

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, as of 2024, houses close to 380 animals. It has been in this location since its opening in 1927. The zoo is severely constrained in its current location. This analysis considers the construction of a new zoo in the City of Elk Grove, and is focused on completion of Phase 1A/1B, opening in 2029. The new facilities 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 quantifies the projected impact of zoo operations in Elk Grove. The proposed larger facility could allow the zoo to increase attendance by up to 80%, as well as provide adequate space for parking, additional animal species and exhibits, and opportunities for special events.

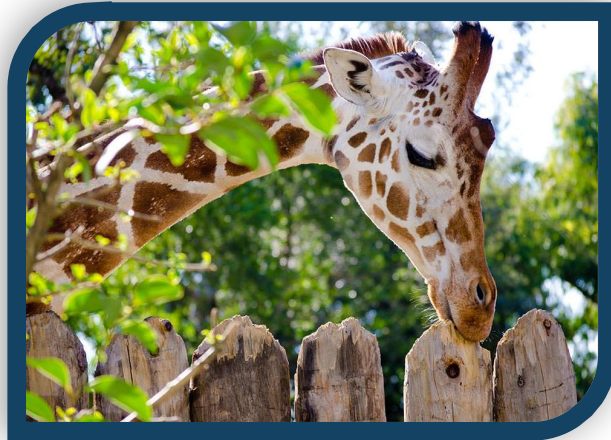
The operations of the Zoo in Elk Grove detailed in this analysis provide significant economic and educational benefits to the region. The assumptions regarding future zoo operations on which this economic impact is based were provided by the Sacramento Zoo and the city of Elk Grove.

- Based on projected annual attendance of more than 935,000 visitors per year in the opening year, and stabilized long-term attendance of 850,000 people per year, the new zoo could create a total economic impact of \$249 million in the city over the next five years.
- Zoo employment at the new facility is estimated at 140 to 144 people with an annual payroll of \$11 million to \$12 million, which represents a 37% increase over current employment levels. In addition, there could be 75 to 80 third-party employees of food and retail concession operators with an annual payroll of \$3 million.
- Through vendor purchases, employee spending, and visitor spending, the zoo could support 176 indirect and induced jobs and \$7.9 million in labor income each year at other businesses in Elk Grove, as well as 215 jobs and \$9.1 million in annual payroll in other parts of the metro area. *Some of these impacts represent existing economic activity associated with the zoo that would simply shift to a new location, but a portion of the impacts would be new given the projected expansion of the zoo at the new site.*
- There could be one-time construction impacts associated with the zoo relocation that are estimated at \$425 million along with 2,405 total jobs and \$171 million in labor income in Elk Grove and throughout the metro area during the construction period.
- Visitor and employee spending associated with the relocated zoo could generate an estimated \$4.0 million in city sales and transient lodging tax revenues, and \$9.4 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 study constitutes an economic impact analysis and not a feasibility analysis. The city considered the potential environmental impacts in an Environmental Impact Report prepared for the project, set to be reviewed by the City Council later in 2024.

Introduction

This economic and revenue impact of the relocation of the zoo to Elk Grove is intended to provide a framework for understanding the benefits that this attraction could generate 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, using information provided by the City of Elk Grove and the Sacramento Zoo.

The Sacramento Zoo began operations in 1927 and has grown to include 14.3 acres and, as of 2024, houses approximately 380 animals. Its primary mission is animal welfare and conservation awareness through education and recreation. The Sacramento Zoo had approximately 521,000 visitors in 2023. With the new larger location, the zoo could support over 850,000 annual visitors at stabilized levels.

