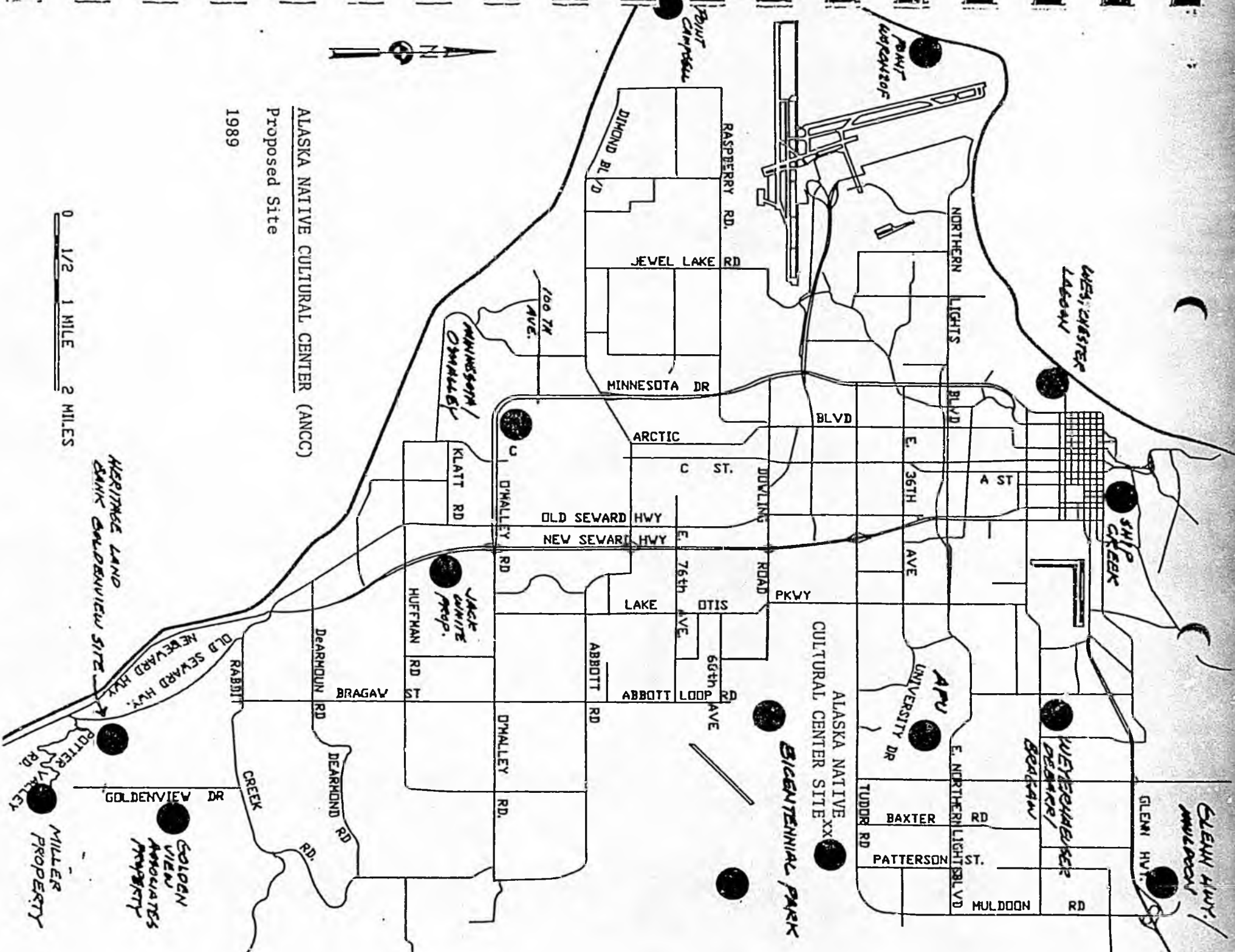


ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6632 SENATE STATE AFFAIRS

1036

# ANCHORAGE BOWL SITES



ALASKA NATIVE CULTURAL CENTER (ANCC)  
 Proposed Site  
 1989

0 1/2 1 MILE 2 MILES

HERITAGE LAND BANK GOLDENVIEW SITE

GOLDEN VIEW ASSOCIATES PROPERTY

MILLER PROPERTY

ALASKA NATIVE CULTURAL CENTER SITE

BICENTENNIAL PARK

WEST WYSTER LABOAN

SHIP CREEK

WEYERHAEUSER DEBARKER BRADSHAW

GLENN HWY. MULDOON

APU UNIVERSITY DR

BAXTER RD

MULDOON RD

DIMEOND BLVD

RASPBERRY RD.

JEWEL LAKE RD

MINNESOTA DR

ARCTIC BLVD

OLD SEWARD HWY

NEW SEWARD HWY

LAKE OTIS

BRAGAV ST

ABBOTT RD

ABBOTT LOOP RD

D'VALLEY RD.

DEARHOUND RD.

DEARHOUN RD

RABBIT CREEK

GOLDENVIEW DR

POTTER VALLEY RD.

GOLDEN VIEW ASSOCIATES PROPERTY

MILLER PROPERTY

ALASKA NATIVE CULTURAL CENTER SITE

BICENTENNIAL PARK

WEST WYSTER LABOAN

SHIP CREEK

WEYERHAEUSER DEBARKER BRADSHAW

GLENN HWY. MULDOON

APU UNIVERSITY DR

BAXTER RD

MULDOON RD

DIMEOND BLVD

RASPBERRY RD.

JEWEL LAKE RD

MINNESOTA DR

ARCTIC BLVD

OLD SEWARD HWY

NEW SEWARD HWY

LAKE OTIS

BRAGAV ST

ABBOTT RD

ABBOTT LOOP RD

D'VALLEY RD.

DEARHOUND RD.

DEARHOUN RD

RABBIT CREEK

GOLDENVIEW DR

POTTER VALLEY RD.

*Alaska Native Culture Center, Anchorage*

Benefits of Native Culture Center

- \* Significant expansion of a market for Native culture heritage programs for Alaska's visitors and residents
- \* Promotion of statewide tourism
- \* Employment opportunities for Natives and non-Natives locally and statewide
- \* New outlet and stimulus for Native arts and crafts
- \* Preserving and nurturing Native traditions while promoting self-esteem
- \* Cooperative planning to promote economic development by public and private sector

# Alaska State Legislature



SENATOR  
ARLISS STURGULEWSKI  
Senate President Pro Tempore  
Chairman, Senate Rules Committee

2957 SHELDON JACKSON STREET  
ANCHORAGE, ALASKA 99508

While in Juneau  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3818

## Senate

M E M O R A N D U M

23 February 1989

TO: Senator Pat Pourchot  
FROM: Senator Arliss Sturgulewski

I appreciate your scheduling Senate Bill 145 for a hearing. As you know, making Anchorage a desirable destination point is crucial to attracting visitors. I believe that the proposed Alaska Native Cultural Center will be a major cornerstone in building much-needed tourism infrastructure in Alaska.

In addition, the center will serve as a repository for the preservation of traditional Native culture and a unique facility designed to celebrate and foster contemporary Alaska Native culture.

It is in the best interest of the State of Alaska for the legislature to appropriate these funds toward the building of this major project.

The following people will be available to testify on behalf of this legislation;

Roy M. Huhndorf, President, Cook Inlet Region, Inc.  
Lydia L. Hays, Interim Executive Director, Alaska Native Center  
Frank Pagano, President, Koniag, Inc.  
Perry Eaton, President, Community Enterprise Development Corporation  
John Kampfe, Anchorage Manager, Royal Hyway Tours  
John Johnson, Chugach Alaska, Inc.

Attached is the executive summary of the feasibility study conducted in 1988. This study found that such a project was feasible and once built, would be self-sustaining. Also attached is the proposal outline by the Alaska Native Cultural Center Corporation, a letter of support from the Alaska Federation of Natives, and a resolution passed by the Alaska Federation of Natives during the 1988 annual convention.



FINAL REPORT

FEASIBILITY STUDY

OF THE

ALASKA NATIVE CULTURE CENTER

AT

ANCHORAGE, ALASKA

PREPARED UNDER CONTRACT TO  
THE CIRI FOUNDATION

BY

ECONOMICS RESEARCH ASSOCIATES  
FOX PRACTICAL MARKETING AND MANAGEMENT  
DOWL ENGINEERS  
HAROLD WIRUM & ASSOCIATES, ARCHITECTS

SEPTEMBER 1988

PROJECT NO. 8847

## Section II

### EXECUTIVE SUMMARY

An Alaska Native Culture Center can be a feasible economic operation in the Anchorage area. It will recover its costs of operations, maintenance, and management. It does not appear that it can recover its capital development costs in the near term if it is to present the quality and variety of Alaska Native culture in an intensive manner -- bringing together the many performers and craftsmen of the widespread regions of the state.

This Executive Summary briefly reports the findings of the overall feasibility analyses. The reader is cautioned to go beyond this summary in order to catch the full description of the issues, concepts, and array of alternatives which are fleshed out in the several sections of the report. There is also a companion volume, entitled "Technical Appendices," which reports in greater detail on the Anchorage tourism market, on the detailed site evaluation activities, and on the building space requirements, relationships and cost estimates.

#### PROGRAM AND PROJECT CONCEPT

An Alaska Native Culture Center should be a high quality experience for visitors and Alaskans. The principal themes of the presentation formats are:

- o Participation via proximity to the performers
- o Listening and communicating person to person
- o Handling of the implements and crafts of Native Alaska

The components of this experience are:

- o An arrival presentation of high quality video
- o Introduction to the tangible, touchable implements of livelihood and art

- o Presentation of the dance, song, and instrumental music
- o Storytelling about the way it was and is
- o Demonstrations of the crafts of tradition and the present
- o Involvement in Alaska Native traditions by walking through replica villages, watching the blanket toss, experiencing the potlatch

The program should be presented:

- o In the four key summer months, when visitor capture is assured
- o To individuals and groups arriving throughout the day
- o Via a length of stay which may last 2.5 to 4.0 hours
- o At a location within 20 to 25 minutes travel time from the major visitor accommodations locations (downtown, airport area, etc.)

The program can best be experienced in a park-like setting involving considerable outdoor pedestrian movement between facilities and displays:

- o Visitors flow through the series of performances, displays, active demonstrations, retail sales, and food and beverage services.
- o The ideal site will have good tree cover and a stream -- which become integral to design and interpretation of Alaska Native culture.

#### MARKET DEMAND/VISITOR CAPTURE

The Alaska summer visitor surge is the available market waiting to be captured. Anchorage alone receives an estimated 435,000+ summer visitors, 40 percent of whom are on booked tours. Of those who come to Anchorage specifically for tourism and pleasure, fully 64 percent are on booked tours.

The tour companies are consistently indicating the need for, and their desire to market, a high quality Alaska Native Culture Center. There is nothing like it in Anchorage, which is chiefly an urban Alaska experience for visitors at the present time.

ERA estimates that a culture center can capture 100,000 to 120,000 admission paying visitors in its first summer, with growth in patronage to 200,000 to 220,000 per summer within five years. Alternative patronage flows, based upon different market penetration assumptions, have been prepared. It is suggested that master planning for a fully developed culture center provide for ultimate summer visitor capacity of 250,000.

Visitors and tourists from out of state are expected to make up more than 80 percent of all patronage, and this proportion may grow if Anchorage receives increased foreign visitation. The expected market penetration rate for out-of-state visitors, with tour company sales of admissions as part of the tour packages, should be 30 percent, moving upward toward 35 percent. The expected market penetration rate for local area residents and other Alaskans is estimated to be roughly 15 percent per summer season, declining toward 10 percent over time.

#### PROGRAM FACILITY COMPONENTS

Several ranges of "hardware" have been defined, with different patronage capabilities and directly related costs and revenues potentials. Six alternatives are defined, all but one requiring commitment to a specific culture center project on 40 to 60 or more acres. The alternatives are:

- "A" "No build" -- Keep on presenting in existing venues in Anchorage. Depending on marketing and very strong reputation, up to 100,000 patrons might be attracted, at low revenue yields, however.

- "B" Themed Performance Grounds -- Essentially an outdoor experience, having perhaps 15,000 square feet of covered facilities, attracting 100,000+ summer patrons. Full development costs would be roughly \$10 million; annual revenues might reach \$2 million.
- "C" A first level formal presentation center, on developed grounds, with 30,000 square feet of structures, attracting 160,000+ summer patrons. Development costs would be roughly \$15.0 to \$18.5 million; annual revenues might reach \$3.4 million.
- "D" A second level formal presentation center, on developed grounds, with 45,000+ square feet of structures, having a capacity for 180,000+ summer patrons. Development costs could be in the range of \$20 to \$25 million or more; annual revenues might reach \$4.6 million.
- "E" A third level formal presentation center, on fully improved grounds, with 60,000 square feet of structures, would have a capacity of 230,000+ summer patrons. Development costs could be in excess of \$30 million, and revenues might approach \$6.2 million.
- "F" A first phase project fully capable of on-site presentations and performances, regardless of summer weather, with 25,000 square feet of structures, would have a capacity of 120,000 to 160,000 patrons and be able to be more fully developed in later phases. Development costs would be roughly \$7.0 to \$8.5 million initially, and annual summer revenues would peak at roughly \$2.85 million. This last alternative is considered a "starter project."

Conceptual drawings of the program and facilities are presented in the body of the report. The most cogent concept is that shown here in Figure II-1, Conceptual Site Plan.

The cost ranges for development of facilities described above are for on-site development and do not include cost of "off-site" public improvements which may be necessary to serve the potential sites. It has been assumed that the "off-sites" may be placed by local government for the economic development benefit which an Alaska Native Culture Center will create. The developments do not include land purchase or lease. It will be the objective of the project to obtain land control on a no-cost or least-cost basis. A long-term lease of existing public property is desirable. ERA has defined potential annual lease costs in the \$150,000 to \$180,000 range and believes the culture center could bear such additional annual operating costs -- which would be roughly equivalent to \$1 per summer visitor -- if the community believes lease incomes to be in the public interest.

