

## **A LETTER TO THE COMMUNITY**

### **THE STATE OF THE PERFORMING ARTS CENTER – A CRITICAL CROSSROADS**

For almost 40 years, the Municipality's Performing Arts Center (PAC) has been the vibrant heartbeat of Downtown Anchorage, where our community comes together to create memories, celebrate art, and find inspiration.

However, the PAC now faces a critical crossroads. Despite its enduring success and impact, the Alaska Center for the Performing Arts, Inc. (ACPA) — the nonprofit responsible for managing, operating, and maintaining this cherished municipal building — has been unable to secure funding necessary to maintain the building. The lack of significant municipal funding since the PAC opened has created a growing gap, with deferred maintenance issues mounting over time, threatening not only the building's future, but all the organizations that call it home.

The PAC is more than just a building, it has a profound positive economic impact on our city. Since its founding in 2005, ACPA's CenterTix ticketing service has generated over \$125 million in sales, creating an estimated \$375 million in economic impact for Anchorage. With an estimated 15-20% of ticket sales coming from visitors outside Anchorage, the PAC has become a lifeline for local businesses and tourism, generating an average of \$22 million annually in economic benefits. These numbers tell an undeniable story, but they only scratch the surface of what the PAC truly represents to our community: a place of connection, creativity, and cultural growth.

In 2023, ACPA introduced Broadway Alaska, bringing the magic of official touring Broadway productions to Anchorage in a way we have never seen before. This ambitious new initiative has already attracted 130,000 patrons from 91 cities across Alaska, proving that the PAC remains a vital part of our region's cultural fabric. Despite this success, the PAC is at a breaking point.

The management fee ACPA earns from the Municipality to operate the PAC has remained almost unchanged for the last 40 years, now sitting at just \$1.5 million—an average increase of only 1% per year. ACPA relies on additional revenue streams it generates through space rentals, ticketing, concessions, sponsorships and philanthropy. However, they are simply not enough to meet the building's growing capital and operational needs.

Since 1988, ACPA has shouldered the responsibility of funding capital improvements and repairs. However, deferred maintenance has far outpaced ACPA's ability to maintain the building. Without regular or substantial municipal investment moving forward, the nonprofit has limited ability to attract additional funding.

Why does this matter now? As operating and security costs rise, systems and equipment are end-of-life, and the gap in funding widens, the situation has become unsustainable. Vital repairs and safety measures are now the nonprofit's top priority, leaving future programming and innovative projects on hold. The recent and difficult decision to cancel a large and high-profile event, *TINA - The Tina Turner Musical*, is a direct result of the growing financial drain of the building's deferred maintenance on the nonprofit's operating funds. This fiscally necessary reassessment and the scaling of future programming and booking of the facility are early signs of the serious challenges ahead.

We continue to work closely with our stakeholders, including regular meetings with the Municipality to focus on creating solutions together to invest in our future. Mayor LaFrance and her team are committed to revitalizing Downtown and are working closely with ACPA leadership to develop a long-term plan that will ensure the PAC remains a vibrant beacon of creativity and inspiration for the entire community.

Together, with investment from the Municipality, ACPA can drive additional support from the community, private and public foundations, appropriations and grants so we can ensure the PAC's legacy endures for the next generation and beyond.

Signed,

Codie Costello, President & COO

*ACPA's Board of Directors Executive Committee:*

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