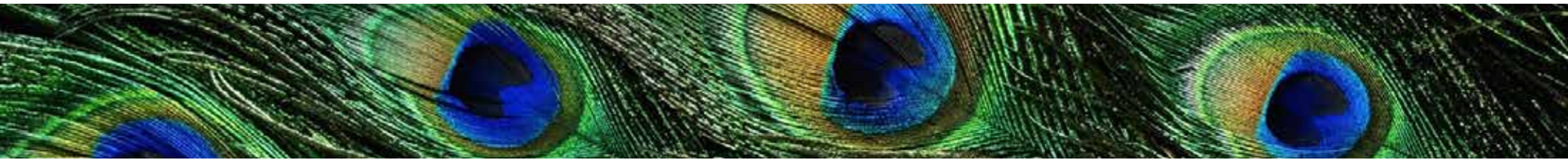


2019

ECONOMIC IMPACT STUDY

CONSERVATION // EDUCATION // COMMUNITY



INTRODUCTION

Potawatomi Zoo is a beloved destination for families from South Bend and residents throughout the region. An affordable family attraction, the Zoo delivers outstanding value.

Founded in 1902, the Potawatomi Zoo is the oldest zoo in Indiana. In 2014, the Zoo adopted and began work on its current Master Plan to revitalize and expand its facilities. The project is focused on guest amenities, an improved children's zoo and increasing the overall guest experience.

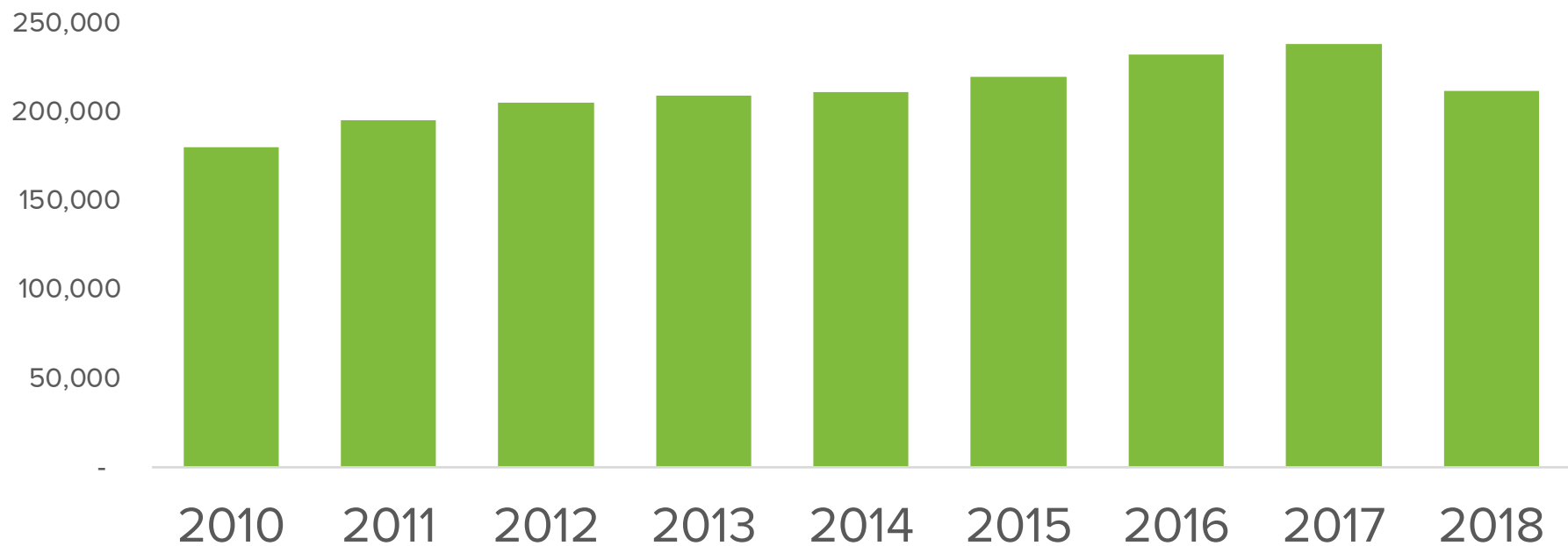
To fulfill the first phase of the Master Plan, the Zoo has been generously supported from a variety of sources: the City of South Bend has pledged \$1.5 million via a bond issue; \$450,000 was provided through the State Regional Cities Initiative; and an additional \$1.5 million was privately fundraised. In late 2018, the Zoo broke ground on a new, state-of-the-art entrance complex that will begin the Zoo's transformation.

