



CITY OF SPOKANE PARK BOARD RIVERFRONT PARK COMMITTEE

MEETING OF MONDAY, JULY 11, 2016, 8:05 AM
City Council Briefing Center, LL, City Hall
Jon Moog – Director, Riverfront Park

Committee Members:

McGregor, Ted – Chairperson
Traver, Susan
Kelley, Ross
Selinger, Samuel (Absent/Excused)

Parks Staff:

Leroy Eadie
Garrett Jones
Jason Conley
Jeff Bailey
Berry Ellison
Jon Moog
Fianna Dickson

Guests:

Hal McGlathery
Al French
Steve Corker
Bob Bennie
Dean Moorehouse
Ben Cabildo
Ron Rector
Steve McNutt

Summary

- Former Riverfront Park Director Hal McGlathery requested the committee reconsider the direction of the 2014 Riverfront Park Master Plan with respect to the future of the IMAX. Additional public comments were presented in support of Mr. McGlathery's request and a different opinion was presented suggesting a more passive design for the park.
- The first draft of the 2017 Riverfront Park budget was presented to the committee.
- The committee approved a recommendation to the Park Board to contract with Berger Partnership to take the wheels/skate park to 30% concept design, not to exceed \$30,000.
- The committee approved a recommendation to the Park Board to approve the Memorandum of Understanding with the City of Spokane for the Wastewater Transmission Line Improvement, including the reimbursement by Utilities to the Park Bond in the amount up to \$150,000.
- The committee approved a recommendation to the Park Board to approve a park-wide Special Inspection Contract with STRATA Engineering, not to exceed \$200,000 over the 4-year agreement.
- The committee approved a recommendation to the Park Board to approve a park-wide Geotechnical Engineering Contract with GeoEngineers, not to exceed \$705,600.

The next regularly scheduled Riverfront Park Committee meeting will be at 8:05 a.m. Aug. 8, 2016, City Hall Council Briefing Center, City Hall lower level.

Minutes

The meeting was called to order at 8:05 a.m. by Riverfront Park Committee Chair Ted McGregor.

Information Items:

1. Public Comment – *Hall McGlathery* requested the committee reconsider the plans for the IMAX as outlined in the 2014 Riverfront Park Master Plan. The master plan articulates the IMAX will not be part of the redevelopment project. Mr. McGlathery presented a report supporting conversion to a digital projection system and to relocate the existing Pavilion rides to the North Bank of the park. Mr. McGlathery suggested this direction will achieve the following: 1) preserve the balance of attractions; 2) preserve public safety in the park; 3) generate at least \$200,000 annual net income from city-owned assets (IMAX and rides); and 4) retain 35 jobs. Additional supporting comments were made by the following citizens: Al French, Steve Corker, Dean Moorehouse, Ben Cabildo and *Ron Rector*. *Steve McNutt* suggested Riverfront Park be de-enterprised, which would result in reduced operating expenses and would provide a more passive place for citizens to enjoy. *Ted McGregor* committed to further review the options and to address the reconsideration of the master plan.
2. Initial 2017 Riverfront Park budget review – *Jeff Bailey* presented first draft of the 2017 budget. The budget projection reflects expenditures of \$3,149,522 for 2017 in comparison to \$3,242,577 in 2016. The anticipated 2017 revenue is \$2,748,300 as compared to the \$3,225,600 for 2016. The reduction in revenue is attributed to the temporary closures of parking and attractions during the park's redevelopment construction. Mr. Bailey requested the ability to use a \$300,000 revenue stabilization fund to offset this reduction in revenue. The utilization of stabilization funds, is expected to yield a net change of -\$177,300 for 2017.

Action Items:

1. Wheels Park 30% design – *Garrett Jones* presented a recommendation to proceed the wheels/skate park to 30% design. Mr. Jones presented a wheels/skate facility proposal provided by Berger Partnership which outlines the design services for a skate park of approximately 8,500-square-foot facility at Riverfront Park. Mr. Jones also provided information on comparable wheels parks located throughout the United States. *Jason Conley* provided a recap on a site visit conducted by Grindline Concrete Skatepark Design and Construction in May of 2015 when the firm reviewed three perspective sites within Spokane and conducted a public outreach event.

Motion #1: Susan Traver moved to recommend to the Park Board to enter into contract with Berger Partnership to develop concept design up to 30%, not to exceed \$30,000, to include layout and grading for a wheels/skate park facility at Riverfront Park.

Ross Kelley seconded.

Motion carried with unanimous consent.

2. Wastewater Transmission Line Improvement MOU – *Berry Ellison* reviewed a proposed Memorandum of Understanding which involves an inter-departmental agreement between Utilities, and Parks and Recreation specifying Utilities will be financially responsible for all costs, including design, construction and construction management, for the replacement of an existing water transmission line in the Howard Street South Channel Bridge alignment. Utilities has agreed to reimburse the Park Bond up to \$150,000; however, the anticipated cost is projected at \$103,057.50, including design and contingencies.

Motion #2: Ross Kelley moved to recommend to the Park Board to approve the Memorandum of Understanding with the City of Spokane for the Wastewater Transmission Line Improvement, including the reimbursement by Utilities to the Park Bond in the amount up to \$150,000.

Susan Traver seconded.
Motion carried with unanimous consent.

3. Special Inspection Contract with STRATA Engineering – *Berry Ellison* presented a report on a proposed contract with STRATA Engineering to perform special inspection and testing services on a park-wide basis. The scope of work includes compaction, soil and aggregate testing, reinforced steel placement, concrete testing, structural concrete, and steel observation and testing. Mr. Ellison also reported the park-wide comprehensive fee for the project is estimated at \$200,000. Each project will be negotiated separately as designs are developed. The initial cost is expected to be \$84,120 for the Recreation Rink and Howard Street South Channel Bridge.

Motion #3: Susan Traver moved to recommend to the Park Board to approve the park-wide Special Inspection Contract with STRATA Engineering as presented, not to exceed \$200,000, over the 4-year agreement.

Ted McGregor seconded.
Motion carried with unanimous consent.

4. Park-wide Geotechnical Engineering Contract with GeoEngineers – *Berry Ellison* reviewed the proposed contract to provide geotechnical engineering, and environmental testing and analysis services on a park-wide basis. Mr. Ellison explained the scope of work includes on-site monitoring, testing, analyzing, cataloging soil and water, core drilling, and engineering recommendations. The park-wide comprehensive fee for the project is estimated at \$705,600. Mr. Ellison added, each project will be negotiated separately as designs are developed. The 2016 fee is projected at \$117,900 for the Recreation Rink and Howard Street South Channel Bridge. Staff was requested to provide clarification and details on the scope of work by STRATA and GeoEngineers to be certain there is not a duplication of services by the two firms. These details are to be available at the July 14 Park Board meeting.

Motion #4: Ross Kelley moved to recommend to the Park Board to approve the park-wide geotechnical engineering contract with GeoEngineers as presented, not to exceed \$705,600.

Susan Traver seconded.
Motion carried with unanimous consent.

5. Maintenance and Operations building study – *Berry Ellison* reported the study is still in draft form and will come before the Riverfront Park Committee as an action item once the study is finalized.

Discussion Items:

1. Collins Group – *Ted McGregor* provided a brief overview of the Collins Group Fund Drive Feasibility Study findings which were presented at the June 9 Park Board Study Session. Mr. McGregor recommended forming a Fund Drive Ad Hoc Committee with the group's first task to explore the next steps in the fund drive process.
2. South Bank food service venue – This discussion will be deferred to the Aug. 8 Riverfront Park Committee meeting.

Standing Report Items:

1. June Financials – *Jon Moog* presented the June financial report.

The meeting was adjourned at 10 a.m.

Next meeting will be at 8:05 a.m. Aug. 8, 2016, City Hall Council Briefing Center, City Hall lower level, 808 W. Spokane Falls Blvd., Spokane, Washington.

**IT'S ALL ABOUT AFFORDABLE
FAMILY ENTERTAINMENT!**

To: Riverfront Park Committee Members and other Park Board Members
From: Hal McGlathery, Riverfront Park Manager 1982-1996 (retired)
Date: June 30, 2016 **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**
Re: Request to amend the 2014 Riverfront Park Master Plan to include the IMAX Theatre(converted to digital projection system) and Rides (relocated from the Pavilion to the NorthBank) in the current Master Plan for the Riverfront Park redevelopment program.

Such action will resume recreational activities for Spokane from the converted IMAX Theatre and the relocated Rides; will preserve the balance of attractions in the Park; will preserve the Season Pass Program; will preserve the current level of Public Safety in the Park; will generate at least \$200,000 annual net income from City-owned assets (IMAX Theatre and Rides); and preserve 35 jobs for Spokane's Youth. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

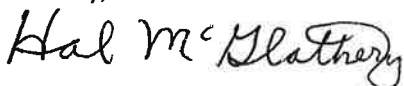
I believe that the 2014 Master Plan eliminated some critical program assets and recreational opportunities previously afforded to an important segment of the Spokane Community: working class families with moderate to low incomes. This segment is not politically organized, and is dependent upon the Park Board to represent them regarding the services of the Parks and Recreation Department, as you do for individual golfers of the golfing public, who you recognize as important constituents within the purview of the Spokane Park Board.

I served as the Manager of Riverfront Park during the period 1982-1996 in which the Park's financial reports were the best in the history of the Park. During this period the annual average RFP subsidy was \$673,826). For the 18 years since 1996, the average annual RFP subsidy has been \$905,106 or a 35% increase. While I am disappointed in the recent 18 years' financials, I remain confident that current administration of the Park can return the Park to the previous record financials and beyond, given the right mix of attractions and **(AFFORDABLE FAMILY ENTERTAINMENT!)** in the soon-to-be \$64.3 million redevelopment of Riverfront Park.

With respect to the future of Riverfront Park which may be several centuries beyond today, the current history of less than 40 years, represents a wonderful park in its relative infancy. It will always be a candidate for improvements and redevelopments that contribute to Riverfront Park's continuing goal of becoming the best park for the Spokane community that it can be.

You have a difficult job, and you have my greatest respect for the job you do for Spokane.
Thank you for your service.

Sincerely,



Hal McGlathery, Spokane Parks and Recreation Division Manager, 1970-2004

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PROPOSAL TO AMEND THE 2014 RIVERFRONT PARK MASTER PLAN

IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!

**SAVE THE IMAX THEATRE, RIDES, SEASON PASSES, PARK SAFETY,
\$200,000 NET INCOME FOR THE PARK & 50 SUMMER JOBS FOR
SPOKANE YOUTH**

THE RECENT HISTORY:

The Spokane Park Board and staff undertook the development of a Riverfront Park master plan about three years ago, that evolved into a referendum for the redevelopment of Riverfront Park, as part of the celebration of the 40th Anniversary of the World's Fair, "EXPO 74." The vote was overwhelmingly passed, and plans have progressed through a community based Master Plan 2014 Advisory Committee appointed by the Mayor and Park Board President. This committee completed a formalized Master Plan for Riverfront Park that became the proposed plan for the redevelopment of Riverfront Park, which was approved by the Spokane voters for a \$64.5 million program.

