

**Division of North Carolina Aquariums**

**Plan to Increase Amount of Private Funds Raised**



**Division of North Carolina Aquariums**  
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**Department of Environment and**  
**Natural Resources**

## I. Introduction

Section 14.1 of the Current Operations and Capital Improvements Appropriations Act of 2013 (Session Law 2013-360) provides:

**SECTION 14.1.** No later than April 1, 2014, the Division of North Carolina Aquariums of the Department of Environment and Natural Resources shall develop a plan for the North Carolina Aquariums established under Article 5C of Chapter 143B of the General Statutes to increase the amount of private funds raised through the direct efforts of each North Carolina Aquarium in order to make the North Carolina Aquariums become more financially self-sustaining. No later than April 1, 2014, the Division of North Carolina Aquariums of the Department of Environment and Natural Resources shall report its plan under this section to the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division.

The Division of North Carolina Aquariums (the “Division”) of the Department of Environment and Natural Resources (the “Department”) submits the following report in compliance with the legislation cited above.

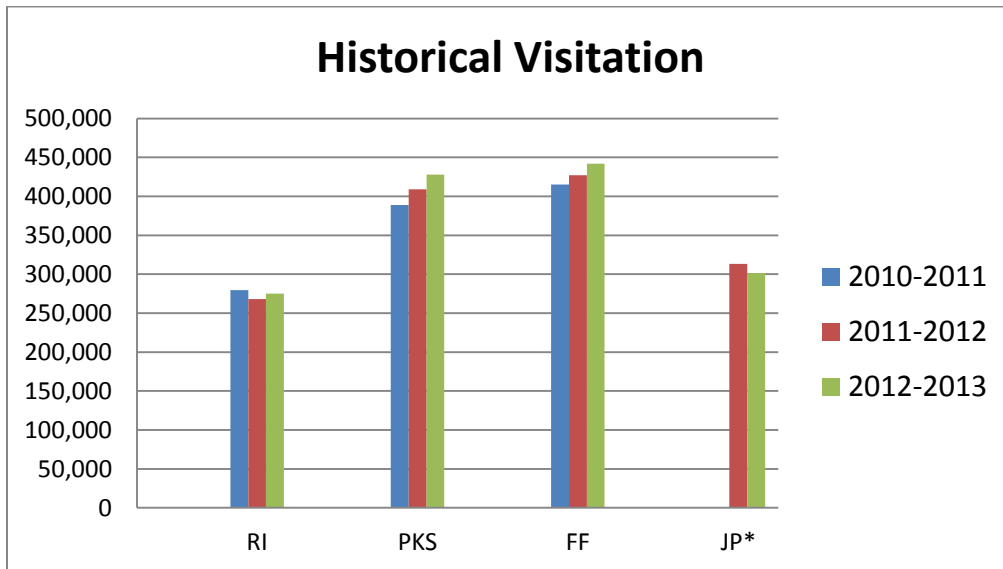
## II. Background on Aquariums Division Facilities

The Division’s facilities consist of the following:

- The North Carolina Aquarium on Roanoke Island: Originally opened in 1976 and underwent a \$15 million renovation/expansion in 2000. The aquarium consists of 68,000 square feet of space located on 17 acres adjacent to the Croatan Sound and the Dare County Regional Airport. The aquarium contains live exhibits totaling over 400,000 gallons and displays over 1,600 animals.
- The North Carolina Aquarium at Fort Fisher: Originally opened in 1976 and underwent a \$17 million renovation/expansion in 2002. The aquarium consists of 93,000 square feet of space located on 23 acres within the Fort Fisher State Recreation Area. The aquarium contains live exhibits totaling over 455,000 gallons and displays over 4,200 animals.
- The North Carolina Aquarium at Pine Knoll Shores: Originally opened in 1976 and underwent a \$25 million expansion in 2006. The aquarium consists of 93,000 square feet of space located on 25 acres within the Roosevelt Natural Area adjacent to Bogue Sound. The aquarium contains live exhibits totaling over 430,000 gallons and displays over 5,700 animals.
- Jennette’s Pier: Opened to the public as an educational ocean fishing pier in the spring of 2011. The 1,000-foot long concrete pier includes a 16,000 square foot pier house with associated parking on 6 acres of land adjacent to the Atlantic Ocean in Nags Head.

