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FILE

Date Referred: May 4, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

Date of Committee Action: 5/7/94

The FINANCE Committee considered:

CS SB 338(FIN)

CS FOR SENATE BILL NO. 338(FIN)

CROSSROADS DISCOVERY CENTERSHIP CRK

"An Act relating to the issuance of revenue bonds for acquisition and construction of the Northern Crossroads Discovery Center for the Ship Creek Landings Project; relating to a study of the feasibility and financial viability of the Northern Crossroads Discovery Center; relating to construction of the Northern Crossroads Discovery Center; and providing for an effective date."

RECOMMENDATIONS:

be replaced with

CS SB 338 (FIN)

[] the same title

[] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[X] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S):

(Dept)

APPROVES PREVIOUS:

(Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[X] zero fiscal note(s) Revenue 3/2/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Richard [Signature]	X	E.P. Maclean		✓	
[Signature] Hanky	X	Paul J. Larsen		X	
Sean R. Paul	X	Terry Martin		X	
		John Gussindler		X	
		Tom Hoff		✓	
		Mike Navarre		✓	
		Tan Brown		✓	
		Sam Merrill		X	

[Signature] E.P. Maclean

CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1
 Bill Version: SB 338
 (S) Publish Date: 3-2-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL 1

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act Relating to the Issuance of Revenue Bonds BRU: Revenue Operations
for the Alaska Discovery Center Component: Treasury Management
 Sponsor: Senate Labor and Commerce Committee
 Requestor: Senate Labor and Commerce Committee COMPONENT SERIAL NO. 121

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0				
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CS SB 338 (LDC)
 have no fiscal impact. This
 fiscal note is appropriate.
3/1/94 [Signature]
 date Comptroller (initial)

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

The Department of Revenue believes it to be in the best interest of the State to have a thorough analysis of the project feasibility as required by this legislation. A qualified financial advisor should also review all bond and legal documents for proper disclosure of revenue sources and other credit issues. The analysis will be funded from bond proceeds.

Prepared by: Laraine L. Derr Deputy Commissioner Phone: 465-4880
 Division: Treasury Date: 2/28/94
 Approved by Commissioner: Darrel J. Rexwinkel Date: 2/28/94
 Agency: Department of Revenue

Changes in CS SB 338 (Fin) ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 have no fiscal impact. This) tribution information call the Governor's Legislative Office
 fiscal note is appropriate.

4/19/94 [Signature]
 date Comptroller (initial)

Bullets on SB 338:
**Revenue Bonds for the Northern Crossroads Discovery
Center at Ship Creek Landings**

*The Alaska Railroad Corporation (ARRC) has unique and rare federal authorization to issue non-recourse revenue bonds for private as well as public interests.

*SB 338 authorizes the ARRC to sell \$55 million in non-recourse revenue bonds to be loaned to a public or private entity for the acquisition, design and construction of Northern Discovery Center at Ship Creek Landings if the following conditions are met:

- The potential developer pays for a feasibility and financial viability study to be performed by a person/business selected by the ARRC

- The ARRC board of directors reviews the feasibility study and determines the project is viable

*Payment of the bonds and interest is made solely with assets and revenues received from the owner/operator of the facility, and the ARRC is prohibited from using any other financing or financial vehicle to repay bonds.

*On the face of each bond a statement will indicate that the ARRC is not obligated to pay the bonds or interest except from revenues and assets it receives from the owner/operator of the facility; that neither the faith or credit nor taxing power of the state or a political subdivision is pledged towards bond payment; and the issuance of the bonds does not create a legal or moral obligation of the state, nor is dependent on an appropriation from the Alaska Legislature. The success or failure of this project in no way should affect the ARRC, the state, or political subdivision's bond rating.

*Prior to the start of construction, the developer must post a payment and completion bond in favor of the ARRC.

Alaska State Legislature

Senator Tim Kelly, Chair
Senator Steve Rieger, Vice Chair
Senator Bert Sharp
Senator Judy Salo
Senator Georgianna Lincoln



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SENATE LABOR AND COMMERCE COMMITTEE

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MEMORANDUM

TO: Senator Tim Kelly, Chair

FROM: Josh Fink, Committee Aide

DATE: April 25, 1994

RE: CS SB 338 (FIN), Non-recourse Revenue Bonds for the Northern Crossroads Discovery Center at Ship Creek

Following is a sectional analysis of CS SB 338 (FIN):

Section 1:

(a) Authorizes the sale of \$55 million in revenue bonds by the Alaska Railroad Corporation (ARRC) for the construction and acquisition of the Northern Crossroads Discovery Center in the Ship Creek Landings if, after a feasibility and financial viability study required by Section 2, the board of directors of the ARRC determines the project is feasible and financially sound.

(b) Authorizes the ARRC to loan the money to a public or private entity that it considers appropriate to acquire, design and construct the facility. In addition, this section authorizes the ARRC to enter into lease agreements with that entity to provide for and secure payment of the loan made from the bond proceeds.

(c) Provides that notwithstanding AS 42.40.630 and 42.40.640, Payment of bonds and Security for bonds, these bonds are special non-recourse bonds payable only from the revenues and assets received by the ARRC from the entity that owns and operates the facility. Moreover, this section expressly prohibits the ARRC from utilizing any other financing or financial vehicle of the corporation for payment of the bonds except from revenues and assets received from the owning/operating entity of the facility.

Memo to Sen. Kelly
Sectional Analysis CS SB 338 (FIN)
April 25, 1994
Page 2

Section 2:

Requires a feasibility and financial viability study of the project to be performed by a person/business selected by the ARRC and paid for by the potential developer. Upon receipt of the study, the ARRC board of directors shall determine if the project is feasible and financially viable.

Section 3:

Requires that before construction on the project begins, the developer post a payment and performance bond in favor of the ARRC to assure completion of the project.

Section 4:

Requires a statement on the face of each bond that indicates that 1) The ARRC is not obligated to pay the bond or interest except from the revenues and assets received by it from the owning/operating entity; 2) Neither the faith and credit nor the taxing power of the State of Alaska or of a political subdivision is pledged to the payment of the bond; and 3) The issuance of the bonds does not create a legal or moral obligation of the state and payment of the bond is not directly or indirectly dependent upon an appropriation by the legislature.

Section 5: Immediate effective date.



Economics Research Associates

Affiliated with Drivers Jonas

Los Angeles
San Francisco
San Diego
Chicago
Boston
Washington, D C
Fort Lauderdale

***SHIP CREEK PROJECT
ANCHORAGE, ALASKA***

***Prepared By:
Economics Research Associates
April 1992***

THE ALASKA EXPERIENCE OR DISCOVER ALASKA CENTER AT SHIP CREEK IN ANCHORAGE

SHIP CREEK PROJECT - INTRODUCTION

The purpose of this report is for Economics Research Associates (ERA) to provide LoPatin and Company and the Alaska Railroad Corporation with an initial assessment of the development opportunities for the Ship Creek Area. The focus of the assessment is the 120-acre Ship Creek site located on the City of Anchorage waterfront. ERA's initial recommendations reflect:

1. An overview of current tourism to Anchorage and Alaska and tourism trends.
2. Current visitor activities and amenities.
3. An assessment of related market as well as railroad and public policy issues.

ERA's initial conclusions are somewhat general in detail and are subject to further refinement based on more specific market evaluation and concept development.

The research to date reinforces the growing importance of the tourism industry in Alaska and especially for the City of Anchorage. City, public, and private leadership generally agree that providing expanded activities for visitors, keeping them here longer, and increasing off season tourism is essential for the Anchorage economic base. The diminished employment need in the oil industry and concerns over future military activity highlight the importance of tourism for the State economy as well. The State's visitor priorities are similar to those of the City, with the major addition of trying to explain the scale and grandeur of Alaska to short-term visitors. Since Anchorage serves as a major point of entry to the State, the Ship Creek project could indeed be the Gateway to Alaska.