There are many aspects of the redevelopment that will bring a great benefit to Riverfront Park including a new carousel building, a new ice ribbon rink in the Gondola Meadow, a new geological playground depicting the Great Missoula Floods, and an improved U.S. Pavilion that will be recovered like it was during EXPO 74 for events. Additional improvements will include park shelters, and many infrastructural improvements such as power, irrigation water service upgrades, pathways, utilities improvements, and other landscape improvements. Among these many improvements to the park is a plan for the removal of the IMAX Theatre and the Rides that have been long-standing elements of the attractions in Riverfront Park since 1978 and 1991 respectively.

RIVERFRONT PARK WITHOUT IMAX, RIDES AND SEASON PASSES

Let's take a journey to the future redesigned and redeveloped Riverfront Park. The PARK is littered with many new features including a new carousel building, a new ribbon ice rink and a new Howard Street bridge on the southern side of the PARK. A new U.S. Pavilion Events Center with a translucent sheath covers the Pavilion's cable-structure reminiscent of EXPO 74's U.S. Pavilion. This new events center has the potential to host concert productions, educational and historic exhibits, Hoopfest Center Court, Bloomsday Awards Ceremonies, weddings, receptions, and other large civic events. On the north bank a new regional playground depicts the Missoula Flood's geological impact on the region. The north bank, the U.S. Pavilion Events Center and the new attractions on the south side of the PARK are connected by the innovative Howard Street Promenade, which traverses the Howard Street corridor for 1/3 of a mile between the north and south entrances of Riverfront Park. The Master Plan states that this Promenade would bring people to the center, to the river and to the Pavilion. The Howard Street Promenade includes three centrally located plazas along the corridor providing places for people to gather, celebrate public art and host events. The Promenade incorporates electric power support for temporary vendors and public events that could provide opportunities for Riverfront Park's cost recovery via vendors and event space rentals accompanied by landscape improvement, outdoor furnishings, and improved lighting for safe pedestrian traffic. The Promenade is intended to tell Spokane's story and history from components including Native American History, the area's natural environment, railroad history and Spokane settler history.

But there are no vendors, nor small events on the Howard Street Promenade. Why? It's summer with schools out and it's the tourist season! But it's a Monday, Tuesday, Wednesday or Thursday, among more than 60 such days in the summer season. There may be some static displays and some minor concerts in the Pavilion, but no significant magnetic attraction to lure crowds into the Pavilion. All of the attractions in the PARK on summer weekdays (Carousel, Skyride, Rotary Fountain, Ice Ribbon Rink Circuit's concrete pad, and the Red Wagon), are located on the south side of Riverfront Park. Most people coming from the north side of Spokane choose not to park on the north side of the PARK and walk 1/3 of a mile (20 minutes with children) across the PARK to use the south side attractions. The Howard Street Promenade and the U.S. Pavilion Events Center are suffering from a diminished level of traffic than implied in the Master Plan.

This newly designed U.S. Pavilion Events Center no longer has an IMAX theater, nor RIDES in the Pavilion both of which on its best days were positive revenue income and traffic generators for the PARK. Both of these attractions were among the primary attractions that led to the very successful SEASON PASS PROGRAM that was the largest traffic-building feature of the Riverfront Park family and children's attractions. These attractions and the SEASON PASS

PROGRAM: IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT! The IMAX Theatre from 1978 to 2005 returned an average NET INCOME of \$44,421 to the cost of operations of the PARK with only two negative net income years (1981 and 1984). Meanwhile, for the period of 1991 to 2014 the RIDES returned an average NET INCOME of \$113,182 to the cost of operations of the PARK with only two negative NET INCOME years (2005 & 2006). At the peak of Riverfront Park's summer seasons in the 1990's, the PARK'S SEASON PASS PROGRAM averaged 9,451 and peaked at 11,100 in 1996. This SEASON PASS PROGRAM brought additional people to the PARK and maintained the high level of activity from the south side of the PARK to the central pavilion which enhanced the SAFETY through numbers of users for the PARK. **IT IS ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!** This level of activity and balance of the locations of these attractions yielded strong pedestrian traffic along the north-south corridor of the PARK. Riverfront Park users from the north side of Spokane tended to park on the north side of the park; while users from the south side of Spokane tended to park on the south side of the PARK.

For the more recent period of 2006 through 2014 the average annual NET INCOME returned to the PARK from the IMAX Theatre became diminished (-\$86,793) compared to the years prior to 2006 (+\$44,421). Meanwhile for 2006-2014 the annual average NET INCOME from the RIDES increased to \$122,797, compared to the annual average NET INCOME for the years prior to 2006 at \$100,700. In addition, the SEASON PASS PROGRAM sales dipped from the 1990's annual average of 9,451 to the 2000's annual average of 5,271, which is only 56% of Riverfront Park's most successful SEASON PASS PROGRAM sales in the PARK'S history. In spite of the overall drop in the SEASON PASS PROGRAM sales, the RIDES enjoyed an increase in the annual average positive NET INCOME to the PARK of \$22,097! Yet the RIDES were eliminated from the Master Plan. Perhaps, it wasn't the NET INCOME, but rather the location of the RIDES in the Pavilion that was the rationale for eliminating the RIDES. Perhaps, relocation of the RIDES should have been the solution rather than elimination of the RIDES. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

The NET INCOME for the IMAX Theatre suffered an average loss of income (\$86,793) and a total loss of \$781,141 for the period 2006 -2014. Catastrophic economic conditions resulted in this negative turnaround. The park's venture into "Hollywood" full length films resulted in several disastrous contracts, that produced negligible revenue coupled with the very costly IMAX contract terms.

This historic slide in the IMAX Theatre's NET INCOME cannot be erased, however the incredible technological advances of "Giant Screen Digital Projection Systems," is revolutionizing NET INCOMES of 17 non-profit IMAX Theaters that have been converted to digital projection systems. These digital systems have increased NET INCOME of these theaters from \$100,000 to \$250,000 annually, plus delivering improved image definition and sound systems.

Had Riverfront Park's IMAX Theatre projection system been converted to a digital projection system during the 2006-2014 period, the total annual average NET INCOME of (\$86,793) would have likely returned to the favorable annual average NET INCOME from 1978-2005 of +\$44,421 to the PARK.

So what has happened since 2005 to cause such a negative financial picture to the Pavilion's two major activities: IMAX and RIDES? During the period of 2008 to present the SEASON PASS PROGRAM numbered an annual average of 5,271 or a 44% decline in SEASON PASS PROGRAM members from the 1990's. A 44% decline in the SEASON PASS PROGRAM sales usually indicates a decline in summer attendance and NET INCOME. While the IMAX Theatre suffered severe reductions in its annual average NET INCOME of (\$86,793) for the period of 2008-2014, on the other hand, the RIDES enjoyed an increase of annual average NET INCOME to +\$122,797. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!** Subsequent to these two scenarios, the Master Plan Advisory Committee and the Park Board determined that the IMAX and the RIDES were losers and should be eliminated. A more exhaustive forensic accounting approach should have reached a different conclusion and placed the blame not on the nature of the activities, but perhaps upon the administration and marketing of these activities.

Regarding the financial figures for the Pavilion's RIDES from 1991-2014 the NET INCOME for the RIDES is surprisingly far from being a losing attraction, as labeled by some. In fact the RIDES returned a positive average annual NET INCOME to the PARK of \$113,182! Perhaps, the RIDES were more of a "losing" attraction with respect to occupying the center piece of the PARK, the World Fair's U.S. Pavilion. Relocating the RIDES would appear to be a much more reasonable decision than elimination of the RIDES. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

While the decisions to remove the RIDES from the Pavilion may be irreversible, the decision regarding the removal of the IMAX Theatre is premature. The Blaze consultant report regarding the future of the IMAX Theatre was conducted amidst the digital revolution of giant screen theaters. It used the PARK'S worst year's attendance to formulate future trends that led to the Park Board decision to eliminate the IMAX Theatre and demolish the building. The IMAX Theatre has been an iconic landmark in Spokane since 1978, and symbolizes one of the EXPO 74' main attractions for Spokane. The Blaze consultant also used excessive capital costs including 3D, screen replacement and sound system replacement, which other experts consider unnecessary.

The advantage of upgraded technology to large screen format at theaters has been remarkable in recent years which have led to digital film projection that is far more cost-effective than the outdated IMAX film projection systems. There have been at least 17 conversions of IMAX non-profit theaters to digital large screen projection systems. Converted theaters are raving about

the cost savings and increased NET INCOMES between \$150,000 (Yellowstone) and \$250,000 (Houston Science Center). These advanced digital format theaters avoid the \$20,000-plus cost per each IMAX film print, avoid lease agreements for IMAX equipment, avoid prohibitive license agreements for IMAX films; avoid costly xenon lamps, avoid the need for fulltime professional projectionists; avoid higher utilities cost, and avoid higher costly repairs and maintenance. A conversion of the Riverfront Park IMAX Theatre to digital could cost less than \$200,000. The cost to raze the IMAX Theatre building, which could involve costly asbestos abatement, may exceed double the cost of converting to the advanced digital projection system. Instead of reducing activity and NET INCOME for the PARK, a conversion would enhance the level of activity and maintain (or more likely exceed) the previous levels of NET INCOME for the PARK.

These new projection systems could enhance the activities in the Pavilion that would relate to school children events, relate to static displays in the new U.S. Pavilion Events Center, and relate to educational programs at the new Mobius Science Center across Post Street in the Washington Water Power Building. Evening programs on the giant screen could include popular second-run Hollywood films. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

It is time to conduct a more creative and objective analysis of the future of the Giant Screen Theatre in Riverfront Park. There are too many reasons to convert the outdated IMAX projection system to the state-of-the-art digital projection system and enhance the Riverfront Park NET INCOME, attendance and experience.

Additionally, should the Park Board include the digitally converted IMAX Theatre in the Riverfront Park Master Plan, the landscape around the IMAX Theatre building could be altered to afford an incredible view of the Spokane River as it splits into the south and north forks of the river around Canada Island. The traffic on the Howard Street Promenade could be directed to the Pavilion on a new pathway that mounted the IMAX Meadow on the south side of the theater to an elevation that provided one of the best views of the Spokane River, and proceeded to a new entrance into the Pavilion's northwest corner. This new landscape should also include a closure and re-landscaping of the current "back door" entrance to the Pavilion from Howard Street along the north side of the IMAX Theatre beside the river bank.

RIVERFRONT PARK RIDES ON THE NORTHBANK OF THE PARK

The current Riverfront Park Master Plan that proposes elimination of the IMAX Theatre and the RIDES leaves the future redeveloped PARK with a dramatic imbalance of activities for Spokane's families and children. Most attractions in the PARK will be located on the south side of the PARK: the Carrousel, the Skyride, the new ice ribbon rink in the Gondola Meadow, the Rotary Fountain, and the Red Wagon. There will not be popular attractions on the north side of the

PARK, so on the weekdays of the summer vacation season, which would be the majority of days in the summer, the traffic in the PARK will be greatly diminished between the north entrance and the south side attractions. If you lived on the north side of Spokane, and were bringing your family with children to the PARK, where would you park? Would you park on the north side of the PARK and walk 1/3 of a mile (a 20 minute walk with children) to the south side attractions? Or would you tend to seek parking on the southerly side of the PARK and avoid the lengthy walk across the PARK? It is highly unlikely that the U.S. Pavilion will have regular special events on a weekday basis to attract people to the center of the PARK. The Howard Street Promenade designed to have vendors and events along the route from the north entrance through the PARK to the south side attractions will likely have diminished traffic that would not support vendors and activities between the north entrance and the U.S. Pavilion.