PROGRAM AND FACILITY COST RANGES

Following the definition of six alternatives, ERA focused upon three which, in its judgment, presented an Alaska Native Culture Center at a suitable operational scale to allow reasonable certainty that a quality program could be sustained. Alternatives "C," "D" and "F" were further analyzed and had the following characteristics:

	Alternative		
	"C"	"D"	"F"
o Structures (sq.ft.)	32,700	45,000	25,000
o Land Area (acres)	45-60	45-60	45-60
o Summer Visitor Capacity	160,000-200,000	180,000-230,000	120,000-160,000
o Staff/Performers Estimate	166	194	154
o Operating Costs	\$3,177,000	\$3,691,000	\$2,561,000
o Operating Costs with Partial Debt Amortization	\$3,852,000	\$4,476,000	\$2,816,000
o Revenue Estimates (\$23 per capita expenditures)	\$3,260,000	\$3,749,000	\$2,608,000
o Revenue Estimates (\$26 per capita expenditures)	\$3,810,000	\$4,381,000	\$3,048,000

These analyses suggest that the three alternatives are at or close to break-even (costs coverage by site revenues generated from visitor expenditures). Alternative "F," which features a first phase of ultimate development, leaving some of the site unimproved, appears to be the most economically feasible. ERA believes that an initial phase of development which contains enough indoor presentation capacity to overcome weather problems will be an appropriate development strategy and will require 25,000 to 30,000 square feet of covered space.

#### SITES ANALYSIS AND RANKING

Some 25 separate sites in and near the Greater Anchorage Area were reviewed by DOWL Engineers. A detailed report of the site investigations is separately bound in the Technical Appendices volume. Five key criteria were used to screen the initial long list of sites:

- o More than 45 acres of land available in a single ownership.
- o Location within 20 to 30 minutes of the major tourist accommodations and terminals.
- o Site should contain mature trees/shrubs and have an existing stream or be capable of featuring a water element.
- o Location on a principal arterial street or with obvious access thereto.
- o Not under or near recurrent aircraft flight paths, or adjacent to land uses which generate intrusive noise.

Fifteen sites were located in the Anchorage Bowl area and appeared to be within 20- to 30-minute drive times from downtown. Ultimately, four sites were identified as having the best sets of desired characteristics or have been suggested for further discussion:

- o The Bicentennial Park Botanical Gardens site, owned by the Municipality, located just south of Tudor Road in the Campbell Tract. There are about 120 acres of land identified, not all of which would be necessary for a culture center. Campbell Creek passes through the site.
- o A tract at the Muldoon interchange with the Glenn Highway, of 96+ acres, now owned by CIRI, adjacent to Ft. Richardson.
- o Alaska Pacific University property adjacent to University Lake, a city park. A 25- to 40-acre portion of undeveloped property may be an appropriate site for the culture center.
- o O'Malley Road and Minnesota By-Pass define two adjoining owner-ships, of 90 total acres, in South Anchorage, with good tree cover. CIRI and the Municipality are the owners.

No recommendation for a specific site is made at this time. The consultant team has evaluated the four sites with the Ad Hoc Steering Committee and the project coordinator. Very preliminary discussions have been under way regarding use potentials at the Bicentennial Park Botanical Garden site.

#### FINANCIAL ANALYSIS

The proposed project has been tested in greater detail to more carefully assess the possibility of operations and maintenance costs coverage. Alternative "C," the first level formal presentation scale, and Alternative "F," the "starter core" project, have been evaluated. Without forcing the numbers, it appears that Alternative "C" could cover its costs and provide very modest long-term amortization of one-half of the on-site capital development costs. The high cost of capital development is daunting, however, and Alternative "F" provides a strategy for initiating development and operations, with future phases of grounds development at later periods.

Alternative "C" is roughly a \$4.0 million per year business operation, and Alternative "F" starts as a \$2.0 million per year program and builds toward \$3.0 million. Alternative "C" is a better project if the capital development funds can be identified and captured. ERA has identified a list of potential funds sources for follow-up. It is quite clear that multiple sources will be needed to adequately capitalize both project development and performance development.

A further concept has been considered -- a direct partnership between the culture center and the tour companies, through which the tour companies might initially capitalize a substantial portion of the project development costs, in order to develop a new and high quality destination venue in Anchorage. The idea has considerable merit and should be pursued.

#### IMPLEMENTATION STRATEGY

The next steps and an organizational concept are spelled out in the final section of the report. The Alaska Native Summer Performances of 1988 will be repeated in 1989 with enhanced capacity. It has become obvious that two simultaneous efforts must be undertaken -- the continued nurturing of the Alaska Native performance/presentation capabilities and the initiation of project development. ERA recommends the establishment of a Performance Corporation, which in time will be a culture center tenant, and the creation of a Facility Development Corporation which will transition to a Facility Operating Corporation and contract with the Performance Corporation for the presentation programs.

A timeline of four years for project development is proposed, with a first summer of operations at the site in 1991. Thereafter, it is expected that by the third summer of operations (1993) the project would reach its market capture and costs coverage potentials.

In order to assure adequate operating capital, a series of fund raising targets are described, for both the Performance Corporation and the Development Corporation. The proposed project must deliberately plan to avoid the problems of underfunded operations after the grand opening, which seem to plague varieties of cultural centers.

# ALASKA FEDERATION OF NATIVES, INC.



411 W. 4th Avenue, Suite 301 • Anchorage, Alaska 99501 • Phone (907) 274-3611

January 10, 1989

To Whom It May Concern:

On behalf of the Alaska Federation of Natives, I would like to voice my support for the establishment of a Native Culture Center in Anchorage.

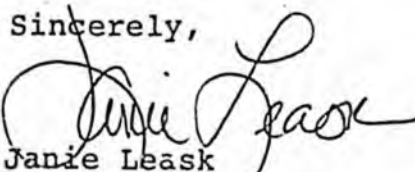
During our recent AFN Convention, over 1500 delegates - representing Native people from all around the state - overwhelmingly passed a resolution which endorsed the establishment of an Alaska Native Culture Center in Anchorage.

During this same Convention, the delegates also passed a resolution outlining a series of goals for the 1990's which were developed through two AFN-sponsored statewide retreats. The establishment of a Native Culture Center in Anchorage would support a number of these goals:

- \* to promote pride in heritage and development of self-esteem among Alaska Natives;
- \* to preserve and strengthen Alaska Native cultures;
- \* to foster an understanding of Alaska Native cultures within other societies;
- \* to secure economic employment opportunities and benefits enjoyed by the larger society;
- \* to foster statewide unity and trust in representing the common interests of Native people and in celebrating Native cultures.

There's no question that the establishment of an Alaska Native Culture Center would provide a number of opportunities and benefits to our State through increased tourism. But to weigh the benefits of a Center solely in terms of employment and financial gains would be a grave mistake, for such a Center could serve as a statewide focal point to help foster a greater understanding and appreciation of our many rich and diverse cultures - an understanding which would benefit us all!

Sincerely,

  
Janie Leask  
President

Integrity • Pride in Heritage • Progress

ALASKA FEDERATION OF NATIVES, INC.

1988 ANNUAL CONVENTION.

RESOLUTION NO. 88-07

TITLE: ALASKA NATIVE CULTURAL CENTER

WHEREAS for more than two decades the concept of a major Alaska Native Cultural center has been a cherished goal; and

WHEREAS such an Alaska Native Cultural Center would greatly enhance the preservation and promotion fo Alaska's indigenous cultures including Eskimos, Indians, and Aleuts; and

WHEREAS an authentic high quality Alaska Native Cultural Center would provide a significant means for introducing and educating the general public about the many diverse Native cultures in Alaska; and

WHEREAS the values of our Alaska Native heritage could be perpetuated through intergenerational presentations by our tradition-bearers in the form of the dance, singing, storytelling, the arts and other related traditions; and

WHEREAS the success of such an undertaking would depend upon and require statewide involvement of Native precentor and artists as well as making a local and statewide impact through the encouragement of tourism and employment; and

NOW THEREFORE BE IT RESOLVED by the delegates to the 1988 Annual Convention of the Alaska Federation of Natives, Inc. endorses the efforts of the CIRI Foundation to establish and independent Alaska Native Cultural Center in Anchorage as a public purpose economic development project; and

BE IT FURTHER RESOLVED that a broad-based cooperative approach be used to include both the public and private sector in the formation of the administrative, programmatic and funding requirements for ensuring the successful establishment of a high quality Alaska Native Cultural Center in Anchorage, Alaska.

CONVENTION ACTION: PASSED

COMMITTEE ACTION: DO PASS

Testimony for Alaska S.B. 145  
to appropriate \$500,000 for the Alaska Native Culture Center, Anchorage  
Pre-Development Project

Presented before a Joint Hearing of the  
Senate Special Committee on International Trade and Tourism,  
Senate Committee on State Affairs and  
Senate Finance Committee  
Juneau, Alaska

February 27, 1989

By Roy M. Huhndorf  
President  
Cook Inlet Region, Inc.

Senator Szymanski, Members of the Senate Committees on International Trade and Tourism, State Affairs and Finance and Ladies and Gentlemen:

I am Roy M. Huhndorf, President of Cook Inlet Region, Inc. and member of the board of directors of the Alaska Federation of Natives. First I wish to personally thank each of you for this opportunity to present for your consideration an overview of the proposed Alaska Native Culture Center, Anchorage Project, initiated by the AFN Board of Directors at our meeting in September 1987.

Briefly, I will provide an overview of the Native culture center project and rationale for such an undertaking, and Lydia Hays, the interim executive director of the Native culture center will present a review of the type of Native culture center which we seek to develop. Following her presentation, we have several individuals who have will state their views about the proposed Native culture center, and the balance of the time will be set aside for questions and answers.

Considered to be economically feasible, the Native culture center is envisioned to be a high quality unique presentation center, based in Anchorage but with tourism promotion capability that is statewide by design. It will introduce the visitor to the five major Alaska Native culture groups--Yupik, Inupiat, Aleut, Athabascan and Tlingit/Haida/Tsimshian. For the visitor, the center is to be participatory in nature, rather than a passive experience where a visitor merely looking at things through a glass window. The center is envisioned to be an educational venue, intent upon communicating the best of our Native heritage for enjoyment and appreciation by Alaska's visitors and residents alike.

Programmatically and financially, a Native culture center of this type requires broad-based cooperation by both the public and private sector. While it is a Native culture center, the entire state of Alaska stands to benefit from its presence as a major destination venue in Alaska, potentially drawing people from

throughout the world. As a non-profit entity with operations considered by the feasibility study consultants to be economically feasible, it is clear that such a center cannot be considered to be a viable financial investment with year-end profits to be returned to corporate investors. Instead, in the foreseeable future, the culture center's economics are more like that of a civic institution such as a museum or a university that if operated effectively, can possibly generate some positive year-end balance that might be set aside for select educational purposes, such as college scholarships, internships or fellowships.

Why should there be both public as well as private funds "invested" in the Native culture center? This is a basic question that is appropriate to ask. The answer is that Alaska publicly and privately can benefit from this major addition to the list of important places to visit and experience in Alaska.

The Alaska Native Culture Center offers several positive advantages to Alaska in general: It

- 1 Provides a major visitor destination experience for Alaska's one million visitors of whom nearly one half come to Anchorage, by offering a 2.5-3.0 hour visitor experience just 20-25 minutes from Anchorage's downtown hotel area.
2. It will add to the visitor industry infrastructure, brightening the marketing prospects for promoting Alaska as a tourist destination in the future.
3. Hotels, restaurants, shops and transportation services will be stimulated, ultimately expanding the local and more broadly the statewide economy as a result of increased numbers of visitors.
4. The design of the Native culture center itself includes a "tourism promotion center," to encourage the center's visitors to experience the rest of Alaska first-hand, after getting an introduction and brief overview of the five major Native culture groups in the state at the center.. For example, about 60 percent of the visitors to Anchorage are independent travelers; they have not yet decided what to do and see upon arriving in Alaska. The Center could assist them in selecting some other region of Alaska to visit on this trip; and to decide what to see on a second trip to Alaska; and for that matter what to do should they decide once again to return to visit our vast state.

More specifically, there are other attractive features about the proposed Alaska Native Culture Center that have encouraged Native organizations to offer their endorsement and other potential competitors to express willingness to cooperate in this major endeavor.

1. In each case there has been the recognition of the need and desirability to get a Native culture center build and operational, to the extent that groups are willing to forego unnecessary competitiveness and agree to work together.
2. Already seven Native corporations have invested over \$50,000 in the feasibility study phase of this project. Cook Inlet Region, Inc. has to date contributed \$17,000 toward the study and pre-development phase of the culture center, plus providing interim staff assistance and space on an in-kind and part-time basis, totaling nearly \$25,000.

There are several compelling reasons why, despite differences, there is merit in cooperation and why Cook Inlet Region, Inc. is participating in this important venture:

1. The objectives of the Native culture center reflect many of those of the AFN adopted for the 1990's:
  - \* preserve and nurture our diverse Alaska Native heritage;
  - \* promote self-esteem and pride in our cultures; provide a means to educate Alaskan visitors and residents about our heritage for understanding and appreciation;
  - \* offer employment for economic self-sufficiency immediately and as training for careers in tourism among Alaska Natives and non-Natives alike;
  - \* promote statewide organizational cooperation; and
  - \* participate fully in Alaska's visitor industry.
2. The incentives of fair wages and amenable working opportunities are attractive for the center designed initially for the summer season with capability for expanded seasons in the future.
3. Natives are in a position as major participants in such an undertaking to establish policies that protect against exploitation of individuals and promotes cultural accuracy and authenticity. They are placed in the position of being teachers and transmitters of the culture for understanding and appreciation by society.
4. By design the governing board of the culture center is broad-based. The By-laws call for 15 board members, the majority of whom must represent the five major Native culture groups in Alaska and be representative of at least five regions in Alaska. The remainder of the board includes representatives from the visitor industry, Native tradition bearers and the community at large.
5. The Native culture center is designed to benefit Alaska and Alaska's Natives in several ways: (a) employment opportunities, parttime and fulltime; (b) a new outlet for Native arts and crafts; (c) a

tourism promotional center to encourage tourism throughout Alaska in regions where Native and non-Native visitor industry operations can benefit; and (d) encouragement of careers in tourism.

