



FAIRBANKS

1977 (CELEBRATING 40 YEARS) 2017

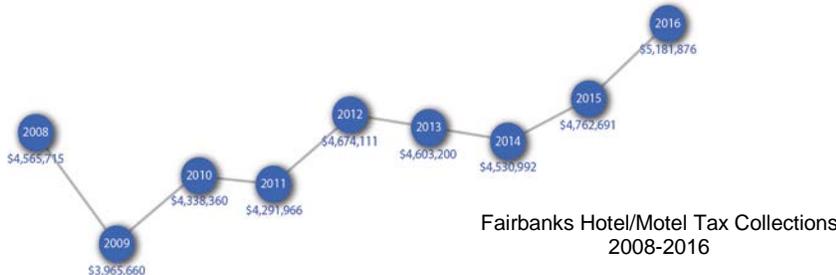
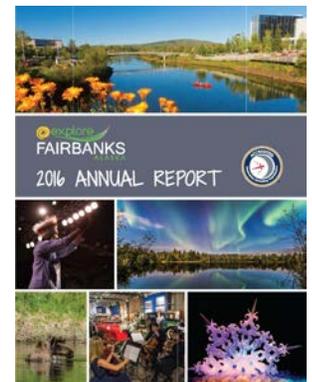


PRESIDENT AND CEO REPORT • JANUARY THROUGH JUNE 2017 • DHICKOK@EXPLOREFAIRBANKS.COM

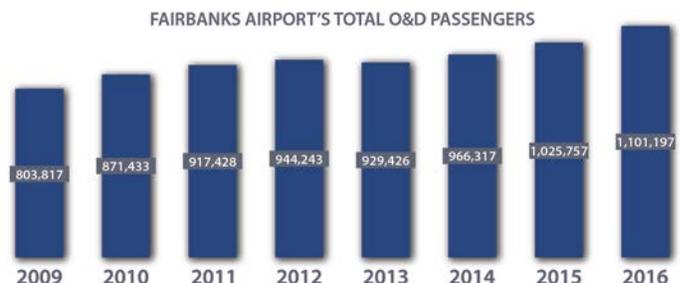
DATELINE: July 17, 2017

Record-breaking 2016 – Arctic Council Re-cap – Visitor Statistics available – Aurora Season summer charters – Selling to international markets – Awards Banquet – Walk for Charity – Kick off for CC-PAC Study

2016 was another record-breaking year for Fairbanks tourism industry The 2016 Annual Report for Explore Fairbanks is available on-line for business partners, community stakeholders and the general public at <https://www.explorefairbanks.com/about-explore-fairbanks/what-we-do/annual-report>. Two indicators – hotel/motel tax collections and airport origin and destination numbers – broke records in 2015 which were then exceeded by 2016 numbers. Developing the aurora and winter tourism seasons has strengthened the local Fairbanks region travel industry providing more year-round jobs.



- 2016 set a record high for hotel/motel tax collections for the Fairbanks North Star Borough, including the cities of Fairbanks and North Pole, exceeding \$5 million in collections for the first time ever. 2015 was a record breaker itself which has now been overtaken by the 2016 collections of \$5,181,876, a nearly 9% increase over 2015. When analyzing summer and winter bed tax collections in the past ten years (2007 through 2016), the average growth of the five-month (May through September) summer period was flat whereas, the seven-month (October through April) winter period grew an average of 6%. In 2008, winter collections accounted for 26% of the total collections; whereas in 2016, winter accounted for 35% of the total collections.
- Also, hotel occupancy in Fairbanks was 67.5% in 2015 and 67.9% in 2016. According to PKF Hospitality Research regarding national data, “The 65.6 percent occupancy level for 2015 is an all-time record for the 27 years STR, Inc. has been reporting U.S. lodging industry performance.” Therefore, Fairbanks was over the national average in occupancy
- In 2015, the airport was up 6% over the year before and for the first time passed the one million passenger mark for Origin and Destination (O&D) which is the passengers on a flight who are either boarding or deplaning at a particular stop as opposed to being in transit. 2016 broke that record by exceeding 1.1 million O&D passengers, a 7.4% increase over 2015.
- The first quarter of 2017 made gains over 2016. From January through March 2017, hotel/motel tax collections of \$910,871 for the Fairbanks North Star Borough, including the cities of Fairbanks and North Pole, was a 26.6% increase over the same period in 2016.



