



**Presenter Bio:**

**Gordon Linden** is Manager of Project Development Services at Parsons Corporation a major California-based engineering and construction organization active worldwide in developing a range of commercial, industrial and institutional projects. His knowledge of the Project Development process is of particular value in assisting developers, governmental representatives, land owners and others in formulating and implementing projects which are conceptually sound and economically feasible. Mr. Linden has assisted numerous Clients around the world in conceptualizing a variety of unique undertakings including visitor attractions, hotels and resorts, and major one-time event. Mr. Linden's current activities include tourism development initiatives, visitor attractions developments, and major international event organizational planning. His previous experience includes involvement with the highly successful Barcelona Olympics, Expo '92 in Seville, Spain and numerous planned attractions in Europe, Asia, the United States and South America. Mr. Linden's articles have appeared in the ULI magazine, USA Today and other publications. He is a registered architect, a certified planner and holds an MBA in Business

## **What is Entertainment?**

Webster's Dictionary tells us that entertainment is "something that entertains; an interesting, diverting, or amusing thing" and further, that to entertain is "to engage the attention of, with anything that causes the time to pass pleasantly".

From this broad, highly subjective definition of entertainment, for purposes of the present presentation, we will narrow our attention to the physical facilities and places which accommodate entertainment. We call this concept : "location-based entertainment".

When we speak about "location-based entertainment", a whole range of project types comes to mind.

## Reviewing Entertainment Possibilities:

### The spectrum of project opportunities



- The spectrum of project opportunities which involve entertainment is quite extensive, changing and evolving over time.
- As communities, developers and individuals both domestically and internationally consider undertaking the development of entertainment projects, there is a wealth of experience to consider and learn from.
- Project types shown include:
  - Urban Entertainment Center (Metreon)
  - One-time Events (Millennium Dome, Expo'98)
  - Theme Park (Disney's California Adventure)
  - Museum (Guggenheim)
  - Science Museum (Exploratorium, Chabot Observatory)
  - Sports Stadium (Ericsson Stadium)
- To assist decision-makers and those interested in undertaking entertainment projects, this presentation will provide insights as to:
  - How and why entertainment projects are developed.
    - The characteristics and requirements for such projects.
    - The advantages and challenges of developing and operating entertainment projects.