The Gateway notion is reflected in our recommendation that the Ship Creek project should be highlighted by an exciting, sponsored visitor amenity. The initial concept, Discover Alaska Center, would be designed to introduce what Alaska is and what the State has to offer to visitors. As such, the Discover Alaska Center would serve as an innovative marketing center for the amenities of the City and the State to encourage extended stays and return visits. In addition, the Center would also augment existing tourist facilities to encourage a more enjoyable visit.

The Discover Alaska Center is the cornerstone of the Ship Creek project. We have briefly described the overall concept and the possible component features. Current and near-term tourism forecasts of up to one million visitors by the year 2000 provide the market for the Center. **A major consideration for the necessary refinement of the Discover Alaska Center is the degree of sponsorship that will be available.** To the degree that public and private financial support can be obtained, the project could be expanded beyond what the current market would justify in order to:

1. Produce a more exciting facility that has expanded visitor appeal.
2. Generate more enthusiasm for tourists to extend their visit and plan return trips.
3. Create new interest in off-season visits through the marketing program and by the Center itself which will be an exciting year-round facility.
4. Provide the City and State population with a high-end entertainment, education, and cultural amenity.

The final recommendations for the Discover Alaska Center must by necessity follow the response of prospective private and public sponsors. It is recommended that ARRC, local, State and Federal appointed and elected policy makers be enlisted to help identify potential funding sources. As this process evolves, it will be necessary to incorporate additional technical expertise in the area of concept design and related financial feasibility issues.

Our recommendations for the overall land use in the Ship Creek area reflect both the need to finalize the Discover Alaska Center and the variety of planning, engineering, and design issues involved with a site of this type. **A project of this size needs to be viewed as a process which will be carried out over a period of years through a series of successful projects.** The Discover Alaska Center is the first and most important project in the process.

The program involves the long-term development of the Anchorage waterfront based on a tourism, education, and entertainment theme. The initial project, a Discover Alaska Center, is the catalyst to the Ship Creek project and its aim is to provide an introduction and feel for Alaska in ways that instill a desire to see more of it. This focus reflects:

- a) An emerging recognition of the importance of tourism to the local and state economies.
- b) The immense scale of Alaska and the distance and access problems in experiencing many of its unique amenities.
- c) Anchorage's role/opportunity as Alaska's entry point as well as the state's cultural, education, and entertainment center.

The basis themes recommended for the Discover Alaska Center build off of Alaska's major amenities and attractions:

- Nature and scenic tourism;
- A unique history and culture; and
- A resource center that serves the world.

Our recommended program reflects current visitor activity which is growing and has tremendous potential to capture the expanding interest in nature by both domestic and Far East visitors. Current Anchorage visitation (described in Appendix A) amounts to approximately 765,000 people per year, up 20 percent since 1985. As indicated, a major issue with current visitation is its seasonality; most come during the four month summer season, and the duration of the visit averages a little over two days in Anchorage.

Our conclusions from our assessment of the Anchorage market is that an attraction such as the Discover Alaska Center is greatly needed. There are not enough quality activities for current visitors in the city and the vast majority of the State's visitors appear to have unfulfilled time.

The current Alaska visitor:

1. Arrives during the four month summer season (72%).
2. Is from the Western states (41%), South (18%), or Midwest (15%).
3. Arrives by air (69%).
4. Is on a vacation or pleasure trip (65%).
5. Is 45 years or older (62%).
6. Stays in a hotel (approx. 62%) and does not stay too long.

Based on ERA's initial assessment, the attraction should be targeted to an adult market with the understanding that it will have educational appeal to youths in the local market in the off-season. However, ERA believes that in time, Alaska will expand as an attraction for children and teenagers as a result of the increasing attention given ecology, environment, nature, and wilderness by education systems. This should increase the market for families with children as well as young adults.

Ideally, there will be the opportunity to reach visitors more than once on their visit to Anchorage. The attraction should be flexible enough in its programming to provide a number of experiences, including differing evening and daytime experiences. In addition, the Anchorage area has a very high percentage of visitors who are not on package tours when compared to the rest of Alaska. This means people will have the freedom to set their own itineraries and visit more than once or for longer periods of time. Our recommended concept involves a number of tourist venues, as well as a combination of visitor services including food, entertainment, and tour information.

A major theme of the Discover Alaska Center is to provide visitors with a greater awareness of the vast number of activity options and the idea that an extended stay or repeat visit is warranted. Expanding the visitor market and season is the basis for securing the support of existing tourist functions and maximizing the development potential of the balance of the Ship Creek site.

Existing tourist venues are described in Appendix B and include:

1. The Portage Glacier
2. Inside Passage
3. Mendenhall Glacier
4. Glacier Bay
5. Ketchikan Totems
6. Denali Park/Mt. McKinley
7. Skagway Historic District
8. Anchorage Museum of History

In ERA's opinion, the high penetration rates for the existing tourist sites as well as for other Anchorage facilities along with the short duration of the visits indicates tourists are looking for something to do.

This point has already been recognized by the owners of the Alyeska Ski Resort. The resort, located outside of Anchorage, is planning a major expansion of its lodging and recreational facilities (see Appendix D).

To further public support for the project, secondary themes of education and entertainment for the Alaskan market are also important considerations. On the level of the school-age child, the Anchorage School District Community Resources Office coordinates educational visits by its students to local visitor attractions.

The best example of an attraction like this would be the Museum of Art and History. The Museum hosts close to 650 school groups with a total of 17,000 students annually. An estimated 14,000 are students in the Anchorage school district (just under one-third of the total student census). The remaining student groups come from schools throughout the state.

In addition to these student groups, the museum hosts another 90,000-110,000 visits from Anchorage area residents and other Alaskans. They come individually or in small groups to see the museum's collection, special events and exhibits, and film series. They leave with increased knowledge or appreciation for art and history.

DISCOVER ALASKA CENTER - CONCEPT

Alaska is a tourism gem in the rough - one that is truly in the rough because, depending on the survey, Alaska ranks between 40th and 44th out of the fifty states in total visitor expenditures¹. Many states that are much less well known as visitor destinations like Nebraska, Iowa, Alabama, Kentucky, West Virginia, Kansas and others do far better. Considering what Alaska has to offer, this amazingly low ranking illustrates the apparent great potential for new visitor development.

¹ The national rankings include items such as travel generated expenditures in: transportation, lodging, food service, entertainment and recreation, and general retail trade. The source is the National Travel Survey by the U.S. Travel Data Center.

A key aspect of visitation is obviously linked to the distance and cost involved in travelling to Alaska compared with other tourist destinations. While it would be interesting to examine the implications of air travel pricing policies, especially during the off-season (including the potential impact of incentive programs) that is not our current focus. ERA's experience, however, is that there is a relationship between the distance and cost of vacation travel and the need to derive a high level of personal satisfaction from the experience. In general, this means that Alaska must take every effort to assure that visitors have a relatively easy time getting introduced to this huge and diverse state, maximize the activities and enjoyment of their stay, and leave with the feeling that it was worth the effort.

At present, Alaska is not easily understood. It is too big and diverse to grasp. There are 586,000 square miles, at least five definable native cultures, a number of widely different environments, and a richer variety of wildlife and sealife than in any other state. Sixty percent of the visitors to Alaska stay for more than a week, but even these visitors see only a mere fraction of what Alaska has to offer and never even hear about much of it.

Polls show that visitors leave satisfied with their experience, but the majority never get the thrill of seeing Mt. McKinley, much of the wildlife, the native cultures, or hearing the great stories of courageous and tenacious European explorers and American pioneers. The vast majority leaves without enjoying the finest selection of outdoor activities in North American such as hiking, fishing, climbing, canoeing or other types of boating.