Source: Fairbanks International Airport/Sixel Consulting

All hands on deck to host the Arctic Council Ministerial Meeting and the Week of the Arctic from May 8th through 12th in Fairbanks

The Arctic Council is comprised of the eight Arctic nations: United States, Finland, Sweden, Norway, Iceland, Russian Federation, Kingdom of Denmark/Greenland and Canada; six Permanent Participants from indigenous communities represented by Aleut International Association, Arctic

Athabaskan Council, Gwich'in Council International, Inuit Circumpolar Council, Russian Association of Indigenous Peoples of the North and the Sammi Council; as well as 32 participants in Observer Status representing non-Arctic Nations, international government organizations and non-government organizations. Some of the highlights of the meeting in Fairbanks were:

- This was the first Ministerial Meeting with all eight ministers in attendance, including the U.S. Secretary of State Rex Tillerson and Russian Minister of Foreign Affairs Sergey Lavrov. To view the U.S. Department of State's photos of the Secretary's visit, look here <https://www.flickr.com/photos/statephotos/sets/72157681723515790>. While in Fairbanks, the ministers jointly signed a binding agreement on arctic scientific research cooperation as well as the "Fairbanks Declaration," a nine-page document that addresses climate change effects and other concerns and objectives of the council. To read the declaration in its entirety, go here <https://www.state.gov/e/oes/rls/other/2017/270802.htm>. The council also celebrated its 20th anniversary and marked the 10th meeting of the council. The meeting in Fairbanks concluded the U.S. Chairmanship of the council. Secretary Tillerson passed the gavel onto Finland's Minister of Foreign Affairs, Timo Soini, as chair of the next two-year term.
- Under the banner of the "Week of the Arctic," the University of Alaska Fairbanks coordinated 40 meetings on campus and "Community Talks" around town. Locally-based organizations collaborated to create a one-time evening event called the "Fairbanks Community Celebration of the Arctic." Other activities included the premiere of "We Breathe Again," a documentary film exploring the lives of four Alaska Native people confronting the impacts of inter-generational trauma and suicide, and the Arctic Mayors' Roundtable discussion. The welcome by Alaska's Golden Heart involved an earlier-than-usual Clean Up-Day, banners on Airport Way, buttons for front-line staff, window signs and, above all, a multitude of volunteers.



Arctic Council Ministerial Meeting in session on May 11th at the Carlson Community and Activity Center



U.S. Secretary of State Rex Tillerson addresses the Arctic Council and guests at an evening reception on May 10th at the Morris Thompson Cultural and Visitors Center



Members of the press corps snap a "Family Photo" of the key dignitaries attending the Arctic Council Ministerial Meeting

- The U.S. Department of State credentialed more than 80 members of the press, representing national and international outlets, who came to Fairbanks to cover the Arctic Council's meeting.

Total attendee numbers were approximately 1,000 out-of-town guests, accounting for \$1 million in estimated direct attendee spending. Most importantly, the Arctic Council and related meetings highlighted Fairbanks' position as the United States' arctic hub - the farthest north U.S. city with air, rail and road access.

Fairbanks will host the first of “Aurora Season” summer charters beginning August 25th when Korean Airlines arrives at Fairbanks International Airport with guests from Japan followed by two more flights with itineraries alternating with Anchorage International Airport. Japan Airlines will operate four flights emanating from Narita Airport in Tokyo, Japan, with shared Anchorage itineraries. China Airlines out of Taipei, Taiwan, plans three charters in the late September and early October timeframe. Winter charters have not yet been confirmed.