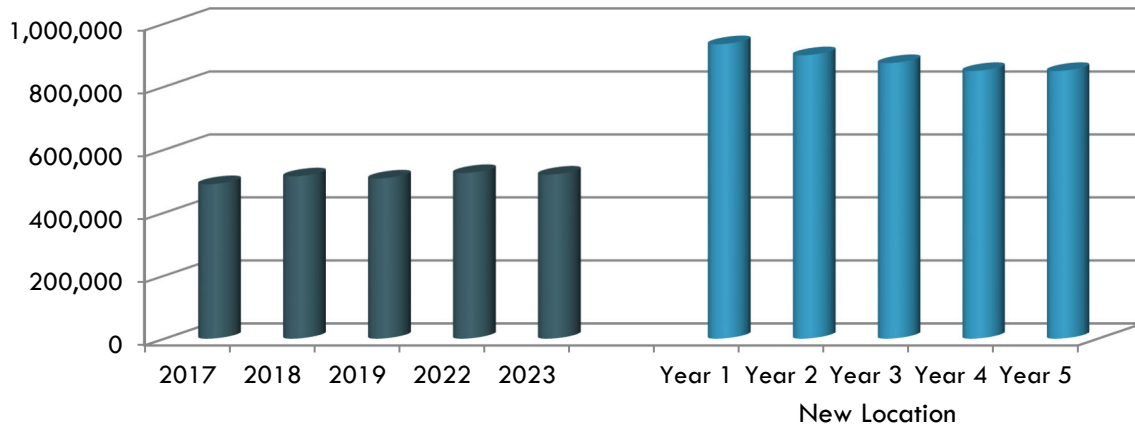
Non-local visitors generate a significant share of the zoo's economic and revenue impacts in the region. Although these visitors may only spend one day at the zoo, they make other local expenditures on food, lodging, transportation, entertainment and retail while they are in the region. In addition to visitor impacts, the zoo generates economic impacts through its local vendor purchases and through local spending by employees. The zoo currently directly employs 105 people with an estimated annual payroll of \$4.8 million. Employment could increase to 144 people and \$11.7 million in annual payroll at stabilized operating levels.

Visitor Spending

Total zoo attendance has increased from 490,000 visitors in 2017 to 521,000 visitors in 2023, and the number of annual visitors is projected to double at the proposed location in Elk Grove (Figure 1). This study assumes that 19% 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 zoo members. An estimated 86% of non-local visitors are from other parts of California, while the remaining 14% come primarily from Nevada, Washington and Oregon.



Figure 1
Current and Projected Zoo Attendance



Note: Attendance information for 2020 and 2021 has been excluded due to pandemic-related closures.

In order to estimate the impacts 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 for the Gold Country region, which includes Sacramento County. The average visitor to the region spends approximately \$157 per person per day on food, lodging, local transportation, entertainment, and retail purchases (Figure 2). Applying these expenditure levels to the average annual number of non-local zoo visitors over the first five years of operations in Elk Grove results in projected off-site visitor expenditures of \$20.1 million per year, including lodging, food, retail and local transportation, and on-site expenditures of \$5.9 million per year. The off-site expenditures form the basis for the visitor spending impacts.

**Figure 2
Projected Average Annual Visitor Spending**

	Non-Local Visitors		Total Visitor Spending
	On-Site Spending	Off-Site Spending*	
Lodging	\$0	\$4,119,662	\$4,119,662
Food	\$1,030,100	\$7,910,239	\$8,940,339
Entertainment/Admissions	\$4,189,430	\$0	\$4,189,430
Retail	\$716,930	\$3,268,290	\$3,985,221
Transportation/Parking	\$0	\$4,830,280	\$4,830,280
Total Spending	\$5,936,461	\$20,128,471	\$26,064,932
Non-Local Visitors*	163,732	163,732	163,732
Average Daily Spending Per Person	\$36.26	\$122.94	\$159.19

*Visitor spending assumes that 19% of visitors are from outside the region and that one day of visitor spending is attributed to the zoo visit.

Source: Visit California, Tourism Economics, California Travel-Related Spend and Visitation Forecast, October 2023; Dean Runyan Associates, The Economic Impact of Travel, April 2023.



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, labor income and output that could result from the new zoo. Indirect and induced impacts represent the multiplier effects and capture supported supplier and consumer businesses and their employees in Elk Grove and the Sacramento metro area that could benefit from the new 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 could increase significantly in this new location.