In brief, the proposed Alaska Native culture center is a project from which many segments of Alaska's residents and economy stands to benefit. That is why the center can be described as a quasi public-private tourist industry venue. It is not the project of any single corporation; it instead demands broad-based support and cooperation financially and otherwise. The Native culture center is

1. a non-profit quality presentation center for Alaska's visitors, the primary client and secondarily a gathering place for Alaska Native events, activities and programs;
2. a multi-supported institution in governance, programs, land, operations and staffing;
3. an undertaking which has grown out of the interest and concern of the Alaska Federation of Natives to establish a major culture center of this type; and
4. a project which demands sound financial management and is cost effective and capable of expansion and improvement of its programs in the future.

The ability to proceed with funding for this project through positive action by the Alaska Legislature and from grants and contributions from other private and public sectors will signal encouragement for carrying this project forward with the expectation that it will be ready to open in the summer of 1992.

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02/21/89 LLH

# Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee Members  
FROM: Senator Pourchot, Chairman  
RE: February 27 Committee Hearing  
DATE: February 24, 1989

On Monday, February 27 at 1:30 p.m. the Senate State Affairs Committee will meet with the Special Committee on International Trade and Tourism to hear the following bill. THE MEETING WILL BE HELD IN THE SENATE FINANCE COMMITTEE ROOM.

SB 145, An Act making a special appropriation to the Department of Administration for payment as a grant to the Alaska Native Cultural Center Corporation.

SB 145 would appropriate \$500,000 to the Alaska Native Cultural Center Corporation for Phase I of the Alaska Native Cultural Center in Anchorage. The center would serve to enhance the preservation of Alaska's indigenous cultures and would be promoted as a major visitor destination.

The total project cost is estimated to be \$8,759,500; total Phase I cost will be \$759,500. An economic feasibility study conducted for the CIRI Foundation by Economics Research Associates determined that the center can be feasible.

An outline of the proposal and the executive summary of the feasibility study are attached.

In addition, SB 75, An Act relating to state publications, will be back before the committee. A draft committee substitute is attached.

SEN ARLISS STURGULEWSKI

JUNEAU AK

COPY OF TELEGRAM SENT TO SENATOR SZYMANSKI THIS DATE:

ON BEHALF OF THE AHTNA REGION AND THE STATE AS A WHOLE, I WOULD LIKE TO WHOLEHEARTEDLY ENDORSE SENATE BILL 145, A BILL TO MAKE A SPECIAL APPROPRIATION TO THE DEPARTMENT OF ADMINISTRATION FOR PAYMENT AS A GRANT TO THE ALASKA NATIVES CULTURAL CENTER CORPORATION. THIS GRANT WILL ENABLE THE ALASKA NATIVE CULTURAL CENTER TO START THE FIRST PHASE OF PLANNING AND DESIGN.

I FULLY SUPPORT THIS EFFORT BECAUSE IT WILL PROVIDE MANY BENEFITS TO THE STATE OF ALASKA. FIRST, ONE OF THE ESSENTIAL TOURIST ATTRACTIONS MISSING IN ANCHORAGE IS A FACILITY THAT PRESENTS THE ORIGINAL ALASKA NATIVE CULTURES. THE CENTER WOULD STRENGTHEN THE TOURIST UNDERSTANDING OF ALL OUR UNIQUE CULTURES AND THEIR CONTRIBUTIONS

TO THIS NATION. SECOND, THE CENTER WOULD ENHANCE, CREATE APPRECIATION AND ASSIST IN THE RETENTION OF THE ALASKA NATIVE CULTURE AND TRADITION

WITHIN THE STATE. THIRD, THE CENTER WOULD CREATE A MUCH NEEDED BOOST TO THE ALASKA ECONOMY. THE CENTER WILL NOT ONLY CREATE EMPLOYMENT; IT WILL

ATTRACT GREATER TOURIST INVOLVEMENT. FOURTH, THE CENTER WILL ENCOURAGE

TOURISTS TO VISIT OTHER PARTS OF THE STATE AS A RESULT OF THE INFORMATION

THEY RECEIVE FROM THE CENTER. FIFTH, A STUDY REPORTS THAT THE CENTER WOULD SURVIVE AND PAY FOR ITSELF IN A VERY SHORT TIME.

THE ALASKA NATIVE CULTURAL CENTER CORPORATION IS A FACILITY THAT THE STATE NEEDS TO INCREASE OUR TOURIST INDUSTRY. AS WE CONTINUE TO WORK IN THIS AREA, IT IS APPARENT THAT THE TOURS COMING TO THIS STATE WANT TO SEE MORE OF THE CULTURAL PERSPECTIVE THAT WE HAVE TO OFFER.

I WOULD LIKE TO APOLOGIZE FOR NOT BEING ABLE TO PERSONALLY TESTIFY ON BEHALF OF THE ALASKA NATIVE CULTURAL CENTER TODAY. IF MY SCHEDULE WOULD HAVE PERMITTED I WOULD HAVE BEEN ONE OF THE FIRST PERSONS TO TESTIFY

ON THE IMPORTANCE OF THE CENTER.

PLEASE FEEL FREE TO CONTACT ME REGARDING ANY QUESTIONS YOU MAY HAVE ABOUT THE ALASKA NATIVE CULTURAL CENTER CORPORATION. YOU MAY REACH ME BY CALLING (907) 822-3476 OR BY WRITING TO PO BOX 649, GLENNALLEN, ALASKA 99588.

SINCERELY,

ROY F EWAN, PRESIDENT  
AHTNA INCORPORATED

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE CONCURRENT RESOLUTION NO. 56

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to a ski resort in the Eagle

6

River Valley.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS an investor has indicated interest in the development of an  
9 international destination ski resort in the Eagle River Valley; and

10 WHEREAS the commissioner of natural resources has revised the Chugach  
11 State Park Master Plan to allow the location of some ski facilities within  
12 the park; and

13 WHEREAS the developer has committed money for a contract to purchase  
14 land for development, has stationed personnel in Alaska to work on the  
15 project, and has submitted a development proposal to the State of Alaska;  
16 and

17 WHEREAS the developer responded to the request for proposals issued by  
18 the Department of Natural Resources and has supplemented this response with  
19 material that is expected to lead to the issuance of a first-phase contract  
20 for site studies and evaluation; and

21 WHEREAS the state might be requested and might decide to assist the  
22 development by providing loan guarantees, and will need economic feasibil-  
23 ity analyses before committing itself to the project in any fashion;

24 BE IT RESOLVED that the State of Alaska strongly supports the proposal  
25 for ski development in Eagle River; and be it

26 FURTHER RESOLVED that the Alaska Industrial Development and Export  
27 Authority is asked to proceed with contracting for the preparation of a  
28 feasibility study of the ski development project; and be it

29 FURTHER RESOLVED that the Alaska Industrial Development and Export

1 Authority is asked to finance 50 percent of the cost of the feasibility  
2 study, with the remaining 50 percent to be financed by the proposed devel-  
3 oper or other private interests.



# Alaska State Legislature

## SENATE

### Special Committee on International Trade and Tourism

P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4978/4979  
FAX (907) 465-2652

Senator Mike Szymanski, Chair

Senator Rick Halford  
Senator Arliss Sturgulewski  
Senator Rick Uehling  
Senator Fred Zharoff

February 13, 1989

*called Mary  
4:30 2/13*

#### MEMORANDUM

TO: SENATOR PAT POURC HOT  
FROM: SENATOR MIKE SZYMANSKI *[Signature]*  
RE: SCHEDULING JOINT HEARING OF SB 145

I wish to request a joint hearing between the Senate State Affairs Committee and the Special Committee on International Trade and Tourism to hear SB 145, a bill authorizing a special appropriation of \$500,000 for the development of the Alaska Native Cultural Center.

*5 members  
(incl. Uehling)*

If possible, I'd like to schedule the joint meeting for Monday, February 27, at 1:30 p.m. Please contact my assistant, Mary McBurney, at 4978 if this date and time are agreeable.

*Sturgulewski = sponsor*

*Many will try to get Sen. ZM. If not,  
we'll use Beltz.*

SB 145      APPROPRIATION TO ALASKA NATIVE CULTURAL CENTER  
CORPORATION

JOINT WITH SZYMANSKI'S SPECIAL COMMITTEE ON INTERNATIONAL TRADE  
AND TOURISM

TO TESTIFY

SENATOR STURGULEWSKI, SPONSOR      (MELISSA)

ROY HUHNDORF, PRESIDENT, COOK INLET REGION, INC.

LYDIA HAYS, EXECUTIVE DIRECTOR, ALASKA NATIVE CENTER

FRANK PAGANO, PRESIDENT, KONIAG, INC.

PERRY EATON, PRESIDENT, COMMUNITY ENTERPRISE DEVELOPMENT  
CORPORATION

JOHN KAMPFE, ROYAL HYWAY TOURS

JOHN JOHNSON, CHUGACH ALASKA, INC.

OTHERS      (SEE WITNESS LIST)

F.Y.I.

PHASE I IS PRE-DEVELOPMENT (INCLUDING PLANNING AND DESIGN); PHASE  
II IS DEVELOPMENT AND CONSTRUCTION.

FEASIBILITY STUDY SAYS:

FIRST YEAR OPERATING COSTS	\$2.5 MILLION
ANNUAL SUMMER PEAK REVENUES	\$2.85 MILLION
(FIRST SUMMER OF OPERATION 1991)	

"CENTER WILL COVER ITS COST OF OPERATIONS, MAINTENANCE, AND  
MANAGEMENT, BUT CAN'T RECOVER ITS CAPITAL DEVELOPMENT COSTS  
IN THE NEAR TERM."

TOTAL CAPITAL COSTS	\$8.8 MILLION
---------------------	---------------

SEVERAL SITES BEING CONSIDERED -- NO RECOMMENDATION FOR SPECIFIC  
SITE YET.

FEASIBILITY STUDY RECOMMENDS PURSUIT OF DIRECT PARTNERSHIP  
BETWEEN THE CULTURE CENTER AND TOUR COMPANIES.

A.F.N. SUPPORTS.

ASHLEY NEED IS LOBBYING.

NO

It is the intent of the legislature that the \$500,000 in funding provided by the ~~legislature~~ State of Alaska not be released until the AK Native Cultural Center Inc. can submit ~~for~~ evidence of funds raised in the amount of \$259,500<sup>00</sup> from other sources for Phase I (Architectural/Engineering Planning) for this project.

\$ for \$ match  
up to \$500,000  
non-state sources  
list of taxes

Ashley  
3-9-89

whereas  
partnership -  
foster port development

NO

Sturgulewski

draft

Intent Senate Bill 145

It is the intent of the Legislature that funding provided by the State of Alaska is matched by the Alaska Native Cultural Center Corporation. Upon evidence of funds raised in the amount of \$259,500 by the Alaska Native Cultural Center Corporation for Phase I (Architectural/Engineering Planning) the Department of Administration shall grant the appropriated funds to the Corporation.

1985?

# Red Dog

Chapter 68

## AN ACT

Relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; and providing for an effective date.

Section 1. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to finance the DeLong Mountain transportation project.

Section 2. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall comply with AS 12.73 and shall incorporate into the final finance plan and agreement for the DeLong Mountain transportation project the following terms and conditions:

(1) Cominco, Ltd. is required to agree in writing that

(A) Cominco, Ltd. will pay for all or a portion of the operation and maintenance of facilities constructed as part of the project based on the use Cominco Alaska makes of the facilities compared to the use made by others;

(B) if Cominco Alaska ceases to develop the Red Dog Mine after costs have been incurred by the Alaska Industrial Development Authority for the project, Cominco, Ltd. will pay the authority for those costs together with interest from the date the costs were incurred;

(C) toll fees paid by Cominco Alaska for the use of facilities constructed as part of the project to the Alaska Industrial Development Authority may be periodically adjusted if the price of zinc rises above a level that yields a return on investment commensurate with risk;

(2) the United States government makes available land in the Cape Krusenstern National Monument that is included in the proposed land exchange with NANA Regional Corporation to the corporation for construction of a transportation system;

(3) NANA Regional Corporation is required to agree in writing to sell, lease for a prepaid term of at least 99 years or grant a perpetual easement to the Alaska Industrial Development Authority, at no more than fair market value, land needed for the port and road constructed as part of the project and land needed for future expansion of the road and port subject to no terms or conditions inconsistent with use as a public road and port;

(4) tax exempt financing for the project is used to the maximum extent possible;

(5) a toll schedule, that may be periodically adjusted, is established for use of facilities constructed as part of the project that:

(A) ensures full repayment of and a reasonable return on the state's investment in the project; and

(B) guarantees equitable access to the facilities by all users and potential users, including access to private property and access for travel necessary and related to resource exploration and development for which valid permits have been obtained and travel in support of resource exploration and development;

(6) contracts for the construction of the port and road are subject to AS 36;

(7) reasonable access to the port and road is guaranteed to all users and potential users;

(8) the Alaska Industrial Development Authority will own and operate the facilities collectively referred to as the DeLong Mountain transportation project.

Sec. 3. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall

(1) report in writing to the legislative budget and audit committee that the conditions under sec. 2 of this Act have been met; and

(2) agree with the Department of Revenue in writing to deliver the money generated by the DeLong Mountain transportation project to the Department of Revenue for deposit in the general fund, other than money necessary for payment of the principal and interest on bonds or notes issued under sec. 1 of this Act and except as may otherwise be provided in the bond or note covenants.

Sec. 4. As used in this Act, "reasonable return" means a rate of return on the total investment of the state of at least five percent.

Sec. 5. This Act takes effect July 1, 1985.



# LAWS OF ALASKA

1985

Source

CSSB 279(Fin)

Chapter No.

67

## AN ACT

Transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund, transferring and appropriating money to the economic development fund, and providing for an effective date.