In an effort to demonstrate the tremendous value that Potawatomi Zoo represents for St. Joseph County, Zoo Advisors was engaged to complete an economic impact study that quantifies economic activity attributable to the Zoo from 2016 through 2018.

Our study uses the IMPLAN impact analysis model — the standard for such analyses. The basic process of an impact study is to measure the total multiplier effect the operations of an institution has on the local economy in terms of increased economic activity.


This report represents a summary of the full findings. The complete economic impact report is available by contacting the administration of Potawatomi Zoo.

ZOO ATTENDANCE



Attendance at the zoo has risen consistently since 2014 and the proposed long-term improvements should continue the momentum. The Master Plan (a \$37 M investment) is expected to increase overall visitation to the Zoo by over 160% above its 2015 levels.

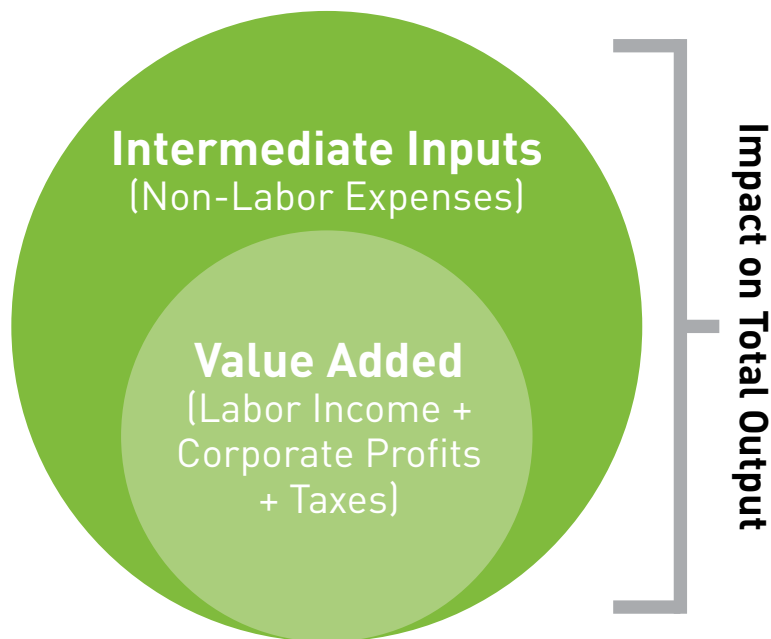
The historical growth in attendance (with the exception of 2018 due to abnormal weather) can be seen in the chart above.



Between 2016 & 2018
POTAWATOMI ZOO
had an economic impact of
\$80.88
MILLION
in St. Joseph County

FINDINGS (1 of 2)

CUMULATIVE 3-YEAR IMPACT ON ST. JOSEPH COUNTY: \$80.88 MILLION



As can be seen in the figure to the left, **Impact on Total Output** is comprised of the sum of **Impact on Intermediate Inputs** and on **Value Added**.

In turn the components of the **Impact on Value Added** are **labor income** (total employee compensation and total proprietor income), **corporate profits** and **taxes**.

As the Impact on Labor Income is a subset of the Impact on Value Added, they are *not intended to be summed together to arrive at Total Output*. Instead, **Value Added + Intermediate Inputs = Total Output**.