Construction Impacts

The total construction cost for the initial phase of the zoo (referred to as Phase 1A/1B) is \$302.3 million, including zoo facilities, soft costs and off-site infrastructure. An estimated \$243.7 million of this construction spending could be captured locally.

The multiplier effect of \$243.7 million in local construction spending could result in a total increase in economic activity of \$425.0 million during the construction period, of which an estimated 58% could be captured on-site or elsewhere in the city of Elk Grove based on the economic impact results (Figure 3). The approximately 2,400 total jobs created by this construction project could result in \$170.9 million in labor income in the city and metro area during the construction period.

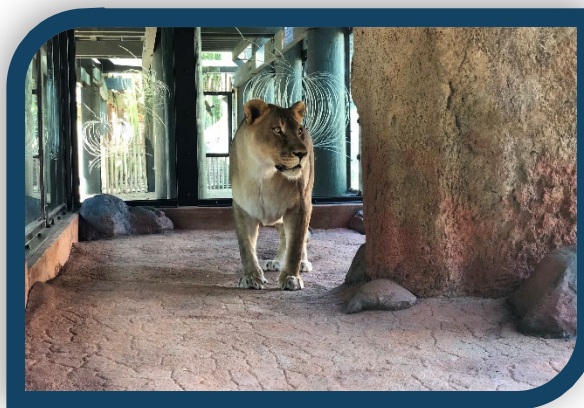


Figure 3
Zoo Construction Impacts

	Direct Impacts			Total Impacts		
	Construction Expenditures	Jobs	Labor Income	Output	Jobs	Labor Income
City of Elk Grove Impacts	\$243,682,934	1,357	\$110,806,417	\$247,078,417	1,377	\$111,965,193
Other Metro Area Impacts	na	na	na	\$177,968,224	1,028	\$58,934,440
Total Construction Impacts	\$243,682,934	1,357	\$110,806,417	\$425,046,640	2,405	\$170,899,632

Operations Impacts

The operations impacts 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 economic 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.*



The 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 gross sales) into a corresponding 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 local spending.

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 \$20.1 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 average annual induced impact of \$15.0 million in Elk Grove and an additional \$12.0 million in other parts of the metro area. Non-local visitor spending at the new location could also support an average of 130 induced jobs and \$5.5 million in annual labor income in Elk Grove (Figure 4). Other Metro Area impacts capture induced 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 Induced Impacts		
		Output	Jobs	Labor Income
City of Elk Grove Impacts				
2029	\$16,068,455	\$15,993,842	139	\$5,862,589
2030	\$15,457,079	\$15,387,790	134	\$5,639,426
2031	\$14,948,877	\$14,864,682	130	\$5,450,798
2032	\$14,509,594	\$14,430,716	126	\$5,290,481
2033	\$14,497,760	\$14,421,913	126	\$5,286,041
Other Metro Area Impacts				
2029	\$5,356,152	\$12,776,686	120	\$4,000,393
2030	\$5,152,360	\$12,292,418	115	\$3,848,832
2031	\$4,982,959	\$11,877,816	111	\$3,718,364
2032	\$4,836,531	\$11,530,924	108	\$3,609,840
2033	\$4,832,587	\$11,523,744	108	\$3,607,669
Five-Year Metro Area Total	\$100,642,354	\$135,100,531	243	\$46,314,432
Metro Area Annual Average	\$20,128,471	\$27,020,106	243	\$9,262,886

Employee Spending

In addition to impacts from vendor purchases and visitors, the relocated zoo could 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 local businesses in Elk Grove.

To estimate the impact of employee spending, information is extracted from the IMPLAN model on spending patterns by households at income levels corresponding to zoo employees. These household consumption functions account for a 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 25% of whom could live in Elk Grove) average \$1.9 million per year in Elk Grove, directly and indirectly supporting 7 induced 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 induced impact of \$11.3 million per year, supporting an estimated 72 jobs throughout the metro area.