The Discover Alaska Center is envisioned as three entertainment/educational pavilions that, like anchor stores in a shopping mall, result in a critical mass of attraction that attract more visitors than a single pavilion would on its own. The concentration of visitors also provides support for the smaller retail and food vendors that are a major source of project revenues. The goal of the three pavilions is to inform or educate people about Alaska in a very entertaining way to increase visitor interest in doing more, staying longer, and coming back.

The recommended themes of the three pavilions are:

- I. Nature/Ecology,
- II. History/Culture, and
- III. Resources.

A fourth pavilion, or set of services spread amongst the three pavilions would have entertainment, food, and visitor services, possibly in an old Anchorage street scene format.

The centerpiece of the Discover Alaska Center should be a large open space (most visitors will come in the summer), with a focal element that has an Alaskan theme and is large enough to draw curiosity. ERA likes the idea of a very large sculpture/model of the state of Alaska that can be walked on and around. Walking on and around the model will help people grasp the enormity of the state and its many terrains and distinctive areas. Built in lights marking important sites and routes and spot-lighting can heighten the drama of the sculpture/model. A variety of techniques are available to enclose the concept during the off season to provide a year-round amenity.

As stated, a major consideration is the potential of obtaining private or public sponsorship for the Discover Alaska Center. In order to facilitate potential discussion or preliminary interest in this project, we have provided the following description of potential activities. Depending upon the potential sponsor response, further market refinement and facility design research and alternatives will be developed. For purposes of discussion, the Discover Alaska Center could involve:

1. NATURE/ECOLOGY

Introduction:

This theme is recommended for the primary pavilion of this attraction for the following reasons:

1. The natural world theme is the basis of Alaska's appeal as a destination and should be the key part of any attraction that proposes to give an overview of Alaska.
2. If this attraction is to be the "organizing" attraction for visitors to Alaska, it must introduce and provide details about the natural attractions of Alaska.
3. Anchorage visitors who see the Anchorage area attractions with natural orientations do not see the full range of natural attractions in Alaska.

4. Future interest in natural attractions can only be expected to increase as concerns about and interest in the natural world continue to rise.

Each of these points is discussed below.

1. *Natural attractions are the basis for Alaska's appeal*

Four of the top five attractions and six of the top ten attractions in Alaska have a natural orientation. All six have amazingly high summertime visitor penetration rates (percent of visitors who come to the attraction) for visitors to the region where they are located. Winter visitation drops sharply as access to these natural areas is often sharply reduced. In order of their attendance totals, the six are:

<u>Attraction</u>	<u>Tourist Market Penetration Rate</u>	<u>Region</u>
Portage Glacier	67%	Southcentral
Inside Passage	74%	Southeast
Mendenhall Glacier	65%	Southeast
Glacier Bay	59%	Southeast
Denali/McKinley	99%	Denali/McKinley
Kenai River	34%	Southcentral

Two of these attractions, Portage Glacier and the Kenai River, are in the southcentral region where Anchorage is located. Three of located in the Southeastern region (i.e., Juneau).

2. *The Discover Alaska Center as an organizing attraction for the natural attractions*

The Discover Alaska Center will be positioning itself as an entertaining and educational attraction and a complete visitors center. To be a complete visitors center, the Discover Alaska Center Nature Pavilion should offer information services on the state's leading natural attractions as well as many of the newer ones that are under development. The information service should include pictures with descriptions of these attractions, commercial and public tours available for

transportation to and within these attractions, activities permissible at the place, and other types information of importance to visitors. The attraction descriptions and pictures, and the activities permissible should form the core content of the entertainment found elsewhere in the Nature Pavilion.

3. *Natural Attractions in the Anchorage area do not tell the whole story.*

Alaska's most popular natural attraction is the Portage Glacier which is located just outside of Anchorage. Visitor attendance is estimated to be approximately 270,000 annually. It has a summer visitor penetration rate of 67 percent for visitors to the southcentral region. On the way to Portage Glacier, visitors pass Chugach State Park. The State Park's visitor attendance is estimated to be approximately 110,000 annually. It has a summer visitor penetration rate of 27 percent for visitors to the southcentral region.

These two natural attractions offer some elements of a glacier, forest and mountain experience, but not all. For example, Portage Glacier does not have the giant cliffs of ice that plunge into the ocean that Glacier Bay does. Chugach State park is not as grand or well known as the mountains in Denali are. Neither offers viewing of sea mammals.

Visitors to Anchorage's two leading natural attractions see only a portion of the state's natural attraction resource. The intent of the presentations in this pavilion should be to broaden the awareness of natural sights and experiences in Alaska beyond the experiences that visitors get at Portage and Chugach.

4. *Future interest in natural attractions will increase.*

The world around us, in particular concerns about the "the natural world," will shape our lives more than ever in the coming decades. The concepts of conservation, re-cycling, low impact vacationing, learning about and respect for nature, and ultimately "eco-tourism" have, after years as a sub-culture, become a part of the mainstream travel/vacation culture. This is not to say that they have displaced the modern travel/vacation values that hold pleasure, comfort, relaxation, convenience, and entertainment in high esteem. Modern man's demands for these remain firm. Rather, they have become awkward but inevitable bedfellows.

Response to Market

As noted earlier, the Anchorage visitor market is typically older individuals on vacation, business people in town for over three days, and foreign visitors - often European, but increasingly Japanese and Korean. The Anchorage resident market differs little from that of any other typically American city of 250,000. With these factors in mind, this element of the Discover Alaska Center endeavors to be:

- Clearly structured;
- Easy to move through;
- Playful with the imagination through sight and sound shows rather than physical body motion; and
- Rich in informational content that, when mixed with the audio and visual media, makes for an element that is appealing to curious adults and educational to children.

Description of Components

Based on ERA's experience, potential elements for this pavilion could include: a presentation in a large specialty theater that emphasizes the big picture of Alaska's natural landscape, "please-touch" and interactive exhibits in pre-show areas that focus on ecology and the man-nature relationship, and a smaller specialty theater that focuses on wildlife. Kiosks that promote sightseeing with a wilderness flavor could be located just outside of this element's exit.

We recommend that an Omnimax/Planetarium type theater be considered because:

- The subject of Alaska, with its vast scenery and open spaces, and phenomena like the Northern Lights, is particularly appropriate for presentation in a large format film presentation like Omnimax.
- There is a local desire for a planetarium that cannot be economically justified, and there are several Omnimax installations in San Diego, Minneapolis, and Kansas that successfully integrate the planetarium projection equipment into a Omnimax.

- It is hoped an Omnimax type film of Alaska can be successfully distributed to theaters in the Lower 48 and abroad where they can be used in presentations that either subtly or overtly promote travel to Alaska, as well as generate additional revenues. ERA believes that properly marketed, a road show of the film and Alaska exhibits could be a highly successful activity. The program could be linked to science museums and private theaters.

We also recommend a smaller specialty theater that focuses on wildlife. This could be expressed in a "Sounds of Alaska" concept.

- In a totally dark room, the sounds of wildlife and other sounds in nature are played on a high-tech, high-fidelity sound system. Moments after the sounds begin and move around the room, images or quick films of the animals or scenes are flashed on a screen. This would be done best in a round or polygon shaped room where people sit or stand in the center. For example, the growl of a grizzly would be heard, followed a moment later, by a short (five second) film clip of a grizzly loping rapidly towards you, flashing on the wall. Then the screech of a bald eagle would be heard, followed by the image of a eagle flashed on another wall. Other sounds would be the crashing of a glacier into the sea, wolves, whales and the winds of the arctic.

Length of Stay

As this nature pavilion is the primary pavilion in the Discover Alaska Center, we expect that visitors to the Center will spend the greatest amount of time there.