Alaska Visitor Statistics Program report for summer 2016 is now available To access data on summer 2016 for the Interior, go here

<http://www.alaskatia.org/marketing/AVSP%20VII/13.%20AVSP%207%20Summ%20Profiles%20Interior.pdf> Due to state fiscal crisis, there were not enough funds for a winter study.

Tourism Department team continues to sell to international markets by attending the United States Travel



Team Explore Fairbanks meets with with a Chinese tour operator at the 2017 IPW tradeshow in June in Washington DC

Association’s 2017 IPW from June 5 through 7 in Washington DC. Two Explore Fairbanks staff and four industry partners conducted more than 80 appointments with tour operators from core international markets, including China, Japan, Korea, Australia, Germany, India, United Kingdom, Northern Europe, Taiwan, and Canada. At the same tradeshow, Director of Communications Amy Geiger met with about 18 representatives from domestic and international media outlets. European Contractor Elke Brosin participated in the Aviareps Austria Roadshow May 10 in Salzburg and May 11 in Linz. About 100 travel agents attended the two events. She also participated in the Visit USA Germany workshops from April 24 through 27. The locations were Munich (54 agents), Freiburg (32 agents), Nuremberg (39 agents) and Duesseldorf (80 agents). In total, a little more than 200 travel agents were trained during these well-attended events. Director of

Tourism Scott McCrea attended the NAJ Active America China Tradeshow in Portland, Oregon, April 23 through 25, along with two business partners where he had 28 appointments with tour operators and travel agents from Mainland China. Explore Fairbanks also partnered with Visit Anchorage and the Alaska Railroad to sponsor a breakfast program. In Fairbanks, the department hosted eight tour operators and one consultant from Mainland China after the Active America show from April 28 through 30.



Tourism Senior Sales Manager Ed Malen talks to tour operators during a sales mission in April in Japan

Tourism Senior Sales Manager Ed Malen conducted a Japan Sales Mission in partnership with Visit Anchorage from April 12 through 14 in Osaka, Nagoya and Tokyo. Two Fairbanks-based tourism businesses participated. During the course of the week, the group met with five airline representatives, 30 representatives from 21 different travel companies and three media representatives. The team co-hosted a dinner for Japan Airlines (JAL) decision makers. Prior to the formal mission, Malen conducted sales calls with an industry partner in Fukuoka and Osaka during which the duo met with seven representatives from three key companies.

Explore Fairbanks Annual Awards Banquet acknowledged the contributions of partners and other individuals and organizations for their support of the local visitor industry at the 2017 Annual Awards Banquet on April 21 at Raven Landing Center. Awards were presented as follows: Golden Heart Award to the Alaska Federation of Natives Welcome/Fairbanks Four Potlatch organizing committee, represented by Melissa Charlie, Tonya Garnett, Doreen Deaton and Carole-Ann Newcomer, for their exceptional hospitality, commitment and effort to Fairbanks’ visitors; Aurora Award to the Fairbanks Summer Arts Festival, for its contributions to the development of the Fairbanks visitor industry; Jim and Mary Binkley Award to Trax Outdoor Center, for their creation, innovation, courage and entrepreneurialism in the introduction of a new attraction; and the Raven Award to Downtown Association of Fairbanks, for promoting a distinct local, statewide, national and international interest and awareness among prospective visitors. Janette Hanneman and Karen Lane were given Golden Heart Greeter of the Year Awards for dedicating themselves to helping make a visitor’s experience special and memorable. Staff service awards included Iwalani Lauver for five years of service.



Awardees pose for a group photo at the Annual Awards Banquet in April which also celebrated the "Ruby Jubilee" 40th Anniversary of Explore Fairbanks

Fairbanks North Star Borough Assembly Presiding Officer Kathryn Dodge read a citation from the Alaska State Legislature that honored Explore Fairbanks' 40th anniversary. The recognition was introduced by Representatives Scott Kawasaki and Steve Thompson for legislative approval on March 22, 2017.