The Potawatomi Zoo has a substantial economic impact on the St. Joseph County region, spurring **more than \$80M of economic impact** in the past three years. The total impact on output is created through Zoo operations and by attracting visitors to the County. This economic impact included significant tax revenues for the federal, state and local governments, totaling \$12.8 M from 2016 through 2018.

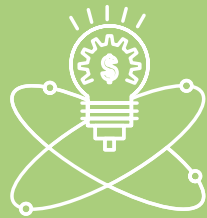
FINDINGS (2 of 2)

The cumulative economic impact variables for Zoo operations during the years 2016 through 2018 are shown below. Note that these figures are displayed in 2019 dollars.



1,061

JOBS SUPPORTED



\$31.1M

LABOR INCOME



\$47.0M

VALUE ADDED



\$12.8M

TAX BENEFITS

TOURISM

In order to assess the economic impact of Potawatomi Zoo as it relates to visitors from outside St. Joseph county, we used visitation figures from the 2017 Indiana Office of Tourism Development study as well as public and private data from a variety of other sources which are detailed in the complete economic study report.

To determine the IMPLAN input, we began with \$153—the spend per visitor in 2017 determined by the Rockport Analytics study. The ticket price of the Potawatomi Zoo was subtracted, as was the average amount spent per visitor at the Zoo during their visit. The remainder was multiplied by the total number of out-of-county visitors that visited the Zoo in each year.

The final step was to apportion the remainder proportionally into the six primary industries where tourists spent their money in Indiana, and finally IMPLAN's corresponding impact areas.

The results of this analysis demonstrate that between 2016 and 2018, by its position as an attraction for visitors from outside the county, Potawatomi Zoo could be credited with supporting 807 jobs and creating over \$66.6 million in economic impact.

TOURISM IMPACT FIGURES



807

JOBS SUPPORTED



\$66.6M

TOTAL OUTPUT

THE ZOO: 2018 BY THE NUMBERS



207,384
VISITORS



743 DONORS GAVE
\$1.15 MILLION



7,760 MEMBERSHIP
HOUSEHOLDS



59 SPECIES
SURVIVAL PLANS



660 EDZOOcation PROGRAMS REACHED
44,777 CHILDREN & ADULTS



63 CAMPS & CLASSES
REACHED **1,403 CHILDREN**



73 VOLUNTEERS
WORKED **3,951 HOURS**

Thank you for celebrating the successes of Potawatomi Zoo during 2018. In 2019, we look forward to many amazing changes happening at the Zoo. We are so proud of and thankful for the partnership and support of our visitors, donors, volunteers, staff, and community: from new buildings to new animals, it is all because of you.

METHODOLOGY

Our analysis in this report includes an analysis of all spending that occurs due to internal Potawatomi Zoo operations and visitor spending in the St. Joseph county tourist economy.

To estimate the overall economic impact of the Potawatomi Zoo, we use the IMPLAN model. The IMPLAN economic input-output model was developed by the Minnesota IMPLAN Group and is the industry standard for economic impact studies. IMPLAN uses input/output methodology to analyze inter-industry relationships in order to quantify the total impact of an economic event.

Through IMPLAN, we categorize the total impact into separate categories, in terms of “how” the impact is created vs “what” fields of the supply chain are impacted. First, we identify the various mechanisms to better understand “how” the impact is created: direct, indirect and induced effects.

To further understand the impact figure, it is necessary to understand “what” fields are affected: Employment, Value Added and Output. Together, the “how” and “what” variables make up IMPLAN outputs.

Detailed descriptions of each of these terms appear on the following pages.





TERMINOLOGY (1 of 3)

HOW IS THE IMPACT CREATED IN THE REGION?

Direct Effects: The direct economic effects caused by the Zoo operations are in terms of payroll and other expenses. For example, direct effects include the wages paid to Zoo staff and spending on its operational expenses.

Indirect Effects: Indirect economic effects are understood as the economic activity that occurs due to purchases made by Potawatomi Zoo from its suppliers. For example, when the Potawatomi Zoo purchases printing materials for advertisements, or snacks for its concessions stands, these purchases become revenues for suppliers, and are quantified as indirect effects (apportioned to local suppliers).

