

THE ZOO IN ELK GROVE ECONOMIC AND REVENUE IMPACT ANALYSIS



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Executive Summary

The Sacramento Zoo is currently located in William Land Park in the City of Sacramento on about 14.6 acres and houses close to 500 animals. It has been in this location since its opening in 1927. However, both the attendance and the number of exhibits has increased significantly and the zoo is severely constrained in its current location. Relocation options to build a new larger, more modern facility from the ground up in the community of Elk Grove are currently being investigated. A new facility in Elk Grove would support the zoo's mission of conservation and animal welfare, as well as creating a premier destination for visitors.



This analysis presents the projected impact of zoo operations in Elk Grove. The proposed larger facility could allow the zoo to double its attendance, as well as provide adequate space for parking, space for additional animal species and exhibits, and opportunities for special events.

The proposed operations of the Zoo in Elk Grove detailed in this analysis provide significant economic and educational benefits to the region. The assumptions regarding future zoo operations on which this economic impact is based were derived from a feasibility study prepared by Relevant Strategies and Solutions in 2022.

- Based on projected annual attendance of more than 1 million visitors per year in Elk Grove, the new zoo could create a projected economic impact of \$223 million in the city over the next five years.
- Zoo employment at the new facility is estimated at 190 to 197 people with an annual payroll of \$12 million to \$13 million, which represents a significant increase over current employment levels. In addition, there would be 75 to 80 third-party employees of food and retail concession operators with a payroll of \$2.9 million.
- Through vendor purchases, employee spending, and visitor spending, the zoo could support 138 jobs and \$5.9 million in payroll each year at other businesses in Elk Grove, as well as 163 jobs and \$6.8 million in payroll in other parts of the metro area. *Some of these impacts represent existing economic activity associated with the existing zoo, but a portion of the impacts would be new given the projected expansion of the zoo at the new site.*
- There will be one-time construction impacts associated with the zoo relocation that are estimated at \$268 million along with 1,875 total jobs and \$108 million in labor income in Elk Grove.
- Visitor and employee spending associated with the relocated zoo could generate an estimated \$2.6 million in city sales and transient lodging tax revenues, and \$7.0 million in county and state sales taxes over the next five years. Not all of the revenues to the county and state are net new, given the zoo's existing operations in Sacramento, but all of the city tax revenue would be new to Elk Grove.

This report constitutes an economic impact analysis and is presented concurrently with an overall feasibility analysis (together the "feasibility and planning studies"). Consistent with California Environmental Quality Act ("CEQA") Guidelines section 15262 the feasibility and planning studies are presented for possible future action for a project that has not yet been approved, adopted, or funded. The feasibility and planning studies have no legally binding effect on later activities and are exempt from review under CEQA.

Introduction

This economic and revenue impact of the proposed relocated zoo in Elk Grove is intended to provide a framework for understanding the benefits that this attraction generates for the City of Elk Grove and the metro area, including the significant increase in impacts that could be realized if the zoo is able to construct a new facility on a significantly larger site. This analysis includes the impacts of the zoo operations, as well off-site visitor spending and employee spending. The results are based on projected visitor levels over the next five



years and projected operating revenues and expenditures for the zoo, extracted from [A Feasibility Study for a New Zoo in Elk Grove](#), February 2022, prepared by Relevant Strategies & Solutions (RS&S).

The Sacramento Zoo began operations in 1927 and has grown to include 14.3 acres and nearly 500 animals. Its primary mission is animal welfare and conservation awareness through education and recreation. The Sacramento Zoo is anticipating about 526,000 visitors in 2022. With the new larger location, the zoo could support over 1 million visitors each year at stabilized levels.

Non-local visitors generate a significant share of the economic and revenue impacts from the zoo. Although these visitors may only spend one day at the zoo, they make other local expenditures on food, lodging, transportation, entertainment and retail while they are in the region. In addition to visitor impacts, the zoo generates economic impacts through its local purchases and through local spending by employees. The zoo currently directly employs about 86 people with an estimated payroll of \$5.4 million. This could increase to about 197 employees and \$12.2 million in annual payroll in the first year of operations at the new location.

Visitor Spending

Total zoo attendance has increased from 490,000 visitors in 2017 to about 526,000 visitors in 2022, and the number of annual visitors is projected to double at the proposed location in Elk Grove (Figure 1). This study assumes that 19 percent of the patrons are non-local, including those from other parts of the state and from outside California, based on the zip code distribution of current zoo members. About 86 percent of non-local visitors are from other parts of California, while the remaining 14 percent come primarily from Nevada, Washington and Oregon.