What if the Riverfront Park Master Plan was amended to include the RIDES in the PARK that are already owned by the PARK, and have served the young children very well and producing a NET INCOME average for the PARK of \$113,182 for 24 years since 1991? It appeared that the Master Plan proposed eliminating the RIDES because they were viewed as a drain on the PARK'S NET INCOME during the past decade. The truth is that the RIDES during the period of 2006-2014 contributed an annual average NET INCOME of \$113,182. Wouldn't placing the RIDES on the north bank of the PARK balance the attraction offerings for families and children? It could be an effective pairing if the RIDES and the "Regional Playground" with a geological story shared adjacent spaces on the North Bank. The synergy of these two children areas would bring a great deal of activity on the north side of the PARK. Keep in mind that elimination of the Rides and IMAX Theatre in the PARK would absolutely eliminate the summer SEASON PASS PROGRAM that has been the summer's primary traffic builder for Riverfront Park's attractions. Such a balance would preserve the summer SEASON PASS PROGRAM, which in the peak years of the PARK'S attractions promoted increased attendance and NET INCOME to the PARK by selling almost twice as many season passes as in the recent decade? Such a balance in the attraction locations in the PARK would better serve the north side residents, the north-south traffic on the Howard Street Promenade, and save the summer SEASON PASS PROGRAM? **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

The ages of the RIDES and the current mix of the RIDES may well be a concern regarding retaining them for the future. The current mix of RIDES continues to serve the children of the PARK, because these RIDES are "new" to the present appropriate-aged children. These RIDES are exciting to the SEASON PASS PROGRAM members. However, for the future the RIDES in the PARK could best utilize the approach taken by previous Park Boards to improve the mix of the RIDES. The current mix was started with modest purchases by the City of the "Red Baron Ride, the "SR-2 Simulator," the "Dragon Roller Coaster" and the "Krazy Kars." The balance of the RIDES were leased to increase the mix of the RIDES, including the "Ferris Wheel," the "Sizzler,"

"The Berry Ride," "The Saucer Ride," and the "Spider Ride." Later the City purchased the leased RIDES from McKay Shows. A similar process could be employed to upgrade the mix of RIDES in the future. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!**

RIVERFRONT PARK SAFETY AND SUMMER JOBS FOR SPOKANE'S YOUTH

It has been the opinion of public SAFETY officials that pedestrian traffic in Riverfront Park is a major contributor to public SAFETY in Riverfront Park. The greater the pedestrian traffic in the PARK, the greater is the level of public SAFETY and the comfort of the park-using pedestrians. A greater balance in the attraction locations both north and south would enhance the pedestrian traffic and public SAFETY of the PARK.

How many summer JOBS for Spokane's youth would be eliminated if the IMAX and the RIDES are eliminated? The Riverfront Park Director estimates that 50 summer JOBS for Spokane's youth would be eliminated!

PARK BOARD BUSINESS APPROACH TO FINANCIAL OVERSIGHT OF DEPARTMENT

A few years ago the Park Board under the leadership of the Finance Committee Chair, Andy Dunau, conducted what was called a "Budget Reset." The Park Board was committed to adopting a business-like approach to the Department's budget administration, whereby all of the functions within the Department were assessed by reviewing each function's bottom line. The Park Board reviewed the Department's functions and made dramatic adjustments to the Department's budget by creating annual reserve requirements and curtailing many expenditures and adjusting many revenue goals. The staff was required to adjust to these new budgetary guidelines in order to guarantee the establishment of the desired annual reserves.

Shortly, thereafter the Park Board created a special citizens committee to develop the Master Plan for the redevelopment of Riverfront Park. The Master Plan was adopted by the Park Board and submitted to the voters and approved for a \$64.3 million bond for the Park's redevelopment. There were many functions of the Riverfront Park operations considered in the Master Plan by the Master Plan Advisory Committee. Among the elements of the adopted Master Plan were the removal of the Ice Palace in favor of a new "ribbon" ice rink in the Gondola Meadow, the replacement of the Carrousel building, the redevelopment of the U.S. Pavilion, the removal of the IMAX Theatre including the demolition of the building, and the removal of the amusement RIDES in the Park.

There were many elements in the Master Plan that consumed time and deliberations by the Master Plan Advisory Committee and ultimately the Park Board, as they considered the above additions and deletions to the elements of Riverfront Park. However, it appears that the Park Board did not consider all of the alternatives and consequences of the removal of the IMAX

Theatre and the RIDES. The Park Board did not appear to apply its business-like approach as described above, which could have assessed the bottom lines of the IMAX Theatre, in the context of the alternative of a digital projection conversion. The Park Board, also, did not appear to apply its business-like approach, which could have assessed the RIDES in the context of their bottom line of annual positive net income to the Parks operations. The conversion of the IMAX Theatre and the relocation of the RIDES could have retained at least \$200,000 annual net income for the PARK's annual cost of operations. Additionally, it appears that the Park Board did not assess the consequences of the elimination of the SEASON PASS PROGRAM, as it pertained to many Spokane families' affordable recreation. The elimination of the SEASON PASS PROGRAM represents the loss of the PARK's greatest attendance and revenue traffic builder, since SEASON PASS PROGRAM members bring many other friends with them to the PARK. **IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!** It, also, appears that the Park Board may have not assessed the consequences of the imbalance of the amusement attractions on the south side of the PARK. Relocating the RIDES to the North Bank would return the PARK's amusement attractions to its historic geographical balance. This imbalance will lead to the reduction of weekday (Mondays through Thursdays) summer pedestrian traffic on the redeveloped "Howard Street Promenade." Under the present Master Plan the PARK users living on the north side of Spokane will tend to park on the southerly side of the PARK to avoid the 1/3 mile walk or 20 plus minutes (with children) to the PARK'S attractions. Reduced pedestrian traffic relates to reduced safety and comfort for the PARK'S users. The Master Plan calls for the Howard Street Promenade to have vendors along the route to increase PARK revenues, but with the reduced traffic there likely will not be enough business to sustain vendors. Additionally, the Park Board appears to have not assessed the fact that the elimination of the IMAX Theatre and the RIDES will result, in the opinion of the PARK's Director, THE ELIMINATION OF A TOTAL OF 50 SUMMER JOBS FOR SPOKANE'S YOUTH.

ISN'T IT TIME TO RE-ASSESS THE IMPACT OF THE REMOVAL OF THE IMAX THEATRE AND RIDES IN THE PARK?

It's time to include the IMAX Theatre and the RIDES in the Riverfront Park Master Plan and preserve the vitality of Riverfront Park. Wouldn't it be a shame to give up all of these important elements of Riverfront Park that are owned by the PARK, that would return NET INCOME to the PARK, would save the SEASON PASS PROGRAM, would continue affordable family entertainment, would maintain the current level of public SAFETY in the PARK, and would save 50 summer JOBS for Spokane youths?

It should be interpreted from the circumstances and financial scenarios presented in this proposal that a reasonable recommendation for the Riverfront Park Master Plan would be: Conversion to a Digital Projection System for the IMAX Theatre, Relocation to the North Bank for the Rides, Preserve the \$200,000 annual NET INCOME for the PARK, Save the SEASON PASS PROGRAM, Retain affordable family entertainment, Maintain the present level of Pedestrian SAFETY in the PARK, and Save 50 Summer Jobs for Spokane's Youth!

In 1995 the Park Board faced a similar threat to the AFFORDABLE FAMILY ENTERTAINMENT benefits of Riverfront Park, when it failed to acknowledge the importance of AFFORDABLE FAMILY ENTERTAINMENT to a large segment of Spokane's population. This failure to deal with the future of AFFORDABLE FAMILY ENTERTAINMENT led to a referendum that blocked the elimination of the Pavilion Rides and a science center in the Pavilion. Had the 1995 Park Board acknowledged the importance of its AFFORDABLE FAMILY ENTERTAINMENT, and relocated the RIDES it would have retained the support of many PARK users and allowed a new use of the Pavilion.

While there is no referendum today regarding the elimination of the AFFORDABLE FAMILY ENTERTAINMENT in Riverfront Park, there certainly is a moral obligation for the Park Board to consider the needs of many Spokane families for AFFORDABLE FAMILY ENTERTAINMENT. Isn't it time to reassess the future status of these elements of Riverfront Park's successes?

IT'S ALL ABOUT AFFORDABLE FAMILY ENTERTAINMENT!

**Hal McGlathery, SPRD Division Manager 1970-2004
Riverfront Park Manager 1982-1996**

KEY POINTS OF MASTER PLAN PROPOSAL

- Rides are the heart of the Season Pass Program
- Elimination of RIDES and IMAX would kill the Season Pass Program
- Elimination of RIDES and IMAX are attractions owned by City
- Elimination of RIDES and IMAX: \$150K+ in lost RFP net income
- No RIDES and IMAX would eliminate 130 summer jobs for Spokane youths
- The SEASON PASS PROGRAM is the greatest traffic-builder of RFP
- The IMAX Projection System is outdated by the Digital Projection System
- IMAX 2006-2014 ave. income (-\$86,793): high cost system; bad contracts
- Digital Projection System revolutionizes giant screen films
- 17 Non-profit IMAX Theaters converted to Digital Systems: huge \$ savings
- The Howard Street Promenade's success depends on pedestrian traffic
- Weekdays in the summer will have diminished traffic on Promenade
- Weekdays in the summer will have diminished activity in Pavilion
- North side guests will tend to park on the south side of the PARK
- RIDES are viewed by some as "tacky" carnival rides
- RIDES return average \$113,182 annually to PARK operational costs
- IMAX 1978-2005 returned average \$44,421 annually to PARK costs
- 1990's average SEASON PASS PROGRAM sales total: 9,451
- 2000's ave. SEASON PASS PROGRAM sales total: 5,271; 56% of 1990's ave.
- 1990's SEASON PASS ave. revenue: \$203,821 @ ave. unit price: \$21.44
- 2000's SEASON PASS ave. revenue: \$189,820 @ ave. unit price: \$36.13
- 1990's best total SEASON PASS PROGRAM sales: 11,100 @ \$254,745
- 2000's best total SEASON PASS PROGRAM sales: 6,242 @ \$219,440
- Average RIVERFRONT PARK Subsidy 1982-1996: \$673,826
- Average RIVERFRONT PARK Subsidy 1997-2014: \$905,106
- North entrance to South attractions: 1/3 mile; 20 min. walk with children
- Relocation of RIDES to N. Bank would balance PARK attractions locales
- Blaze IMAX Report: high capital dollars; 3D; trends based on worst 2 yrs.
- Convert RFP IMAX to Digital: \$200,000; far less than IMAX demolition
- Converted IMAX benefits Mobius, Schools, Pavilion displays, 2nd run films