Induced Effects: Induced economic effects are understood as the economic activity resulting from spending of employees. While labor costs are included in direct effects, when employees of the Potawatomi Zoo, in turn, spend their wages in the local economy, the overall economic impact is again increased. This increase in economic activity is known as induced economic effects.





TERMINOLOGY (2 of 3)

WHAT REGIONAL ECONOMIC VARIABLES ARE IMPACTED?

Employment: Indicates how much regional employment is supported through the impact of the Zoo's operations and measured according to BEA and BLS standard full-time plus part-time annual average employment.

Labor Income: Impact on Regional Labor income is measured by combination of employee compensation (total payroll) and proprietor income generated in the region as a result of Zoo Operations. These are two of four components of value added.

Value Added: Indicates the regional value added impact of the Zoo's operations, as measured by the difference between total sales and the cost of its intermediate inputs in the region. Value Added is the sum of employee compensation, proprietor income, corporate profits and taxes on production and import.

Output: Impact on regional output represents the value of regionwide revenues / sales created by the Zoo's operations. Output equals to all four components of Value Added plus intermediate Expenditures. Total impact on output represents the impact of the annual revenues on the regional output.

TERMINOLOGY (3 of 3)

UNDERSTANDING TOTAL OUTPUT, VALUE ADDED AND LABOR INCOME

Intermediate Expenditures are defined as a company's expenses on its intermediate inputs, excluding labor. These intermediate inputs are then used for the production of its final goods and services. A business's non-labor intermediate inputs typically include goods such as energy, physical materials, and consulting and professional services. In the case of a Zoo, examples of intermediate inputs are printing materials or animal food. Similarly, **labor income** is essentially equivalent to a company's labor expenses; that is, a company's labor expenditures become an employee's income.

Intermediate Inputs

(Non-Labor Expenses)

+

Value Added

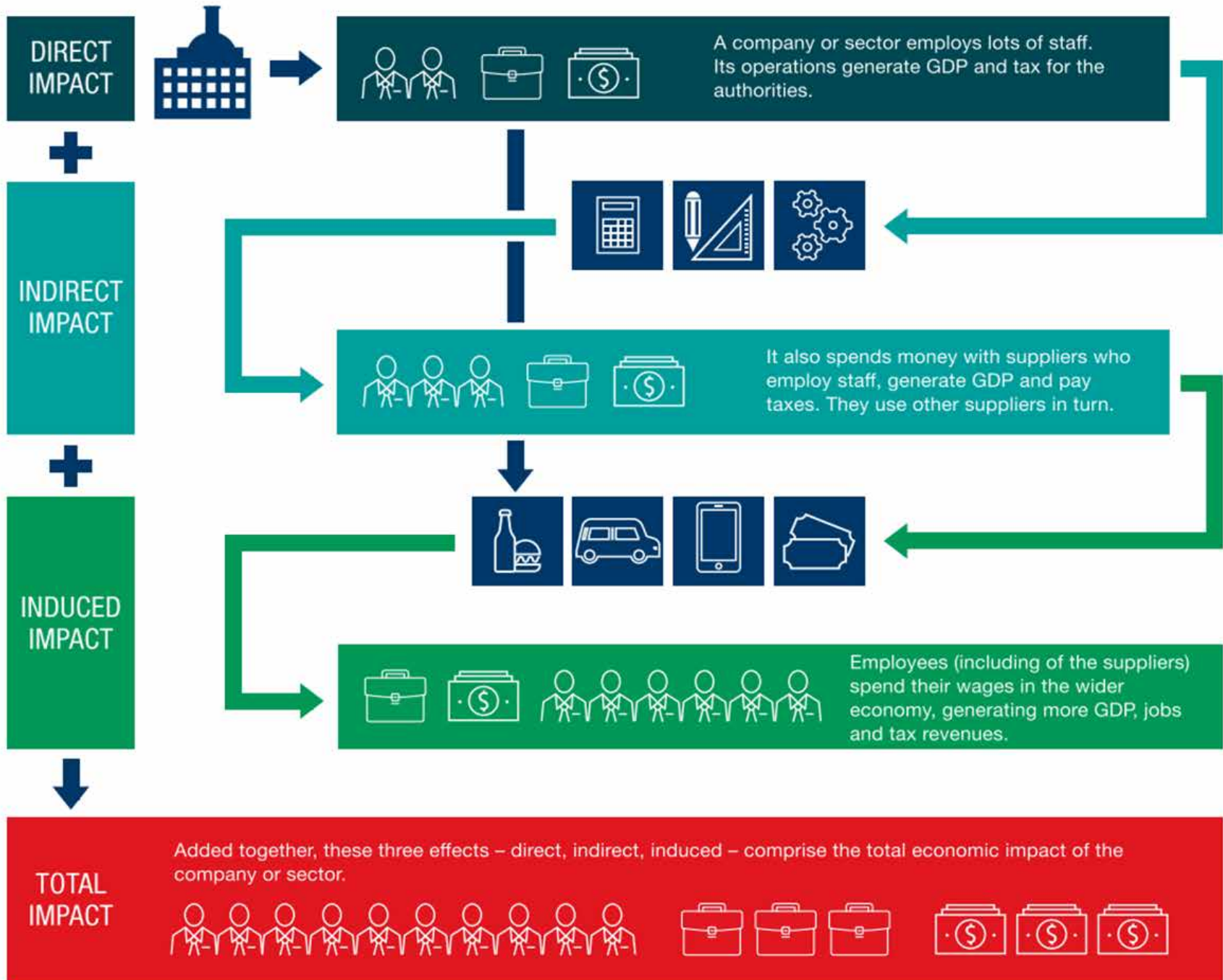
*(Labor Income +
Corporate Profits + Taxes)*