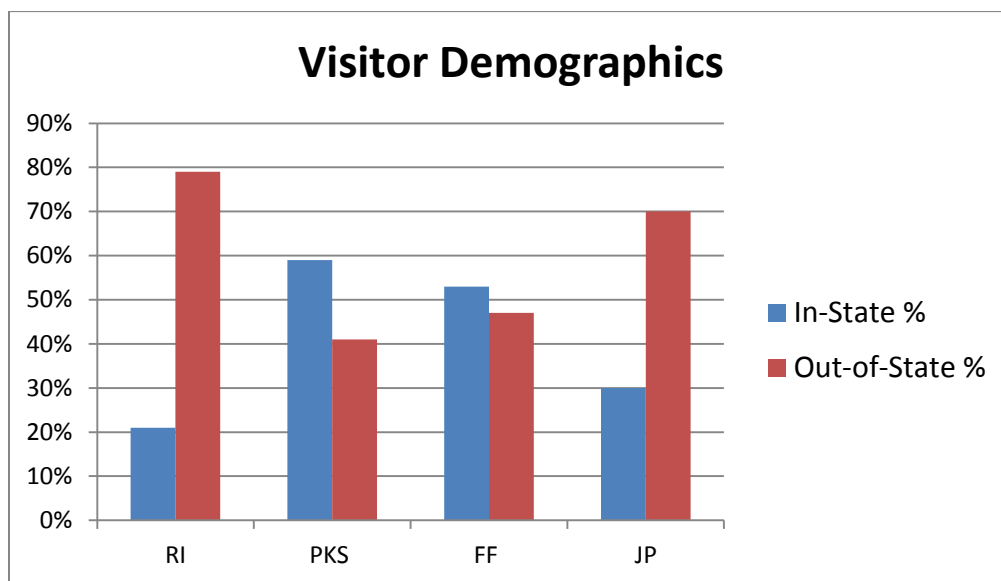
The pier contains three live animal exhibits, and conducts educational programs for adults and children focused on the near-shore ocean environment.

While visitation at the facilities varies by site, the three aquariums and pier collectively received over 1.4 million visitors in Fiscal Year 2012-13.



\* Jennette's Pier opened in Spring 2011 so there is no data for Fiscal year 2010-11. Reported data is for visitors to the Pier House at Jennette's Pier only. Site visitation was more than twice the amount of Pier House visitation.

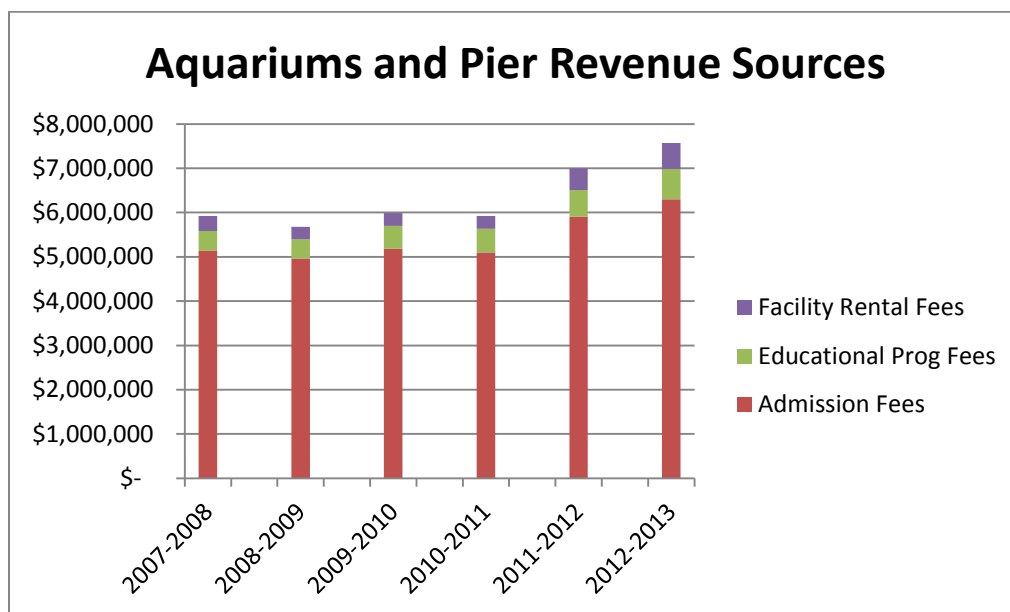
The graph below shows the breakdown between in-state and out-of-state visitation for Fiscal Year 2012-13.