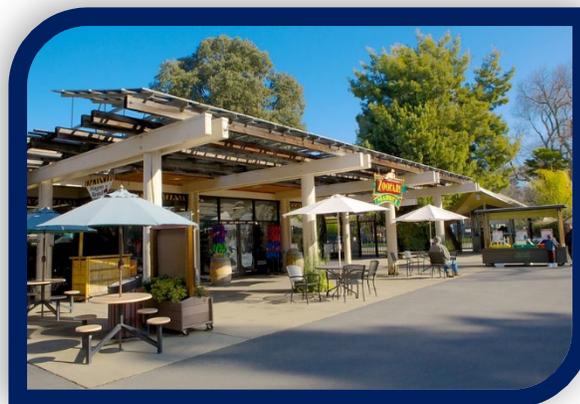
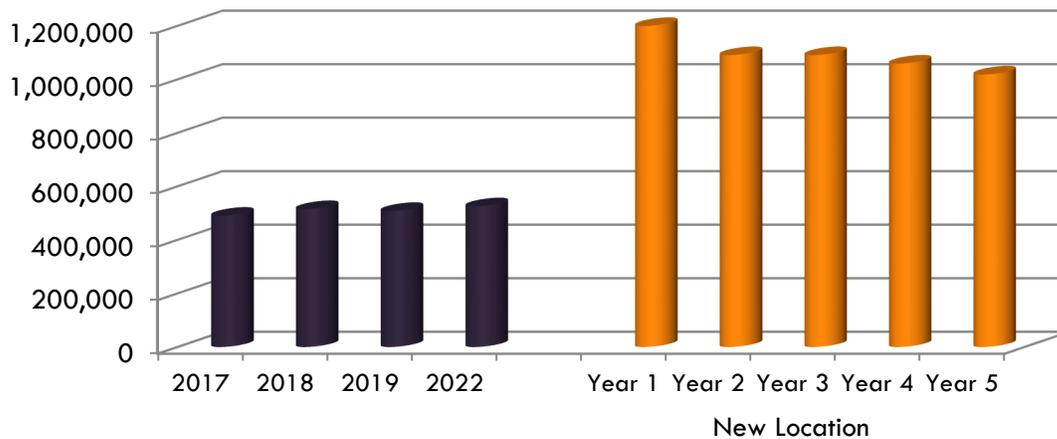


Figure 1
Current and Projected Zoo Attendance



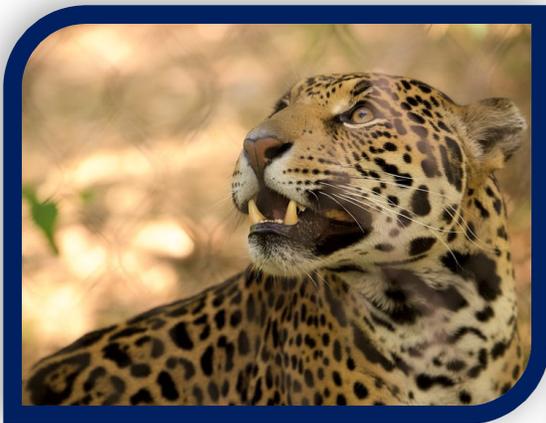
In order to calculate the impact of visitor spending by non-local visitors, it is necessary to have detailed data on daily spending habits. This analysis uses spending patterns from Visit California. The average zoo visitor is projected to spend approximately \$80 per person per day on food, lodging, local transportation, entertainment, and retail purchases (Figure 2). Applying these expenditure levels to the average estimated number of annual non-local zoo visitors over the first five years of operations results in projected off-site visitor expenditures of about \$10.3 million per year, including lodging, food, retail and local transportation.

**Figure 2
Projected Average Annual Visitor Spending**

	Non-Local Visitors		Total Visitor Spending
	On-Site Spending	Off-Site Spending*	
Lodging	\$0	\$4,203,975	\$4,203,975
Food	\$945,868	\$3,107,965	\$4,053,833
Entertainment/Admissions	\$3,793,313	\$0	\$3,793,313
Retail	\$776,963	\$874,599	\$1,651,562
Transportation/Parking	\$453,740	\$2,098,673	\$2,552,413
Total Spending	\$5,969,884	\$10,285,212	\$16,255,096
Non-Local Visitors*	202,692	202,692	202,692
Average Daily Spending Per Person	\$29.45	\$50.74	\$80.20

*Visitor spending assumes that 18.56% of visitors are from outside the region and that one day of visitor spending is attributed to the zoo visit.

Source: OmniTrakGroup, Visit California, Visitor Profile Report & Insights, July 2019.



