

# Lake Superior Center Authority

353 Harbor Drive Duluth MN 55802

January 29, 2004

The Honorable Tim Pawlenty  
Governor  
Room 130 State Capitol  
St. Paul, MN 55155

Sen. Ellen Anderson, Committee Chair  
Jobs, Energy and Community Development  
Room 120 State Capitol  
St. Paul, MN 55155

Sen. Richard J. Cohen, Committee Chair  
Finance Committee  
Room 205 State Capitol  
St. Paul MN 55155

Sen. Dallas C. Sams, Committee Chair  
Environment, Agriculture & Economic  
Development Budget Division  
Rm 235 State Capitol

Rep. Gregory Davids, Committee Chair  
Commerce, Jobs and Economic  
Development Policy  
Room 549 State Office Bldg  
St. Paul, MN 55155

Rep. Jim Knoblach, Committee Chair  
Ways and Means  
Room 453 State Office Bldg  
St. Paul, MN 55155

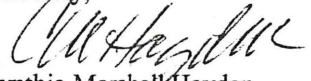
Rep. Dennis Ozment, Committee Chair  
Environment and Natural  
Resources Finance  
Room 381 State Office Bldg  
St. Paul, MN 55155

Legislative Reference Library  
Acquisitions Department  
Room 645 State Office Bldg  
St. Paul, MN 55155

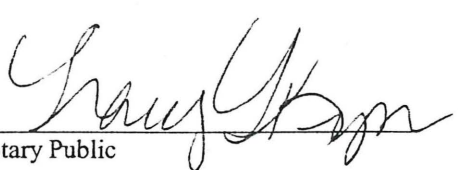
Dear State Officials:

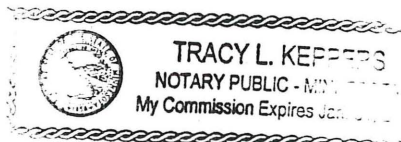
This is the 2003 Annual Report for the Lake Superior Center Authority. The Authority is required to submit this report to you under the 1990 legislation that created it. I hope you find it informative. Thank you for your consideration.

Sincerely,

  
Cynthia Marshall Hayden  
Chair  
Lake Superior Center Authority

Subscribed and sworn before me this the 30<sup>th</sup> day  
Of January 2004.

  
Notary Public



RECEIVED

FEB 09 2004

LEGISLATIVE REFERENCE LIBRARY  
STATE OFFICE BUILDING  
ST. PAUL, MN 55155

## Lake Superior Center Authority 2003 Annual Report

### Background:

The Lake Superior Center Authority was created during the 1990 session of the Minnesota Legislature to work with the Lake Superior Center, a 501 (c) (3) non-profit, to construct and operate a public education facility. The 1992 bonding bill included \$2 million for the Authority. Governor Carlson activated the five-member Authority with appointments in June 1992. The legislation creating the Authority and the language of the 1992 Bonding Bill both require annual reporting. The Legislature appropriated an additional \$4 million in bonding in 1994 and an additional \$10 million of bonding in 1996. The latter two bonding appropriations had matching requirements that were met before money was released.

The legislation creating the Authority requires annual reporting to the Governor, the Senate Economic Development and Housing Committee and the House Economic Development Committee. The 1992 Bonding Bill requires reporting to the Senate Finance Committee and the House Appropriations Committee and their Economic and Natural Resources divisions. Further, reports are to be filed in accordance with Minnesota Statutes, section 3.195.

### Facility Established:

The state bonds and additional funds from the City of Duluth and private fundraising resulted in the \$33 million Great Lakes Aquarium located on the waterfront in Duluth. This facility opened to the public on July 29, 2000. The Annual Report filed for 2001 details the funding for this facility from all sources as well as the programs and exhibits designed specifically to carry out the freshwater education mission.

The Authority entered in to a management agreement with the Lake Superior Center non-profit board on November 8, 1998. The non-profit is responsible for all operating and fund raising aspects of the facility. Upon completion of the construction, the primary responsibilities of the Lake Superior Center Authority are to ensure the building is used for the purpose of a Freshwater Education Center as directed by the legislation and to ensure the maintenance of the building.

### Programs and Activities:

On behalf of the Lake Superior Center Authority, the Great Lakes Aquarium continues to be used for governmental purposes and to carry out the primary mission of Freshwater Education as evidenced by the attached 2003 Education Report (Attachment 1) detailing the accomplishments and partnerships.