Figure 5
Projected Annual Employee Spending Impacts

	Employee Spending	Output	Jobs	Labor Income
City of Elk Grove Impacts				
2029	\$1,521,203	\$1,777,057	7	\$287,595
2030	\$1,555,393	\$1,816,998	7	\$294,059
2031	\$1,594,628	\$1,862,832	7	\$301,477
2032	\$1,625,456	\$1,898,845	7	\$307,305
2033	\$1,657,965	\$1,936,822	7	\$313,451
Other Metro Area Impacts				
2029	\$7,738,613	\$9,040,185	61	\$2,984,473
2030	\$7,912,546	\$9,243,373	63	\$3,051,553
2031	\$8,112,142	\$9,476,539	64	\$3,128,529
2032	\$8,268,967	\$9,659,741	65	\$3,189,010
2033	\$8,434,346	\$9,852,936	67	\$3,252,790
Five-Year Metro Area Total	\$48,421,259	\$56,565,327	72	\$17,110,243
Metro Area Annual Average	\$9,684,252	\$11,313,065	72	\$3,422,049

Note: Includes zoo employees and third-party concessions employees. Elk Grove impacts assume 25% of employees would live in the city based on current data from the Census OnTheMap data product.

Summary of Operations Impacts

Figure 6 shows a summary of the projected annual economic impacts of the relocated zoo (excluding one-time construction impacts). Over the first five years of operations in Elk Grove, the relocated zoo could employ an average of 218 people, including employees of third-party concessionaires, with total payroll (labor income) of \$71.0 million and direct output of \$128.1 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 \$36.7 million over five years, along with 40 jobs and \$11.2 million in labor income.

Local employee spending supports estimated induced impacts of \$9.3 million in output, 7 jobs and \$1.5 million in labor income over five years at other local businesses. Non-local visitor spending creates additional induced impacts estimated at \$75.1 million over five years, supporting 130 jobs and \$27.5 million in labor income in Elk Grove.



The total economic impact of the relocated zoo is estimated at \$249.2 million over five years, or an average of \$49.8 million 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 of Projected Economic Impacts of the Elk Grove Zoo

	Output	Jobs	Labor Income
Total Direct Impact of Zoo Operations	\$128,058,765	218	\$70,960,000
2029	\$24,986,526	214	\$13,570,000
2030	\$24,923,002	215	\$13,875,000
2031	\$25,464,827	217	\$14,225,000
2032	\$26,045,049	221	\$14,500,000
2033	\$26,639,361	221	\$14,790,000
Indirect Impacts			
Total Vendor Spending	\$36,709,734	40	\$11,214,758
2029	\$7,162,717	39	\$2,188,197
2030	\$7,144,507	39	\$2,182,634
2031	\$7,299,829	40	\$2,230,085
2032	\$7,466,157	41	\$2,280,898
2033	\$7,636,524	42	\$2,332,944
Induced Impacts			
Total Employee Spending	\$9,292,553	7	\$1,503,889
2029	\$1,777,057	7	\$287,595
2030	\$1,816,998	7	\$294,059
2031	\$1,862,832	7	\$301,477
2032	\$1,898,845	7	\$307,305
2033	\$1,936,822	7	\$313,451
Total Non-Local Visitor Spending	\$75,098,942	130	\$27,529,334
2029	\$15,993,842	139	\$5,862,589
2030	\$15,387,790	134	\$5,639,426
2031	\$14,864,682	130	\$5,450,798
2032	\$14,430,716	126	\$5,290,481
2033	\$14,421,913	127	\$5,286,041
Five-Year Elk Grove Total	\$249,159,994	395	\$111,207,981
Elk Grove Annual Average	\$49,831,999	395	\$22,241,596

Revenue Impacts

In addition to supporting jobs, labor income and output in the city and metro area, the new zoo could also create 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 \$2.7 million in annual average state and local tax revenues, including \$1.6 million from non-local visitors, \$820,000 from on-site concessions and \$216,000 from employee spending.