The greatest amount of time will be spent in the theater if the film is the typical thirty minutes. The "Sounds of Alaska" presentation should take no more than 10 minutes. On average, the exhibit areas and information areas will take no more than 30 minutes including wait times. This brings the total length of time spent in this pavilion to 60 to 70 minutes on average.

Other Amenities

A gift shop with a merchandise mix similar to that of the Nature Company Stores would be appropriate at the exit from this Pavilion.

II. History/Culture

This theme is recommended for the second pavilion of the attraction for the following reasons.

1. After nature, the theme with the greatest appeal to visitors is the history and native cultures of Alaska.
2. As in the first pavilion, If this attraction is to be the "organizing" attraction for visitors to Alaska, it must introduce and provide information about the historical and cultural attractions of Alaska.
3. Anchorage visitors are not, at this time, exposed to the full range of the historical and cultural story of Alaska.
4. Interest in cultural attractions is growing as a desire for more "authentic" experiences increases among segments of the traveling public.

Each of these points is discussed below

1. Historical and Cultural attractions: Alaska's second theme

Eight of the top fifteen attractions in Alaska have a natural theme, but six have historical or cultural themes. The six have surprisingly high summertime visitor penetration rates for visitors to their regions. As with many of the natural attractions, visitation drops sharply between September and May. In the case of four cultural/historical attractions in the southeastern region, this is due to the cessation of cruise ship trips from mid-September to mid-May. The state's top six cultural/historical attractions in order of their summer visitor attendance are:

<u>Attraction</u>	<u>Tourist Market Penetration Rate</u>	<u>Region</u>
Ketchikan Totems	58%	Southeast
Skagway Historic Gold Rush District	57%	Southeast
Anchorage Museum of History and Art	42%	Southcentral
Sitka's Russian Church/Dancers	33%	Southeast
University of Alaska Museum	54%	Interior/North
Alaska State Museum	31%	Southeast

Only one of these attractions, the Anchorage Museum of History and Art, is in the Southcentral region where Anchorage is located. Four of the six are located in the Southeastern Region.

2. *The Discover Alaska Center as an organizing attraction for historical/cultural attractions*

To be a complete Alaska visitors center, the Discover Alaska Center History/Culture Pavilion should offer information services on the state's leading historical and cultural attractions as well as many of the newer ones that are under development. But it can also play another role that will help visitors place the historical and cultural attractions that they see in a context. With the exception of some of the museums, each of the state's many historical and cultural attractions focusses on a particular piece of the state's history, to the exclusion of the rest of the state's history. The Ketchikan totems are artifacts from one era, the Sitka Russian church another. In presentation, this attraction can organize these many different periods and places and provide information services about places from each period. These information services should include pictures with descriptions of these attractions, commercial and public tours available for transportation to and within these attractions, and other types of information of importance to visitors. The attraction descriptions and pictures should form the core content of the entertainment found elsewhere in the Cultural/Historical Pavilion.

3. *Cultural/historical attractions do not tell the whole story in Anchorage.*

Of the six cultural/historical attractions that are among the top fifteen attractions in the state, only one is in Anchorage. That is the Museum of History and Art. This is really not surprising because, we understand, the Anchorage area was not permanently settled until recent historic times. Hence, there are no historical artifacts like old settlements or clusters of totem poles to build an attraction around. (The exception is a small but developing Russian site twenty-five miles outside of town called Eklutna).

The Museum is currently the focus for visitor cultural/historical interest. It is open year-round and has an annual attendance that is estimated to be 250,000 and a remarkable summer visitor penetration rate of 42 percent. This is lower than the nearby Portage Glacier's 67 percent but is still very high for a museum. The museum has a very good static presentation on the cultural history of native Alaskans, and the impacts of the Russians, and lives of the anglo pioneers, but the entertainment value is low and the visual impact limited by the static diorama format. Recognizing this, the museum has supplemented the displays with native film and dance programs thrice daily in the summer. While the dances and films are good, the overall package is not easily comprehended as a whole, and the visitor flow is choppy.

Efforts have been underway for the development of an attraction developed by and about native peoples on a site just outside of Anchorage. There is reported confusion and opposition to the development of this attraction. The future development prospects and parameters of this attraction should be better known by the end of this year.

Neither the Museum nor the proposed native peoples attraction discusses Alaska's Natural History, and neither explain the Alaska's history in an entertaining way.

4. *Future interest in cultural/historical attractions will increase.*

Cultural tourism is closely related to eco-tourism in that it is a growing type of travel that strives to add learning and relevance to the travel/vacation experience. The interest in cultural subjects is reflected in statistics that show rising museum visitation in the U.S., increased spending on cultural events (they now exceed sporting event spending), and the rise of specialty media outlets

that serve cultural tourism and eco-tourism interests including the Arts and Entertainment network, the Discovery Channel, and the number of cultural and nature programming on the Turner networks and PBS. In education, increased interest in other cultures can be seen in the multi-culturalism movements in all levels of education.

Response to Market

The Anchorage visitor market is comprised, typically, of well-educated, older individuals on vacation, business people from the Pacific Rim or the Lower 48 in town for over three days, and foreign visitors - often European, but increasingly Japanese and Korean. The Anchorage resident market differs little from that of any other typically American city of 250,000. With these factors in mind, this element of the Discover Alaska Center endeavors to be:

- Clearly structured;
- Easy to move through;
- Playful with the imagination through sight and sound shows rather than physical body motion;
- Rich in informational content that, when mixed with the audio and visual media, makes for an element that is appealing to curious adults and educational to children. The content here is going to be a little more difficult to convey in an entertaining way than the content of the nature pavilion. However, the content cannot be lost in the entertainment if this is expected to have the educational value that it needs to retain and maintain funding and support from the public sector;
- One segment of the market whose content concerns will need to be addressed will be the native peoples. These concerns should be used to increase the accuracy and relevance of the content and enhance, not reduce, the entertainment values; and
- Sections on the multi-cultural history and current reality of Alaska should be interesting and involving for foreign visitors, especially the Japanese.

ERA also believes this pavilion would provide an excellent merchandising opportunity for high quality authentic native arts and crafts.

Description of Components

ERA recommends that this pavilion contain components that include a non-static exhibit that describes the native peoples history in Alaska from the Bering Straits land-bridge times to the present - with an emphasis on native cultures, a geo-drama theater that tells geological history of Alaska, and exhibits on the modern development of Alaska.

One recommendation that ERA has for the story of the native peoples in Alaska would be a theater similar to the Spirit Lodge that was sponsored by GM at the 1986 World's Fair in Vancouver. A variation that could have some appeal would be to have visitors seated in a dome rail car (complete with motion and sound) that travels past the historical and cultural attractions.

The geo-drama concept attempts to the geological/natural/and human history of the state in one high energy audio/visual presentation. The idea calls for a theater experience that is conceptually similar to this description.

- The geo-drama would trace the geological/natural/and human history of Alaska from when the universe was created, through the creation on the solar system, the earth, the arrival of plants and animals, early man, and the shifting plate tectonics that resulted in the creation of Alaska including periods when the climate of Alaska was in a frigid ice age, a warm tropical age, and a hot age of erupting volcanoes. As the geological form of the state cools into shape, the migrations of people over time would be shown on a projected map of the state. Live performers could be incorporated to enhance the explanation of Alaska's diverse cultural heritage. Viewers would stand or sit on a balcony around the edge of a circular room and watch a fast-paced, multi-media presentation projected on the circular floor below as if they are looking through a porthole to the past.

The geo-drama should also capture the idea that Alaska has benefitted over time from its geographic position on the Pacific Rim that has brought many peoples to its shores.