Hal McGlathery, SPRD Division Manager, 1970-2004

Riverfront Park Manager, 1982-1996

IMAX & RIDES & RIVERFRONT PARK TOTAL REVENUES & EXPENDITURES & SUBSIDIES 1978-2014										
YEAR	SEASON PASSES	IMAX YR. REV.	IMAX YR. EXP.	IMAX NET	RIDES YR. REV.	RIDES YR. EXP.	RIDES NET	RFP YR. REV.	RFP YR. EXP.	RFP SUBSIDY
1978		\$ 216,113	\$ 149,711	\$ 66,402				\$ 70,913	\$ 1,384,674	\$ (713,761)
1979		\$ 176,484	\$ 119,162	\$ 57,322				\$ 704,320	\$ 1,227,385	\$ (523,065)
1980		\$ 139,257	\$ 132,869	\$ 6,388				\$ 567,699	\$ 1,134,714	\$ (567,015)
1981		\$ 103,986	\$ 116,256	\$ (12,270)				\$ 419,963	\$ 900,058	\$ (480,095)
1982		\$ 223,682	\$ 224,791	\$ (1,109)				\$ 680,940	\$ 1,195,498	\$ (514,558)
1983		\$ 365,542	\$ 350,350	\$ 15,192				\$ 952,625	\$ 1,538,744	\$ (586,119)
1984		\$ 213,656	\$ 244,293	\$ (30,577)				\$ 961,281	\$ 1,325,430	\$ (364,149)
1985		\$ 243,117	\$ 222,902	\$ 20,215				\$ 1,222,905	\$ 1,839,310	\$ (616,405)
1986		\$ 344,372	\$ 212,343	\$ 132,029				\$ 1,200,563	\$ 1,620,365	\$ (419,802)
1987		\$ 255,583	\$ 193,620	\$ 61,963				\$ 1,214,309	\$ 1,787,635	\$ (573,326)
1988		\$ 189,567	\$ 178,800	\$ 10,767				\$ 1,110,034	\$ 1,768,600	\$ (658,566)
1989		\$ 217,014	\$ 210,743	\$ 6,271				\$ 1,322,885	\$ 1,921,037	\$ (598,152)
1990		\$ 206,237	\$ 190,964	\$ 15,273	\$ 212,752	\$ 150,285	\$ 62,467	\$ 1,403,620	\$ 2,083,574	\$ (679,954)
1991	7,079	\$ 321,135	\$ 257,424	\$ 64,711	\$ 321,235	\$ 151,190	\$ 170,045	\$ 1,874,361	\$ 2,488,386	\$ (614,025)
1992	8,671	\$ 375,901	\$ 317,199	\$ 58,702	\$ 338,246	\$ 172,538	\$ 165,708	\$ 2,107,438	\$ 2,847,098	\$ (739,660)
1993	10,161	\$ 454,759	\$ 410,142	\$ 44,617	\$ 317,456	\$ 213,016	\$ 99,440	\$ 2,307,814	\$ 3,093,562	\$ (785,748)
1994	8,755	\$ 520,369	\$ 459,528	\$ 60,841	\$ 344,991	\$ 238,282	\$ 109,709	\$ 2,530,094	\$ 3,583,484	\$ (1,053,390)
1995	10,940	\$ 507,400	\$ 450,171	\$ 57,229	\$ 350,606	\$ 227,289	\$ 123,317	\$ 2,519,600	\$ 3,442,017	\$ (922,417)
1996	11,100	\$ 556,787	\$ 500,607	\$ 56,180	\$ 354,937	\$ 247,173	\$ 107,764	\$ 2,671,446	\$ 3,632,569	\$ (981,123)
1997	77777	\$ 595,105	\$ 534,919	\$ 60,186	\$ 368,069	\$ 257,762	\$ 110,307	\$ 2,805,098	\$ 3,743,254	\$ (938,156)
1998	77777	\$ 623,174	\$ 563,515	\$ 59,659	\$ 376,154	\$ 265,926	\$ 110,228	\$ 2,905,452	\$ 3,842,214	\$ (936,762)
1999	77777	\$ 666,654	\$ 606,505	\$ 60,149	\$ 385,105	\$ 279,958	\$ 105,147	\$ 3,047,209	\$ 4,031,466	\$ (984,257)
2000	77777	\$ 707,917	\$ 646,672	\$ 61,245	\$ 395,675	\$ 291,865	\$ 103,810	\$ 3,185,106	\$ 4,213,039	\$ (1,027,933)
2001	77777	\$ 750,285	\$ 689,059	\$ 61,226	\$ 405,347	\$ 304,250	\$ 101,097	\$ 3,324,488	\$ 4,385,516	\$ (1,061,028)
2002	77777	\$ 798,023	\$ 736,677	\$ 61,346	\$ 415,575	\$ 318,169	\$ 97,406	\$ 3,478,377	\$ 4,585,088	\$ (1,106,711)
2003	77777	\$ 847,361	\$ 786,050	\$ 61,311	\$ 426,251	\$ 332,046	\$ 94,205	\$ 3,636,704	\$ 4,767,579	\$ (1,130,875)
2004	77777	\$ 899,731	\$ 838,915	\$ 60,816	\$ 436,964	\$ 346,639	\$ 90,325	\$ 3,802,567	\$ 4,979,326	\$ (1,176,759)
2005	77777	\$ 724,938	\$ 657,221	\$ 67,717	\$ 286,420	\$ 326,191	\$ (39,771)	\$ 3,978,279	\$ 5,198,533	\$ (1,220,304)
SUB TOTAL 1978-2005	56,706	\$ 12,245,149	\$ 11,001,348	\$ 1,243,801	\$ 5,735,783	\$ 4,124,579	\$ 1,611,204	\$ 45,577,603	\$ 60,936,705	\$ (15,359,102)
AVERAGE 1978-2005	9,451	\$ 437,327	\$ 392,905	\$ 44,421	\$ 358,486	\$ 257,786	\$ 100,700	\$ 2,021,644	\$ 2,806,434	\$ (784,790)
		IMAX	IMAX	IMAX	RIDES	RIDES	RIDES	RFP	RFP	RFP
2006	77777	\$ 573,502	\$ 602,899	\$ (29,397)	\$ 390,271	\$ 392,617	\$ (2,346)	\$ 3,019,013	\$ 3,757,775	\$ (738,762)
2007	77777	\$ 641,882	\$ 713,084	\$ (71,202)	\$ 592,047	\$ 382,160	\$ 209,887	\$ 3,484,888	\$ 3,849,011	\$ (364,123)
2008	6,242	\$ 674,457	\$ 665,092	\$ 9,375	\$ 610,528	\$ 399,036	\$ 211,492	\$ 3,684,623	\$ 4,252,796	\$ (568,173)
2009	5,738	\$ 473,418	\$ 607,120	\$ (133,702)	\$ 527,320	\$ 408,251	\$ 119,069	\$ 3,384,322	\$ 4,396,896	\$ (1,012,574)
2010	5,236	\$ 295,877	\$ 449,760	\$ (153,883)	\$ 504,125	\$ 395,333	\$ 108,792	\$ 3,202,634	\$ 4,136,044	\$ (933,410)
2011	5,266	\$ 309,282	\$ 449,295	\$ (140,013)	\$ 568,454	\$ 409,669	\$ 158,785	\$ 3,397,647	\$ 4,302,172	\$ (904,525)
2012	4,283	\$ 243,862	\$ 408,259	\$ (164,397)	\$ 505,546	\$ 464,191	\$ 41,355	\$ 3,123,250	\$ 4,371,004	\$ (1,247,754)
2013	5,056	\$ 188,824	\$ 282,323	\$ (93,499)	\$ 517,104	\$ 401,666	\$ 115,438	\$ 3,074,104	\$ 3,963,644	\$ (889,540)
2014	5,057	\$ 166,837	\$ 171,260	\$ (4,423)	\$ 498,804	\$ 356,104	\$ 142,700	\$ 3,246,204	\$ 3,296,473	\$ (50,269)
SUB TOTAL 2006-2014	36,898	\$ 3,567,951	\$ 4,349,092	\$ (781,141)	\$ 4,714,199	\$ 3,609,027	\$ 1,105,172	\$ 29,616,685	\$ 36,325,815	\$ (6,709,130)
AVERAGE 2006-2014	5,271	\$ 396,439	\$ 483,232	\$ (86,793)	\$ 523,800	\$ 401,003	\$ 122,797	\$ 3,290,743	\$ 4,036,202	\$ (745,459)
GRAND TOTAL 1978-2014	93,604	\$ 15,813,100	\$ 15,350,440	\$ 462,660	\$ 10,449,982	\$ 7,733,606	\$ 2,716,376	\$ 75,194,288	\$ 97,262,520	\$ (22,068,232)
AVERAGE 1978-2014	7,200	\$ 427,381	\$ 414,977	\$ 12,504	\$ 435,416	\$ 322,234	\$ 113,182	\$ 2,032,278	\$ 2,628,717	\$ (596,439)
77777	Financials for Season Pass data for years 1997-2007 have been systematically destroyed because State only requires records for past 7 years.									
1978 - 2005 FINANCIALS SOURCE: ED BOWERS SPRD ACCOUNTANT										
2006-2014 FINANCIALS SOURCE: SPRD ACCOUNTING (N. EDWARDS)										
NOTE: SEASON PASSES SOLD 1991-1996: 56,706; AVERAGE SEASON PASSES SOLD 1991-1996: 9,451. SEASON PASSES SOLD 2008-2014: 36,898; AVERAGE SEASON PASSES SOLD 2008-2014: 5,271										
NOTE: IMAX AVE. NET INCOME 1978-2005: \$44,421; IMAX AVE. NET INCOME 2006-2014: (-\$86,793); IMAX AVE. NET INCOME 1978-2014: \$12,504										
NOTE: RIDES AVE. NET INCOME 1991-2005: \$100,700; RIDES AVE. NET INCOME 2008-2014: \$122,797; RIDES AVE. NET INCOME 1991-2014: \$113,182										