## Reviewing Entertainment Possibilities: Project Typology

**Aquarium**

**Science  
Center**

**Children's  
Museum**

**Museum**

**Concert  
Hall**

**Theme Park**

**Urban  
Entertainment  
Center**

**Gaming**

**Sports  
Stadium**

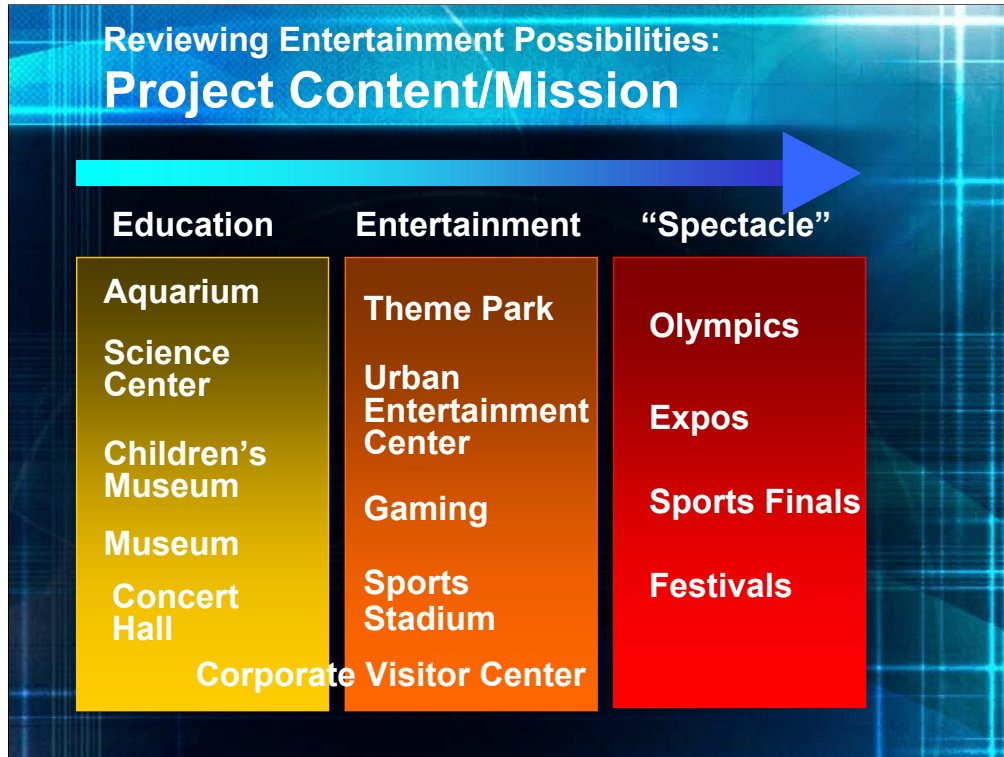
**Olympics**

**Expos**

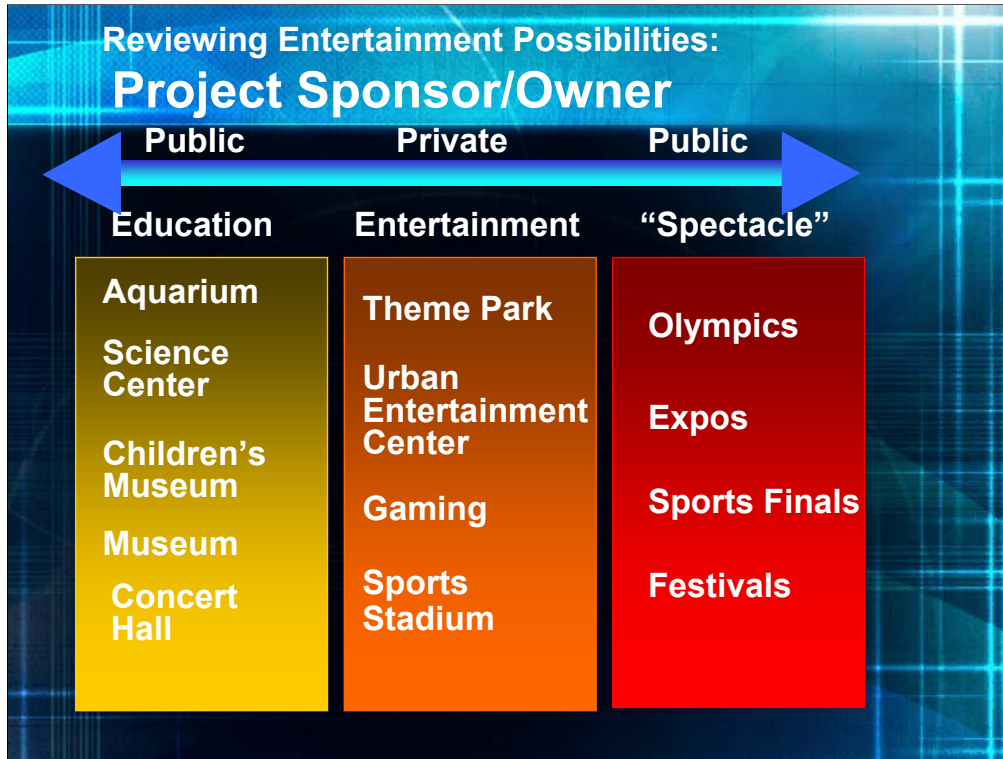
**Sports Finals**

**Festivals**

- In order to begin to understand entertainment projects, it is useful to start with a typology of projects, classifying and grouping them according to some common characteristics and features.



- The typology shown in the previous diagram has an underlying organizational structure which is based upon some shared characteristics in terms of the content or mission of each.
- The project types have been sorted into three basic categories of projects in terms of their content/mission:
  - Education
  - Entertainment
  - "Spectacles"
- Education projects embrace a spectrum of content including art, culture, performance, science and related materials. The motivations or mission of these projects is, broadly speaking, to enrich people's lives and enhance their understanding of the world. This mission is undertaken, typically, without seeking to generate commercial profit.
- Entertainment projects seek to provide visitors a range of experiences which amuse, entertain and otherwise engage their attention. The predominant focus of pure entertainment is commercial gain.
- Spectacles are events which celebrate, exhibit and display a variety of accomplishments including mastery of certain skills or abilities (as in sports finals). While many of these occur on a regular basis - such as annual festivals - others are staged at intervals of up to five or more years and are located in different places at different times. While commercial gain is definitely a part of many major spectacles, organizers promote higher, more altruistic goals (I.e. the Olympics)



