be a good path to move towards if visitation is consistently high and the JMZ is able to proceed with the Phase 2 butterfly enclosure. This staffing level allows for a large amount of floor programming every day and a significant increase in open hours. As described later in this report, staff are not currently recommending transitioning the JMZ to a public/private partnership but will begin evaluating that path with the Friends of the JMZ within the next 24 months.

Staff have developed several strategies to address the potential for large crowds at the museum, which may occur, especially in the first weeks after reopening. JMZ has prior experience with this issue, as in past years, many weekend days have drawn very large crowds. When this occurs, staff will bring the floor programming outside to entertain visitors waiting in front of the museum. Staff are very successful redirecting crowds into the park and adjacent playground by bringing Sequoia, the JMZ’s bald eagle, and other critters out to entertain.

With a ticketed entry system, staff can also create timed-entry tickets if crowds are consistently high. This is not recommended on initial reopening because it creates additional complexity to ticket purchases that may not be necessary. If staff see that the facility frequently experiences crowding, it may be a good option to develop. With timed entry, customers would purchase tickets for particular days and entry times rather than just a general admission ticket.

Additionally, the new recreation management software system that the Community Services Department (CSD) has implemented, will allow customers to easily buy tickets from a staff member, on their home computer, or even on their smartphones while walking into the building. The ease of ticket sales and easy scanned entries will enable JMZ staff to process sales quickly.

Finally, CSD and the Administrative Services Department staff have developed a proposal that would provide optimal flexibility to JMZ staffing if visitation is much higher than anticipated in FY 2021. This would be to approve, but not fund, the positions built into Alternative #2 above. None of these positions would be filled unless visitation exceeds 17,000 visits per month in the first 3 months of operation. This would be a visitation level 10% above what is expected. At that visitation level, some of the positions in Alternative #2 would likely be necessary to ensure safety and quality of service for the animals and visitors at the JMZ.

RESOURCE IMPACT

The resource impact of staff's recommended operating proposal is outlined in the table below:

	FY 2020	FY 2021
Revenue	\$734,000	\$1,920,000
Staffing Expense	\$1,854,000	\$2,327,000
Non-personnel Expense	\$126,000	\$498,000
Allocated Charges	\$500,000	\$900,000
Total Expense	\$2,479,000	\$3,724,000
Net General Fund Impact	\$1,745,000	\$1,807,000

This level of General Fund impact is based on visitation levels on pace with the JMZ before it moved to Cubberley and would result in approximately 138,750 visits to the JMZ in FY 2021 and 2,000 annual memberships. All figures in this report are estimates and will be refined and brought forward through the City's standard budget process for FY 2021 and future budget years as appropriate.

STAKEHOLDER ENGAGEMENT

City staff and the Friends of the JMZ have kept community members updated on the JMZ's construction process, temporary relocation, and reopening throughout the process. Updates have come from both the City's website and the Friends of the JMZ website as well as printed brochures, flyers, and catalogs from the JMZ. One key component of the recommended operating proposal is funding for marketing and outreach as the JMZ gets ready to reopen.

Staff would like to begin a robust marketing plan in July to ensure that City residents, current JMZ visitors, and neighboring communities are aware of the JMZ's reopening.

Community Services Department staff have developed the proposed operating model in careful coordination with other City departments including Human Resources and the Office of Management and Budget.

JMZ staff have also conducted outreach to the public on the potential introduction of a ticketing fee through on-site intercept surveys of visitors as well as key stakeholder interviews. Reactions to the idea have been generally favorable. For instance, approximately 50% of visitors responded "yes" to a survey asking whether they would be willing to pay a fee to access the new facility. Stakeholder interviews conducted by market research firm Gardella and Associates, found that key stakeholders were generally open to the idea of instituting a fee although many expressed a wish that it "didn't have to be that way." Staff will continue to build strong marketing and outreach throughout the spring and summer to build excitement and momentum around the reopening with community members.

NEXT STEPS

The new facilities would not exist without the generous contributions of the Friends of the JMZ. A decade ago, they saw an opportunity to rebuild the JMZ and worked to obtain the donations necessary to enact this vision. At the time that fundraising began, the City and the Friends of the JMZ began negotiating a potential change in operating structure for the JMZ that would have transferred operations of the facility from the City to the Friends of the JMZ when the new facility's construction was complete. [CMR 5170](#), was approved by City Council on October 10, 2014 to approve a Letter of Intent for Construction and Operation of the New Junior Museum and Zoo Building by the Friends of the JMZ.

On October 19, 2015, Council approved a change in direction recommended by the Friends and City staff to focus on the construction agreement to build the new JMZ, and to postpone discussions regarding a possible transition of operations to the Friends to a later date after the new facility is built and has been operated by the City for a period of time. The recommendation can be found in [CMR 6212](#).

City staff will present a new MOU with the Friends of the JMZ later this year, which will include a framework for evaluating and negotiating the change in operations that was envisioned at the start of this process as well as additional changes that will be necessary with the JMZ's new operating model.

POLICY IMPLICATIONS

The recommended operating model outlined in this report advance many important policy objectives related to the City Comprehensive Plan Policy Goal C-1: Deliver community services effectively and efficiently. These include:

- Policy C-1.4 Promote City parks, open spaces, recreational facilities, libraries, classes and cultural activities for community members recognizing that these facilities and services build and strengthen community.
- Policy C-1.16 Provide arts, science and recreational activities that foster healthy children, youth and teen development.
- Policy C-1.20 Leverage available funding to support the development of, and improved access to, programs that address all types of developmental disabilities, including physical, sensory, cognitive or social/emotional needs.

ENVIRONMENTAL REVIEW

The City Council adopted a resolution approving a mitigated negative declaration and mitigation monitoring and reporting program in accordance with CEQA for the JMZ project on December 4, 2017 ([staff report](#), [resolution](#) and [action minutes](#)).