Direct and Visitor Revenues

The Sacramento Zoological Society is a non-profit organization and is exempt from property taxes and from sales tax on admissions, however on-site concessions do generate taxable sales. Estimated state and local taxes from on-site concessions could total \$4.1 million over the first five years of operations in Elk Grove, including \$0.9 million in city sales taxes (Figure 7). (City sales tax includes Measure E.) There are also significant tax impacts associated with off-site visitor spending. These include transient lodging taxes generated by visitor hotel expenditures and sales taxes from off-site visitor expenditures for food, retail and entertainment. The estimated sum of sales and lodging taxes from visitors totals \$8.1 million over five years, including \$3.0 million to the city. The city lodging tax estimates assume that 75% of overnight visitors would stay in Elk Grove and include a 12% local lodging tax rate. Zoo employees could generate an estimated \$1.1 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 zoo expansion.

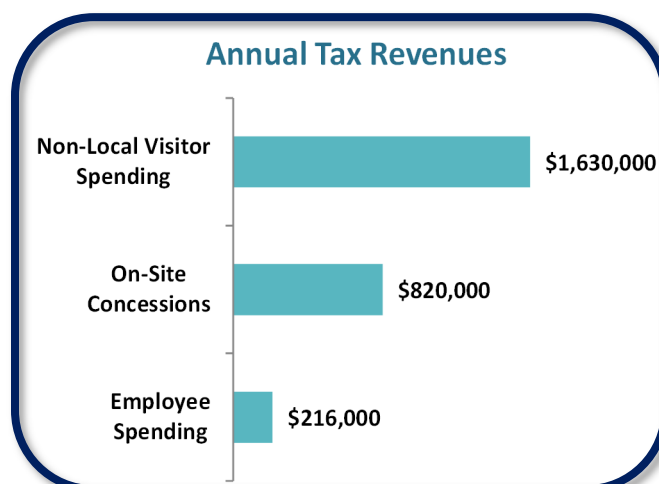


Figure 7
Projected State and Local Revenue Impacts from the Relocated Zoo

	State	County	City		Annual Total
	Sales Tax	Sales Tax	Sales Tax	Lodging Tax	
On-Site Concessions	\$2,823,300	\$352,913	\$941,100	\$0	\$4,117,313
2029	\$570,600	\$71,325	\$190,200	\$0	\$832,125
2030	\$553,500	\$69,188	\$184,500	\$0	\$807,188
2031	\$572,100	\$71,513	\$190,700	\$0	\$834,313
2032	\$561,000	\$70,125	\$187,000	\$0	\$818,125
2033	\$566,100	\$70,763	\$188,700	\$0	\$825,563
Non-Local Visitor Spending	\$4,589,457	\$573,682	\$1,117,853	\$1,853,848	\$8,134,840
2029	\$978,244	\$122,281	\$238,737	\$393,049	\$1,732,311
2030	\$940,835	\$117,604	\$229,537	\$378,336	\$1,666,312
2031	\$908,394	\$113,549	\$221,059	\$367,827	\$1,610,828
2032	\$881,466	\$110,183	\$214,418	\$357,318	\$1,563,384
2033	\$880,519	\$110,065	\$214,102	\$357,318	\$1,562,004
Employee Spending	\$958,741	\$69,765	\$52,501	\$0	\$1,081,007
2029	\$183,344	\$13,342	\$10,040	\$0	\$206,726
2030	\$187,465	\$13,641	\$10,266	\$0	\$211,372
2031	\$192,194	\$13,985	\$10,525	\$0	\$216,704
2032	\$195,910	\$14,256	\$10,728	\$0	\$220,893
2033	\$199,828	\$14,541	\$10,943	\$0	\$225,311
Five-Year Total	\$8,371,498	\$996,360	\$2,111,454	\$1,853,848	\$13,333,160
Annual Average	\$1,674,300	\$199,272	\$422,291	\$370,770	\$2,666,632

Note: Lodging tax assumes 75% of overnight 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, 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, significantly increasing zoo attendance and related annual economic impacts.