Economic Impacts

The projected economic benefits to the City of Elk Grove from a relocated zoo include on-going operations impacts, non-local visitor spending, and one-time construction impacts. Economic impacts measure the effects of economic stimuli, or expenditures, in the local economy. These impacts include direct, indirect, and induced jobs, and labor income and output that would result from the new zoo. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in Elk Grove and the Sacramento metro area that would benefit from the zoo. Not all of the indirect regional impacts created by the zoo would be net new, although all of the direct impacts would be new to Elk Grove, and the overall level of impacts created by the zoo would increase significantly in this new location.

Construction Impacts

The new zoo would be built in two phases at a total estimated cost of \$314.9 million for soft costs, site work, infrastructure and hard costs. An estimated \$207.8 million of this construction spending could be captured locally.

The multiplier effect of this \$207.8 million in local construction spending would result in a total increase in economic activity of about \$338.6 million during the construction period, of which about 79 percent could be captured on-site or elsewhere in the City of Elk Grove (Figure 3). The approximately 2,300 total jobs created by this construction project could result in about \$133.3 million in total labor income in the city and region during the construction period.



Figure 3
Zoo Construction Impacts

	Direct Impacts			Total Impacts		
	Construction Expenditures	Jobs	Labor Income	Output	Jobs	Labor Income
City of Elk Grove Impacts	\$207,783,000	1,419	\$88,300,353	\$267,601,867	1,875	\$108,385,102
Phase I	\$112,563,000	769	\$47,835,254	\$144,968,881	1,015	\$58,715,834
Phase II	\$95,220,000	650	\$40,465,099	\$122,632,986	860	\$49,669,267
Other Metro Area Impacts						
Phase I		na	na	\$38,454,405	230	\$13,483,498
Phase II		na	na	\$32,529,592	195	\$11,406,045
Total Construction Impacts	\$207,783,000	1,419	\$88,300,353	\$338,585,864	2,300	\$133,274,645

Note: Estimated construction expenditures assume 90 percent of vendors are local.

Operations Impacts

The operations impacts presented here are grouped into direct, indirect, and induced impacts. Direct impacts include the on-site operations of the relocated zoo. Indirect and induced impacts include local vendor purchases made by the zoo and spending by employees. Induced impacts also include establishments where visitors make purchases. In turn, these local businesses and their employees make additional purchases that are captured in the total impact estimates. The total impacts are the sum of the direct impacts at the relocated zoo and the indirect and induced impacts created by other local businesses and their employees. *The existing zoo in Sacramento makes economic contributions to the regional economy that would be replaced by impacts at the relocated zoo. However, some of the impacts shown here are new, particularly the direct impacts that would be new to Elk Grove and both the local and regional impacts resulting from the significant expansion at the new site.*



These indirect and induced impacts are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in direct output (loosely defined for service industries as sales) into a corresponding total increase in jobs, labor income and output. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities. The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to the economic base of the City of Elk Grove and the Sacramento metro area. Industry-specific multipliers were used for each category of impacts.

Visitor Impacts

The primary source of on-going economic impacts created by the zoo comes from visitors. It is estimated that non-local visitors could spend an average of \$10.3 million per year locally on hotels, food, transportation, entertainment and retail outside the zoo based on projected attendance and typical visitor spending patterns. This increased spending could support an estimated average annual impact of \$10.9 million in Elk Grove and an additional \$2.9 million in other parts of the metro area. Non-local visitor spending at the new location could also support an estimated average of 83 jobs and \$3.5 million in annual labor income in Elk Grove (Figure 4). Other Metro Area impacts capture indirect impacts of spending outside of Elk Grove.



Figure 4
Zoo Annual Off-Site Visitor Spending Impacts

Year	Non-Local Visitor Spending	City of Elk Grove Impacts		
		Output	Jobs	Labor Income
City of Elk Grove Impacts				
Year 1	\$8,603,580	\$11,986,103	91	\$3,865,676
Year 2	\$7,674,656	\$10,850,307	83	\$3,489,357
Year 3	\$7,674,656	\$10,850,307	83	\$3,489,357
Year 4	\$7,451,467	\$10,534,538	80	\$3,387,823
Year 5	\$7,165,186	\$10,129,787	77	\$3,257,659
Other Metro Area Impacts				
Year 1	\$2,867,860	\$3,206,483	50	\$1,098,604
Year 2	\$2,558,219	\$2,883,256	45	\$985,709
Year 3	\$2,558,219	\$2,883,256	45	\$985,709
Year 4	\$2,483,822	\$2,799,366	44	\$957,031
Year 5	\$2,388,395	\$2,691,796	42	\$920,254
Five-Year Total	\$51,426,060	\$68,815,199	128	\$22,437,178
Annual Average	\$10,285,212	\$13,763,040	128	\$4,487,436

Employee Spending

In addition to impacts from vendor purchases and visitors, the relocated zoo would create economic impacts by virtue of its employees and payroll. A portion of employee payroll is spent at local establishments, and this in turn supports other local businesses in Elk Grove.