- Another way of looking at the various categories of projects we've identified thus far is to identify the types of sponsors or owners.
- Education projects are typically sponsored by public entities such as city governments or, in many instances, by non-profit organizations established for the purpose of developing and operating the project.
- Entertainment projects are conventionally developed, owned and operated by corporations or individuals.
  - The owners and sponsors of spectacles are divided between for-profit organizations such as the NBA or the NFL and non-profit public organizing committees or groups. In either case, because the spectacles require substantial coordination and support of local communities, most events require some degree of public support in order to be staged.
  - It is noteworthy that commercial entertainment projects are increasingly being sought by governmental entities as a means of enhancing tourism and economic development. (Examples: Hong Kong Disney, Madrid Warner Bros. Theme Park).
  - Following are descriptions and examples of these categories of projects.

## Project Profiles: Public/Educational

- **Mandate for Development: Community-based**
- **Site:**
  - Area: 5 to 15 acres*
  - Location: Community criteria (urban)*
- **Funding:**
  - Capital Budget: Private donations, bonds*
  - Operating Budget: Attendee-generated, supplemented by donations, government*
- **Advantages: Enhance community image, support education/cultural agenda**
- **Challenges: Reinvestment, competition**

- Public Educational projects most often arise from the initiatives of a small group of community leaders who seek to enhance the quality of life and cultural/educational offering of the locale by developing a new facility. These groups often have a philanthropist backer or retired business leader who plays a critical role in gathering support and generating momentum for the concept; initial funding for feasibility studies and marketing efforts is often raised by the community leaders.
- Locating public/educational projects is a critical part of the process in that, in some cases, the facility is intended to occupy a site which is under-utilized or in need of upgrading or adjacent to important community buildings. In most cases, these sites are urban and are served by public transportation in order to be easily accessible to all socioeconomic groups in the community.
- Once a public/educational project has been developed, under good management, it is possible for the facility to cover annual operating costs. However, it is sometimes a financial challenge for the facility to generate sufficient revenues to cover reinvestment needs. When insufficient attention and resources are available to provide needed reinvestment and upgrading, the project may suffer from declining attendance and revenues.

## Project Profiles: Public/Educational The Tech Museum of Innovation



- The Tech project arose, initially, as “The Garage”, a place where mostly young people, interested in computers and technology, could come to “fool around” with a variety of donated computer equipment. In the beginning, there were few structured exhibits. As the “Garage” succeeded, there were aspirations to “do more” .
- “Silicon Valley” has become synonymous with the hi-tech industry, being the birthplace of numerous major corporations such as Apple, HP and Sun Microsystems. Yet, for the interested visitor, it was only slightly ironic that there is, in fact, no physical “Silicon Valley”, rather a dispersed landscape of office buildings, manufacturing facilities and freeways.
- As growth and economic development of the San Jose community propelled the City to national and international renown, concerns about the lack of a real “downtown” and civic presence drew a coalition of public and private leaders to explore various means of putting San Jose “on the map”. (Among the smaller, but significant endeavors in this spirit was the development of the Children’s Discovery Museum, funded, in part by Steve Wozniak of Apple).
- In response to these various motivations - educational and community pride of place - the Tech was developed with a 50/50 public/private funding package in which virtually all the major hitech industry players participated.



## Project Profiles: Public/Educational The Tech Museum of Innovation

- **Project Genesis:**
  - **Junior League (1978); Industry supporters (1990); San Jose Redevelopment Agency/Private Donations (1998-1999)**
- **Location: City Center**
- **Facility Size/Features:**
  - **110,000+ s.f.**
  - **300-seat IMAX theater**
- **Project Cost: \$113 million (50% public, 50% private)**
- **Attendance: 650,000 annually (projected)**

• The facility occupies a key site in the civic center of San Jose, adjacent to a very active city park and the convention center. The striking design, by Mexican architect Ricardo Legoretta - also architect of the Children's Discovery Museum - is a striking yet sympathetic structure in texture and coloring, recognizing not only the historic settlement of San Jose by Mexicans, but also the fact that the San Jose area has a large Hispanic population.

- **Lessons learned:**
  - While the project has made a significant contribution to improving the downtown cultural and educational offering, there remain community concerns about creating additional vitality and nightlife in this area (which remain unfulfilled despite this significant investment).
  - On the matter of the visitor experience, some observers believe that the initial spirit and spontaneity of the "Garage" was lost in creating the more formal, "polished" exhibits at the Tech.