SEASON PASS SALES & REVENUES: 1990'S VS. 2000'S																					
	NO. SOLD	AVE. PRICE	TOT SALES	NO. SOLD					AVE. PRICE					TOT SALES							
1991	7,079	\$ 19.91	\$ 140,943	2008					6,242	\$ 35.16	\$ 219,440										
1992	8,671	\$ 19.92	\$ 172,726	2009					5,758	\$ 37.34	\$ 214,989										
1993	10,161	\$ 19.93	\$ 202,509	2010					5,236	\$ 19.33	\$ 101,215										
1994	8,755	\$ 22.95	\$ 200,927	2011					5,266	\$ 39.30	\$ 206,974										
1995	10,940	\$ 22.95	\$ 251,073	2012					4,283	\$ 42.23	\$ 180,868										
1996	11,100	\$ 22.95	\$ 254,745	2013					5,056	\$ 40.58	\$ 202,600										
				2014					5,057	\$ 40.57	\$ 202,652										
Total	56,706	\$ 1,222,923		Total					36,898		\$ 1,328,738										
Average	9,451	\$ 21.44	\$ 203,821	Average					5,271	\$ 36.13	\$ 189,820										
	NO. SOLD	AVE. PRICE	TOT. SALES		No. Sold	31% Off	16% Off	No. Sold	31% Off	No. Sold	0% Off	Net Rev.	31% Off	Net Rev.	0% Off	Net Rev.	31% Off	Net Rev.	0% Off	Net Rev.	Total Rev.
2008	6,242	\$ 35.16	\$ 219,440		Full Price	\$ 45.00	\$ 219,440		Full Price	\$ 45.00	\$ 219,440		\$ 5,967	\$ 53,896	\$ 125,427	\$ 31,161	\$ 2,988	\$ 219,440			
					Full Price	\$ 45.00	\$ 219,440		Full Price	\$ 45.00	\$ 219,440		\$ 5,967	\$ 53,896	\$ 125,427	\$ 31,161	\$ 2,988	\$ 219,440			
2009	5,758	\$ 37.34	\$ 214,989		Full Price	\$ 45.00	\$ 214,989		Full Price	\$ 45.00	\$ 214,989		\$ 5,384	\$ 51,158	\$ 130,787	\$ 23,248	\$ 4,412	\$ 214,989			
					Full Price	\$ 45.00	\$ 214,989		Full Price	\$ 45.00	\$ 214,989		\$ 5,384	\$ 51,158	\$ 130,787	\$ 23,248	\$ 4,412	\$ 214,989			
2010	5,236	\$ 19.33	\$ 101,215		Full Price	\$ 45.00	\$ 101,215		Full Price	\$ 45.00	\$ 101,215		\$ 6,650	\$ 34,800	\$ 34,800	\$ 20,173	\$ 4,791	\$ 101,215			
					Full Price	\$ 45.00	\$ 101,215		Full Price	\$ 45.00	\$ 101,215		\$ 6,650	\$ 34,800	\$ 34,800	\$ 20,173	\$ 4,791	\$ 101,215			
2011	5,266	\$ 39.30	\$ 206,974		Full Price	\$ 45.00	\$ 206,974		Full Price	\$ 45.00	\$ 206,974		\$ 10,596	\$ 15,168	\$ 177,683		\$ 3,527	\$ 206,974			
					Full Price	\$ 45.00	\$ 206,974		Full Price	\$ 45.00	\$ 206,974		\$ 10,596	\$ 15,168	\$ 177,683		\$ 3,527	\$ 206,974			
2012	4,283	\$ 42.23	\$ 180,868		Full Price	\$ 45.00	\$ 180,868		Full Price	\$ 45.00	\$ 180,868		\$ 117,885	\$ 34,240	\$ 5,617.04	\$ 19,588	\$ 3,539	\$ 180,868			
					Full Price	\$ 45.00	\$ 180,868		Full Price	\$ 45.00	\$ 180,868		\$ 117,885	\$ 34,240	\$ 5,617.04	\$ 19,588	\$ 3,539	\$ 180,868			
2013*	5,056	\$ 40.58	\$ 202,600		Full Price	\$ 45.00	\$ 202,600		Full Price	\$ 45.00	\$ 202,600		\$ 25,381	\$ 15% Off	\$ 30% Off	\$ 13,675	\$ 4,813	\$ 202,600			
					Full Price	\$ 45.00	\$ 202,600		Full Price	\$ 45.00	\$ 202,600		\$ 25,381	\$ 15% Off	\$ 30% Off	\$ 13,675	\$ 4,813	\$ 202,600			
2014*	5,057	\$ 40.57	\$ 202,652		Full Price	\$ 45.00	\$ 202,652		Full Price	\$ 45.00	\$ 202,652		\$ 3,949	\$ 311,332	\$ 28,507	\$ 17,596		\$ 202,652			
					Full Price	\$ 45.00	\$ 202,652		Full Price	\$ 45.00	\$ 202,652		\$ 3,949	\$ 311,332	\$ 28,507	\$ 17,596		\$ 202,652			
	36,898		\$ 1,328,738																		
* 2013 and 2014 accounting errors shorted 2013 and over stated 2014 passes sold and revenues; it was not possible to obtain correct figures for these two years, so they are merged 50-50 in season pass sales and total revenues.																					
Sub Totals for 2013 and 2014 therefore do not match the new estimated totals.																					
Conclusion: 1990's average price of \$21.44 had minimal price resistance and sold 4,198 more season passes than 2000's average price of \$36.13 and averaged \$14,001 greater net revenue. 1990's units sold was an increase of 80% over 2000's, which translates into an 80% increase in traffic building power.																					

SCHEDULE OF REVENUE & EXPEND AT RIVERFRONT PARK

PROJECT	3-81	ESTIMATE				3-81
		1980	1981	1982	1983	
"NET"						
NET CARROUSEL	38,777	78,215	59,474	54,335	47,894	51,682
NET GONDOLA	65,869	131,785	93,515	138,388	83,281	107,973
NET RIDES (TRAMP)	6,263	20,811	14,268	9,483	11,811	18,302
NET RPP CONC (NON-PAY)	30,782	54,319	(9,287)	39,785	68,704	35,002
OTHER REVENUE	94,584	60,463	90,999	53,545	101,790	181,091
GROUP SUSPENSE	0	(52,178)	(83,538)	(83,170)	(88,487)	(78,573)
ADMIN EXPEND	(177,288)	(186,378)	(235,118)	(244,033)	(255,541)	(260,832)
NET REV (EXP) PAVING NON-P	59,046	102,158	(51,388)	16,206	(28,652)	(29,743)
GROUND MAINTEN.	(512,539)	(269,150)	(365,132)	(354,048)	(345,324)	(379,829)
CAPITAL PURCHASES	(16,319)	(33,943)	(5,444)	(22,115)	(25,532)	(17,844)
DEBT SERVICE	(168,527)	(156,747)	(150,689)	(178,019)	(159,157)	(188,324)
NET REV (EXP) NON-PAVILION	(458,640)	(298,394)	(572,633)	(515,896)	(568,644)	(595,871)
"NET"						
NET MAX	16,273	64,716	58,702	44,917	60,841	57,228
NET ICE PALACE	22,484	(8,262)	31,888	20,825	48,048	58,220
NET AMBULE DEVICE	24,194	33,580	38,388	37,514	37,800	38,200
NET GIFT SHOP	(4,823)	19,722	5,121	(9,859)	(8,382)	(8,168)
NET RIDES/GAMES (PAVL)	44,356	157,801	150,439	79,853	88,835	103,443
NET RPP CONCESSIONS (PAVL)	55,754	28,651	59,019	64,373	(89,874)	8,332
NET OTHER	(205,569)	(228,795)	(287,513)	(331,194)	(405,481)	(359,861)
GEN FACILITIES MAINT	(128,280)	(187,891)	(217,893)	(178,252)	(242,391)	(225,373)
NET REV (EXP) PAVILION	(221,419)	(215,841)	(167,028)	(268,862)	(434,726)	(328,546)
NET EXPEND (ALL)						
	(679,853)	(614,025)	(739,861)	(785,748)	(1,053,380)	(922,417)

SCHEDULE OF REVENUE & EXPEND AT RIVERFRONT PARK

"NET"									
PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE	PROJECTED ESTIMATE
1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
NET CARBOUSEL									
18,000	48,682	104,722	12,211	43,828	41,440	118,940	38,277	38,387	38,404
									30,110
									122,381
NET GONDOLA									
13,000	104,722	12,211	43,828	41,440	118,940	38,277	38,387	38,404	30,110
									122,381
NET RIDES (TRAIN)									
5,720	5,417	7,447	6,339	5,493	4,293	3,028	1,763	317	(1,067)
NET RPP CONGS (NON-PAV)									
52,122	57,102	62,880	59,004	61,480	61,480	66,660	66,660	78,817	75,000
OTHER REVENUE									
104,001	112,578	118,850	122,387	128,754	134,716	141,380	148,321	155,816	162,198
GROUP SLEEPS/EXITS EXP									
(90,510)	(98,687)	(90,801)	(90,829)	(94,030)	(94,030)	(100,544)	(104,081)	(105,893)	(111,846)
ADMI EXPEND									
(289,492)	(278,476)	(280,605)	(285,812)	(305,151)	(314,607)	(334,533)	(334,719)	(345,294)	(366,033)
NET REVIEW/PAV NON-PAV									
(21,965)	(25,644)	(34,191)	(41,346)	(46,321)	(53,402)	(59,977)	(66,973)	(72,065)	(79,049)
GROUND MAINTEN									
(384,024)	(402,765)	(408,914)	(418,104)	(431,053)	(440,980)	(452,193)	(463,789)	(476,223)	(487,223)
CAPITAL PURCHASER									
(21,761)	(21,944)	(21,226)	(21,005)	(20,867)	(20,867)	(20,867)	(20,867)	(20,867)	(20,867)
DEBT SERVICE									
(168,095)	(51,951)	(52,033)	(51,836)	(51,777)	(51,449)	(51,256)	(50,974)	(50,837)	(50,759)
NET REV/EXPT NON-PAV/PAV									
(580,722)	(612,034)	(619,486)	(633,524)	(652,420)	(669,678)	(682,650)	(690,779)	(698,140)	(706,998)
"NET"									
NET MAX									
64,100	60,188	59,659	60,149	61,245	61,226	61,348	61,311	60,810	60,104
NET ACE PALACE									
88,658	85,516	87,242	88,037	109,171	117,761	120,237	141,017	153,019	166,288
NET AMUSE DEVICE									
38,439	38,576	38,628	38,678	38,754	38,178	38,288	38,444	38,444	38,600
NET GIFT SHOP									
(14,852)	(10,884)	(20,453)	(24,981)	(28,071)	(34,013)	(39,481)	(44,314)	(51,395)	(58,972)
NET RIDES/GAMES (PAV)									
38,251	38,180	37,618	37,482	75,969	71,422	67,365	67,365	62,598	67,351
NET RPP CONCESSIONS (PAV)									
(8,256)	(82,316)	(28,043)	(38,963)	(51,853)	(59,821)	(68,821)	(78,302)	(88,202)	(97,751)
NET OTHER									
(394,411)	(403,508)	(402,826)	(418,006)	(428,967)	(436,220)	(452,027)	(464,009)	(475,990)	(488,919)
GEN FACILITIES MAINT									
(228,318)	(246,777)	(248,332)	(258,473)	(268,453)	(273,420)	(282,326)	(291,462)	(300,396)	(309,916)
NET REV/EXPT PAV/PAV									
(394,401)	(428,122)	(417,275)	(450,723)	(476,515)	(494,350)	(520,161)	(539,389)	(570,819)	(610,309)
NET EXPEND (ALL)									
(661,122)	(638,150)	(638,762)	(694,237)	(745,025)	(785,719)	(835,719)	(885,719)	(935,719)	(985,719)