To calculate the impact of employee spending, information on spending patterns by households at appropriate income levels was extracted from the IMPLAN model. These household consumption functions account for the wide range of products and services that are purchased by a typical household. Impacts created by the projected employees at the relocated zoo (an estimated 24 percent of whom could live in Elk Grove) average about \$2.0 million per year in Elk Grove, directly and indirectly supporting about 8 jobs at other local businesses (Figure 5). There are additional impacts elsewhere in the metro area, not all of which are net new. With the expanded operations and higher employment levels at the new location, employee spending could generate an economic impact of \$12.6 million per year, supporting about 80 jobs throughout in the region.

Figure 5
Projected Annual Employee Spending Impacts

	Employee Spending	Output	Jobs	Labor Income
City of Elk Grove Impacts				
Year 1	\$1,631,192	\$1,905,545	7	\$308,390
Year 2	\$1,650,583	\$1,928,197	7	\$312,056
Year 3	\$1,700,792	\$1,986,852	8	\$321,548
Year 5	\$1,716,356	\$2,005,033	8	\$324,491
Year 5	\$1,722,497	\$2,012,207	8	\$325,652
Other Metro Area Impacts				
Year 1	\$8,805,176	\$10,286,136	70	\$3,395,804
Year 2	\$8,909,848	\$10,408,413	70	\$3,436,172
Year 3	\$9,180,880	\$10,725,031	73	\$3,540,698
Year 5	\$9,264,893	\$10,823,174	73	\$3,573,099
Year 5	\$9,298,042	\$10,861,898	73	\$3,585,883
Five-Year Total	\$53,880,258	\$62,942,486	80	\$19,123,792
Annual Average	\$10,776,052	\$12,588,497	80	\$3,824,758

Note: Includes zoo employees and third-party concessions employees. Elk Grove impacts assume 24% of employees would live in the city based on current data from the Census, On The Map.

Summary of Operations Impacts

Figure 6 shows a summary of the projected annual economic impacts of the relocated zoo and the projected increase in annual impacts at the new location (excluding one-time construction impacts). Over the first five years of operations in Elk Grove, the relocated zoo could employ an average of 273 people, including employees of third-party concessionaires, with total payroll (labor income) of \$79.0 million and direct output of \$122.1 million over five years.

The economic impact also includes the indirect impacts of local vendor spending. Zoos make a significant amount of vendor purchases for professional services, maintenance services, utilities, and other items. Using IMPLAN economic multipliers, we can estimate the economic impact of local vendor purchases captured in Elk Grove at \$36.4 million over five years, along with 47 jobs and \$10.6 million in labor income.



Local employee spending supports induced impacts of \$9.8 million in output, 8 jobs and \$1.6 million in labor income over five years at other local businesses. Non-local visitor spending creates additional induced impacts estimated at \$54.4 million over five years, supporting 83 jobs and \$17.5 million in labor income.

The total economic impact of the relocated zoo is estimated at \$222.7 million over five years, or an average of \$44.5 per year, including the direct impacts of on-site operations and the indirect and induced impacts of off-site visitor spending, local vendor purchases, and employee spending. The proposed relocation and expansion could more than double the average attendance and corresponding annual impacts of the zoo, as reflected in these estimates.

Figure 6
Summary Projected Economic Impacts of the Zoo in Elk Grove

	Output	Jobs	Labor Income
Total Direct Impact of Zoo Operations	\$122,124,448	273	\$78,960,010
Year 1	\$24,069,925	279	\$15,294,204
Year 2	\$23,921,051	274	\$15,476,015
Year 3	\$24,434,816	276	\$15,946,787
Year 4	\$24,701,020	272	\$16,092,713
Year 5	\$24,997,636	266	\$16,150,291
Indirect Impacts			
Total Vendor Spending	\$36,432,266	47	\$10,569,684
Year 1	\$7,180,560	46	\$2,083,215
Year 2	\$7,136,148	46	\$2,070,330
Year 3	\$7,289,414	47	\$2,114,796
Year 4	\$7,368,829	48	\$2,137,835
Year 5	\$7,457,315	48	\$2,163,507
Induced Impacts			
Total Employee Spending	\$9,837,835	8	\$1,592,136
Year 1	\$1,905,545	7	\$308,390
Year 2	\$1,928,197	7	\$312,056
Year 3	\$1,986,852	8	\$321,548
Year 4	\$2,005,033	8	\$324,491
Year 5	\$2,012,207	8	\$325,652
Total Non-Local Visitor Spending	\$54,351,041	83	\$17,489,871
Year 1	\$11,986,103	91	\$3,865,676
Year 2	\$10,850,307	83	\$3,489,357
Year 3	\$10,850,307	83	\$3,489,357
Year 4	\$10,534,538	80	\$3,387,823
Year 5	\$10,129,787	78	\$3,257,659
Five-Year Total	\$222,745,591	411	\$108,611,701
Annual Average	\$44,549,118	411	\$21,722,340