### III. Current Funding of Division Operations & Capital Projects

The Division's operations currently are funded by a mixture of State appropriations, admissions fees at the facilities, educational program fees (on-site and off-site), facility rental fees and donations from the North Carolina Aquarium Society (the § 501(c)(3) organization that supports the Division). The Division also uses special exhibits to increase attendance numbers at facilities on a limited basis. Overall, the Division generated revenues covering 48.7% of its total operational expenses during Fiscal Year 2012-13.

The following graph shows the Division's historic generation of revenue from operations:



Capital projects historically have been funded through a mixture of State appropriations and private donations from the Aquarium Society. The Division also has received allocations of State Repair and Renovation Funds from time to time.

#### A. State Appropriations

The Division received \$7,252,378 in State appropriations for Fiscal Year 2013-14. State appropriations for the Aquarium Division have declined 34% since 2007. Jennette's Pier is self-sustaining and operates off the revenues it takes in.

#### B. Admissions Revenue

The Division generated \$6,297,179 in admissions revenue in Fiscal Year 2012-13, which breaks down across the facilities as follows:

• Roanoke Island Aquarium	\$1,549,464
• Pine Knoll Shores Aquarium	\$1,954,377
• Fort Fisher Aquarium	\$2,208,812
• Jennette's Pier	\$584,524

### **C. Educational Program Fees**

The Division generated \$685,406 in revenue from on-site and off-site educational programs in Fiscal Year 2012-13, which breaks down across the facilities as follows:

• Roanoke Island Aquarium	\$129,874
• Pine Knoll Shores Aquarium	\$197,669
• Fort Fisher Aquarium	\$290,089
• Jennette's Pier	\$67,774

Educational activities included programs such as on-site summer camps, hands-on programs such as squid and shark dissections, gyotaku (fish printing), and in-the field classes such as marsh walks and kayaking.

### **D. Facility Rental Fees**

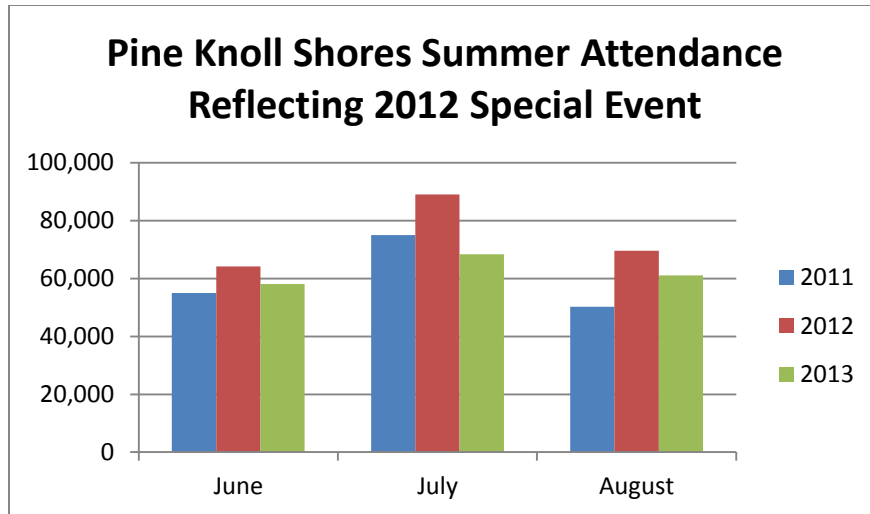
The Division generated \$588,313 in facility rental fee revenue in Fiscal Year 2012-13, which breaks down across the facilities as follows:

• Roanoke Island Aquarium	\$66,323
• Pine Knoll Shores Aquarium	\$127,731
• Fort Fisher Aquarium	\$95,992
• Jennette's Pier	\$298,267

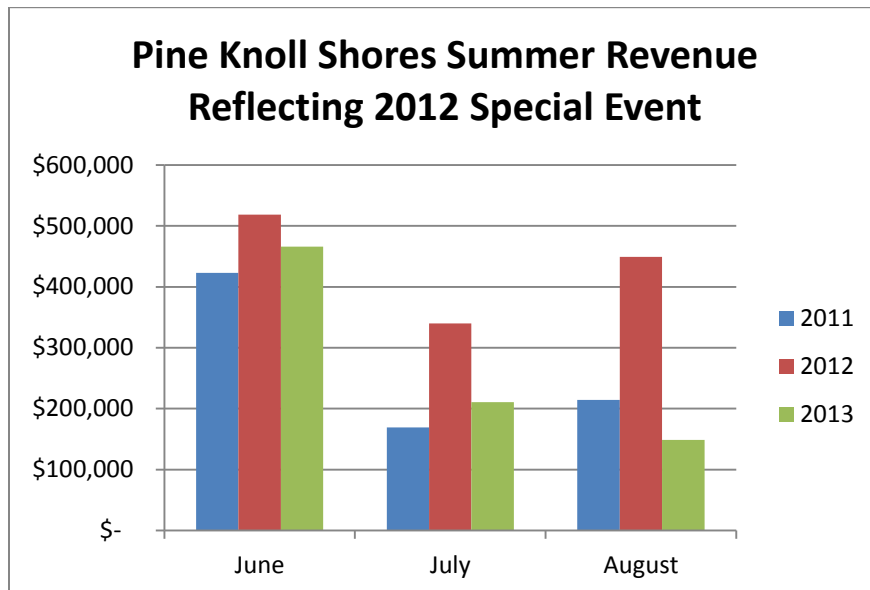
Facility rental activities included weddings, dinners, family reunions, corporate meetings, and civic and community events.

### **E. Special Exhibits**

As was mentioned above, the Division occasionally uses special exhibits at the Aquariums to increase attendance. Historically, the Division has not had a separate charge for these exhibits. As can be seen in the graphs below, the penguin exhibit at the Pine Knoll Shores Aquarium in the summer of 2012 increased visitation by approximately 30% when compared with the year before.



The increased attendance translated directly into increased revenue for the facility.



#### **F. Aquarium Society Donations**

The Aquarium Society has operated the gift shops, food services and photo concessions at the Aquariums and Pier. In addition, the Aquarium Society sells memberships that entitle members to free admission to the Division's facilities among other perks. A portion of the proceeds from the Aquarium Society's membership sales and operations have been returned to the Aquariums to support projects, programs and professional development.