\* Section 1. (a) All right, title, and interest in loans of the type described in (b) of this section, and all right, title, and interest in all mortgages, notes, and other instruments of security made in connection with those loans, purchased or acquired by the Department of Revenue and held in the general fund on July 1, 1985, are transferred and appropriated to the economic development fund (AS 44.88.172) of the Alaska Industrial Development Authority for the DeLong Mountain transportation project. However, if the amount in unpaid principal of the loans exceeds \$112,000,000 as of July 1, 1985, only loans and instruments of security totaling \$112,000,000 in unpaid principal are transferred and appropriated under this section.

(b) This section transfers and appropriates

- (1) veterans loans acquired or made under AS 26.15;
- (2) small business loans acquired or made under AS 45.95;
- (3) tourism loans acquired or made under AS 45.90;
- (4) fisheries enhancement loans acquired or made under AS 16.10;
- (5) child care loans acquired or made under AS 44.33; and
- (6) historical district loans acquired or made under AS 45.98.

\* Sec. 2. All right, title, and interest in commercial fishing loans

-1-

CSSB 279(Fin)

Approved by the Governor: May 31, 1985

Actual Effective Date: Sections 1 - 3, 5 and 6 take effect July 1, 1985; sections 4 and 7 take effect on the date the board of directors of the Alaska Industrial Development Authority adopts a resolution that declares there exists a surplus of at least \$12,000,000 in the multifamily housing loan security fund (AS 44.88.156(h)) and that \$12,000,000 is available for transfer to the economic development fund (AS 44.88.172).

Chapter 67

acquired or made under AS 16.10.300 - 16.10.370 and all right, title, and interest in all mortgages, notes and other instruments of security made in connection with those loans, purchased or acquired by the Department of Revenue and held in the general fund on July 1, 1985, are transferred and appropriated from the general fund to the commercial fishing revolving loan fund (AS 16.10.340) for the purposes of AS 16.10.300 - 16.10.370. However, if the amount in unpaid principal of the loans exceeds \$30,000,000 as of July 1, 1985, only loans and instruments of security totaling \$30,000,000 in unpaid principal are transferred and appropriated under this section.

\* Sec. 3. All right, title, and interest in loans that are not secured by limited entry permits in an amount equal to the principal balance of loans appropriated under sec. 2 of this Act, and all right, title, and interest in all mortgages, notes and other instruments of security made in connection with those loans, are transferred and appropriated from the commercial fishing revolving loan fund (AS 16.10.340), the small business revolving loan fund (AS 45.95.060), and the Alaska World War II Veterans' revolving fund (AS 26.15.090) to the economic development fund (AS 44.88.172) of the Alaska Industrial Development Authority for the DeLong Mountain transportation project.

\* Sec. 4. The sum of \$12,000,000 is transferred and appropriated from the multifamily housing loans security fund (AS 44.88.156(h)) to the economic development fund (AS 44.88.172) for the purpose of financing the DeLong Mountain transportation project.

\* Sec. 5. The appropriation made by sec. 2 of this Act is for capitalization of a loan fund and does not lapse in accordance with AS 37.25.010.

\* Sec. 6. The appropriations made by secs. 1 and 3 of this Act are for a capital project and are subject to AS 37.25.020.

\* Sec. 7. The appropriation made by sec. 4 of this Act is for a capital project and is subject to AS 37.25.020.

CSSB 279(Fin)

-2-

Chapter 67

\* Sec. 8. Sections 1 - 3, 5 and 6 of this Act take effect on the effective date of an Act entitled "An Act relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued, and providing for an effective date."

\* Sec. 9. Sections 4 and 7 of this Act take effect on the date the board of directors of the Alaska Industrial Development Authority adopts a resolution that declares there exists a surplus of at least \$12,000,000 in the multifamily housing loans security fund (AS 44.88.156(h)) and that \$12,000,000 is available for transfer to the economic development fund (AS 44.88.172).



LAWS OF ALASKA

1985

Source

Chapter No.

HCSSB 300(Fin) am H

65

AN ACT

Authorizing the expenditure of more than \$1,000,000 from the disaster relief fund for flood disasters, and providing for an effective date.

~~\* Section 1. The governor is authorized to spend more than \$1,000,000 from the assets of the disaster relief fund (AS 44.19.048) to alleviate the effects of disasters as defined in AS 44.19.050 that result from floods occurring at any place within the state.~~

~~\* Sec. 2. Under the authority given by sec. 1 of this Act the governor may not spend more than the assets of the disaster relief fund.~~

~~\* Sec. 3. The authority given by sec. 1 of this Act terminates January 15, 1986.~~

~~\* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).~~

# Alaska Native Cultural Center Corporation

Alaska Native Heritage Park, Inc.  
c/o The CIRI Foundation  
P.O. Box 93330, Anchorage, Alaska 99509-3330 (907) 274-8638

March 3, 1989

The Honorable Pat Pourchot  
Senate State Affairs Committee  
P.O. Box V MS 3100  
Juneau, AK 99811

Dear Representative <sup>Pat</sup> Pourchot:

Subject: S.B. 145 for an Act to make a special appropriation to the Department of Administration for payment as a grant to the Alaska Native Cultural Center Corporation.

Thank you very much for the opportunity on Monday afternoon, February 27, 1989 to present information to the joint meeting of the Senate Special Committee on International Trade and Tourism and the Senate State Affairs Committee regarding the Alaska Native Cultural Center, proposed for Anchorage, Alaska.

Upon reflection of the discussion held during the hearing, I want to take this opportunity to clarify several points and to provide you with a copy of the financial plan proposed for the Center, projected through the first phase of construction:

1. The Native culture center is not considered to be a desirable investment venture project with a cash dividend stream to investors. It has been found to be financially feasible operationally, but it is doubtful that capital debt could be amortized over a short period of time. That is why the cultural center is organized as a non-profit operating entity, perhaps not unlike that of a museum or university but operated on an operationally self-sustaining basis. Thus Native corporations-- or any corporations for that matter--do not view the cultural center as a financially profitable business venture. Even so, Native corporations such as Cook Inlet Region, Inc. (CIRI) will be financial donors to the project. There are four major reasons for Native corporations to support the project:
  - (a) potential for enhancing tourism on behalf of the community and the state;
  - (b) employment opportunities for individuals;
  - (c) promoting self-esteem and pride in Native culture;and
  - (d) encouraging the preservation and nurturing of Alaska Native heritage through education in the state.

For Cook Inlet region, these reasons are CIRI shareholder priorities rather than a business investment strategy of the corporation. Broad-based support-financially and programmatically, privately as well as publicly--is a basic necessity for the project to be established successfully.

2. While this Native cultural center is proposed for Anchorage, it is designed to have more direct statewide impact for the benefit of regions outside the Anchorage area.

a. The Anchorage-based Native cultural center master plan includes a statewide tourism promotion center.

b. It will be a new outlet for Native arts and crafts.

c. Revenues from admissions, retail activity and related projects have been conservatively projected by the study consultant. It is conceivable that the Center can experience year-end break-even funding and expenditures after the third year of operation. Thought is being given to the following uses of such funds (after required maintenance and periodic refurbishing/expansion are satisfied) in the event there are year-end surplus funds: ||

(1) a statewide scholarship program for persons who have worked at the cultural center and are working on postsecondary degrees for career enhancement;

(2) grants to Native culture centers located in Alaska outside the Anchorage area for operations or special projects; or

(3) funds to offer joint sponsorship by the Alaska Native Cultural Center in Anchorage with other Native culture centers in Alaska for special events or activities such as international cultural exchange promotion programs traveling exhibitions from center to center in Alaska, or Alaska tourism promotional and marketing strategies.

Further consideration is being given to identify other ways in which the Anchorage-based cultural center could enhance opportunities among Alaska's various regions and Native culture centers.

3. The 1988 Alaska Native Cultural Center, Anchorage Feasibility Study concludes that the center can be operated on a self-sustaining basis after the initial capital investment is made. The Center is not expected to be an "endless black hole down which to throw yearly operating grants." Revenues are based on projections from admission fees, retail sales and the possibility of sub-leases to programmatically compatible entities such as a media firm, art studios, and food service to name a few.

Representative Pat Pourchot  
March 3, 1989  
Page Three

4. Finally, this is not a center for the sole benefit of the Alaska Native community. Indeed, the major financial beneficiaries will be tourism industry companies such as hotels, restaurants, transportation providers and retailers, largely owned by non-Natives. This is a project intended for the benefit of the entire state. As indicated in the attachments, never have we seen so many partners from both the private and public sectors willing to contribute to the establishment of a Native cultural center; and never has the timing been so appropriate for a project such as this which will help to capture a larger share of the tourism market, further providing badly needed diversity to the state's economy.

Projected costs and sources of funds for the proposed Alaska Native Cultural Center in Anchorage through the first year of operation are itemized in Attachment A. Land costs are currently unavailable; but land is being considered that belongs to the Municipality of Anchorage. Attachment B lists the kinds of funding sources from which commitments are being sought. The State of Alaska, because of the significant impact the Anchorage-based Center can have on attracting visitors to Alaska and promoting statewide tourism, is one of multiple funding sources for ensuring that the start-up of the cultural center is achievable.

If you have specific questions about the project, please let me know. Thank you.

Sincerely,

ALASKA NATIVE CULTURE CENTER, INC.



Roy M. Huhndorf  
Chairman

No Enclosures

## Alaska Native Cultural Center Corporation

**PROJECT NAME** Alaska Native Cultural Center, Anchorage Pre-Development Project

**SPONSORS** Alaska Native Cultural Center Corporation, c/o  
The CIRI Foundation, P.O. Box 93330, Anchorage, Alaska 99509-3330  
Contact: Lydia L. Hays, Executive Director  
Telephone (907) 274-8638

**TOTAL PROJECT COST** \$8,759,500 (Initial 4-yr. phase of three or four-step development over 20 years)

<b><u>TOTAL FUNDS NEEDED</u></b>	Pre-Development, Phase I	1989	\$759,500
	Development/Constr., Phs I	0	
	<b>TOTAL</b>		<u>\$759,500</u> =====

<b><u>FUNDING REQUEST FROM STATE OF ALASKA (1989)</u></b>	Pre-Development, Phase I		\$500,000
	Development and Construction, Phase II		0

**FUNDING SOURCES**  
**PHASE I, PRE-DVLPMN**

State of Alaska grant	\$500,000	65%
Native and other organizations	<u>\$259,500</u>	35%
<b>TOTAL, Phase I</b>	<b>\$759,500</b>	<b>100%</b>

**PROJECT DESCRIPTION**

**Background.** The Alaska Native Cultural Center, Anchorage Project is to develop an authentic Alaska Native heritage presentation center in Anchorage, Alaska. The purpose of the Center as a major visitor destination is to introduce and to depict Alaska's Native cultures--Eskimo, Indian and Aleut--through the dance, music, storytelling, crafts and other presentations for Alaskans and Alaska's visitors available during a 2.5-3 hour visit at the Center. Also the Center will encourage the preservation and celebration of the diverse and enriched heritage of Alaska's indigenous peoples through the visitor presentations and locally sponsored events during off-tourism season.. While located in Anchorage, the Center will draw statewide for its authentic presenters to be employed; conversely, the Center will encourage its visitors to tour other parts of the state for a first-hand experience of Native culture and Alaska history.

**Facility Description.** The Center, projected to be built in two or three phases, will be operated by an independent non-profit organization with its own board of directors. The long range plan is to develop a 45 acre site of near-pristine land with accompanying water-feature in Anchorage into a series of village replicas and other permanent community houses, theaters, retail store, museum, demonstration and information kiosks and administrative offices. Nearly 2.6 miles of walkways (or mini-motorized vehicles for visitor transportation) will connect these interest centers. The Center is expected to operate fully about four months of the year as a major visitor destination and minimally during the balance of the seasons to function as a local/state-based cultural education facility for the foreseeable future. It is estimated that about 100,000-150,000 visitors would visit the center during its first year, and that an estimated \$2.5

million operations budget would be required for the first year of operation. Maximum visitor capacity would be 250,000 visitors projected for about the fifth-tenth year of operation. Targeted opening: 1992.

Administration. Incorporators of the Alaska Native Cultural Center Corporation are: Roy M. Huhndorf, CIRI President, Roy S. Ewan, Ahtna, Inc. President; Frank Pagano, Koniag, Inc. President, Jacob Adams, Arctic Slope Regional Corporation President, E. Al Parrish, Westmark Hotels President, The Honorable Tom Fink, Mayor of the Anchorage Municipality and Thomas M. Dow, Vice President of NANA Development Corporation. The CIRI Foundation is the interim project management firm for the Cultural Center. Projected first year Cultural Center staffing: Estimated six fulltime staff and 125-150 parttime artists, presenters, tour guides, clerks and support staff.

### BENEFITS OF CULTURAL CENTER

- Providing authentic and accurate portrayal of Alaska Native cultures for Alaska's visitors.
- Statewide intergenerational employment, especially for Alaska Natives who may be economically disadvantaged
- Enhancing the Anchorage tourism industry through the addition of a major visitor destination attraction, located in Anchorage
- Additional outlet and promotion capability for Native arts and crafts locally and statewide
- Tourism marketing and promotion of other parts of Alaska, enhancing Alaska's visitor industry
- Building upon Alaska Native cultural pride and self-esteem
- Augmented cultural resource center for local programs and events in Anchorage available on a year-round basis.

PRE-DEVELOPMENT TASKS, PHASE I Tasks to be completed with funds requested for Phase I are as follows:

1. Organizational and Project Manager development, including organizational formation and selection of related advisory bodies, fundraising, design of project manager position, preliminary identification of project funding and development of project workplan.
2. Continued fundraising for and production of summer Native performances at the Anchorage Museum of History and Art, including cultivation of cooperative links with arts/crafts people for sales/demonstration capability in the Center.
3. Cultivate cooperation among Native organizations and enlist involvement of tourism industry officials in the planning and potential funding of the Center.
4. Financial development, including fundraising for capital investment in the Center's facilities (public and private), program fundraising and development of Center's operations revenue plan.
5. Site procurement and preparation.
6. Project design and preparation of request-for-proposals for bid invitations on site layout, architectural design, facilities construction, interior design and landscaping.
7. Marketing data analysis/update and projections.
8. Development of quality control for construction management.