In a place as big as Alaska, transportation routes and means directed the way in which miners from the gold rush era to the oil drilling era traversed and then settled the state. This element would describe the settling of Alaska in modern times through methods of transportation including dogsleds, seaplanes and ski-planes, ships, railroads, and roads. There are many good "people" stories here involving heroism, gumption, and grit. Simulators like a dog sled in-a-blizzard simulator with a wind machine and a real snow machine along with rail and plane simulators could bring reality closer to the visitors.

Length of Stay

This pavilion will have a more balanced time distribution between the three principal elements than the Nature Pavilion will. Each of the three elements we expect will take fifteen minutes, although a geo-drama may take twenty minutes. Including waiting time, the amount of time spent in this pavilion should average about sixty minutes.

Other Amenities

This pavilion should include at least one gift shop with two distinct merchandise categories. One would be merchandise made by native peoples and the second would be merchandise similar to that found in a science museum gift shop (in keeping with the geo-drama element). Given that both of these merchandise lines are very different from one another, it may be wise to separate them into two smaller shops but still permit easy passage between the two to maximize visitor exposure to goods.

III. Resources

Introduction

This theme is recommended for the third and final pavilion because resource extraction - oil, fish/sea mammals, coal, timber, gold and other minerals have shaped the lore and the development of Alaska. It is likely that the industries built on these resources could be interested in taking a role in the telling of the Alaska story at the Discover Alaska Center. If so, and if their financial and in-kind contributions are significant enough, this third pavilion could be as compelling as the first two. For the present, we are assuming financial assistance could be provided.

There are two attractions that the resource extraction industry has at this time in Alaska and the more popular of the two, the Alaska Pipeline, wasn't built as an attraction. The story and technological sophistication of the pipeline is such that it draws almost 120,000 visitors each year. Sixty-five percent of the summer visitors to the Interior/Northern region make it a point to see the pipeline. This is a greater market penetration rate than the University of Alaska Museum and Alaskaland, an amusement park, have in that region. It is the single largest draw in the region.

Near Juneau, in the southeastern region, the two year old DIPAC fish hatchery was built with visitors in mind and features a visitors center, displays of fish in a variety of tanks, and an outdoor area to watch the salmon on the fish ladder. In its second year it had a 33 percent summer visitor penetration rate.

All elements of this pavilion are likely to be influenced by industry supporters, but the lessons of corporate support at the World's Fairs and EPCOT should keep the message of the exhibits as honest and balanced as possible.

ERA has several suggestions for elements to this pavilion. They are:

A whale exhibit, similar to the Underwater World attractions, could involve walking through a tank while whales swim around, over, and under you.

- Seeing Alaskan wildlife is great sport for visitors, and they can never get enough of it. The most popular to sight are moose, otters, salmon, sea lions, walrus, puffins, eagles, polar bears, kodiak bears, and whales. Of these, one ranks higher than others in high interest by tourists and rarity of high-quality sightings - - whales. A walk-through tank, similar to ones developed in other pacific rim countries, could give visitors a far better view of whales than they might normally get.

A salmon center...

They could not be closer. Ship Creek hosts Anchorage's principal salmon runs. Native folklore and other legends of the pacific northwest say more about salmon than nearly any other fish or animal. There are two options here.

- One would be to put in a fish hatchery that is designed to maximize visitor exposure to the process like DIPAC which is near Juneau. Last year, its second year, DIPAC, attracted 100,000 visitors. Many are visitors from the cruise ships, who were quick to add it to their itinerary. DIPAC is a non-profit organization supported by the fishing industry.
- The alternative would be to build a special display area for salmon, including a possible man-made stream about six feet wide and thirty winding yards long. If filled with black gravel, the brightly colored beauty of the fish could be seen sharply against the dark background. This stream could also be the hook for a highly-themed seafood restaurant.

An oil exhibit that addresses the importance of this resource to the nation and state as well as the extraction process. This important component needs to be reviewed with industry representatives to determine their interest and willingness to participate in the project. In ERA's experience, industry related exhibits are more common than might be thought. Almost two dozen individual companies have individual museums including the elaborate Motorola and Corning museums and the relatively simple Schwinn and John Deere exhibits. There are several ways to approach a petroleum exhibit. Here are three.

- As an Energy Exhibit. Virtually every one of the science museums in the country has an energy exhibit. Epcot has one too. It is comprised of three movies and a ride through attraction.
- As an exhibit about Oil and Alaska. This could resemble a successful exhibit modeled after one staged at the Royal Museum in Victoria, British Columbia several years ago. This exhibit focused on the Canadian Oil industry and the many roles that petroleum and its products plays in our lives.
- As an exhibit that emphasizes the sophisticated technology and sheer size of the key Alaskan pieces of the oil refining business. Here the emphasis would be on the Alaska Pipeline and the technological achievement of designing, building and operating facilities like those in Prudhoe Bay. The majority of the visitors know of the pipeline and many are interested in seeing it but are unable to travel to see it. The pipeline could be viewed as a level of achievement on par with the Hoover Dam, the Sears Tower, the St. Louis Arch and other examples of man-made achievements.

IV. Tourism Amenity

This amenity could include:

- Local information about Anchorage,
- Tour and travel services,
- Entertainment, and
- Restaurants.

This component of the project depends upon the eventual scale and configuration of the other three. More importantly, its actual location in the Discover Alaska Center depends upon a variety of related decisions including:

1. Where the Discover Alaska Center is located.
2. The location and timing of a potential Ship Creek hotel. The tourist amenity could be an enclosed "street" between the Center and the hotel. An alternative could have the tourist amenity in the hotel as long as the Center is physically linked.

At present, we assume the amenity could include:

1. Several theme restaurants obviously geared to tourists but certainly serving the regional population as well. Theme concepts include native or pioneer experiences.
2. 1800's entertainment which could include a bar/dance hall and some sort of gaming (mock) format. This is an exciting part of Alaska's heritage and could be an enjoyable and rewarding experience.
3. Introductory booths to inform visitors (and locals) of Anchorage as well as Alaska amenities, events, tours, etc.
4. Travel and tour representatives.
5. Related tourist amenities.

The mission of the tourism amenity is to assure visitors are fully informed of things to see and do in Anchorage and Alaska. Properly done this facility will also augment the entertainment scene for visitors as well as locals.

Note: The tourist amenity will need to be finalized as other components of the Discover Alaska Center are detailed.

SHIP CREEK ECONOMIC IMPACTS

Estimating the economic impacts of tourism is a difficult but necessary component of any project seeking public support or consensus. ERA has had considerable success and experience over the years on forecasting and estimating the impacts of various tourism programs.

For the Discover Alaska Center and early components of the Ship Creek project we have developed some preliminary impact estimates. The estimates utilize existing Alaska Division of Tourism data² and reflect the preliminary nature of the Ship Creek components at this time. ERA views these numbers as a guide to assist public sector and tourism decision makers in their review of the Ship Creek project. This important component of the project will be revised as further market research is completed and the overall concept is further refined.

Discover Alaska Center 1992

As indicated in our report, the City of Anchorage currently has approximately 765,000 visitors per year (1990/91). If we assume the Center has a cost of \$30 million and that it would draw around 40 percent of the City's visitors it would have an attendance of 300,000 per year. Assuming an average per capital expenditure of \$20.00 indicates a gross income of \$6 million per year. Depending upon the eventual composition of the Center, a considerable portion of the gross income would be consumed by expenses, say \$3 to \$4 million. The probable inability of the facility to cover debt expenses is very common and is reflected by the fact that most projects of this type are publicly sponsored (i.e., loss leaders for tourism development).

A variety of mechanisms exist to fund the deficit of tourism generating projects and some discussion of these options is in the following section.

² ERA believes the Alaska Division of Tourism data to be developed in a fashion acceptable to the tourist industry. It should be noted that visitors include all travelers to the state by non-Alaska residents (e.g., business, tourists, family, etc.).