=

Total Output

Impact on Total Regional Output can be broken down into multiple components: Impact on Intermediate Inputs and Impact on Value Added.

In turn, the components of Value Added are labor income (total employee compensation and total proprietor income), corporate profits and taxes. In particular, the Impact on Labor Income is an important subset of the Impact on Value Added, which policy-makers care about because of the value of job creation on the region, along with the associated induced effects.





CONCLUSION

St. Joseph County and the cities of South Bend and Mishawaka can be proud of the Zoo they've helped create: it has been a wise steward of both public and private support, and strengthens the community with its family-friendly activities, educational programming, and conservation efforts.

Additionally, as demonstrated in this report, the Zoo has also provided substantial economic impact in the County over the past several years, a trend that will continue into the future.





Limitations & Disclaimer

This economic impact study was created in partnership with Intelligent Analytics and Modeling (Austin, TX), and is prepared using financial documents provided by the Potawatomi Zoo, publicly available data sources, and commercially licensed IMPLAN software. As needed, and explicitly stated throughout the report, we have used reasonable assumptions in order to estimate parameters and statistics that are otherwise not publicly available, based on careful background research and consultations with the Client's representatives. Zoo Advisors and Intelligent Analytics and Modeling have made all possible efforts to ensure the data and methodology used is up to highest economic and statistical standards, and as accurate as possible.

Estimates are not to be interpreted as representations of fact, but instead are statistically sound predictions.

No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agent, and representatives or any other third party presenting this study. Moreover, Zoo Advisors and Intelligent Analytics and Modeling disclaim any liability due to errors, omissions, or discrepancies made by third parties whose material Intelligent Analytics and Modeling relied on in good faith to produce the report.

The fee received for undertaking this project is in no way dependent upon the conclusions reached in this report and Zoo Advisors and Intelligent Analytics and Modeling have no financial interest in the project. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted only after obtaining written consent from Zoo Advisors and Intelligent Analytics and Modeling.

Prepared by:



&



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ANALYTICS
& MODELING