### NATIVE CULTURAL CENTER PRE-DEVELOPMENT, PHASE I BUDGET

A. Organizational/Project Manager Development	\$60,500
B. Site Selection and Control	30,000
C. Facilities Development (after site secured) with Native and other advisory groups	260,000
D. Marketing Data Analysis/Update and Projections	9,000
E. Construction Management Development (quality control)	<u>400,000</u>
TOTAL, Phase I	\$759,500
	=====

*Alaska Native Culture Center, Anchorage*

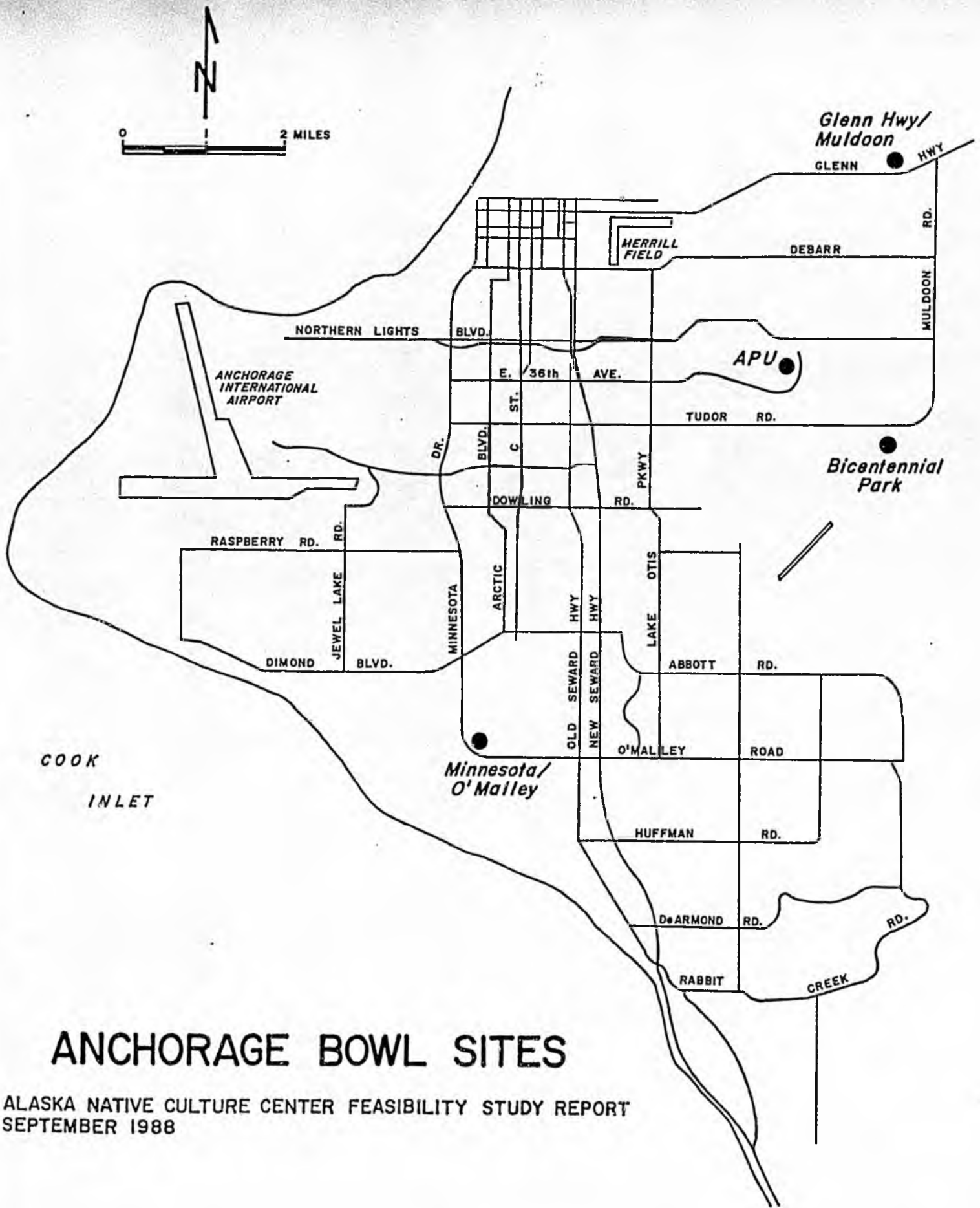
Organization

- \* Incorporated as a non-profit organization, January 9, 1989
- \* 7-member Board of Incorporators
- \* First board meeting, February 2, 1989
- \* Authorized expansion to 15-member board of directors
- \* Interim staff provided by The CIRI Foundation

*Alaska Native Culture Center, Anchorage*

Site

- \* 45 acres within 25 minutes drive from downtown Anchorage
- \* Adjacent to proposed 129 acre Alaska Botanical Gardens development
- \* Near-pristine wilderness with water feature capability

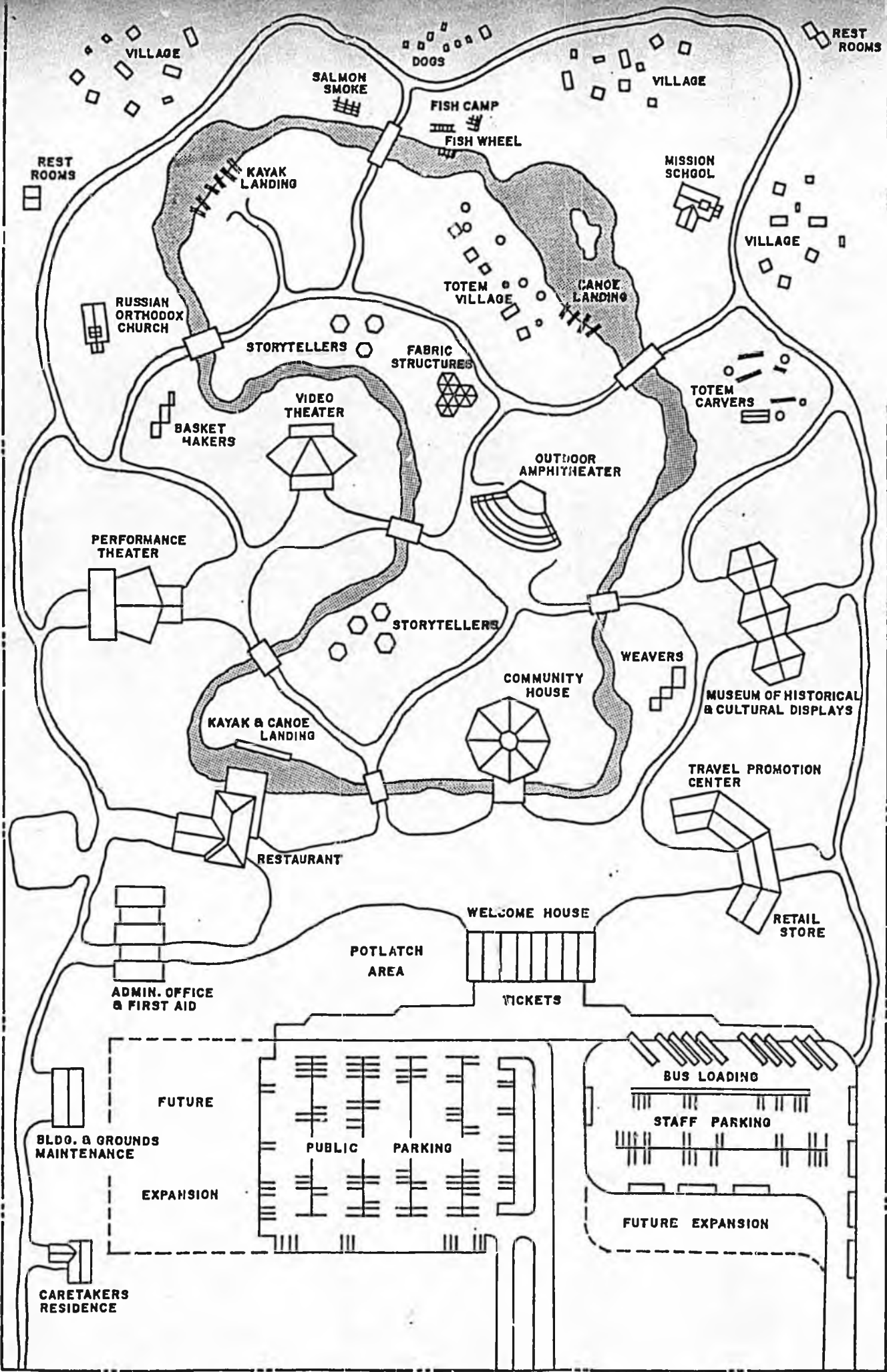


# ANCHORAGE BOWL SITES

ALASKA NATIVE CULTURE CENTER FEASIBILITY STUDY REPORT  
 SEPTEMBER 1988

(907) 274-8638  
ALASKA NATIVE HERITAGE PARK, INC. c/o The CIRI Foundation, P.O. Box 93330, Anchorage, AK 99509-3330

September 1988



ALASKA NATIVE CULTURE CENTER-20 YEAR CONCEPTUAL SITE PLAN

*Alaska Native Culture Center, Anchorage*

Facilities, Stage I

- \* 25,000 square feet of multiple facilities including
  - \*\* 250-300 seat traditional-style community house
  - \*\* tourism marketing kiosk
  - \*\* demonstration kiosks
  - \*\* museum (satellite, Anchorage Museum of History and Art
  - \*\* retail shop
  - \*\* food service
  - \*\* 4-5 proto-type pre-contact Native villages
  - \*\* 2.6 miles of asphalt walkways

*Alaska Native Culture Center, Anchorage*

Operations  
(First five years projection)

- \* Scheduling: Summer season (4 months), initially; minimal fall-winter-spring operations
- \* 2.5-3.0 hours visitor experiences
- \* Staff: 6 fulltime; 150 parttime
- \* Visitor Attendance: Year 1, 100-150,000; Year 5, 180,000.
- \* Maximum capacity: 250,000 visitors (20 years)
- \* Projected opening date: Summer, 1992

*Alaska Native Culture Center, Anchorage*

Costs

\* Stage I, first five years

Land	Gift/donation or favorable low rate	45 acres
Facilities	25,000 sq.ft.	4 fulltime staff
		150 parttime stf
		\$7-8.5 Million

\* Stage II, second five-ten years

Facilities	30,000 sq.ft.	6 fulltime staff	\$15-20 Million
		160 parttime stf	

\* Stage III, 10-20 years

Facilities	43-45,000 sq.ft	6 fulltime staff	\$22.2-\$30.3 M
		188 parttime stf	

Alaska Native Culture Center, Anchorage

Sources of Funds  
for  
Pre-Development Phase

State of Alaska	\$500,000
Native and other organizations	259,500
	<hr/>
	\$759,500
	=====

GOAL: 50 - 50 match on entire project

*\$7.5 mil.  
phase I construction*

Alaska Native Culture Center, Anchorage

Attachment A  
Financial Plan: Costs  
February 28, 1989

A.	1988 Financial and Program Feasibility Study	\$72,500
	Total Feasibility Study Expense (Completed 9/88)	\$72,500
		=====
B.	Pre-Development for Phase I Facility/Program	
	1. Organization and Project Management	\$113,900
	2. Site Selection, Control and Public Improvements Design Costs	157,500
	3. Marketing Development/Detailed Study Activities	42,500
	4. Native Performance/Crafts Programming and Design	84,775
	5. Facilities Design: Grounds master plan, architectural design and specifications, cost estimates, bid document preparation and actual bid RFP's	480,000
	6. Native Alaskan Materials Development Costs (museum)	<u>56,500</u>
	Total Pre-Development Project Costs	\$935,175
		=====
C.	Land (45 acres, estimated)	TBA
D.	Facilities Construction Costs (Phase I) for 25,000 sq. ft. (indoor theater and media presentation center, retail shop, outdoor theater, parking, walkways and Native villages on an estimated 45 acres of grounds	<u>\$8,500,000</u>
	Total Facilities Costs (Estimated), Phase I	\$8,500,000
		=====
D.	Operations Budget, Phase I (Year I)	<u>\$2,000,000</u>
	Total Operations Budget, Year I	\$2,000,000*
		=====

\* Center expected to be operationally self-sufficient by the third year.

#factual" error (see  
 next page) -  
 don't  
 distribute

Alaska Native Culture Center, Anchorage

Financial Plan: Sources of Funds  
February 28, 1989

A.	1988 Financial and Program Feasibility Study			\$72,500*
	1. Native organizations	61%	\$ 44,500	
	2. State of Alaska	25%	18,000	
	3. Other (Anchorage Municipality and Community Enterprise Development Corporation)	14%	10,000	
B.	Pre-Development: Phase I Facility/Program			\$935,175
	1. Native organizations and other private entities	17%	\$162,675	
	2. State of Alaska	54%	500,000	
	3. Federal	14%	137,500	
	4. Municipality of Anchorage	8%	75,000	
	5. Visitor and Tour Industry	7%	67,500	
C.	Land (45 Acres, estimated)			TBA
D.	Facilities and Grounds Construction: Phase I (25-35,000 sq. ft.)			\$8,500,000
	1. Native organizations and other entities, i.e., fdns, etc.	25%	\$2,125,000	
	2. State of Alaska	25%	2,125,000	
	3. Federal	14%	1,190,000	
	4. Municipality of Anchorage	11%	935,000	
	5. Visitor and Tour Industry	25%	2,125,000	
E.	Operations Budget, Phase I (Year I) (120-160,000 visitors)			\$2,000,000
	1. Admissions Revenues (@ \$13.50 wholesale)	75%	\$1,500,000	
	2. Retail Sales (Net) (@ \$1.75 per capita)	11%	210,000	
	3. Food/Beverage @\$ .60 per capita (15% of contractor gross)	04%	72,000	
	4. Start-up Grant (Year 1)	11%	218,000	
	5. Sub-Lease Revenues	0%	0%	
	6. Endowment	0%	0%	

\*Project completed and paid in full, September 1988.

