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State considers Expo '88 display

By Debbie Reinwand
Times Writer

The state is considering plunking down at least \$300,000 to participate in Expo '88 in Brisbane, Australia, and plans to siphon the funds from the Alaska Division of Tourism budget, a state memo shows.

In a May 26 missive to Gov. Steve Cowper, Kelley Hegarty,

Lawmakers in dark about plan

deputy commissioner of the Department of Commerce and Economic Development, outlined the department's proposal to take part in the worldwide exposition.

So far, there appears to be no legislative oversight in relation to the potential expenditure.

House Finance committee member Steve Rieger, R-Anchorage, doesn't recall any discussion on Alaska's participation in Expo '88, and said legislators would likely have some questions about the expenditure, if in fact the money is used for that purpose.

"We'd probably want to know if this is the highest and best use of this money," Rieger said. "I'm sure we'll also want information on what the clientele is and what benefit the state would reap."

Commerce Commissioner Tony Smith said no decision will be made to proceed until all the facts have been reviewed. "If we can in fact put together a decent package for \$300,000 and see a benefit, then we'll do it," he said.

The state tourism division, from which Hegarty and Smith

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plan to pull the seed money, is not involved in the effort, a spokesman said.

"At this point, we have no people involved in the project," said travel development specialist John Pearson.

Yet Hegarty's memo makes it clear the money is to be lifted from tourism's fiscal year '88 budget.

"Commissioner Smith has identified \$300,000 in the Division of Tourism budget . . . which he would propose to use for Expo '88 funding," Hegarty wrote.

But in outlining the pros and cons of the venture, Hegarty acknowledged that there were disadvantages to participation.

"Shortsighted members of the public may very well view this as an extravagant expenditure of state revenues in a time of austerity," Hegarty concluded.

The United States Information Agency, which is organizing the U.S. display, has assured Hegarty the price would not exceed \$300,000.

Smith said that includes staffing at the event, but does not include the physical display. "I've been talking to some people, like the AOC (Anchorage Olympic Committee) about using their exhibit, which is in storage now. That's one possibility," Smith said.

The commissioner said there is also a possibility that up to half the funds could be solicited from private groups, such as the AOC.

Senate Finance co-chairman Don Bennett, R-Fairbanks, said he was dismayed at the proposal to take \$300,000 from tourism's budget and divert it to Expo '88 without legislative oversight.

"I'm not sure how they can do that with no public testimony and no public hearing," he said. The finance leader also questioned what the state's final investment will total.

"This looks like it could just be the beginning of the tab and I'm wondering how much the whole show will cost," Bennett said. "I'm kind of surprised they would come up with this less than 30 days after the legislature adjourns, when someone must have known about it for several months."

In fact, Hegarty was working on the proposal in late April or early May, her memo indicates. She attended a May meeting in San Francisco with American organizers.

There she learned that Alaska would be represented in the United States pavilion at a cut-rate price. Hegarty said that price was negotiated partly because a group planning to set up a large restaurant withdrew from the exposition.

When that plan fell through, there was a big chunk of unfilled space in the pavilion, and members of the American Expo '88 delegation approached Alaska, Washington, Oregon, California and Hawaii, offering them a deal.

The only states that are now pondering the idea are Alaska, California and Hawaii, Smith said.

This week, Hegarty has been in Australia meeting with the Expo '88 officials and will return Monday, Smith said. A decision will be made within several weeks.

Hegarty was accompanied on the trip by James Wright, who is working on contract with the Alaska Power Authority. The airfare for both was picked up by the USIA, Smith said.

When asked why Wright, an APA contractor, was selected to

make the journey, Smith said a tourism division worker was asked to go, but had a scheduling conflict.

"James has been very interested in Expo and we thought he would be able to get a better perspective than Kelley or I on where things are and what the state could expect if we participate," the commissioner said.

Alaska did not set up a display at Expo '86, which was in Vancouver, British Columbia, because state leaders deemed the event too expensive.

Despite that decision, tourism officials embarked on a marketing effort to lure tourists on side trips from Expo '86 to the 49th state.

In her memo, Hegarty justifies the idea of Alaska representation at Expo '88 by saying the state was criticized for not taking part in 1986.

"In-state criticism focused on the feeling that we had missed an important opportunity to showcase Alaska as both a tourism destination and a trading partner in a well-attended international arena," she wrote.

However, the tourism division reported that 1986 visitor figures increased dramatically and attributed much of that rise to spillover from Vancouver's international exposition.