The City of Duluth assumed management of the facility in November 2002 when the non-profit had insufficient cash to continue operations. The Aquarium was closed except for weekends from November 2002 through Memorial Day 2003 but has been open daily since. The management responsibility for GLA was returned to the non-profit board in June 2003. Paid attendance was approximately 120,000 visitors in 2003 and GLA continues to be the most visited paid attraction in Duluth.

In September of 2002, a broad-based citizens task force was created by Mayor Gary Doty to review the Aquarium's operations. In January 2003 the task force recommendations included seeking an experienced

management company. Initially, the Lake Superior Center non-profit board entered into contract negotiations with Minnesota Aquarium (dba Underwater Adventures at the Mall of America) to assume management responsibilities of GLA. These negotiations were unsuccessful primarily due to the heavy debt load and complexity of the agreements between the Authority, Aquarium, the City of Duluth and the Duluth Economic Development Authority.

In May 2003, the Lake Superior Center non-profit board entered into a short-term contract with Ripley's Leisure Management Inc. to manage the day-to-day operations. Ripley's manages 46 attractions in 11 countries including two much larger aquariums in Myrtle Beach, South Carolina and Gatlinberg, Tennessee. We are seeking to enter into a longer-term agreement with Ripley's because this has proven to be a successful partnership and they bring aquarium management experience and expertise in husbandry, marketing & promotion, retail and management. Ripley's is paid a management fee and is charged with the responsibility of fulfilling the statutory mission.

**Sources of Funding:**

In 2003, GLA required cash support from the City of Duluth who has been covering operating shortfalls. The Duluth Economic Development Authority also reimbursed GLA for some of the construction overruns previously paid from operations. The city made the required bond payment. GLA also continued to collect pledges and donations as well as regular gate receipts.

**Administrative Expenses:**

The primary administrative expenses of the Authority have been the state audit, insurances and legal fees as we work through management contract negotiations. The Authority does not employ any staff. All Authority support and expenses are the responsibility of the LSC non-profit.

**Assets and Liabilities:**

A copy of the LSCAs Balance Sheet and Income Statement is attached from the 2002 Audit performed by the State Auditor is attached (Attachment 2). The Auditor's opinion was "unqualified".

**Changes to Operational Plans:**

We continue to pledge to meet the stated mission of being a Freshwater Education Center. To enable GLA to enter into a long-term agreement with a management company as well as return to fund raising efforts for new programs and exhibits, the non-profit is presently negotiating with the City of Duluth and the DEDA to address debts GLA is not likely to ever be able to pay and to simplify all reporting requirements. All changes made will be subject to approval by the State of Minnesota.

Further to this, the Authority is continuing to express its desire to the non-profit that reserves for maintenance need to be part of any longer term management plan once the operations have been stabilized.

Changes to bylaws, policies, rules or programs: There were none in 2003.

For further information, please contact one of the three current Authority members:

Chair – Cynthia Marshall Hayden  
Lake Superior Magazine  
218-722-5002

Vice Chair – Dr. Robert Carlson  
UMD Dept. of Chemistry  
218-726-7231

Secretary-Treasurer – John Guenther  
Minnesota DNR  
651-249-7170





# Great Lakes Aquarium

## 2003 EDUCATION REPORT

---

SUBMITTED BY: DAVID SCHAEFFER  
DIRECTOR OF EDUCATION

### MISSION STATEMENT:

**The Great Lakes Aquarium will capture the wonder and excitement of Lake Superior, inspire responsibility for the world's large lakes and fresh water and create understanding of their value.**