## Project Profiles: Entertainment

- **Mandate for Development: Commercial interests**
- **Site:**
  - Area: 10 to 30 acres for urban facilities, more for suburban (50 to 100 acres or more)*
  - Location: High visibility, good access*
- **Funding:**
  - Capital Budget: Corporation & Lenders*
  - Operating Budget: Corporate Operations*
- **Advantages: Enterprise-driven, state-of-the-art facilities, generates taxes & benefits surrounding business**
- **Challenges: Attract/Retain**

- The “pure” entertainment project is sponsored by commercial interests and has a “for profit” focus.
- Entertainment projects such as theme parks, water parks and other large-scale facilities require large sites and are typically developed in suburban locations. Another “family” of entertainment projects includes urban entertainment centers, family entertainment centers and retail/entertainment complexes; these typically require smaller sites and are located in downtown or more populated sectors of cities.
- Driven by commercial interests, the “pure” entertainment projects are sponsored almost entirely by corporations including developers, media companies and the like. With direct access to the media of popular culture (I.e. movies, music, publications, etc.), the physical facilities provided in commercial entertainment projects represent additional vehicles for the sale of the entertainment industry products.
- Because of the ability of entertainment to attract commercial activity, the presence of entertainment elements and facilities within a specific project is considered an important “draw” and is highly sought after.
- High profile projects, such as a name brand theme park, are being hotly pursued by many locations, especially internationally. Recent projects abroad (Madrid Warner Bros. Movie World and Disney’s Hong Kong Theme Park) have demonstrated that governments are more than willing to bend over backwards to attract these projects.

## Project Profiles: Entertainment Metreon, San Francisco



- Sony Corporation, desiring to break new ground in the world of entertainment projects, assembled a team of experienced designers and development specialists to create a prototype of a unique urban entertainment center. One of the objectives of the project was to attract families in an around major cities who, due to work pressures and declining leisure time, were anticipated to be taking less vacation time (to travel to major destinations in Southern California and elsewhere) who could be attracted to a high-quality commercial visitor attraction for a four to six-hour stay involving location-based entertainment, shopping and food.
- The first site for what was anticipated to be a major rollout of projects for several locations, was a long-vacant site in the heart of San Francisco. Originally planned in the late 60's for a major redevelopment project, community aspirations for a new convention center and related facilities had been thwarted by years of litigation over the displacement of low-cost hotels. With the development of several key facilities in place (I.e. convention center, hotel, arts center, etc.), there remained the loosely conceived notion of an entertainment center.
- Sony's concept, as eventually developed, provided a needed commercial attraction which serves convention goers as well as tourists and residents. Elements included are: mutliscreen theater, several unique family-oriented experiences, shops and food services.
- The striking architectural form of the complex, including a naturally-lighted atrium space, provides a spectacular counterpoint to the adjacent park.

## Project Profiles: Entertainment Metreon, San Francisco

- **Project Genesis: Redevelopment site started in the 60's (Moscone Center, Yerba Buena Gardens, MOMA)**
- **Opened: June 1999**
- **Project Cost: \$85 million**
- **Facilities: 350,000 s.f. (15-screen theater complex, attractions, shops (Sony, Microsoft, Discovery Channel))**
- **Attendance: 12,000 per day (projected)**

- While initial results of the facility after opening were positive, showing substantial foot traffic, the actual sales activity was below the proforma projections. Some tenants, including Sony and Microsoft, indicated that in-store sales at the Metreon were not necessarily important as a more significant objective was product exposure to the public.
- Subsequent to the Metreon opening, Sony's plans for locations outside of San Francisco were curtailed: the Music Box facility included in the Berlin Potsdammer Platz project has closed.
- Other "rollouts", such as the Disney Quest project developed in Chicago, have also not fared well with the curtailment of planned projects and the closure of the aforementioned Chicago facility.

## Project Profiles: Entertainment Hollywood & Highland, Los Angeles



The Hollywood and Highland development is a unique project set to open in November 2001 in Los Angeles, California. Combining elements of entertainment, cinema history, an internationally-televised annual event (the Oscar Awards), the project is poised to set a benchmark in entertainment projects in a refreshing and vital way.

As the historic center of Hollywood, where the original Grauman's Chinese Theater still attracts thousands of movie fans every day to see the handprints and autographs of movie stars, the area around the Hollywood & Highland project had - in recent years - suffered a slow, but decided decline. Several attempts to redevelop the site had failed.