Attachment B  
Potential Sources of Funds  
March 2, 1989

- A. Private companies (grants, donations in kind, specific capital or performance/craft demonstration project sponsorship)
  - 1. ANCSA Native corporations: regional and village
  - 2. Tourism industry companies
  - 3. Airline companies
  - 4. Oil and oil field service companies
  - 5. Fishing industry companies
  - 6. Timber companies
  - 7. Architectural firms
  - 8. Engineering companies
  - 9. Community Enterprise Development Corporation
  - 10. Media firms
  - 11. Mining and mineral firms
  
- B. Private foundations
  - 1. Alaska
  - 2. Outside Alaska
  
- C. Municipality of Anchorage
  - 1. Anchorage Economic Development Corporation
  - 2. Heritage Land Bank
  - 3. Parks and Recreation
  - 4. Water/Sewer Utility Enterprise Fund
  - 5. Capital Improvement Program Budget
  - 6. USDHUD/Community Development Block Grant
  - 7. Special bus fares to/from cultural center
  
- D. State
  - 1. Alaska Legislature
  - 2. Alaska Humanities Forum
  - 3. Alaska Department of Tourism
  - 4. Alaska Department of Community and Regional Affairs
  - 5. Alaska State Council on the Arts
  - 6. University of Alaska Program Support
  
- E. Federal
  - 1. Department of Interior: Bureau of Indian Affairs
  - 2. Department of Commerce: Economic Development Administration
  - 3. HUD
  - 4. Administration for Native Americans
  - 5. Smithsonian Institution: Project Development Support Grant
  - 6. National Endowment for the Humanities
  - 7. National Endowment for the Arts
  - 8. HUD
  - 9. Special Federal Capital Project Support via special legislation (challenge grant 1:1)

10. Office of Community Services: (a) Real estate match on public funds, 2:1 and (b) match on private funds, 1:1

F. Other

1. Alaska Pacific University Program Support
2. Anchorage School District

*Alaska Native Heritage Park, Inc.*  
(Alaska Native Cultural Center Corporation)  
The CIRI Foundation  
P.O. Box 93330, Anchorage, AK 99509-3330 (907) 274-8638

March 24, 1989

Senator Pat Pourchot  
P.O. Box V  
Juneau, AK 99811

RECEIVED MAR 28 1989


Dear Senator Pourchot:

Enclosed is a copy of the editorial which appeared in the *Anchorage Times* on Wednesday, March 15, 1989 about the proposed Alaska Native Cultural Center in Anchorage.

This positive statement by the *Times* about the project is welcomed. It illustrates the general attitude which we have found as we continue to build broad-based support for this public-private partnership that we expect to benefit not only the Anchorage area but Alaska statewide.

Sincerely,

ALASKA NATIVE HERITAGE PARK, INC.

  
Roy M. Huhndorf  
Chairman

Enclosure: Editorial

Robert B. Atwood  
President and Publisher

Elaine Atwood  
Assistant Publisher

William J. Tobin  
Vice-President, Editor-in-Chief

# Editorials

## Showcase of native life

**NO ONE** contests the merit of the idea. It's just the details that are complex — like raising the money.

But eventually, all things being equal and falling fairly into place, the Alaska Native Cultural Center will be a going concern in Anchorage.

The Cook Inlet Region Inc. Foundation is carrying the ball on this project, hoping for an opening in 1991 or 1992. The price tag for facilities sufficient for startup is \$9.5 million. The cost rises to \$32 million, if all the whistles and bells of the complete projected design are carried out.

There would be nothing wrong, of course, with a modest beginning for what essentially would be a theme park that almost surely would be guaranteed to become one of the most popular visitor attractions in the state.

**IN A SINGLE** 45-acre area, as the plans now are drawn, people would have an opportunity to come face to face with Alaska's great and varied native traditions, dances, arts and crafts, history and village life. The center would be a "must" stop on every visitor's tour of Anchorage and Alaska.

The proposed site, near the point where Tudor Road turns into Muldoon Road, is now city property.

It's an ideal location — 20 minutes at most from the downtown hotels, off main thoroughfares, easily accessible to visitors and residents alike.

And there is nothing like it in all of Alaska.

There are similar centers elsewhere, of course. The Polynesian Cultural Center in Honolulu is one that comes readily to mind. It is a whopping financial success, and one of Hawaii's major tourist attractions.

Vendors selling native wares, restaurants featuring Polynesian menus, outdoor theaters where dancers do the hula and Hawaiian musicians play, these and more bring out thousands of tourists every week.

**DOING** something similar here would be a natural.

Both private businesses and government agencies have indicated an interest in participating in the development of the proposed center here, says Lydia Hays, its interim director.

She glows with enthusiasm about the project.

No wonder.

It is, as they say, an idea whose time has come.

To what extent the city needs to become involved to help make this happen, we encourage the administration and the assembly to lend all possible assistance.

6-0642E  
Cramer  
3/10/89

Original sponsors: Sturgulewski, Faiks,  
Adams, and Uehling

Funding Information	
General Fund	\$500,000
Other Funds	-0-
	\$500,000

changes in CS: page 1, line 7  
page 2, lines 4-6  
page 2, lines 8-14

adopted

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
 2 CS FOR SENATE BILL NO. 145 (State Affairs)  
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 4 SIXTEENTH LEGISLATURE - FIRST SESSION  
 5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
 7 ment of Administration for payment as a matching  
 8 grant to the Alaska Native Cultural Center Corpora-  
 9 tion; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

- 11 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that
- 12 (1) in order to encourage and foster economic development in the
  - 13 state, particularly tourism, more attractions are needed to create visitor
  - 14 demand;
  - 15 (2) visitor demand is essential to ensuring that Alaska is
  - 16 considered a desirable destination point;
  - 17 (3) facilities unique to the state are of great interest to
  - 18 visitors and residents alike; the creation of more tourist facilities will
  - 19 increase the number of visitors to the state and encourage short-term
  - 20 visitors to lengthen their stay and visit other areas of the state;
  - 21 (4) the richness of the state's cultural fabric is of interest
  - 22 not only to Alaskans but to the rest of the world; Alaska Native culture is
  - 23 unique to the state; it is in the best interests of the state to preserve
  - 24 traditional Alaska Native history and to foster contemporary Alaska Native
  - 25 culture;
  - 26 (5) presenting Alaska's Eskimo, Indian, Aleut, and Tlingit-Haida
  - 27 cultures through art, dance, music, song, storytelling, and food is a way
  - 28 to enhance Alaskans' appreciation and enjoyment of the state's unique heri-
  - 29 tage and to attract visitors from many other different cultures as well;

1 (6) the Alaska Native Cultural Center in Anchorage will serve as  
 2 a visitor attraction, a repository of Native history, and a source of  
 3 employment for Alaskans.

4 (b) It is the purpose of this Act to <sup>[encourage the building]</sup> recognize the state's role in  
 5 fostering private development in the state by participating with the Alaska  
 6 Native Cultural Center Corporation in financing the development of an  
 7 Alaska Native Cultural Center in Anchorage, Alaska.

8 \* Sec. 2. The sum of up to \$500,000 is appropriated from the general  
 9 fund to the Department of Administration for payment as a matching grant  
 10 under AS 37.05.316 to the Alaska Native Cultural Center Corporation for  
 11 planning, [Phase I, including] engineering, architectural design, and site development of the  
 12 Alaska Native Cultural Center in Anchorage, Alaska, to match on a dollar-  
 13 for-dollar basis funds received from sources other than the state govern-  
 14 ment.

15 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).  
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## PLATTING REQUESTS SCHEDULE

The Municipality of Anchorage has received applications relating to platting activity for the following areas. The staff of the Economic Development and Planning will accept comments prior to a hearing date. Then a staff member, acting as a hearing officer, reviews all submitted comments and makes a decision on the request. Appeals are made to the platting board.

### Nov. 5, 1989

S-2881 Barber Subdivision, Lots 1 & 2. Change from three lots to two. Spenard Community Council. Comments accepted until Nov. 3.

S-2882 Southcreek Estates Phase 4, Blk. 4, Lot 22A, with vacation. Rabbit Creek Community Council. Comments accepted until Nov. 3.

### Nov. 13, 1989

S-8883 Willard Subdivision, #2, Lot 4A. Change from three lots to one. Turnagain Community Council. Comments accepted until Nov. 10.

### Dec. 6, 1989

S-8884 Girdwood Townsite, Blk. 4, Lots 1B, 3B, 9B & 10B, U.S. Survey #1177 with vacation Change eight lots to four. Girdwood Valley Community Council. Comments accepted until Nov. 20.

S-8885 Lofty Heights Subdivision, Lot 1A-1, with vacation. Comments accepted until Nov. 20.

S-8886 Hathor Park Tract 1, with vacation. Change eight lots into one. Sand Lake Community Council. Comments accepted until Nov. 20.

S-8887 Lahr Subdivision, Lots 1-8. Change two lots to eight. Girdwood Valley Community Council. Comments accepted until Nov. 20.

S-8888 Tract A, NW1/4 NE1/4 of Section 35, T13N, R3W, S.M., Alaska. Variances. Comments accepted until Nov. 20.

## Native Cultural Center Starts Municipal Public Hearings During the Next Six Weeks

The first public hearings on a proposed Alaska Native Heritage Park begin this month when the Parks and Recreation Advisory Commission reviews the proposed cultural center, which would be located on 20 acres south of Tudor Road and east of Campbell Airstrip Road (Stuckagain Heights Road).

The Heritage Park would share the area with the SAVEII/SEARCH and the Alaska Botanical Garden.

Also reviewing the proposal will be the Planning & Zoning Commission on Nov. 20 and the Heritage Land Bank Advisory Commission on Dec. 13.

The cultural center will portray the native cultures of Alaska, including Eskimos, Indians and Aleuts through educational presentations, displays and experiences, and drawing upon tradition bearers and scholars so that visitors may view and participate in authentic historic and contemporary native traditions.

Pre-development costs for the first phase of construction is \$8.5 million. Facilities will include a community house/theater that seats about 200 people; a tourism marketing kiosk; arts and crafts demonstration kiosks; retail store; museum; food service; 4-5 pre-contact native villages; 2.6 miles of walkways and parking.

First-year operating costs are estimated to be \$2.5 million, and it is expected it will take 3-5 years before it be self-sufficient.

Alaska Native Heritage Park Inc. is an independent, nonprofit organization with broad-based representation on the governing board of directors. Eight native regions support the center's creation and are on the organization's board.

## Platting Board Gives Everyone Time To Comment Before Action

The Platting Board meets on the first and third Wednesday of each month, except holidays as regular meetings. If the Platting Board fails to complete its agenda, the remainder is carried over to the next meeting.

The procedure by which the public may speak to the Platting Board at a meeting is:

1. After the staff presentation is completed on an issue, the chair will ask for public testimony.
2. Persons who wish to testify will follow the time limits established in the Platting Board Rules of Procedure.
  - a. Petitioners (including all his representatives) 10 minutes. Rebuttal by petitioner may be allowed when time has been reserved.
  - b. Representatives of groups (community councils, PTAs, etc.) 5 minutes.
  - c. Individuals 3 minutes.
3. When your testimony is complete, you may be asked questions by the Board. You may only testify once on any issue unless questioned by the Board.
4. An individual may have appeal rights relating to any action the Platting Board takes. Appeals must be filed with the clerk's office within 15 days after the Platting Board action.
5. An individual may request written findings from any Board decision within 7 days.

COOK INLET REGION, INC.

June 6, 1989

The Honorable Pat Pourchot  
Alaska State Senate  
State of Alaska  
P.O. Box 104836  
Anchorage, AK 99510

Dear Pat:

I want to thank you personally for your time and energy during the 1989 Alaska legislative session in support of a \$500,000 match grant designated toward underwriting the pre-development expenses for establishment of a major Alaska Native culture center in Anchorage.

As you know, the culture center has been and continues to be a major priority of Cook Inlet Region, Inc. through its support of the Alaska Native Heritage Park, Inc. board of directors, the governing body of the Native culture center.


It is gratifying to see the level of enthusiastic and complete commitment which you have demonstrated for this important project, a public-private partnership designed to promote and preserve Alaska Native cultures, to educate Alaskans and Alaska's visitors about the diversity and history of these cultures and to encourage both the local and statewide tourism industry.

Again, your leadership in support of this Native culture center grant is gratefully appreciated.

Best wishes to you.

Sincerely,

COOK INLET REGION, INC.

  
Roy M. Huhndorf  
President

RMH/llh

**S B**

**146**

SENATE COMMITTEE REPORT

FURTHER

FINANCE

3/31/89

DATE TURNED INTO OFFICE 4-22-89

Mr. President:

STATE AFFAIRS

Committee considered

SB 146

allowing gaming devices on ferries

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

**FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS

*Jim Kirk No Rec*  
*Tim Kelly - Do Not Pass*  
*Al Ceder DO NOT PASS*

*Pat [Signature] do pass*  
 \_\_\_\_\_  
 \_\_\_\_\_

Chairman signature and recommendation

Committee Backup attached

**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

**BILL VERSION:** SB 146  
**PUBLISH DATE:** \_\_\_\_\_

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "allowing gaming devices on ferries"  
 Sponsor: Szymanski, Faiks & Pearce  
 Requestor: Szymanski, Faiks & Pearce  
 Agency Affected: DOT&PF - AMHS  
 BRU: Marine Operations  
 Components: SE Vessel Operations and Overhaul

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		36.0	37.0	38.0	39.0	40.0
TRAVEL						
CONTRACTUAL		30.0	-	-	-	-
SUPPLIES		10.0	-	-	-	-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>76.0</b>	<b>37.0</b>	<b>38.0</b>	<b>39.0</b>	<b>40.0</b>

<b>CAPITAL</b>		0	0	0	0	0
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<b>REVENUE</b>		150.0	155.0	160.0	165.0	170.0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		76.0	37.0	38.0	39.0	40.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>76.0</b>	<b>37.0</b>	<b>38.0</b>	<b>39.0</b>	<b>40.0</b>

**POSITIONS:**

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

**ANALYSIS :** (Attach a separate page if necessary)

See attachment

Prepared by: Tom Shanley *Tom Shanley* Phone: 465-3955  
 Division: Alaska Marine Highway System *John Keller* Date: 3/29/89  
 Approved by Commissioner: H. Kent *H. Kent* Date: 3/29/89  
 Agency: Department of Transportation and Public Facilities

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

*Fiscal note + analysis*

DOT&PF FISCAL ANALYSIS FOR

SENATE BILL NO. 146

EXPENDITURES

Personnel Services - added cost would be overtime needed to supervise the gaming devices on the three vessels. Estimate \$12.0 per ship - no added position would be created.