SCHEDULE OF REVENUE & EXPEND AT RIVERFRONT PARK

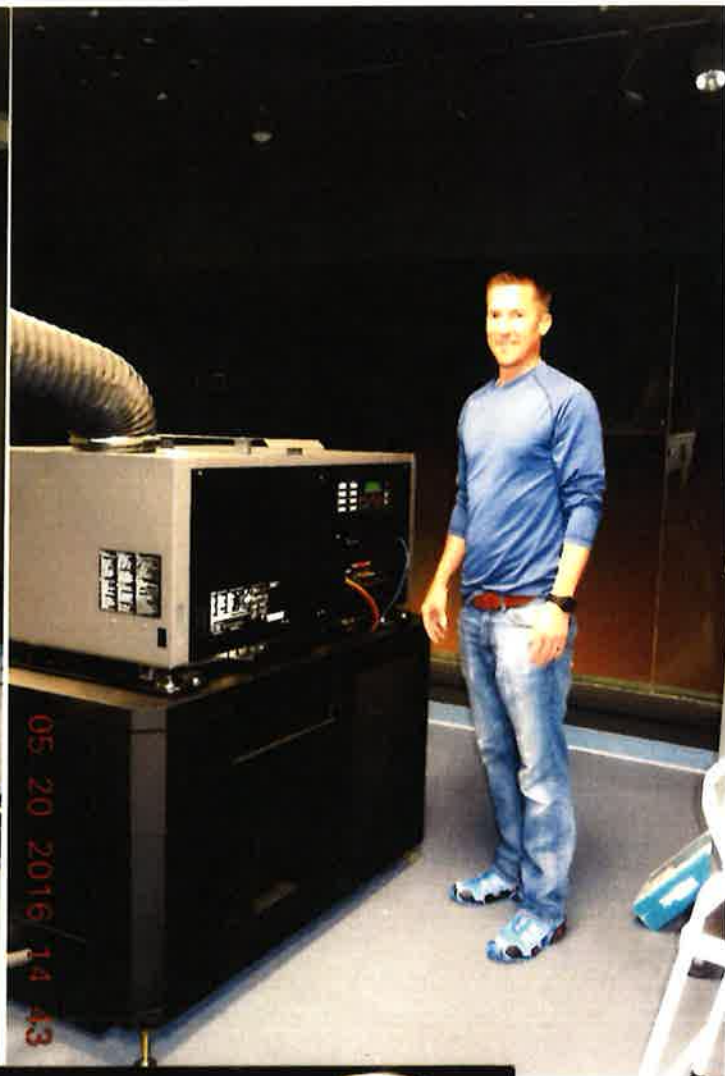
	1980	1981	1982	1983	1984	ESTIMATE	PROJECTED
REVENUES						3.0%	3.0%
CARROUSEL-TICKETS	117,362	190,196	173,765	187,701	191,068	116,776	117,126
GONDOLA-TICKETS	73,145	126,671	142,379	122,699	166,786	116,776	116,776
RIDES (TRAIN)-TICKETS			24,180	28,258	28,700	27,568	27,568
RFP CONCESSIONS (NON-PAY)	252,725	334,065	330,260	395,081	548,510	479,349	479,349
CLUBHOUSE/OTHER	4,421	6,773	16,734	9,071	9,060	13,798	13,798
PARKING	26,081	34,759	44,915	44,915	44,915	44,915	44,915
RENT CITY PROP	47,479	33,791	31,905	41,213	41,213	40,181	40,181
CONTRIBUTION	0	1,000	0	0	0	0	0
MISCELLANEOUS	121,635	121,635	121,635	121,635	121,635	121,635	121,635
OTHER REVENUE	75,698	85,548	93,102	93,102	93,102	93,102	93,102
NON-PAVILLION REV TOTAL	613,534	787,221	807,061	908,334	1,064,447	1,004,610	1,004,610
EXPENDITURES							
CARROUSEL	88,293	98,588	131,641	151,121	160,333	163,311	163,311
GONDOLA	35,950	37,971	53,414	34,804	64,063	54,442	54,442
RIDES (TRAIN)	30,232	34,501	43,595	47,047	45,448	45,448	45,448
RFP CONCESSIONS (NON-PAY)	221,932	288,736	336,517	355,316	479,806	434,446	434,446
GROUP SLSP/CELEVS	0	52,178	63,856	63,170	98,407	76,073	76,073
ADMINISTRATION	177,280	188,378	235,719	244,033	255,541	260,622	260,622
GROUND MAINTEN	312,539	389,150	395,132	394,048	395,324	379,620	379,620
CAPITAL PURCHASES	16,319	35,643	5,444	22,115	25,532	17,684	17,684
DEBT SERVICE	188,527	196,747	150,689	176,019	156,157	186,624	186,624
NON-PAVILLION EXP TOTAL	1,072,073	1,185,605	1,379,694	1,404,220	1,684,111	1,600,480	1,600,480
"NET"							
NET CARROUSEL	28,088	63,628	42,144	36,590	31,305	33,815	33,815
NET GONDOLA	37,185	82,700	48,955	87,865	41,803	81,333	81,333
NET RIDES (TRAIN)	(30,051)	(30,232)	(10,371)	(18,339)	(18,339)	(18,339)	(18,339)
NET RFP CONC (NON-PAY)	30,782	54,319	(9,267)	38,765	98,704	55,902	55,902
OTHER REVENUE	94,584	80,483	90,688	83,545	101,706	101,081	101,081
GROUP SLSP/CELEVS EXP	0	(52,178)	(63,856)	(63,170)	(98,407)	(76,073)	(76,073)
ADMIN EXPEND	(177,280)	(196,747)	(235,719)	(244,033)	(255,541)	(260,622)	(260,622)
OTHER	75,697	121,634	15,547	83,101	87,057	92,701	92,701
NET REV/(EXP) PAVILLION	59,068	102,156	(51,368)	16,295	(29,632)	(29,743)	(29,743)
GROUND MAINTEN	(312,539)	(389,150)	(395,132)	(394,048)	(395,324)	(379,620)	(379,620)
CAPITAL PURCHASES	(16,319)	(35,643)	(5,444)	(22,115)	(25,532)	(17,684)	(17,684)
DEBT SERVICE	(188,527)	(196,747)	(150,689)	(176,019)	(156,157)	(186,624)	(186,624)
NET REV/(EXP) NON-PAVILLION	(458,539)	(398,364)	(572,602)	(515,896)	(589,694)	(595,671)	(595,671)
REVENUES							
PAVILLION REV TOTAL	700,086	1,087,141	1,300,377	1,398,481	1,685,647	1,514,690	1,514,690
EXPENDITURES							
PAVILLION EXP TOTAL	1,011,502	1,302,793	1,667,407	1,886,344	1,919,373	1,841,537	1,841,537
"NET"							
NET REV/(EXP) PAVILLION	(221,414)	(215,642)	(167,030)	(289,863)	(453,726)	(326,846)	(326,846)
COMBINED RIVERFRONT							
TOTAL REVENUES	1,403,621	1,874,382	2,107,439	2,397,815	2,530,094	2,518,600	2,518,600
TOTAL EXPEND.	2,060,575	2,488,388	2,947,100	3,095,564	3,683,484	3,442,017	3,442,017
NET OPERATING SUBSIDY	(676,954)	(614,006)	(730,662)	(785,749)	(1,053,390)	(922,417)	(922,417)
REVENUE / EXPEND.	67%	75%	74%	75%	71%	73%	73%
(% SELF-SUPPORTING)							
NET DIFFERENCE	0	0	0	0	0	0	0

SCHEDULE OF REVENUE & EXPEND AT RIVERFRONT PARK

	1988	1989	1990	1991	1992	1993	1994	1995
REVENUES								
CARROUSEL-TICKETS	205,444	211,768	218,818	225,863	234,262	242,364	250,584	257,660
GONDOLA-TICKETS	120,449	118,574	124,178	127,110	129,634	132,840	135,682	142,223
RIDES (TRAIN)-TICKETS	28,780	28,640	28,670	30,816	31,536	32,187	33,704	34,481
RFP CONCESSIONS (NON-PAY)	522,078	588,078	578,526	615,728	689,339	680,342	710,675	785,665
CLUBHOUSE/OTHER	11,834	12,543	13,672	13,603	14,071	15,733	15,774	16,247
PARKING	42,315	48,981	53,253	50,319	58,107	62,546	65,989	69,583
RENT CITY PROP	114	165	47,132	48,638	52,321	54,488	57,167	62,683
CONTRIBUTION	0	0	0	0	0	0	0	0
MISCELLANEOUS	1,197	3,307	2,469	2,681	2,169	183	180	182
OTHER REVENUE	981,639	1,042,635	1,088,347	1,222,706	1,174,276	1,222,548	1,306,726	1,398,118
NON-PAVILLION REV TOTAL	981,639	1,042,635	1,088,347	1,222,706	1,174,276	1,222,548	1,306,726	1,398,118
EXPENDITURES								
CARROUSEL	174,894	183,778	182,420	203,148	224,455	238,317	248,542	261,448
GONDOLA	54,807	61,316	60,633	63,165	67,823	72,319	74,546	77,041
RIDES (TRAIN)	48,425	51,543	53,175	55,981	58,362	60,388	63,072	66,315
RFP CONCESSIONS (NON-PAY)	488,559	511,800	533,645	559,830	588,043	617,334	651,985	697,261
GROUP SLSP/CELEVS	50,510	86,097	80,801	80,628	94,298	96,830	100,544	107,081
ADMINISTRATION	269,482	276,478	295,665	283,912	314,007	324,533	334,713	345,191
GROUND MAINTEN	384,694	402,705	408,914	418,104	451,081	460,590	483,789	475,223
CAPITAL PURCHASES	21,761	21,544	20,348	21,298	21,051	20,567	20,974	20,945
DEBT SERVICE	188,063	51,951	52,083	51,538	51,777	51,449	50,864	50,887
NON-PAVILLION EXP TOTAL	1,573,662	1,680,608	1,694,776	1,757,489	1,830,078	1,871,362	2,026,100	2,107,794
"NET"								
NET CARROUSEL	30,490	27,987	26,407	23,554	20,722	17,780	14,207	10,558
NET GONDOLA	65,642	57,154	63,545	64,005	63,360	65,316	65,966	67,678
NET RIDES (TRAIN)	(20,659)	(21,884)	(23,199)	(25,165)	(26,631)	(28,852)	(30,065)	(32,063)
NET RFP CONC (NON-PAY)	52,522	57,182	52,880	59,094	61,464	63,008	66,435	72,317
OTHER REVENUE	104,801	112,578	118,589	122,387	128,754	141,716	148,321	155,515
GROUP SLSP/CELEVS EXP	80,510	(86,097)	(80,801)	(80,628)	(94,298)	(96,830)	(100,544)	(107,081)
ADMIN EXPEND	(269,482)	(276,478)	(295,665)	(283,912)	(314,007)	(324,533)	(334,713)	(345,191)
OTHER	(188,063)	51,951	52,083	51,538	51,777	51,449	50,864	50,887
NET REV/(EXP) PAVILLION	(117,106)	(131,564)	(137,253)	(142,604)	(151,901)	(159,382)	(176,576)	(185,619)
GROUND MAINTEN	(384,694)	(402,705)	(408,914)	(418,104)	(451,081)	(460,590)	(483,789)	(475,223)
CAPITAL PURCHASES	(21,761)	(21,544)	(20,348)	(21,298)	(21,051)	(20,567)	(20,974)	(20,945)
DEBT SERVICE	(188,063)	(51,951)	(52,083)	(51,538)	(51,777)	(51,449)	(50,864)	(50,887)
NET REV/(EXP) NON-PAVILLION	(691,924)	(607,974)	(616,529)	(634,784)	(655,769)	(672,658)	(691,363)	(711,674)
REVENUES								
PAVILLION REV TOTAL	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
EXPENDITURES								
PAVILLION EXP TOTAL	0	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	0	0
"NET"								
NET REV/(EXP) PAVILLION	0	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	0	0
COMBINED RIVERFRONT								
TOTAL REVENUES	981,639	1,042,635	1,088,347	1,222,706	1,174,276	1,222,548	1,306,726	1,398,118
TOTAL EXPEND.	1,673,962	1,900,608	1,944,776	2,007,489	2,080,078	2,145,088	2,302,108	2,404,981
NET OPERATING SUBSIDY	(691,604)	(857,974)	(856,429)	(784,784)	(905,799)	(922,540)	(995,383)	(1,006,863)
REVENUE / EXPEND.	59%	55%	55%	56%	56%	57%	58%	58%
(% SELF-SUPPORTING)								
NET DIFFERENCE	289,199	86,182	64,232	99,473	122,135	138,371	414,786	483,084



IMAX FILM PROJECTION



DIGITAL PROJECTION SYSTEM



A CASE STUDY BY *the Houston
Museum of
natural science*

HOUSTON, WE HAVE A SOLUTION!

by **Charlotte Brohi**
VP of Film Programming & Film Distribution
The Houston Museum of Natural Science

SNAPSHOT

*the Houston
Museum of
natural science*

Established over a century ago, the Houston Museum of Natural Science is one of the premiere institutions of its kind in the United States, hosting over two million visitors per year. HMNS opened the first IMAX® theatre in Houston in 1989. The theater was converted to 3D in 2006, and has been one of the museum's key attractions. The transition to a D3D system featuring 4K 3D digital technology allows the Wortham Giant Screen Theater to enhance its offerings while cutting costs and streamlining operations.