The project resolves and addresses several latent issues and community needs:

- The potential to capture additional visitors to Grauman's for entertainment, retail and food services (additional screens added in a new facility, retail and food incorporated in the new structure).
- The establishment of a permanent "home" for the Oscars which could be used for other performance, entertainment and convention uses.
- The refurbishment of a major hotel property.
- Provision of a parking structure to accommodate visitor autos.

## **Project Profiles: Entertainment Hollywood & Highland, Los Angeles**

- **Project Genesis:** Los Angeles Community  
Redevelopment Agency - Trizec  
Hahn Development
- **Opening:** November 2001
- **Facilities:** 100,000 s.f. retail, restaurants, clubs  
3,500-seat theater (Academy Awards)  
40,000 s.f. ballroom  
6-screen multiplex (Grauman's)  
640-room Renaissance Hollywood Hotel

• The themeing of the project is derived from an important film in the history of the cinema: Intolerance by D.W. Griffith. One of Griffith's sets for the film was a Babylonian temple which remained in Los Angeles long after the film was made as a vivid attraction to newcomers and visitors of the presence of the film industry in Los Angeles. Some of the elements of this stage set have been utilized to create a "Hollywood" look and feel to the retail area: a gateway in the project frames the renowned "Hollywood" sign located on a hillside nearby.

• The City of Los Angeles, recognizing the importance of revitalizing the Hollywood & Highland area, encouraged the development team to conceive of and develop the project. The City also provided funding for the underground parking garage.

## Project Profiles: “Spectacle”

- **Mandate for Development: Community-based**
- **Site/Facilities: Varies**
- **Funding:**
  - Initial: Government, sponsors*
  - Operating Budget: Spectator spending, TV & other rights, sponsors*
- **Advantages: Media exposure, legacy facilities**
- **Challenges: Competition, bid costs, community support, provide needed facilities**

- Desires to put a community “on the map” are manifest in many ways including the staging of major events. Major events offer a variety of benefits and outcomes which include: highly focused media attention, legacy projects, and short (and long) term employment.
- In the United States, most events are conceived of along the “enterprise-driven model” which seeks to minimize government and public expenditures. Organizing committees, non-profits, etc. are created to carry out the projects. (Internationally, government takes more direct responsibility for funding and operating.)
- There are numerous established (Olympics) and upcoming (XGames) events which communities can pursue. There are costs and some risks involved in the pursuit of the events including: bidding, generating community support, providing the needed infrastructure and facilities.

**Project Profiles: "Spectacle"**

**Expo '98 - The Oceans, a Heritage for the Future**

**Location: Lisbon, Portugal**

**Opening/Closing: 22 May - 30 September 1998**

**Duration: 4+ Months (132 Days)**

**Site Area: 70 Hectares (of 340 Total)**

**Participants: 122 Countries, 10 International Organizations, 4 Domestic Organizations, 4 Corporate exhibitors**

**Attendance: 10 million visits (actual)**



- An event format not seen in the U.S. since 1984, is the International Exposition (more commonly called an "Expo"). The first Expo is considered the Crystal Palace Exhibition held in London in 1851. Since that time there have been over 100 such events held in different locations around the world.
- Portugal, a recent entrant to the European Community, watched with envy as Spain staged, in 1992, both the Summer Olympics and an Expo (in nearby Seville). The Portuguese were especially struck by the redevelopment success of the Olympic Village which they sought to model with a similar development in Lisbon. The city of Lisbon suffered a major fire in mid-1980's in its center city.
- The Expo was basically a vehicle (i.e. providing needed political clout and an unchanging timetable) for a major redevelopment effort involving more than 600 acres of riverfront property. The previous uses included a refinery, an underutilized container port, a former munitions dump, a landfill, and a slaughterhouse.



## Site Overview



The Expo was staged in a variety of permanent and temporary structures including a new convention center, an aquarium, a 9000-seat arena, and related infrastructure and support. New housing developments were located on the perimeter of the Expo grounds.

## Legacies



- On the balance sheet of the project, were several of the aforementioned legacy projects including a multimodal transportation center and a signature tower structure (including a restaurant).
- While attendance at the Expo did not achieve the forecast, the legacy benefits of the event will be enjoyed by the city's residents for generations to come.
- Note: for additional information concerning Expos, see the article "Expo Express" ULI Magazine, October 2000, by Gordon Linden & Paul Creighton.