#### IV. Plan to Increase Private Funds

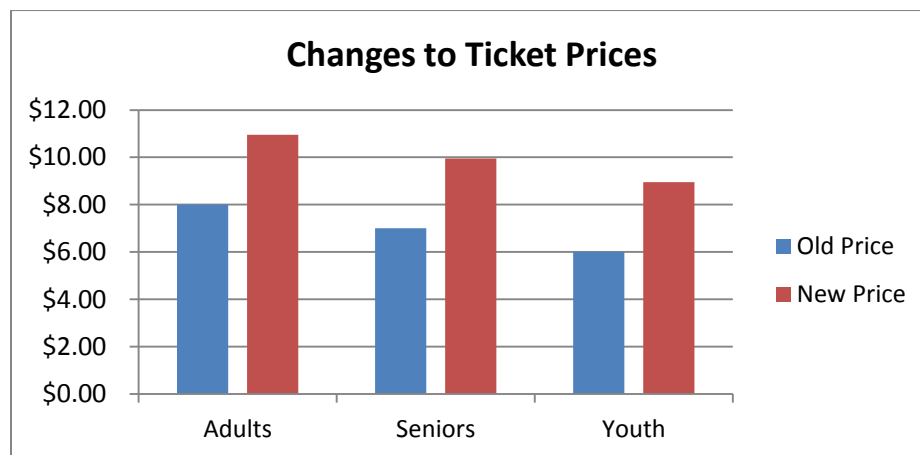
The Division is highly focused upon increasing private sources of funding at all of the facilities. Although we have ideas to increase revenues from all of our historic sources, we see two primary drivers of future private funds: (i) increased admissions revenue; and (ii) increased donations from the Aquarium Society.

##### A. Increased Admissions Revenue

There are two components that affect admissions revenue: (i) ticket prices; and (ii) number of paying visitors. Our strategy is to increase both of these items.

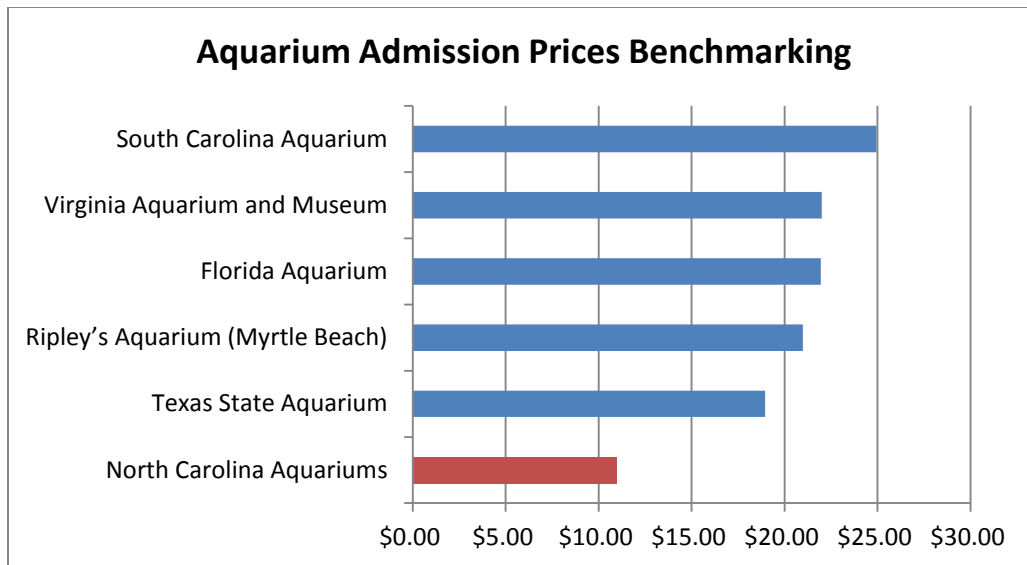
##### 1. Increased Ticket Prices

Since this report was mandated, the Division has acted to increase admission prices at the aquariums by \$2.95 for each category. The chart below shows the new and old fees:



The Division also has added a \$2.00 fee for “walk-on” (non-fishing) visitors at the pier. A portion of the anticipated increase in revenues is needed to cover costs of moving temporary personnel to permanent status while the remainder will be available for operational purposes.