THE MOVE TO DIGITAL

Since our giant-screen theater opened almost 25 years ago, it has been one of the museum's key renewable exhibits, as well as an important source of revenue. With increased competition in the marketplace from premium-branded multiplex screens, to expanded documentary content broadcast on hundreds of cable TV channels, to rising costs for consumables, prints and utilities, we needed to find a way to reduce our expenses while improving the quality of the giant-screen theater experience for our audience. As well, HMNS is one of a very few museums that distributes and executive produces large-format films in addition to screening them. We will soon make the move to an all-digital pipeline. Our sole focus on digital prints saves money while ensuring very high production quality.

We decided early on in this process that we wanted to upgrade our technology from 15/70 film to digital 3D. When we saw a demonstration of the Barco projectors and Qube 4K server technology at the 2012 Digital Symposium co-hosted by D3D and Barco in January, we knew we had found the way to do it. We screened our first 4K 3D digital presentation about a month later. Internally, our team insisted that we provide our audience the same stunning image quality they were used to with 15/70 film. With our 4K 3D system, not only are the images picture-perfect, they're steadier - and the unwanted onscreen artifacts we used to get from the long-term wear and tear on film prints are gone. Coupling these stunning visuals with a vastly larger library of available digital content has provided us with the tools we needed to address our goal of renewing the relevance of our theater, while ensuring the financial contribution it returns to the bottom line.

“ With our 4K 3D system, not only are the images **picture-perfect**, they're steadier - and the unwanted onscreen artifacts we used to get from the long-term wear and tear on film prints are gone. ”

CONTACT | Charlotte Brohi E. cbrohi@hmns.org T. +1.713.639.4725



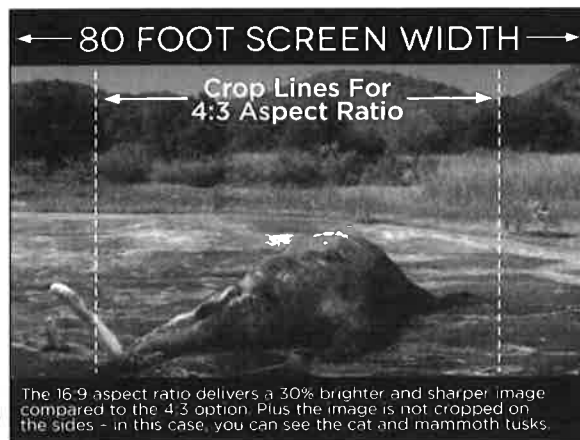
Our projectionists love the new system because it's so much easier to operate than before. Our technicians used to haul 200-lb. film reels up several flights of stairs to the projection room – and then they had to load them onto the platters in our tight booth! We only had enough space for three 3D films in the booth at a time. It was always a logistical challenge if we wanted to bring in a new film for a special event. Now, a seamless system allows us to program a variety of content from different sources – even live feeds, Blu-ray/DVD and PowerPoint/Keynote presentations – as well as maintain a significant library (10+ titles) of documentary content for our important educational group market. And with greatly-reduced downtime (essentially nil), the new system provides superior performance, efficiency, flexibility and reliability.

A PAINLESS PROCESS

Once we decided to engage D3D for the supply, installation, training and maintenance of the new system, the process moved very efficiently and smoothly. The entire conversion only took six days, meaning the impact on our operations and revenue was minimal. Because we owned our existing 3D projection screen and audio system, we were able to re-use the screen, amplifiers, speakers and 3D glasses cleaning machine with the new digital 3D system – saving considerable time and expense on the upgrade. D3D was very amenable to incorporating as much of the existing infrastructure into the installation as possible. Our new system features a Qube XP-I server paired with two Qube Xi 4K IMBs installed in two Barco DP4K-32B projectors. One of the factors which sold us on the system was the flexible and modular design. While state-of-the-art, the projectors and server will allow upgrades to the latest technology over time with easily changed modules, addressing future possibilities like a laser-based light source.

MUCH ADO ABOUT NOTHING: THE ASPECT RATIO QUESTION

One question relating to the move to digital was the change from the old IMAX 4:3 aspect ratio to the newer industry-standard 16:9 format. We concluded that the shape of the screen wasn't a concern for the audience – after all we had been screening films in different aspect ratios, like DMR, for years with no comment. After testing both options, the team unanimously decided to go with a 16:9 presentation instead of overshooting the screen to achieve the old 4:3 aspect ratio. The 16:9 picture was brighter, sharper and retained the full, original images as captured by the digital cameras. Our new digital image is rock steady and incredibly sharp, filling the full width of the giant screen. Our guests love the giant-screen experience at HMNS as much as they ever did.



MASSIVE SAVINGS

Based on our experience since converting from the IMAX system in early 2012, we have budgeted for dramatic savings to our 2013 budget over the theater's 2011 expenses. In addition to the 100% reduction in the branding (system license) fee for our old system and a 90% reduction in our costs for film prints and related shipping, we've also experienced a 75% reduction in consumables costs (like projection lamps). We've eliminated a lot of costly, maintenance-heavy and electricity-hungry equipment like chiller units, air compressors and a massive exhaust system, resulting in an estimated 75% reduction in our utilities costs. All told, our operational savings with the new system are forecast to be over \$270,000 per year!

OPERATIONAL SAVINGS
FORECAST TO BE OVER
\$270,000
A YEAR!

SUMMARY

We haven't looked back since making the shift to digital projection. During a post-conversion review of the project, our team drew a blank when asked "If we had to do it again, what would we do differently?" The superior performance and reliability of the new system, combined with the vast new potential that has been opened in terms of programming, and along with the huge operational savings which provide such a significant improvement to the theater's bottom line, has ensured the vitality and relevance of our theater for decades to come. We're genuinely excited about bringing world-class immersive cinematic experiences to a new generation of visitors to HMNS, and ensuring our museum's position as one of Houston's most cherished community assets.

YELLOWSTONE GIANT SCREEN

GIANT SCREEN PHASED UPGRADE STRATEGY

by **Glenn Hales**
Theater Director, Yellowstone Giant Screen Theater

SNAPSHOT

YELLOWSTONE GIANT SCREEN

Yellowstone Giant Screen Theater is a family attraction in West Yellowstone, MT, situated a stone's throw from the entrance to Yellowstone National Park. The 73 foot giant screen cinema features a classic large-format signature film, *Yellowstone*, as well as other relevant natural history and wildlife titles. The theater has catered to over 2.5M patrons since opening in 1994. After two decades operating as the Yellowstone IMAX® Theater, the ownership contracted D3D Cinema to consult on the newest cinema technologies coming to market, devise a strategic phased upgrade plan and implement the first stage of the strategy (film to digital conversion).

RESEARCH AND CONSULTATION

The road to digital began in fall 2013. We had long expected that our theater would eventually require an upgrade - but given that our public schedule predominantly features our own signature film, for which we pay no royalties, we were not actively seeking a system upgrade. As 4K projection technology hit the market, we monitored the success of early-adopter peers and found D3D's case studies to be informative and revealing, especially the operational savings realized by Moody Gardens and Houston Museum of Natural Science.

D3D paid a site visit to our theater in October 2013 and walked us through the economics, both in terms of technical cost and operational savings. Over the subsequent months, D3D provided extensive consultation about the newest technologies coming to market and on the horizon. While we felt it important to conduct our own due-diligence, it was very instructive to work with D3D throughout the research phase, tapping into a wealth of industry insider information. Given our interest in researching the technology first-hand, D3D invited our team to CinemaCon in Las Vegas and hosted a series of meetings and demonstrations with their hardware partners.

A STRATEGIC, MULTI-PHASE APPROACH

After that meeting, we worked together to design a strategic multi-phase upgrade path, using operational savings to fund subsequent upgrades over the next few years:

Phase 1: 4K 2D Digital Upgrade & Theater Rebranding

Phase 2: 3D Upgrade

Phase 3: Laser Upgrade

(financed by Evergreen Holdings)

(funded by operational savings from Phase 1)

(funded by operational savings from Phases 1 & 2)



D3D designed an upgrade path that streamlined each phase by reducing redundant technology purchases. It was critical to consider 3D and laser technologies, though years away, while configuring Phase 1, given the interrelationship of each system component and attribute. Evergreen Holdings, D3D's financial leasing partner, was supportive of the phased approach as well, establishing a lease model to accommodate future hardware upgrades. From our standpoint, the phased rollout provided a future-proof nimbleness to account for any exciting-but-unpredictable cinema technologies that may hit the market in the coming years. Our annual operational savings, detailed below, would provide the necessary coffer and contingency. So much so that we could more than afford an entirely NEW Phase 1 **each year** out of annual operational savings alone - based on our 70mm/IMAX operating budget.

REBRANDING & REPACKAGING

Having decided on the strategy and system design, the final hurdles pertained to the scanning and conversion of our signature film, *Yellowstone*, and the rebranding of the theater to the Yellowstone Giant Screen.

D3D agreed to cover the upfront costs, over \$100,000, to scan *Yellowstone* at 11K resolution and master the film for 4K digital exhibition in exchange for global distribution rights, thereby providing a recoupment and profit corridor for D3D - a win-win. The film was scanned by Fotokem and colored/mastered under the supervision of RPG & D3D.

PHASE 1 ASSESSMENT

The Phase 1 upgrade was completed in May 2014, in time for the start of the tourist season at the park. The theater relaunched with *Yellowstone*, *Titans of the Ice Age*, and DisneyNature's *Bears*. Our *Yellowstone* film looked more vibrant and colorful than we could possibly have imagined! As someone who has seen the film hundreds, if not thousands, of times, it was as if I was experiencing the movie for the first time, seeing details that had been lost in the shadows. Any concerns that I had about image clarity compared to 70mm were out the window!

D3D and its sister company Giant Screen Films worked to produce custom posters, standees and a trailer for *Titans of the Ice Age*, promoting the new Yellowstone Giant Screen Theater along with the fact that much of the film was shot in and around the park. We sourced *Bears* from DisneyNature, allowing us to run a relevant feature-length film to evening audiences, something we were always keen to explore. We started to solicit new opportunities from corporate rentals, an entirely new source of revenue. General attendance jumped by 10% over the prior year and audience satisfaction from the theater experience is extremely high.

Our operational savings have been extensive - in excess of \$150K per year, with savings on prints, maintenance, utilities, labor and elimination of IMAX brand licensing. Phase 1 will pay for itself AND Phase 2 in under two years.



YELLOWSTONE 3D & BEYOND

So long as *Yellowstone* is our capstone offering and it remains 2D, it made sense to approach our upgrade in this phased manner. \$150K savings per year will not only cover the costs on the next technology phases, but will also allow our theater to partner with D3D and Giant Screen Films on the production of a new *Yellowstone 3D* film slated to release in conjunction with our Phase 2 launch. Using the newest capture and camera technologies, the film will be an exciting new perspective on the park. It's been a generation since giant screen viewers last experienced *Yellowstone* in their local museum cinemas so we are excited to help bring this new film into global distribution!