Contractual - there will be approximately \$10.0 cost to upgrade electrical service to handle the 12 machines on each vessel.

Supplies - miscellaneous supplies such as mounting devices to make the games sea worthy.

Revenue - there is no sure way to predict the revenue. We doubled the revenue we are currently making on the 25 video games that are installed at this time. \$150.0 should be a conservative figure.

# Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee Members  
FROM: Senator Pat Pourchot, Chairman  
RE: April 21 Committee Hearing  
DATE: April 21, 1989

On Friday, April 21 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

#### SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund may be appropriated only for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that a majority of the legislature and the voters approve.

A draft committee substitute that makes the following changes has been prepared:

- 1) Provides for a 2/3, rather than a 3/4, majority vote by the legislature.
- 2) Requires that the public renew its approval of SJR 18 every six years.

#### SB 214, An Act making a special appropriation to the principal of the permanent fund

SB 214 would appropriate the balance in the earnings reserve account of the permanent fund to the principal of the fund. The current balance is approximately \$604 million.

IN ADDITION, THE FOLLOWING BILLS WILL BE BACK BEFORE THE COMMITTEE:

SB 146. An Act allowing gaming devices on ferries

SB 146 would authorize the installation and use of video gaming devices on state ferries, with revenues from the games being appropriated to fund the operation of the ferry system. It is my intent to move this bill from committee on Friday.

SB 168. An Act authorizing gambling enterprises in municipalities

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, a municipality must have a substantial history of gambling and be substantially dependent on tourism. The bill would allow similar gambling operations on the state ferry system.

A draft committee substitute which makes the following changes is being prepared at the sponsor's request:

- 1) Eliminates the provisions regarding the ferry system.
- 2) Transfers the responsibility for state oversight of the municipal operations from the Department of Revenue to the Department of Commerce. This is consistent with Executive Order 74, which transferred games of chance and contests of skill.
- 3) Provides for a share of the gambling proceeds to be used for prevention programs, as well as for treatment and counseling of compulsive gamblers.

It is my intent to move this bill out of committee today.

HB 91. An Act relating to protection for certain public employees and certain other persons who report or participate in a proceeding connected with a matter of public concern

HB 91, the "whistleblower bill", would prohibit public employers from discharging, threatening, or otherwise discriminating against employees simply because they disclose information of public concern before a public body.

A draft committee substitute which makes the following changes is being prepared:

- 1) Exempts the Alaska Railroad. Current statute provides that employees of the railroad are not employees of the state.
- 2) Exempts municipalities that, by ordinance, adopt substantially similar protections. This exemption is

Committee Memo  
April 21, 1989  
Page 3

consistent with the resolution passed by the Anchorage Municipal Assembly.

A zero fiscal note prepared by the Court System is attached. It is my intent to move this bill out of committee today.

HB 138, An Act establishing a state employee incentive award system

HB 138 would establish a monetary incentive program to encourage employees to improve state operations. A draft committee substitute that makes the following changes is attached:

- 1) Requires an annual report to the Legislature detailing who received awards, the basis for each award, and the amount of the award.
- 2) Prohibits commissioners, deputy commissioners, assistant commissioners, directors, and deputy directors from receiving awards.

It is my intent to move this bill out of committee today.

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman  
Sen. Al Adams  
Sen. Tim Kelly  
Sen. Rick Uehling



P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee Members  
FROM: Senator Pat Pourchot, Chairman  
RE: April 17 Committee Hearing  
DATE: April 14, 1989

On Monday, April 17 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

#### SB 146, An Act allowing gaming devices on ferries

SB 146 would authorize the Department of Revenue to license state ferries to install video gaming devices. Receipts from operation of the gaming devices would be separately accounted for in the general fund, with intent that the legislature appropriate the funds for operation of the marine highway system. Machines that pay winnings directly to the player, as opposed to machines that provide credits that can be redeemed for cash, would be prohibited.

The Department of Transportation fiscal note estimates net revenues of \$75,000 to \$130,000 annually.

#### SB 168, An Act authorizing gambling enterprises in municipalities and on state ferries

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, municipalities must have a substantial history of gambling during the gold rush era, depend substantially on tourism, and use the gambling enterprise to enhance the historic character of the municipality. Only numbers wheels and card and dice games would be allowed.

Gambling proceeds would be retained by the municipality except for a 3.5% tax on the gross revenues, which would be paid to the Department of Revenue for deposit in the general fund. The department has not developed an estimate of potential revenues.

Committee Memo  
April 17, 1989  
Page 2

In addition, SB 168 would authorize the Department of Revenue to license state ferries to conduct gambling. Only numbers wheels and card and dice games would be allowed. Proceeds would be separately accounted for in the general fund, with intent that the legislature appropriate the funds to the marine highway system. The Department of Transportation has not developed an estimate of potential revenues.

SB 263, An Act relating to video gaming devices and their distributors, classifying video gaming devices as coin-operated devices for purposes of regulation and taxation, and exempting them from the definition of gambling devices; to taxes imposed on and regulation of coin-operated devices

SB 263 would authorize the installation and use of video gaming devices on certain premises licensed to sell alcohol. An annual license fee of \$100 per machine would be charged by the Department of Revenue, and tax in the amount of 25% of each machine's net income would be collected. Licenses for distributors of the machines would also be required.

Draw poker and keno would be the only video games authorized. Machines that pay winnings directly to the player, as opposed to machines that provide credits that can be redeemed for cash, would be prohibited.

SB 263 is patterned after Montana's video gaming law, enacted in 1985. In FY 88 Montana licensed 8,462 machines that generated net income in excess of \$70 million. Of this, the state collected 15% (\$10.6 million). The Department of Revenue fiscal note on SB 263 estimates net revenues of nearly \$12 million.

SB 168 - *policy statement*  
*operator may not extend credit to a gambler*

1 IN THE SENATE BY SZYMANSKI, FAIKS AND PEARCE

2 SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing gaming devices on ferries."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 Section 1. AS 19.65 is amended by adding new sections to read:

9 Sec. 19.65.030. GAMING DEVICES AUTHORIZED. (a) The Department  
10 of Revenue may license *SB168 - DOT commissioner must apply* a vessel of the Alaska marine highway system to  
11 operate *SB168 gambling enterprise* gaming devices in the portion of the vessel that is licensed  
12 under AS 04 to sell alcohol.

13 (b) A license issued under (a) of this section is not valid when  
14 the vessel is in a jurisdiction outside of the state unless that  
15 jurisdiction also allows the licensed activity.

16 (c) The commissioner of revenue may adopt regulations under the  
17 Administrative Procedure Act (AS 44.62) to implement this section.

18 Sec. 19.65.040. PROHIBITIONS ON GAMING DEVICE OPERATION; PENAL-  
19 TIES. (a) An employee of the Alaska marine highway system may not  
20 allow a person under *same* 21 years of age to use a gaming device authorized  
21 under AS 19.65.030. A person under 21 years of age may not use a  
22 gaming device authorized under AS 19.65.030.

23 (b) A person may not manipulate or attempt to manipulate the  
24 outcome or payoff of a gaming device authorized under AS 19.65.030 by  
25 physically tampering or otherwise interfering with the proper func-  
26 tioning of the device.

27 (c) Violation of this section is a class A misdemeanor.

28 Sec. 19.65.050. The Department of Transportation and Public  
29 Facilities shall deposit receipts from the operation of gaming devices

*same as SB 168*

1 under AS 19.65.030 in the general fund. The commissioner of adminis-  
2 tration shall separately account for money deposited under this sec-  
3 tion. The legislature may appropriate money in the account for the  
4 *SB 168 - to carry out purposes of this section*  
operation of the Alaska marine highway system.

5 Sec. 19.65.060. DEFINITION FOR AS 19.65.030 - 19.65.060. In

AS 19.65.030 - 19.65.060 "gaming device" means equipment or a mechan-  
ical, electromechanical, or electronic contrivance, component, or  
machine that affects the result of a wager by determining wins or  
losses in connection with a game in which, by the skill of the player  
or by chance, or both, the player may receive free games or credit  
11 that can be redeemed for cash; "gaming device" does not include a  
12 machine that directly dispenses coins or cash.

13 \* Sec. 2. AS 11.66.280(2) is amended to read:

14 (2) "gambling" means that a person stakes or risks some-  
15 thing of value upon the outcome of a contest of chance or a future  
contingent event not under the person's control or influence, upon an  
17 agreement or understanding that that person or someone else will  
18 receive something of value in the event of a certain outcome; "gambl-  
19 ing" does not include

20 (A) bona fide business transactions valid under the  
21 law of contracts for the purchase or sale at a future date of  
22 securities or commodities and agreements to compensate for loss  
23 caused by the happening of chance, including contracts of indem-  
24 nity or guaranty and life, health, or accident insurance; [OR]

25 (B) playing an amusement device that

26 (i) confers only an immediate right of replay not  
27 exchangeable for something of value other than the privilege  
28 of immediate replay; and

29 (ii) does not contain a method or device by which

*SB 168 -  
number  
wheels & card  
& dice games*

*exempt  
from  
criminal  
code*

1 the privilege of immediate replay may be cancelled or revoked;  
2 ed; or

3 (C) an activity authorized by the commissioner of  
4 revenue under AS 05.15 or AS 19.65.030;

5 \* Sec. 3. AS 11.66.280(3) is amended to read:

6 (3) "gambling device" means any device, machine, parapher-  
7 nalia, or equipment that is used or usable in the playing phases of  
8 unlawful gambling, whether it consists of gambling between persons or  
9 gambling by a person involving the playing of a machine; "gambling  
10 device" does not include

11 (A) lottery tickets, policy slips, or other items used  
12 in the playing phases of lottery or policy schemes; [OR]

13 (B) an amusement device as described in (2)(B) of this  
14 section; or

15 (C) a gaming device authorized under AS 19.65.030;

16 \* Sec. 4. AS 11.66.280(4) is amended to read:

17 (4) "gambling enterprise" means a gambling business that

18 (A) includes five or more persons who conduct, finance,  
19 manage, supervise, direct, or own all or part of the business;

20 (B) has been or remains in substantially continuous opera-  
21 tion for a period in excess of 30 days or has a gross income of  
22 \$2,000 or more in any single day; and

23 (C) is not

24 (i) a vessel of the Alaska marine highway system  
25 lawfully conducting an activity licensed under AS 19.65.030;

26 or

27 (ii) a municipality or a qualified organization under  
28 AS 05.15.210, except that, for purposes of this subparagraph  
29 [PARAGRAPH], no application for a license under AS 05.15 is

1

required to be considered a qualified organization;

SB146



# International Game Technology

520 S. Rock Blvd. Reno, NV 89502. Phone 702/323-5050. FAX 702/788-6792. Tlx 170495 IGT RNO

## Transmission Via Facsimile

To: MARY McBIRNEY M. SZYMANSKI	Date: 3-6-89	Fax No.: 3714	No of Pages: 2	From: RONDA KERR IGT, RENO
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Dear Mary,

Pursuant to our telephone conversation on this date, I am forwarding to you the information we discussed.

Please contact me if you have further questions or clarification is needed.

Again, I apologize for the time it has taken for me to get you the information. With the number of states contemplating the same action the requests for information have been overwhelming. Thank you for your patience.

Regards,

Ronda Kerr  
Asst. Sales  
U.S. Regional and  
International Sales  
(702) 788-6796

PROPOSAL FOR THE STATE OF ALASKA

<u>PASSENGER DATA</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>PLAN C</u>	<u>PLAN D</u>
PASSENGERS PER YEAR	64,278	64,278	64,278	64,278
PASSENGERS PER DAY (360 DAYS)	179	179	179	179
% OF PASSENGERS THAT GAMBLE (Decreases as machine tightens)	25%	20%	15%	10%
PASSENGERS THAT GAMBLE PER DAY	45	36	27	18
LOSS PER PERSON GAMBLING PER DAY	\$27	\$27	\$27	\$27

MACHINE DATA

MACHINE PAYBACK %	90%	85%	80%	75%
NUMBER OF MACHINES	33	35	35	35

REVENUE DATA

TOTAL DOLLARS IN EACH MACHINE/DAY	\$347.10	\$185.13	\$104.15	\$55.56
NET WIN PER MACHINE PER DAY	\$34.71	\$27.77	\$20.83	\$13.89
TOTAL NET WIN PER DAY	\$1,215	\$972	\$729	\$486
TOTAL NET WIN PER YEAR (360 DAYS)	\$437,346	\$349,902	\$262,458	\$175,014

ASSUMPTIONS

- 1) Gamblers will lose their allocated budget if they are enjoying themselves and they perceive the slot machine is a fair game. If they are getting payback in coins from a less tight game, they will perceive the game as fair and play longer.
- 2) Fewer gamblers will play a game if they are not getting reinforcement in the form of payback. Thus, a tighter game tends to turn away gamblers.
- 3) Repeat gamblers (locals) learn to sense the tightness of a game.



Dept. of Transportation & Public Facilities

# POSITION PAPER

**BILL NO:** CS SB 146 (Trsp)

**TITLE:** An Act allowing gaming devices on ferries

*W. K. Hickey*  
**APPROVED:** Mark S. Hickey  
Commissioner

**DATE:** FOR  
4/5/89

RECEIVED APR 7 1989

The Alaska Marine Highway System (AMHS) supports Senate Bill 146 in its current version, CS SB 146 (Trsp), which will allow gaming devices on board State ferries. There is no doubt that this form of entertainment would be enjoyed by a significant percentage of our passengers and would generate much-needed additional revenues.