Bennett said a similar situation arose several years ago when state leaders "put some seed money in the Silver Anniversary Commission, then came to us for the balance. We ended up killing the whole thing."

Hegarty said another selling point for the state is the ability to push its bid to secure the 1994 Winter Olympics.

Decision on Expo '88 is awaited

By Debbie Reinwand
Times Writer

State officials are expected to decide in the next week or two whether to spend a minimum of \$300,000 to participate in Expo '88, located in Brisbane, Australia.

The state's two-person delegation to the Expo '88 site returned Monday and will file a report within days, said Commerce and Economic Development commissioner Tony Smith.

One of Smith's sergeants, deputy commissioner Kelley Hegarty, visited Australia last week and met with representatives of the worldwide fair, along with contractor James Wright.

Wright is under a one-month, \$2,500 contract with the Commerce Department to evaluate the pros and cons of Expo '88 participation, as well as prepare a preliminary budget for the state, Hegarty said. He also has a 3½-month contract with the Alaska Power Authority, which runs through July 15.

Hegarty's initial report is due out next week, while Wright's "in-depth, detailed report," is expected to follow, she said.

"It was a very productive trip for us. We were over there speaking very favorably about the state's possible participation," she said.

"I hope our reports will provide sufficient details that a decision can be made very soon."

Some legislators have questioned the state's participation in Expo '88 for several reasons, including the estimated cost. Originally, to buy an exhibit space at Expo '88 would have carried a \$1.5 million price tag, but the withdrawal of a large exhibitor forced the promoters to offer a cut-rate deal to several western

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states, including Alaska.

With the lower price of \$300,000, the offer is more favorable, Hegarty said.

That still doesn't appease a group of legislators who say the issue should have had more public discussion.

"We did present the plan to the division of tourism budget subcommittee," Hegarty said.

However, Senate Finance Committee co-chairman Don Bennett, R-Fairbanks, said an appropriation of that size should receive more review than a briefing.

In addition, he and other lawmakers are bothered the funds

for Expo '88 are slated to be drawn from within the Division of Tourism.

Hegarty said other potential exhibitors encountered similar criticism in their home states.

"Quite a few of the participants said they were finding the press is critical of the expenditures of public money for this purpose... the press and public don't understand the value of this type of participation," Hegarty said.

Once all the reports have been put together, Smith is expected to decide fairly quickly, Hegarty said, since time is running out. Most nations that prepare Expo displays put more than a year of planning into their exhibits, she said.

State considering tourism exhibit at Australia exposition

The Associated Press

State officials are considering spending \$300,000 on an exhibit at a worldwide exposition in Australia but questions are being raised about where the money will come from.

In a memo last month to Gov. Steve Cowper, the deputy commissioner of the Department of Commerce and Economic Development suggested the money come from the Alaska Division of Tourism. But Commerce Commission Tony Smith said Friday no decision has been made on funding.

"If we can in fact put together a decent package for \$300,000, and see a benefit, then we'll do it," he said.

But the Division of Tourism apparently isn't part of the decision-making process.

"At this point, we have no people involved in the proj-

ect," said John Pearson, travel development specialist.

Alaska did not set up a display at Expo '86 in Vancouver, British Columbia, because officials deemed the event too expensive. Deputy Commerce Commissioner Kelley Hegarty told Cowper similar opposition may be forthcoming for the Expo '88 plans.

"Shortsighted members of the public may very well view this as an extravagant expenditure of state revenues in a time of austerity," she wrote.

But she pointed out the state was criticized for not taking part in Expo '86.

"In-state criticism focused on the feeling that we had missed an opportunity to showcase Alaska as both a tourism destination and a trading partner," she said.

Tourism officials did launch a marketing drive to

lure tourists on side trips from Expo '86 to Alaska. The Division of Tourism reported 1986 visitor figures rose dramatically and the spillover from the Vancouver exposition was credited as one of the factors.

Hegarty said another selling point for the state is the

opportunity to promote Anchorage's bid to secure the 1994 Winter Olympics.

Smith said he's been talking to the Anchorage Organizing Committee about using its exhibit, which is in storage.

The \$300,000 sought for the event would cover only staff-

ing, not a display.

Smith said up to half the money for the exhibit could be solicited from private groups like the AOC.

Several legislators wondered why they weren't advised about the exposition plans.

"We'd probably want to know if this is the highest and best use of this money," said Rep. Steve Rieger, R-Anchorage, a minority member of the House Finance Committee. "I'm sure we'll also want information on what the clientele is and what benefit the state would reap."