The justification for sponsorship of a project such as the Discover Alaska Center will obviously vary with the entity being asked to provide resources. For example, City support would relate to construction and operating jobs as well as to City tax dollars generated. While an accurate assessment of economic impacts will need to wait until the project is further defined one obvious benefit will be in the form of expanded tourism. For example:

- Assume the earlier attendance figure for the Discover Alaska Center of 300,000 people per year (this is only a slightly higher penetration rate than that achieved at the Anchorage Museum).
- Assume further that as a result, 10 percent of the visitors extend their stay by one day = 30,000 additional visitor days and 20,000 additional hotel rooms rented.
- Assume 5 percent of the visitors decide to make a return visit = 15,000 people who stay approximately three days in Anchorage or 45,000 visitor days and utilize 30,000 hotel rooms.

Perhaps as important is the number of people who derive more enjoyment and satisfaction out of their visit and go back home and say so.

Discover Alaska Center 2002

An option to the above 1992 Center would be an expanded version (i.e., more facilities and features, upscale merchandise, larger, etc.). For this version we used \$50 million which would build a facility that visitors would not want to miss and would pay more to see. In this scenario we assume that 60 percent of our 765,000 visitors would attend for an attendance of 460,000. With an average per capita expenditure of \$30.00, a gross of just under \$14 million would be generated. Using our earlier assumptions, the visitor impact could be:

- Draw 460,000 of Anchorage's visitors per year;
- Fifteen percent of the visitors extend their stay by one day = 70,000 additional visitors, 46,000 additional hotel rooms rented; and
- Ten percent of the visitors make a return trip = 46,000 who stay three days in Anchorage or 138,000 visitor days with 92,000 hotel room nights.

The point of the above admittedly academic exercise is to illustrate the dramatic economic impact that can be generated by even a modest increase in Anchorage tourism. Local tourism people estimate the average visitor spends around \$500.00 during their Anchorage stay or approximately \$200.00 per day using a 2.5 day visit. If the Discover Alaska Center adds 75,000 visitor days (i.e., 1992 version), it will generate \$15 million per year in new Anchorage visitor expenditures. The 2002 version would generate \$41.6 million per year.

As the project is finalized, these impact numbers will be refined and documented.

Hotel Occupancy

A rough assessment of the current hotel situation in Anchorage based on existing data and ERA's fieldwork and interviews is as follows:

- Current number of visitor quality rooms in Anchorage - 3,500 (out of a total of approximately 4,400 rooms);
- Current Anchorage visitors of around 615,000³ people staying approximately three days at 1.5 people per room in Anchorage equals a need for 1,228,000 room nights per year. If Anchorage hotels operate at 65 percent, there would be currently a need for 5,200 rooms (i.e., at 75 percent it 4,485 rooms). In any event, it would appear current hotel occupancy in Anchorage is very healthy.
- While we did not evaluate existing room rates, our interviews suggest the full-service hotel rooms sell at a very healthy price, especially in season (e.g., in December we got a preferred rate at the Hilton of \$75.00. This room could go as high as \$125.00 during the summer months).

Any success in extending tourist visits to Anchorage would appear to put immediate pressure on the existing full-service hotels.

³ This does not include the local estimate of 150,000 Anchorage visitors per year who come from elsewhere in the state. While we are sure some do come, and do stay in hotels, there are no accurate figures.

More importantly, tourism is expected to increase by two to three percent per year over the next decade to a total number of Anchorage visitors of 792,000 by 2001. This projection, which appears realistic, does not consider the development of Ship Creek or the Discover Alaska Center. If we assume around 180,000 additional visitors to Anchorage and if they stay 2.5 days at 1.5 people per room, a demand for 300,000 hotel room nights will be generated. If we assume we are currently operating at near capacity (a reasonably safe assumption, especially in during the summer), Anchorage will need over 1,250 new hotel rooms. If the positive impacts of Ship Creek and the Discover Alaska Center are incorporated, this need for new full-service rooms is over 1,700. Incidentally, this same scenario indicates a demand for 800 new additional full-service hotel rooms by 1996.

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

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March 18, 1994

BY FAX -

Senate Finance Committee
State Capitol
Juneau, Alaska 99801

Re: Potential State liability for bonds issued pursuant to the terms of CS for Senate Bill No. 338 (L&C) (Alaska Railroad Ship Creek Project) Our File No. 5323/0601

Honorable Members of the Committee:

During this morning's meeting of the committee, Eric Wohlforth was asked whether the State of Alaska might be liable for the repayment of bonds authorized to be issued if the above-referenced bill were enacted. A similar question was asked of me when the bill was before the Labor and Commerce Committee. Following this morning's meeting of the Finance Committee, Mark LoPatin asked me whether the requirement in the bill for a feasibility study might lead to some liability of the State for the bonds. I am preparing this letter at Mr. LoPatin's request for the purpose of setting forth our views relating to potential State liability for bonds issued under the authorization of this bill. In brief, we do not believe the State would have any liability for the repayment of bonds issued under the terms of the bill in its present form.

Section 1 of the bill authorizes the issuance of bonds and describes the bonds that are authorized to be issued as "special nonrecourse obligations of the Alaska Railroad Corporation payable only from the revenues and assets of the public or private entity that owns and operates the Northern Crossroads Discovery Center." This language is clear. It authorizes the issuance of bonds that are only payable from the revenues and assets of the entity that owns and operates the Northern Crossroads Discovery Center. Any effort to issue bonds that are payable from any other assets (including assets of the State of Alaska) would be beyond the authority granted by this language, and any such bonds would be invalid. Without more, I believe this language would prevent any attempt to issue bonds

WOHLFORTH, ARGETSINGER,
JOHNSON & BRECHT

for which the State of Alaska could be held liable. However, there is more to the bill.

Section 4 of the bill requires that each bond issued under Section 1 contain on its face several statements, each of which strongly and plainly indicates that the bonds may not in any way pledge the assets of the State. Those statements are:

(1) the Alaska Railroad Corporation is not obligated to pay the bond or the interest on the bond except from the revenue or assets pledged for the bonds;

(2) neither the faith and credit nor the taxing power of the State of Alaska or of a political subdivision of the state is pledged to the payment of the bond; and

(3) the issuance of the bonds does not create a legal or moral debt of the State of Alaska and payment of the bond is not directly or indirectly dependent upon an appropriation by the Alaska State Legislature.

To my knowledge, these disclaimers are uniquely strong. It is difficult to imagine how they could be made stronger or clearer. A person who buys a bond with this language printed on the bond would be clearly informed that the State is neither legally nor morally obligated to use its assets to repay the bond.

The language of the bill describes, and only authorizes the issuance of, revenue bonds -- that is, bonds that are secured solely by the revenues of the project that it is issued to finance. It is possible to issue revenue bonds that do not obligate the State of Alaska, and the bonds authorized by this bill would be in that category. The requirement in the bill for a feasibility study, if it has any impact on their status, probably strengthens the argument that the bonds are revenue bonds. By requiring a feasibility study, the bill further emphasizes that the bonds are payable solely from revenues by requiring that there be a reasonable demonstration of the existence of such revenues before the bonds may be issued.

I hope this letter is helpful to the committee in its consideration of the bill. We are, of course, happy to assist further at your request.

Sincerely,



Kenneth E. Vassar

FISCAL NOTE

No. 1
 Bill Version: SB 338
 (S) Publish Date: 3-2-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL 1

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act Relating to the Issuance of Revenue Bonds
for the Alaska Discovery Center BRU: Revenue Operations
 Sponsor: Senate Labor and Commerce Committee Component: Treasury Management
 Requestor: Senate Labor and Commerce Committee COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0				
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Estimate of current year (FY94) impact: \$ 0

Changes in CSB 338 (20C)
 have no fiscal impact. This
 fiscal note is appropriate.
3/1/94 [Signature]
 date Comptroller (initial)

ANALYSIS: (Attach a separate page if necessary.)