Although the most likely location for the machines is in the cocktail lounges, actual placement of the devices will be determined at the time of installation.

Initially, twelve machines would be placed on each of three main-line ships in the Southeast System. Video games currently in place on board the ships have proven most successful under a competitively bid "partnership" arrangement wherein the vendor bears the capital costs of the actual equipment. We would anticipate this same approach with gaming devices.

The player will be given the option of free games, credit, or tokens that may be redeemed for cash. Dispensing of tokens rather than cash will ensure that the actual gross revenues remain in the machines, allowing for more accurate money handling and a better audit trail. This type of system has been used effectively in the State of Montana.

Department of Transportation & Public Facilities



POSITION PAPER

BILL NO: SB No. 146

APPROVED:

*[Handwritten signature]*

TITLE: Gambling Devices on State Ferries DATE: March 29, 1989

The Alaska Marine Highway System (AMHS) supports Senate Bill No. 146 to allow electronic gaming devices on board the vessels of the fleet. There is no doubt this form of entertainment would be enjoyed by a large percentage of our passengers and could generate much needed additional revenue.

There are a few suggestions we would like to make which, if accepted, would give us more flexibility in implementation, as well as future alterations. Because this concept has not been tried before we can only speculate what the results will be. There will be by necessity a learning curve and it is in this context that we would like to be able to use slightly different approaches if it appears needed.

Page 1, Lines 9-11 - change to:

Sec. 19.65.030. Gaming Devices Authorized. (a) The Department of Revenue may license a vessel of the Alaska Marine Highway System to operate gaming devices in a portion of the vessel that is not accessible to minors.

The most likely place to locate the machines is in the cocktail lounges but it might be advantageous to move them to a different location and we would like to have that flexibility.

Page 2, Lines 10-12 - change to read:

...or by chance, or both, the player may receive free games, credit or tokens that can be redeemed for cash.

The concept in the bill is similar to the system used in the State of Montana which works well. We agree a similar system could be the place to start but would like to have the authority to dispense tokens, but not cash if it looked more effective operationally.

Other than these changes we feel it is a workable and positive approach to improving the profitability of the AMHS vessels.

The fiscal note was approached from the standpoint of implementing gaming devices in the most inexpensive possible way. This pilot project would install at least twelve machines on the M/V MALASPINA, MATANUSKA and the COLUMBIA in the cocktail lounges.

For further

*DOT/FP Position Paper*

1 at 465-3900

*adopted  
Transp CS.*

*adopted  
Transp CS.*

Twelve machines were selected because this is the most which can be installed without major rewiring and remodeling costs and is adequate to determine the feasibility of gambling on a pilot basis. As currently envisioned the capital cost would be funded by a vendor who would work on a partnership basis similar to the video games that are currently being used. This business would be solicited on a competitive basis. After implementation, or during the planning stages, another approach might be used if it were found to be more cost effective. Should this pilot project be successful enough to warrant the installation of substantially more machines higher costs for modification of the vessels and perhaps additional crew for security would be required.



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
State Capitol, Room 11  
Juneau, Alaska 99811  
(907) 465-4978/4979  
FAX (907) 465-2652

## POSITION PAPER: SB 146

During Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617

165 E. Parks Highway  
Legislative Information Office  
Wasilla, Alaska 99687  
(907) 376-MIKE

The State of Alaska is currently challenged by a fiscal crisis which will affect the quality and availability of services that the state can provide to its residents. In order to balance the State's budget and develop a sustainable level of funding, the Legislature has two options: cut the budget and develop sources of revenue. Senate Bill 146 proposes to accomplish the latter; to develop a new source of revenue for the state by allowing gambling machines to be placed on state ferries.

SB 146 would permit the Department of Revenue to license a vessel of the Alaska Marine Highway System to operate gaming machines in the portion of the vessel that is licensed to sell alcohol. The intent of the bill is to make gaming devices, such as video poker games and electronic slot machines, available for the entertainment of ferry passengers patronizing the vessels' bar areas. According to estimates by DOTPF, twelve machines, which are similar to arcade-type video games, have the potential to generate net revenues of approximately \$75,000 a year.

The Alaska Marine Highway System has four mainliner ferries, the M/V Matanuska, the M/V Malaspina, the M/V Columbia and the M/V Taku, which run between Seattle and ports in Southeast Alaska. The annual passenger traffic on the mainliner vessels is approximately 234,000 people, many of whom are tourists. Since many commercial cruise lines currently offer gaming machines on their tour ships, allowing passengers to enjoy gaming machines on the state ferries would help to upgrade the ferries' entertainment services and enhance the visitors' travel experience. Ferry gaming could also become a focal point for marketing the Alaska Marine Highway System to the travel industry.

Since gaming areas will be limited to the portion of the ferry licensed to serve alcohol, minors will be prohibited access to the machines. Locating the gaming machines in the licensed areas will also enable ferry staff to supervise the gaming areas and provide adequate security against machine tampering and unauthorized use.

SB 146 has the potential to alleviate some of the impact of budget shortfalls currently facing the state. In this time of financial crisis, we need to examine and consider all options for raising additional revenue. Allowing gaming machines to be placed on state ferries may enable the Alaska Marine Highway System to become more cost-effective in its operations and competitive in the travel market.

Senate District E

Met-Su • So. Anchorage • Bird/Indian • Girdwood • Whittier • Nikiski • Cooper Landing • Hope • Seward • Cordova • Valdez

STATE OF ALASKA  
THE LEGISLATURE

POUCH & STATE CAPITER  
BUREAU ALASKA 99500  
907 465 2600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 24, 1989

SUBJECT: Gambling on Ferries  
(Work Order No. 6-0363E)

TO: Senator Mike Szymanski

FROM: Terri Lauterbach  
Legislative Counsel

Following is a sectional analysis of this work order:

Sec. 1.

AS 19.65.030. This section authorizes the Department of Revenue to license a state ferry to operate gaming devices in the part of the vessel (that is licensed to sell alcohol). The license would not be valid when the vessel is in another jurisdiction that does not allow gambling. *from which minors are prohibited entrance*

AS 19.65.040. This section prohibits use of gaming devices by persons under the age of 21. It also prohibits tampering with gaming devices. *(Transp CS)*

AS 19.65.050. This section directs the commissioner of transportation and public facilities to deposit ferry gambling receipts in the general fund where they will be separately accounted for by the commissioner of administration. The legislature may then appropriate the money for operation of the ferry system or for any other purpose.

AS 19.65.060. This section provides a definition of "gaming device." It includes all devices that allow a player to win a free game or to receive credits that can be redeemed for cash. It does not include devices that directly dispense cash. *or tokens (Transp CS)*

Secs. 2 - 4. These sections amend criminal laws relating to illegal gambling to clarify that they do not apply to gambling authorized under sec. 1 of the bill.

Please let me know if I can be of further assistance.

TL:kb  
wkk1/074

-Sectional analysis-

Original sponsors: Szymanski, Faiks,  
and Pearce

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2

CS FOR SENATE BILL NO. 146 (Transportation)

*Changes in CS  
marked*

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

*p. 1, l. 11-12*

5

A BILL

*p. 2, l. 11*

6 For an Act entitled: "An Act allowing gaming devices on ferries."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 19.65 is amended by adding new sections to read:

9

Sec. 19.65.030. GAMING DEVICES AUTHORIZED. (a) The Department

10

of Revenue may license a vessel of the Alaska marine highway system to



operate gaming devices in a portion of the vessel that persons under

21 years of age are prohibited from entering.  
*[is licensed to sell alcohol]*

13

(b) A license issued under (a) of this section is not valid when

14

the vessel is in a jurisdiction outside of the state unless that

15

jurisdiction also allows the licensed activity.

16

(c) The commissioner of revenue may adopt regulations under the

17

Administrative Procedure Act (AS 44.62) to implement this section.

18

Sec. 19.65.040. PROHIBITIONS ON GAMING DEVICE OPERATION; PENAL-

19

TIES. (a) An employee of the Alaska marine highway system may not

20

allow a person under 21 years of age to use a gaming device authorized

21

under AS 19.65.030. A person under 21 years of age may not use a

22

gaming device authorized under AS 19.65.030.

23

(b) A person may not manipulate or attempt to manipulate the

24

outcome or payoff of a gaming device authorized under AS 19.65.030 by

25

physically tampering or otherwise interfering with the proper func-

26

tioning of the device.

27

(c) Violation of this section is a class A misdemeanor.

28

Sec. 19.65.050. The Department of Transportation and Public

29

Facilities shall deposit receipts from the operation of gaming devices

1 under AS 19.65.030 in the general fund. The commissioner of adminis-  
2 tration shall separately account for money deposited under this sec-  
3 tion. The legislature may appropriate money in the account for the  
4 operation of the Alaska marine highway system.

5 Sec. 19.65.060. DEFINITION FOR AS 19.65.030 - 19.65.060. In  
6 AS 19.65.030 - 19.65.060 "gaming device" means equipment or a mechan-  
7 ical, electromechanical, or electronic contrivance, component, or  
8 machine that affects the result of a wager by determining wins or  
9 losses in connection with a game in which, by the skill of the player  
10 or by chance, or both, the player may receive free games, credit, or  
11 tokens that can be redeemed for cash; "gaming device" does not include  
12 a machine that directly dispenses coins or cash.

13 \* Sec. 2. AS 11.66.280(2) is amended to read:

14 (2) "gambling" means that a person stakes or risks some-  
15 thing of value upon the outcome of a contest of chance or a future  
16 contingent event not under the person's control or influence, upon an  
17 agreement or understanding that that person or someone else will  
18 receive something of value in the event of a certain outcome; "gambl-  
19 ing" does not include

20 (A) bona fide business transactions valid under the  
21 law of contracts for the purchase or sale at a future date of  
22 securities or commodities and agreements to compensate for loss  
23 caused by the happening of chance, including contracts of indem-  
24 nity or guaranty and life, health, or accident insurance; [OR]

25 (B) playing an amusement device that

26 (i) confers only an immediate right of replay not  
27 exchangeable for something of value other than the privilege  
28 of immediate replay; and

29 (ii) does not contain a method or device by which

1 the privilege of immediate replay may be cancelled or revoked;  
2 ed; or

3 (C) an activity authorized by the commissioner of  
4 revenue under AS 05.15 or AS 19.65.030;

5 \* Sec. 3. AS 11.66.280(3) is amended to read:

6 (3) "gambling device" means any device, machine, parapher-  
7 nalia, or equipment that is used or usable in the playing phases of  
8 unlawful gambling, whether it consists of gambling between persons or  
9 gambling by a person involving the playing of a machine; "gambling  
10 device" does not include

11 (A) lottery tickets, policy slips, or other items used  
12 in the playing phases of lottery or policy schemes; [OR]

13 (B) an amusement device as described in (2)(B) of this  
14 section; or

15 (C) a gaming device authorized under AS 19.65.030;

16 \* Sec. 4. AS 11.66.280(4) is amended to read:

17 (4) "gambling enterprise" means a gambling business that

18 (A) includes five or more persons who conduct,  
19 finance, manage, supervise, direct, or own all or part of the  
20 business;

21 (B) has been or remains in substantially continuous  
22 operation for a period in excess of 30 days or has a gross income  
23 of \$2,000 or more in any single day; and

24 (C) is not

25 (i) a vessel of the Alaska marine highway system  
26 lawfully conducting an activity licensed under  
27 AS 19.65.030; or

28 (ii) a municipality or a qualified organization  
29 under AS 05.15.210, except that, for purposes of this

1                    subparagraph [PARAGRAPH], no application for a li-  
2                    cense under AS 05.15 is required to be considered a  
3                    qualified organization;

**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

**BILL VERSION:** CS SB 146 (Trsp)

**PUBLISH DATE:** \_\_\_\_\_

**FISCAL NOTE**

**REQUEST:**

Revision Date: 04/03/89  
 Title: "An Act allowing gaming devices on ferries"  
 Sponsor: Szymanski, Faiks, & Pearce  
 Requestor: \_\_\_\_\_

Agency Affected: DOTFF - AMHS  
 BRU: Marine Operations  
 Components: Southeast Vessel Operations and Overhaul

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		36.0	36.0	36.0	36.0	36.0
TRAVEL						
CONTRACTUAL		30.0				
SUPPLIES		10.0				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>76.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>

<b>CAPITAL</b>		-0-				
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<b>REVENUE</b>		150.0	155.0	160.0	165.0	170.0
----------------	--	-------	-------	-------	-------	-------

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		76.0	36.0	36.0	36.0	36.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>76.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>

**POSITIONS:**

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

See attached.

Prepared by: G. W. Davidson, System Director  
 Division: Alaska Marine Highway System

Phone: 465-3950

Date: \_\_\_\_\_

Approved by Commissioner: Mark S. Hickey  
 Agency: Department of Transportation & Public Facilities

Date: 4/5/89

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**FISCAL ANALYSIS****CS Senate Bill 146 (Trsp)**

An effective date of July 1, 1989 is assumed. Twelve gaming devices would be installed on each of three mainline vessels of the Alaska Marine Highway System (AMHS) fleet in the Southeast System.

**Expenditures:**

**Personal Services** - No additional positions would be required. Overtime would be increased by \$12.0 on each of the three ships to allow for supervision and attendance of the gaming devices.

**Contractual Services** - A one-time expenditure of \$30.0 will be required to upgrade the electrical service on the three vessels. Recurrent costs beyond FY 90 will be negligible with the current scope of the project.

**Supplies** - Start-up supplies, including mounting devices for seaworthiness on each machine. Recurrent costs beyond FY 90 will be negligible with the current scope of the project.

**Capital Costs:**

Costs of the equipment would be borne by a private vendor solicited on a competitive basis for a partnership basis similar to the current arrangement for video games. A maximum of twelve machines on each of the three vessels will be installed to avoid major rewiring or remodeling costs.

**Revenues:**

Revenue estimates shown are conservative based on the trends experienced by the 25 video games currently installed on AMHS ships.