There is no doubt that lasers are the future of exhibition for giant screens and the ability to host 3D shows is critical for a flat screen aiming to maximize programming versatility. There is also no doubt that the cost of laser projection will drop significantly in the coming years. Some theaters may not have the same luxury - or are pressured to showcase new technologies due to competition or mission - but for us, lasers will come to Yellowstone in the next 4-5 years, when the price is right and our theater upgrade fund is flush.

SUMMARY

It has been a continuing pleasure to work with D3D Cinema in multiple capacities: consultant, integrator and strategic partner. As a privately owned entity, we were fortunate to not require an RFP process, which allowed for creative solutions to our technological and project funding needs. Most importantly, the project was completed on time, on budget, and rewarding for all involved. I encourage anyone exploring an upgrade to call me with any questions.



A CASE STUDY BY



REFOCUSING THE BRAND: MAKING THE MOST OF A DIGITAL RELAUNCH

by Joanna Haas
Executive Director, Kentucky Science Center

SNAPSHOT



SETTING OUT ON THE ROAD TO DIGITAL

At the Kentucky Science Center, we opened our IMAX® film-based giant screen theater in 1988. Twenty-five years later and faced with the looming obsolescence of film, we knew that it was time to plan for a transition to digital projection in our theater. We were neophytes in the digital world – we didn't know what equipment we needed, or which technologies were best suited to our needs. What we did know is that our giant screen theater had played an integral role in our science literacy mission for a quarter-century, and so it was **critically important for us to upgrade to the most flexible and high quality solution on the market.** We met with a number of integrators, including D3D, to gather information, and hired a consultant (Mensforth and Associates) to help develop our Request for Proposal – a necessary step for us in any major capital acquisition.

Our project team did their due diligence, vetting technologies and providers in order to craft a thorough RFP which would ensure our theater would be well positioned to introduce a new generation to a much wider variety of relevant, topical, educational and entertaining content on our giant screen. Once our rigorous RFP process was complete, **D3D was the obvious choice** for us to provide the new digital cinema system.

The Kentucky Science Center has a rich history, from its founding as a cabinet of curiosities in the Public Library System of Kentucky in 1871 to its current status as the largest hands-on science center in Kentucky, with three floors of interactive exhibits and experiences, teaching laboratories, educational programs, distance learning capabilities and a four-story giant-screen theater. The KSC actively works to provide informal science, technology, engineering and math education, and features interactive exhibits and engaging programs for children, families and adults – reaching all audiences through its mission to DO SCIENCE in ways that are engaging, educational and entertaining to inspire a lifetime of learning.

“ This upgrade will allow
KSC to present a
**brighter, sharper,
more immersive** ”
giant screen experience.

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TECHNICAL INNOVATION

D3D engineered a system which was perfectly aligned with our needs. D3D was able to design a system featuring RealD 3D technology around the Barco 4K digital platform, featuring a Qube 4K server, a QSC 5.1 audio system, and full alternative content and accessibility packages. Particularly interesting to us was the enhanced performance of the RealD components, which allowed an outstanding onscreen experience with just a single 4K projector - saving us a considerable amount on upfront capital costs. We are also excited about the fact that we are the first science center in the world and first theater in Kentucky to incorporate RealD's Precision White Screen technology, which provides amazing image contrast for improved viewing quality in both 2D and 3D. Our new digital system puts our theater on the forefront of cutting-edge cinema technology.

One of the other key system attributes that we felt was critically important was that it be 'open platform', to allow us complete flexibility in programming. In addition to programming mission-based documentaries and occasional Hollywood titles, we wanted to ensure we could partner with local organizations and universities to play any and all digital content in our theater. D3D's system design has allowed us to achieve our goal of presenting a brighter, sharper, more immersive giant screen experience in our theater while keeping our costs to a minimum.

GENERATING EXCITEMENT IN THE COMMUNITY

We started generating word-of-mouth in the community around the theater upgrade even before we opened the doors. We organized a press event around the delivery into the science center of the 48-foot crate with our new projection screen, which we had to crane into the building through an upstairs window. The event was a great success - garnering significant attention from local media. We continued the high visibility of the project through a succession of unique theater experiences - showcasing our new live-streaming capabilities with a free public viewing of the Bill Nye (the Science Guy) and Ken Ham Creationist Debate, and hosting a two-day free Family Film Festival that highlighted an array of new documentaries, including a world premiere. And during our annual fundraising gala, *Science With A Twist: It's All Fun & Games*, guests enjoyed a truly unique experience—playing "Frogger" and other video games on the new 41-foot-tall screen!



A NEW BRAND FOR THE BRAND NEW THEATER

With the high visibility and awareness in the community around our upgrade and relaunch of the theater, moving away from our past giant screen branding (IMAX®) was a natural part of the process. Like most science centers and museums, the Kentucky Science Center has always enjoyed a rare level of trusted brand equity in our community, and thus our guests know they can expect the same high-quality experience and programming from us with the new theater, regardless of the new branding. Once they visit the new digital theater, these opinions are reinforced when they experience the high quality viewing experience that our digital system provides.

BIG IMPROVEMENT, BIG SAVINGS

Along with our desire to re-imagine our theater for the 21st Century, it was - and is - very important for us to ensure that the theater returned to being as significant a revenue-generator for the science center as possible. The upgrade to the theater was accomplished for a fraction of what a comparable branded system would have cost, even though it provides much greater programming flexibility alongside a superior viewer experience. Even more importantly, **we've forecasted annual operational savings of 40%** on major line items like print costs, labor, and preventive maintenance.

SUMMARY

Our theater already had a well-established reputation for bringing a unique array of high-quality educational films to the community. The new system builds on that, and is also a catalyst for powerful new S.T.E.M. programs and partnerships in addition to bringing a full-fledged movie theater on-line in Louisville's downtown corridor. The D3D team were extremely helpful throughout the entire process - from educating us about our options and their system design recommendations, to a smooth installation and the ongoing maintenance and training support. We would be pleased to speak with anyone considering an upgrade to their existing theater further about our experience.



A CASE STUDY BY



4K DIGITAL UPGRADE & REBRANDING

by **Brandon Compton**
Theater Director
Moody Gardens

SNAPSHOT



Moody Gardens is a family attraction complex on Galveston Island, TX featuring an aquarium, rainforest, science museum, golf course and resort hotel. The park features a 74-foot giant-screen 3D cinema with both 15/70 capability and digital projection. MG was one of the first giant screens to install digital 2K and 4K technology as well as one of the first theaters to move away from the IMAX® brand. This is our story.

HISTORY

In September 2008, Galveston was devastated by Hurricane Ike causing extensive damage to the theater facility and our 15/70 IMAX® system. Insurance covered repairs and projector replacement, but the team decided to augment the film system with a first-generation digital 3D (2K) capability. The timing felt right, given the fact that attendance had been trending down (prior to Ike), maintenance costs for the film system were rising, and we wanted to program a wider array of content than 70mm had to offer. The Christie 2K 3D system was a welcome short-term solution and we began to phase the 15/70 3D presentations out of the schedule. Fortunately MG owned our IMAX system outright, so there were no contract restrictions preventing us from adding a digital system. Audiences were happy with 2K 3D, but we were excited to see the higher resolution 4K technology as soon as it hit the market. The first 4K projectors were set up by D3D Cinema as part of the first 4K giant-screen demonstration at the Digital Cinema Symposium, hosted by MG. The jump from 15/70 film to 4K digital on a 74-foot screen was stunning. We offered to buy the projectors on the spot! By March 2011, D3D Cinema had integrated the DCI compliant 4K 3D system, the first of its kind in the world. Audiences felt the 4K digital image was sharper and more vibrant than 15/70 - and marketing the cutting-edge "digital 3D" helped to drive sales. Consequently we retired the film system and decided to rebrand the theater MG3D. The IMAX brand was retired along with the film technology.

“ The jump from 15/70 film to 4K digital on a 74-foot screen was **stunning.**

We offered to buy the projectors on the spot!

”

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A CASE STUDY BY



THE OPERATIONAL COST BENEFIT OF DIGITAL

A comparison of film vs. digital operational costs is telling. We had anticipated a significant financial benefit, and our actual expenditure data demonstrates huge savings. Because we went from a 3D IMAX system to a 3D digital system, the analysis is apples to apples. Costs that did not change (management labor, glasses, etc.) are not included here. It's worth reiterating that we own our IMAX system outright, so we never had to pay a share of box office to IMAX as a system lease fee. Most theaters do, and their brand/lease savings on top of operational savings would be significant.



BRANDING REBOOT

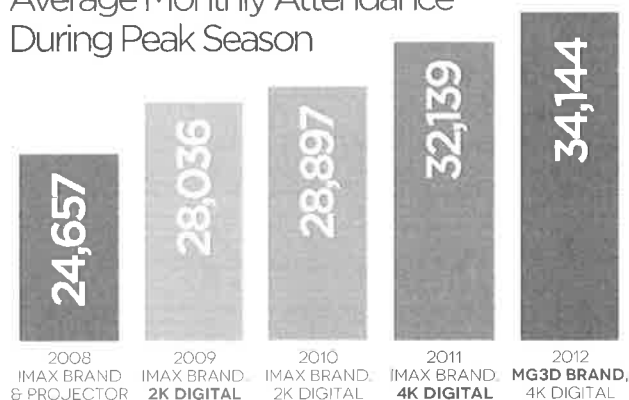
Digital projection yielded all of the anticipated benefits, from operational savings to unrestricted programming. It also created a great opportunity to market and promote the upgraded theater as "4K digital 3D;" while jargon to most people, it's certainly effective marketing! Our attendance increased. By 2011 we were rarely screening anything in true IMAX, and it became evident that the IMAX brand was not what was driving attendance into the theater. After all, our audience was coming to MG not for the theater, but for the overarching Moody experience – the theater has always been a capture business; and maximizing capture means enticing viewers with a unique value proposition. Given that there are now multiple commercial IMAX theaters in our region, the IMAX brand, albeit valuable, is no longer considered enough of a differentiator for our visitors. With all of this in mind, including the knowledge that our own MG brand was strong and reputable in our community, we determined it was time for a rebranding that built on the strength of our name and to capture the unique experiential nature of our cinema. The MG3D Theater was born.



MEASURING SUCCESS

In addition to operational savings, our yardstick for success is attendance. Being a resort attraction, our attendance is notably seasonal: March through August. September is hurricane season and we have closed the theater from time to time to upgrade technology during the offseason. The high-season (Mar-Aug) is the most consistent period to measure over the past five years – no hurricane or upgrade closures. This chart illustrates the success we've had with each upgrade. Note there were no system modifications between 2009 and 2010, so the attendance was fairly flat. Otherwise, there has been a notable increase with each theater improvement.

Average Monthly Attendance During Peak Season



Overall, the attendance increase between 2008 and 2012 was nearly 40%.

SUMMARY

Technology is constantly changing and while our IMAX projector served us well over the years, it was time for a change. Audience satisfaction is up, attendance is up, costs are significantly lower and, consequently, theater profits are exceptional. One intriguing fact is that our annual operational savings are more than the cost of a complete D3D 4K projection system – so even if we had to replace the system EVERY YEAR, we would still be more profitable than running film. That said, the reality is that these digital technologies are modular and dependable. We have less down-time than with film and we're safely amortizing our 4K investment over five years. We've been very pleased with our ROI, both related to technology upgrades and rebranding. Please do not hesitate to contact me directly with any questions. I welcome a chance to share more about our experience.