The Department of Revenue believes it to be in the best interest of the State to have a thorough analysis of the project feasibility as required by this legislation. A qualified financial advisor should also review all bond and legal documents for proper disclosure of revenue sources and other credit issues. The analysis will be funded from bond proceeds.

Prepared by: Laraine L. Derr, Deputy Commissioner Phone: 465-4880
 Division: Treasury Date: 2/28/94
 Approved by Commissioner: Darrel J. Rexwinkel Date: 2/28/94
 Agency: Department of Revenue

ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 Changes in CSB 338 (Fin) distribution information call the Governor's Legislative Office
 have no fiscal impact. This
 fiscal note is appropriate.
4/19/94 [Signature]
 date Comptroller (initial)

6960 Orchard Lake Road
Suite 239
West Bloomfield, MI 48322-9107
Telephone: 810-737-9944
Fax: 810-737-9947

LoPatin & Co.

March 3, 1994

Senator Tim Kelly
Labor and Commerce Committee
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Senator Kelly and members of the Senate Labor and Commerce Committee:

It was a pleasure meeting with you Tuesday and presenting Ship Creek Landing to the committee. We are very excited by this project and encouraged by the responses we have received. We expect it will become one of the most significant developments in the State; promoting not just Anchorage, but all residents and business.

At the hearing I was asked to provide employment estimates for the Northern Crossroads Discovery Center. We estimate the center will employ 325 full and part time employees. I expect virtually all employees will be Alaskan residents.

In addition, Senator Lincoln requested a copy of the Economic Research Associates' preliminary market analysis. Enclosed is your copy. Please note the report was preliminary and not all the suggestions were incorporated in the preliminary design. The design does, however, embody the ERA concept for the Discovery Center. That being:

"as an innovative marketing center for amenities of the city and state to encourage extended stays and return visits. In addition, the center would also augment existing tourist facilities to encourage a more enjoyable visit."

Thus, the economic impacts of the center go beyond the \$41.6 Million to the Anchorage economy to other segments of the State.

If you have any further requests, do not hesitate to call.

Sincerely,



Mark LoPatin

THE NORTHERN CROSSROADS DISCOVERY CENTER

The purpose of this informational package is to introduce you to the Northern Crossroads Discovery Center at Ship Creek Landings. We believe Ship Creek Landings is one of the most important real estate developments in Alaska today. Its centerpiece will be the 250,000-square-foot, multi-attraction, tourist-oriented Northern Crossroads Discovery Center. This center will be a unique, multi-dimensional medium that will reach a very attractive market in a variety of ways. The Northern Crossroads will offer a total entertainment environment with facilities and services that will appeal to a wide spectrum of the population. The audience will consist of the educated, well-to-do one million annual visitors and area residents and their families, who will attend the center year round.

The Northern Crossroads Discovery Center will have three entertainment/educational attractions. The themes of the three attractions include: **1) Natural Wonders of Alaska;** **2) History and Cultural Diversity of Alaska;** and **3) Museums of St. Petersburg.**

Each of these attractions will be discussed individually. In this regard, it should be kept in mind that in addition to the three attractions, throughout the Discovery Center there will be demonstrations, crafts, special events, displays, and entertainment promoting Alaska, it's attractions, and natural wonders. Thus, making the Northern Crossroads Discovery Center both an attraction and a promotor of other statewide attractions. As will be discussed later, an independent preliminary market analysis has estimated the benefit of the Discovery Center to the Anchorage economy will approach \$42 Million annually. Yet, less tangible, but equally important is the promotional value to the state. That said, the specifics of the Discovery Center are:

NATURAL WONDERS OF ALASKA

The vast panoramas, the fascinating wildlife, the exceptional way of Alaskan life will all be explored in a larger than life 20 to 25-minute Omnimax film. For those readers who may not be aware, the Omnimax format utilizes panoramic, wide angle photography, ideal to depict the scenic beauty of Alaska. The screen, rather than flat, is actually a dome above the audience. In addition, the field of view is so large, that the pictures actually extend beyond the viewer's peripheral vision. In effect the picture literally surrounds the audience and creates the illusion of almost entering the scene. In order to make this experience even greater, the theater will be designed to accept the latest in technology, such as 3D, so that it has the capacity for the widest possible scope of films and formats. This will give the theater tremendous flexibility for shoulder (non-peak) season programs and special events.

An Omnimax format was chosen because no other large screen projection system can come close to Omnimax in terms of impact. Because part of the mandate for the attraction is to portray Alaska's scenic beauty and wildlife in a dramatic manner, a strong visual medium is essential. Omnimax fulfills this need extremely well. The extra technical elements will be added to differentiate it from any other local experience. In addition, the Omnimax format and an existing library of films mean that the theater can be active throughout the non-peak periods by bringing ever-changing movies to the Anchorage community.

The types of scenes included in the Discover Alaska movie may include:

- o Iditarod race from the back of a dogsled.
- o riding an ice floe in Glacier Bay

- o helicopter views of Mount McKinley
- o salmon jumping upstream directly at the camera
- o Northern Lights
- o winter storm on ship in Bering Straits
- o trans-Alaska pipeline
- o gold mining
- o Alaska Railroad ride to Seward
- o island hopping in a float plane
- o riding in an oomiut - a genuine walrus skin boat
- o flying through the Valley of 10,000 Smokes to see the lunar-like pumice landscape
- o close up action of a brown bear on Kodiak Island
- o touring old Russian outposts in Alaska

The Omnimax film of Alaska will be distributed to theaters in the Lower 48 and abroad where it will be used in presentations that either subtly or overtly promote travel to Alaska. We believe that properly marketed, a road show of the film and Alaska exhibits could be a highly successful activity. The program could be linked both to science museums and private theaters.

THE HISTORY AND CULTURAL DIVERSITY OF ALASKA

This attraction will be two separate shows. Visitors will first enter the pre-show area in groups of no more than 200 people. This space has lean rails and a raised front screen on which an approximately 8-minute laser light show will appear. This production will give the viewer a realistic representation of the Northern Lights. It will simultaneously explore various Native legends regarding this phenomenon.

The visitors will then proceed into the main theater which has ten rows of lean rails, each with capacity for twenty people. The rows are steeply built so that everyone has a clear view of the main stage.

The lights dim and we see, in a half light, a robed, partially hooded figure standing on a bare stage. The robe does not give us any hints as to the origin of the figure. He begins to speak in a soft, deliberate voice and slowly moves about the stage. He tells us that he is seeking to explore the origins of the Alaska people and he invites us to join him on his journey.

He then proceeds to tell us a legend from each of the main contributing cultures. There are 4 or 5 legends, all between 1 and 2 minutes in length. As he begins each one, he raises his arms and the legend comes to life holographically on the stage with people, props, and settings. The style of the legends will be particularly suited to the individual stories but they will all feel mystical with appropriate lighting and sound.

The host watches each legend play out and after the last one he tells us that this is only part of his journey. As he says this, he slowly lowers his hood and we see that he is not human, but alien. He tells us that he must now explore the future and that we cannot go

with him, yet. There is a flash of light and an ascending, bright, pulsing beam as he totally disappears.

As the bright light fades, we hear his voice echoing, "Good luck fellow travelers - we will meet again in the future."

The theater lights slowly come up as the show ends.

MUSEUM

Northern Crossroads, in recognition of the site's place in Alaska's history, will showcase a museum. The development's name, in fact, Ship Creek Landings, was the name used by the first Anchorage residents.