## Assessing public / private wants, needs and criteria

- **Motivations in promoting entertainment projects**
  - Economic development
  - Enhance image
  - Generate foot traffic
  - Redevelop underutilized assets
  - Economic development
- **Consideration of externalities in opting for entertainment projects**
  - Who pays and who benefits?

- Successful entertainment projects are based on a good understanding of the motivations behind such efforts. As these motives are made explicit in the development process, so then can success be measured and recognized. (Identification of “success factors” at an early stage can be instrumental in articulating the mission). [Because entertainment is considered “fun” and “attractive”, there is sometimes the temptation, among would-be project promoters, to avoid asking the tough questions, without “looking before you leap”].

- Underlying most project development efforts is a desire for economic development. Many communities throughout the world are seeking tourism as a means of generating economic development: entertainment projects, visitor attractions, and events all represent opportunities for achieving these results.

- Because of the indirect impacts of entertainment projects in generating demands for overnight accommodation, purchases of goods and services outside the actual venue, generation of sales and other taxes, it is relevant and important for public/private partnerships to be developed to support proposed projects. [In some cases, the “standalone” risk/reward formula for an entertainment project may not be as attractive as the “comprehensive” picture in which hotels, restaurants, community businesses are included. This perspective seems better understood abroad than in the U.S.]

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## Market Update

- **The Leisure Paradox**
- **Theme Parks**
  - Industry consolidation
  - U.S. Market saturation
  - Governments seeking projects
- **Urban Entertainment Centers**
  - “Rollouts” ended
  - Hollywood & Highland
- **“Spectacles”**
  - U.S. Cities bidding for 2012
  - Other events: X Games

This part of the presentation is intended to provide would-be entertainment developers with a perspective as to the current marketplace for several project types:

*Leisure Paradox:* there have been several recent studies (World Tourism Organization, for one) which have documented the fact that U.S. workers, while enjoying high incomes and economic prosperity, are actually working more hours per week and not taking the traditional two-week vacations which were common in preceding decades. [Europe remaining the bastion of the two-four week vacation]. Thus, the challenge for entertainment projects in the U.S. is to provide content/pricing/location/timing to attract these reluctant visitors.

*Theme Parks:* conventional wisdom in the U.S. theme park industry is that the country's major markets are saturated. Very few projects - outside of Southern California and Florida - are being contemplated. There are some smaller, regional parks being planned [Oz, for example] which may be a model for future developments. Outside the U.S., governments throughout the world are actually seeking U.S. theme park products, although there are very few U.S. media companies interested in investment in such projects, limiting their exposure to license agreements.

*Urban Entertainment Centers:* rollouts of UEC projects have been discontinued.

•*Spectacles:* Major events are attracting unprecedented interest and bidding. New events are being conceived to provide media content. (X Games, Turner's Goodwill Games).

## Palm Island - Dubai, UAE



- In closing, as mentioned in the introduction to this presentation, the nature of entertainment projects is such that there is constant innovation and change. In addition, with the advent of frequent and relatively inexpensive intercontinental air transport, unprecedented levels of tourism and business travel are being registered throughout the world.
- An example of a destination which has attracted extensive international attention in recent years, is Dubai, one of the United Arab Emirates. Dubai, recognizing the finite limits of its petroleum reserves, has embarked upon an ambitious campaign to establish itself as a major business and tourist center. Key investments in recent years have included a major new airport and the Burj al Arab Hotel - the tallest hotel in the world.
- Building upon its growing reputation for innovation and creativity, Dubai's latest landmark project - currently under construction - is Palm Island, a manmade island in the profile of a Palm tree. Designed to accommodate numerous hotels, residences, retail and recreation facilities, the project represents a creative response to the need for future beachfront development sites.
- Only the imagination limits our ability to conceive of and realize new entertainment projects.

## **Acknowledgements/Credits**

**Sources for the information provided in this presentation include:**

**The Tech: The Tech Museum of Innovation**

**Hollywood & Highland: Altoon + Porter, architects**

**Metreon: Parsons CM advisors**

**Lisbon Expo'98: G. Linden photos and research**

**Palm Island: Parsons PM**

**Others: Disney's California Adventure (Parsons CM), Millennium Experience (Bechtel - G. Linden advisor), Ericsson Stadium (Parsons - traffic studies)**