Revenue Impacts

In addition to supporting jobs, labor income and output on-site and at related businesses in the city and region, the relocated zoo also creates state and local tax revenues. All total, the concession sales at the zoo plus off-site visitor spending and employee spending could result in an estimated \$1.9 million in annual average state and local tax revenues, including \$971,000 from non-local visitors, \$719,000 from on-site concessions and \$234,000 from employee spending.

Direct and Visitor Revenues

The Sacramento Zoo Society is a non-profit organization and is exempt from property taxes and from sales tax on admissions, however on-site food and retail concessions do generate sales taxes. Estimated state and local taxes from on-site concessions total \$3.6 million over the first five years of operations in Elk Grove, including \$464,000 in city sales taxes (Figure 7). There are also significant tax impacts associated with off-site visitor spending. These include transient lodging taxes generated by non-local visitors based on their hotel expenditures and sales taxes from off-site visitor expenditures on food, retail and entertainment. The sum of sales and lodging taxes paid by visitors total an estimated \$4.9 million over five years, including \$2.1 million to the city. The city lodging tax estimates assume that 75 percent of overnight visitors would stay in Elk Grove, spending an average of \$21 per person per night based on the visitor profile data from Visit California, and applying a 12 percent local lodging tax rate. Zoo employees could generate an estimated \$1.2 million in state and local sales taxes over five years from their household spending, a portion of which would be new as a result of the expansion.



Figure 7
Projected State and Local Revenue Impacts from the Relocated Zoo

	Sales Tax			City Lodging Tax	Annual Total
	State	County	City		
On-Site Concessions	\$2,784,192	\$348,024	\$464,032	\$0	\$3,596,248
Year 1	\$612,000	\$76,500	\$102,000	\$0	\$790,500
Year 2	\$556,410	\$69,551	\$92,735	\$0	\$718,696
Year 3	\$556,410	\$69,551	\$92,735	\$0	\$718,696
Year 4	\$540,141	\$67,518	\$90,024	\$0	\$697,682
Year 5	\$519,231	\$64,904	\$86,539	\$0	\$670,673
Non-Local Visitor Spending	\$2,455,962	\$306,995	\$199,128	\$1,891,789	\$4,853,874
Year 1	\$539,833	\$67,479	\$43,769	\$415,827	\$1,066,908
Year 2	\$490,748	\$61,344	\$39,789	\$378,025	\$969,905
Year 3	\$490,748	\$61,344	\$39,789	\$378,025	\$969,905
Year 4	\$476,466	\$59,558	\$38,632	\$367,014	\$941,671
Year 5	\$458,166	\$57,271	\$37,150	\$352,898	\$905,485
Employee Spending	\$1,066,829	\$77,098	\$27,791	\$0	\$1,171,718
Year 1	\$206,640	\$14,934	\$5,383	\$0	\$226,957
Year 2	\$209,097	\$15,111	\$5,447	\$0	\$229,655
Year 3	\$215,457	\$15,571	\$5,613	\$0	\$236,641
Year 4	\$217,429	\$15,713	\$5,664	\$0	\$238,806
Year 5	\$218,207	\$15,770	\$5,684	\$0	\$239,660
Five-Year Total	\$6,306,983	\$732,118	\$690,951	\$1,891,789	\$9,621,840
Annual Average	\$1,261,397	\$146,424	\$138,190	\$378,358	\$1,924,368

Note: Lodging tax assumes 75% of non-local visitors will stay in Elk Grove.

Summary

The Sacramento Zoo is a unique educational destination with broad-based visitor appeal. In its new location, the zoo would have the potential to create significant synergy and economic benefits for other local businesses in Elk Grove. In addition, these visitors and zoo employees could generate new tax revenues for the city.

The construction of a new, expanded zoo in Elk Grove could create a state-of-the-art facility for both animals and visitors, more than doubling zoo attendance and related annual economic impacts.