In honor of the anniversary, Explore Fairbanks established the Fairbanks Tourism Hall of Fame to recognize outstanding individuals that have made iconic and significant contributions to the tourism industry in the Fairbanks region through their lifetime of leadership, passion and dedication. The first inductees into the hall of fame were Mary and the late Captain Jim Binkley, Riverboat Discovery; Mary Shields, Alaskan Tails of the Trail with Mary Shields; and Jack and Ede Reiland, Denali Grizzly Bear Resort.



Walkers await the start of the Walk for Charity on May 12th

The 15th Fairbanks Visitor Industry Walk for Charity raised more than \$17,000 Held on Friday, May 12th, families, friends and community groups gathered to walk and eat to support local non-profits. The 575 walkers raised money for 48 registered local non-profits. All proceeds were distributed to the designated 501(c)(3) charities. Since inception in 2001, the Fairbanks-area Walk for Charity events have generated a total of \$352,000 for local non-profits.



Third phase of convention and performing arts center (CC-PAC) feasibility study begins

Explore Fairbanks has contracted with Johnson Consulting Group to prepare a financial plan and management/operating plan and budget for a proposed convention center and performing arts center in the downtown Fairbanks. The consultant group is composed of experts to provide the best local and national expertise in the economics, planning and operation of successful convention and performing arts centers. Johnson Consulting, Inc. in partnership with Ascent, Bettisworth North, LMN Architects and JMB Consulting Group will conduct the study. Collectively, the team brings many years of experience working on hundreds of similar assignments. Since 2008, Explore Fairbanks has collaborated with the Fairbanks Arts Association in this endeavor. A Steering Committee has been formed to engage in Explore Fairbanks' ongoing collaborative effort with the Fairbanks Arts Association and all CC-PAC stakeholders. The committee will assist in determining the feasibility of a co-located convention

center and performing arts center that could create a major new civic asset in the downtown core. They will assist and evaluate the work effort of the multi-disciplined consultant team secured to analyze the viability of the proposed CC-PAC. They will provide advice and recommendations to the Explore Fairbanks Board of Directors via the Explore Fairbanks President and CEO. The committee are these Fairbanks community members: Andy Anger, Explore Fairbanks Board Chair Elect and University of Alaska Fairbanks; Bill Bubbel, The Pump House Restaurant & Saloon; David Pruhs, City of Fairbanks and Pruhs Real Estate; June Rogers, City of Fairbanks and McCafferty's; David von den Berg, Downtown Association of Fairbanks; Cameron Wohlford, University of Alaska Fairbanks Facilities; Gwen Holdmann, University of Alaska Fairbanks; Mellissa Charlie, Fairbanks Native Association; Marisa Sharrah, Greater Fairbanks Chamber of Commerce; and Anne Biberman, Fairbanks Concert Association.

On June 14th and 15th Explore Fairbanks coordinated two days of meetings in which the consultant team met with the Steering Committee, the Explore Fairbanks Board of Directors and nearly 40 stakeholders representing: planners in local government, City of Fairbanks Polaris Work Group, convention support service companies, locals who have brought to and executed conferences in Fairbanks, downtown-based businesses, arts organizations, Alaska Native corporations, school district, University of Alaska Fairbanks, lodging facilities, other hospitality businesses and developers.

Over the next six months, this effort will independently evaluate previous assumptions and validate and refine the economic viability of a CC-PAC project. A highly collaborative process with stakeholders will be employed to update, define, shape and assess the sustainability of a CC-PAC project. This level of scrutiny will gauge the project's ability to broaden the cultural offerings of Fairbanks, contribute to downtown revitalization, attract regional, national and international meeting groups, and serve as a best practice model within the Circumpolar North.