

MILWAUKEE COUNTY FISCAL NOTE FORM**DATE:** 2/17/2022Original Fiscal Note Substitute Fiscal Note **SUBJECT:** From the Executive Zoo Director requesting authorization to enter into a contract with Immotion for a Virtual Reality Theater at the Milwaukee County Zoo**FISCAL EFFECT:**

- No Direct County Fiscal Impact
- Existing Staff Time Required
- Increase Operating Expenditures
(If checked, check one of two boxes below)
- Absorbed Within Agency's Budget
- Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$127,646	\$691,695
	Revenue	\$281,664	\$1,238,258
	Net Cost	(\$154,018)	(546,563)
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. The Milwaukee County Zoo requests authorization to enter into a contract with Immotion for a virtual reality (VR) theater that combines educational VR experiences with state-of-the-art motion-platform technology for an immersive edutainment experience that will engage visitors and increase revenues for the Zoo. This is a 50%/50% revenue share contract.
- B. The 2022 Budget included a 4D Theater revenue share contract with expenditures of \$278,2134 (contract payment of \$239,100) and revenues of \$359,840 for a net profit of \$81,627. With the change to a VR theater, the Zoo's proforma projects revenues of \$641,504 (\$320,752 contract payment) and expenditures of \$405,859 for a net profit of \$235,645. The variance between the 4D theater versus the VR theater is an increase to the budget of \$281,664 in revenues, \$127,646 in expenditures for a profit increase of \$154,018.

There are no capital expenditures for this as the cost of installation and equipment is the vendor's responsibility. The Zoo will be responsible for daily ticket sales and operating the exhibit.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

C. Based on the Zoo’s projections, revenues of \$281,664 and expenditures of \$127,646 will exceed the allocation included in the 2022 Operating Budget. When this occurs, the Zoo will submit a fund transfer for the Comptroller’s Office in conjunction with the Office of Strategy, Budget, and Performance (SBP) to recognize the revenues and expenditures as needed for the operation of the theater.

Future budgets will reflect the revenues and expenditures from operation of the VR Theater.

D. The Zoo’s proforma was based on prior years attendance and a guest penetration rate of 12%. The 12% penetration rate is in line with actual penetration rates from prior exhibits in the Special Exhibit building. The admission fee used for this calculation is based on a \$6.50 average fee.

The Zoo will seek sponsor for this exhibit, which will generate \$25,000 to \$30,000 annually and will be included in the 2023 Budget.

Department/Prepared By MCZ / Vera Westphal_____

Authorized Signature vera westphal_____

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required