MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 759-2025

Meeting Date: October 7, 2025

FROM: MAYOR

SUBJECT: A MEMORANDUM FROM THE MUNICIPALITY OF ANCHORAGE SEEKING ASSEMBLY APPROVAL TO AMEND THE MANAGEMENT AGREEMENT BETWEEN THE MUNICIPALITY OF ANCHORAGE (MOA) AND ALASKA CENTER FOR THE PERFORMING ARTS, INC. (ACPA, INC.), BY EXTENDING THE CONTRACT TERM TO JUNE 30, 2027, AND INCREASING THE MANAGEMENT FEE BY ONE MILLION EIGHTY-NINE THOUSAND DOLLARS ($1,089,000) TO TWO MILLION SIX HUNDRED EIGHTY-SEVEN THOUSAND FIVE HUNDRED TWO DOLLARS AND SEVENTY-FOUR CENTS ($2,687,502.74) IN 2026 AND REDUCING THE MANAGEMENT FEE TO ONE MILLION THREE HUNDRED FORTY-THREE THOUSAND SEVEN HUNDRED FIFTY-ONE DOLLARS AND THIRTY-SEVEN CENTS ($1,343,751.37) IN 2027.

The Office of the Chief Administrative Officer (CAO) is requesting approval to extend the period of performance for the management agreement between the non-profit operator, Alaska Center for the Performing Arts, Inc. (ACPA, Inc.), and the Municipality of Anchorage (MOA) for the management and operation of the Alaska Center for the Performing Arts (“Center”) through June 30, 2027. The CAO is also requesting approval to increase the management fee by $1,089,000 to $2,687,502.74 in 2026 and to decrease the management fee to $1,343,751.37 in 2027 (through the term extension expiring on June 30, 2027).

The current management agreement executed in 2015 is set to expire on December 31, 2025, with no renewal option periods remaining. ACPA, Inc. has been the original and only operator of the Center since 1988 and possesses the hands-on knowledge and expertise of operating and managing this specialized facility. The CAO has been coordinating various issues regarding the Center’s structure and the significant repairs and improvements that are needed to this Project 80s building and its equipment.

In addition to surfacing significant capital needs, ACPA, Inc. has conveyed that they are in an operational crisis. Since 2022, ACPA, Inc. has reported annual net operating losses, not related to its Broadway Alaska program, of $568,000 (2022); $622,232 (2023); and $546,929 (2024). ACPA, Inc. requested the $1.089 million increase to its management fee to cover this net operating loss, fund additional repairs to the aging facility, address increasing utility costs, and cover other CPI and labor-contract required expenditure adjustments. Absent the proposed adjustment, ACPA, Inc. indicated doubts about whether it could continue to operate the facility.

After extensive negotiations, the Administration agreed to the proposed 18-month “interim” extension of the management agreement and to the associated increase to the ACPA, Inc. management fee, to keep the facility operating while the parties continue to work on a sustainable, longer-term arrangement.

It is the Administration’s intent that the management-fee increase be funded by a combination of ticket surcharge revenues and tourism-related bed taxes.

Regarding the former, patrons of the Center have paid an MOA-imposed ticket surcharge since 1989. After May 2004, the surcharge amount was increased; it is now $3/ticket and, by Code (AMC 10.45.060), is used to pay debt service on a borrowing incurred to replace the facility’s roof. To offset increased management fee expense, the Administration is separately proposing to use ongoing proceeds from the sale of ML&P to retire the existing roof bond debt, and a Code change to allow the $3-surcharge revenue to fund Center operations, maintenance, and capital needs.

Regarding the latter, programming tourism-related bed tax receipts to support the ACPA, Inc. contract would be a new use of that revenue stream, and the Administration is in ongoing discussions with the Anchorage Convention and Visitors Bureau (dba Visit Anchorage) about the proposal.

Together, the use of surcharge revenue and bed tax receipts would allow the increased cost of the proposed contract extension (beyond the continuation amount) to be funded without additional general government tax dollars.

The CAO is, therefore, asking the Assembly for approval to extend the term of the existing management agreement currently set to expire on December 31, 2025, by an additional 18 months through June 30, 2027, and to increase the annual management fee by $1,089,000 for 2026, revising the management fee from $1,598,502.74 to $2,687,502.74 effective January 1, 2026. For the term from January 1, 2027, through June 30, 2027, the management fee will be reduced to $1,343,751.37.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared and Submitted by:	William D. Falsey, Chief Administrative Officer	
Concur:	Chris Hunter, Purchasing Director	
Fund Certification:	Philippe D. Brice, CFO	
	XXXXX-XXXXXX-530380	$2,687,502.74
	(2026 Budget, Subject to Appropriation)	
	XXXXX-XXXXXX-530380	$1,343,751.37
	(2027 Budget, Subject to Appropriation)	
Concur:	Rebecca A. Windt Pearson, Municipal Manager	
Respectfully submitted:	Suzanne LaFrance, Mayor	