Even with increased admission fees, the North Carolina Aquariums continue to be among the lowest priced aquariums in the country of those accredited by the Association of Zoos and Aquariums:



~~As a result, the Division may raise admissions fees again in the future if attendance numbers are not affected significantly by this year's increase.~~

## 2. Increasing Visitation

In addition to increasing admissions revenue by raising ticket prices, the Division intends to increase the number of visitors at each facility. The strategy to increase visitation will be both Division-wide and facility-specific. At the Division level, we plan to increase our marketing by using more cost-effective social media and by working with North Carolina Travel & Tourism Division to raise the profile of all of the facilities.

On a facility basis, we know that visitors need to have a reason to come more than once. We plan to create more interest and excitement by periodic renovations of our facilities, by adding more special exhibits and by adding technology that permits more frequent updates of exhibits.

We will be starting a much-needed \$5 million renovation of the Roanoke Island Aquarium in late 2014. This renovation is being financed entirely with private funds from the Aquarium Society. We also are in the planning process for a \$5 million renovation of the Fort Fisher Aquarium in 2015 that again will be financed by private funds from the Aquarium Society.

Special exhibits can significantly increase visitation, as evidenced by the penguin exhibit at the Pine Knoll Shores Aquarium in 2012. We plan to develop new exhibits in-house that can be used at our facilities and that can be rented to other facilities to generate revenue. We also plan to seek special traveling exhibits that can increase visitation.

Special exhibits are planned this summer at each of the Aquariums. Dinosaur exhibits are planned for both the Roanoke Island Aquarium and the Pine Knoll Shores Aquarium this summer. An interactive butterfly exhibit is planned for the Fort Fisher Aquarium this summer.



These exhibits will draw more visitors generating additional revenues during the summer season.

### **B. Increasing Other Sources of Revenue**

In addition to admission revenue, the aquariums and pier generate revenue from educational programs and from facility rentals. While these sources generate considerably less revenue than admissions, they contribute overall to private revenues at the facilities. Educational programs are continually evaluated to maximize revenue returns. New programs are created annually to draw new visitors and participants. Revenue from facility rentals has the potential to be increased through higher rental fees and increased number of rentals. Increasing the number of rentals at the facilities may be achieved, in part, by allowing liquor sales at rental events. Currently, the Aquariums allow only beer and unfortified wine at rental events, which may limit some events from being held at the facilities

### **C. Increased Donations from Aquarium Society**

As was noted above, the Aquarium Society is a separate charity that provides support for the Division. The Aquarium Society provides capital for large renovation and construction projects, as well as annual operational funding for exhibits, marketing, professional development and conservation.

The Division and the Aquarium Society entered into a revised Memorandum of Agreement (the “MOA”) at the end of 2013 that will provide for an increased focus by the Aquarium Society on fundraising. As a result, the Aquarium Society will now have an annual campaign in addition to continuing its program of capital campaigns for major renovation projects. The Division believes that the annual campaign program will significantly increase annual support. The revised MOA also encourages the Aquarium Society to increase the amount of proceeds from gift shop operations and membership sales that are returned to the facilities on an annual basis. Overall, the Division believes that the new MOA will result in closer cooperation between the Division and the Aquarium Society, which should generate more donations to the facilities.

## **V. Conclusion**

The Division of North Carolina Aquariums of the Department of Environment and Natural Resources is working diligently to increase the amount of private funds raised in order to make the Division more financially self-sustaining. The Division’s fee increase for the 2014 season coupled with longer range plans to increase attendance should generate significant additional revenue. Likewise, the new MOA with the Aquarium Society should increase the amount of annual donations while also continuing the Aquarium Society’s role in funding major capital projects at the facilities. The Division will continue to look for all opportunities to increase revenue to insure that the North Carolina Aquariums provide the best possible experience to our visitors.