To promote the history and cultural diversity of Alaska and Anchorage, the third pavilion will be a world class hands-on museum. On April 28, 1993 an agreement was signed with the government of St. Petersburg, Russia in which they will open a permanent annex of their Russian-Alaskan materials collected from four of the most famous Russian museums. This will be the first foreign museum on U.S. soil. In addition to an exhibition, the agreement provides for educational seminars, outreach programs, and traveling shows. This would attract personnel from the international community as well as U.S.

OTHER ATTRACTIONS

In addition to the aforementioned pavilions, the Northern Crossroads Discovery Center will have smaller entertainment and educational components throughout the site. There will be hands-on exhibits, demonstrations, craft exhibits, entertainers, etc. The Anchorage Museum of History and Art has indicated an interest in locating an Explorer Park at the Center. This park will highlight a part of the area's history. From Captain Cook to Vancouver, exhibits will illustrate Anchorage's powerful history.

INFORMATION AND RESERVATION CENTER

In addition, there will be a visitor component which will introduce tourists to the opportunities available in the state, from restaurants to boat tours. Thus, by

establishing the Northern Crossroads Discovery Center as an information and reservation center, tourists should make the center one of their first stops.

SUMMARY OF DEVELOPMENT TEAM

What follows is a brief description of those comprising the development team of the Northern Crossroads Discovery Center. It is with no false sense of modesty that we state that the team described below, both in terms of its creative vision and its practical experience, is clearly capable of realizing the full potential of the Northern Crossroads project.

LoPATIN & CO.

LoPatin & Co. has been actively involved in real estate development for the past 40 years. Since the development estimates were first compiled by Crain's Detroit Business, the company has been consistently ranked as one of Michigan's largest development companies.

Projects have ranged from high speed oval automobile racetracks to amusement parks. Geographically, the firm has traveled from Florida to Michigan, Texas to California. Recent developments include a 1.2 million square foot industrial park, hotels, office buildings, and manufactured home communities.

Notwithstanding its size, the area of which the company is most proud concerns its reputation with the local municipalities and government agencies with whom it has worked. These relationships have been very helpful in shepherding difficult projects through the burdensome approval process. Examples include the only development in Southfield, Michigan in which the City took an active role in acquiring, consolidating, and financing property for a private development. In addition, the company has been

selected by several governmental units to develop community projects ranging from a mixed use office development to a municipal conference and exposition center.

FORREC LTD.

Forrec Ltd. is a Toronto-based consulting firm with 30 years of experience, providing a full range of planning, design, construction and operation services to the leisure and entertainment industry. Since the firm's establishment, Forrec Ltd. has gained an international reputation for design excellence and efficient performance.

The firm represents the very best design skills in the industry and, therefore, has been selected to consult on major projects throughout the world. Some of these include the West Edmonton Mall and the International Leisure Complex, St. Petersburg, Russia. Forrec has recently completed the master planning, design, contract documentation and construction supervision for all facade and area development at MGM/Universal Studios, Florida as well as the program development, master planning and design for "Fiesta Texas", located in San Antonio, Texas, the first major U.S. theme park to be developed in a decade.

Other works in progress include conceptual master plans for railway lands in Chicago and Milwaukee, conceptual and attraction design for the K.I.A. Motors pavilion at the 1993 Taejon World Fair in Seoul, Korea, native resort development for the Chippewas of Rama, Ontario, Canada, masterplan and attraction design for Ocean Park, Hong Kong and design advisors to special theme application of the new Treasure Island Casino, Las Vegas.

HELLMUTH, OBATA & KASSABAUM

Hellmuth, Obata & Kassabaum, Inc., is a full-service architectural organization with more than 30 years of experience. Its diversified practice includes comprehensive architectural and engineering services, and a wide range of related disciplines from computer systems planning to the development of master plans. HOK has a staff of over 1,000 professionals experienced in a wide variety of assignments for major corporations, developers, federal, state, and local governments, hospitals, colleges and universities. They have worked throughout the United States, in Canada, the Caribbean, Central and South America, Europe, the Middle East, and Asia. HOK is recognized as one of the premier, as well as one of the largest, design firms in the United States.

Since 1970 HOK has done over fifteen projects in Alaska including the State Capital Site Selection Study, the University of Alaska Master Plan, the BP Exploration Alaska Inc. Corporate Headquarters, the ARCO Prudhoe Bay Operations Center Living and Recreational Center, and the Trans Alaska Pipeline Environmental Analysis.

HOK is responsible for major award-winning projects such as the National Air and Space Museum, the King Khaled International Airport, and the Houston Galleria, Houston, TX.

ECONOMICS RESEARCH ASSOCIATES

Since its first study for Walt Disney Productions more than 30 years ago, Economics Research Associates (ERA) has evolved into one of the largest diversified real estate consulting firms and has completed more than 3,000 assignments related to recreation and tourism. The world's oldest and largest management consultant firm to the leisure industry, ERA has pioneered the planning, development and operational phases for many of the world's major recreation, entertainment, education and tourist attractions.

Recreation and tourism related projects have included theme parks, zoos, aquariums, museums, expositions and fairs; specialty entertainment facilities and individual recreation facilities and clubs. Notable clients have included Walt Disney World, Six Flags, Knott's Berry Farm, Opryland, U.S.A., National Aquarium in Baltimore, and the Los Angeles Olympics Organizing Committee.

VISITORS PROFILES

In April 1992, Economics Research Associates completed a report dealing with the Northern Crossroads Discovery Center concept. In it, visitors to Alaska were profiled. Because of some of the unique characteristics of these visitor groups and their tremendous impact on the Anchorage and Alaskan economies, certain facts should be highlighted here. For the reasons discussed below, sponsorship efforts to these targeted groups should be particularly effective.

THE TARGETS

Nearly 70% of those non-residents who visit Alaska spend some time in Anchorage. In turn, nearly 70% of these visitors can be described as pleasure visitors. While the vast majority of visitors to Alaska arrive from the Lower 48 (86%), the percentages of visitors arriving from Canada, Europe and the Pacific rim are clearly rising. In fact, the number of international visitors has increased by nearly 25% in the past three years. These trends show that the Alaskan market is broadening as it grows and that most of the new visitors are coming from new markets. With respect to the Alaskan visitor, the average age has dropped from 54 in 1985 to 50. The average visitor income, during that same period, has increase to \$59,000. In short, the Alaska pleasure visitor, given their maturity, education and wealth, would appear to be an ideally receptive audience for sponsor messages.

THE BUSINESS VISITOR

Approximately 30% of the visitors to Alaska arrive on business. Nearly a third of these persons, however, describe the purpose of their trip as both business and pleasure. In

Anchorage, the average visitor is 47 years old. Inasmuch as the Northern Crossroads Discovery Center will combine food and entertainment services along with a physical connection to both a hotel and conference center, the penetration rate for the Anchorage business traveler should also be high.

THE ANCHORAGE POPULATION

Anchorage's population differs significantly from the U.S. norm in terms of age and education. The community is characterized by a low median age and a highly educated, career oriented workforce. In 1987, the median age in Anchorage was 28.4, compared to the U.S. average of 31.5. Fifty-five percent (55%) of all adult residents have completed one year of college. This compares to only 35% nationwide.

As the median age falls squarely within the baby boom generation, young and growing families are clearly the norm. In fact, 40.6% of the population is between the ages of 25 and 44. This compares with 32.5% nationwide. The Anchorage school district is currently experiencing record enrollments which now exceed 44,000 students.

In addition to youth and education, Anchorage also distinguishes itself in the areas of per capita and household income. The average per capita income in Anchorage is 141% of the national average. Moreover, due to the high percentage of women in the work force, (74.4% of Anchorage women are employed) the typically combined household incomes create a tremendous amount of disposable income. Thus, wholly independent of the visitor market, sponsorship of the Northern Crossroads Discovery Center will offer a unique opportunity to reach the Anchorage resident in a positive and entertaining way.