### MAJOR ACCOMPLISHMENTS AND PARTNERSHIPS:

- ☐ **Education Classes and Floor Programs** continue to excite and facilitate an even greater quality experience for visitors. Participant numbers include both children and adults of all ages.
  - **Over 7000 visitors enjoyed Great Lakes Aquarium as part of an education group.** These groups are mostly school groups, but may also include church outings, tour buses, or other groups of individuals.
  - **Over 1300 of those visitors also participated in a one-hour or longer educational class.** They took their educational experience even further by participating in programs such as "Stories in Stone," "Habitat Tracker," "Lake Lab," and "Creature Feature."
  - **Daily floor programs continue to educate and entertain visitors.** Each day we present at least six informal, ten to fifteen minute public programs on subjects ranging from otters to loons to Isle Royale National Park.
- ☐ **A freshwater stingray touch tank** has recently been opened. This exhibit is regularly staffed, often by our volunteers, and is an opportunity for guests to learn more about this fascinating creature from the Amazon. Their stings have been removed, so they are perfectly safe for visitors to touch.
- ☐ **Our outreach program** has continued, reaching schools in Duluth and Superior that may not be able to travel to Great Lakes Aquarium. In addition, we often meet classes at local nature areas such as Park Point and Kitchi Gammi Park for on-site natural history programming.
- ☐ For the fifth year in a row, we partnered with MINNAQUA, the Department of Natural Resources' aquatic education program, to provide summer opportunities for youth and adults in the region to learn more about fishing and aquatic ecosystems.
- ☐ **Our volunteer program** is still going strong with 60 active volunteers! We pride ourselves on always having strong local involvement in our education program at the Aquarium

## MAJOR ACCOMPLISHMENTS AND PARTNERSHIPS (continued):

- ☐ Students from **University of Minnesota Duluth's** Field Interpretation classes each volunteered 12 hours with our education department. After an initial training session, they informally interacted with our guests on the Aquarium floor using our Learning Carts. In addition, students from a Recreation Management class used Great Lakes Aquarium as a practical setting while creating a management plan for our education department.
- ☐ **SeaGrant, The University of Minnesota Duluth,** and Great Lakes Aquarium have joined together to create **Partners in Education**. Through this program, Education majors at UMD volunteer for 30 hours each with SeaGrant and GLA to help teach freshwater education to local school groups.

## SPECIAL EVENTS:

- ☐ **During our Beach Sweep Weekend,** held in collaboration with **International Coastal Cleanup**, 334 people collected garbage from 15 miles of area waterways. In total, over 1500 pounds of trash were collected!
- ☐ **We began our summer camp program.** Area youth could choose from one-day, week-long, or overnight experiences at Great Lakes Aquarium.
- ☐ **Our Open House for local schools** was held on October 12<sup>th</sup>. Area school district personnel and their families received complimentary admission to Great Lakes Aquarium that day, and over 100 visited us.
- ☐ **Our annual Halloween event, Scarium at the Aquarium,** was on October 26<sup>th</sup>. In addition to trick-or-treating around the Aquarium, the 700 guests were able to learn more about the scarier side of Lake Superior and fresh water.

## PROMOTIONS:

- ☐ At the end of the 2003 school year, we distributed **one free ticket to every school child** in the four local school districts, valid anytime during the summer. In addition, we thanked the local teachers for their support by allowing **all local teachers to visit the Aquarium anytime for free**.
- ☐ Our largest promotional effort was the creation and distribution of our 12-page, full color **Education Catalog**. This catalog was sent in November to every school within 125 miles of the Aquarium, including the entire Minneapolis/St. Paul region, and has already generated an impressive number of visiting groups.
- ☐ The education department presented at several conferences and workshops. We had a table at **Education Minnesota**, an annual teachers' conference with approximately 12,000 attendees. In addition, we presented a **Brown Bag Lunch** at the **Minnesota Office of Environmental Assistance** in St. Paul.

## LOOKING AHEAD:

- ☐ We anticipate **greatly increasing the numbers of visitors** booked through the Education Department, and those attending classes. Between the influence of our Education Catalog mailing and being open daily throughout the entire year, we anticipate at least **doubling the number of school visitors**. In addition, we are **expanding our summer camp offerings**.
- ☐ We are once again housing the Northland **MINNAQUA** program, helping us to spread freshwater education and fishing experiences to a six county area of Northern Minnesota.
- ☐ We are always looking for **more partnerships** to help us accomplish our mission. For example, in 2004 we have already expanded our **Partners in Education** Program, are working with two different college courses from the **University of Minnesota Duluth**, and beginning a **College Internship** program over the summer.
- ☐ We are **expanding our Outreach Program**. For example, we have a one-week trip to the Upper Peninsula of Michigan planned for late March in conjunction with the Seaborg center at Northern Michigan University.



**LAKE SUPERIOR CENTER AUTHORITY  
DULUTH, MINNESOTA**

**EXHIBIT A**

**COMBINED BALANCE SHEET  
CAPITAL PROJECTS FUND AND ACCOUNT GROUP  
DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>	
	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>2002</u>	<u>2001</u>
<u>Assets</u>				
Cash - paying agent	\$ -	\$ -	\$ -	\$ 46,649
Cash - escrow account	134,367	-	134,367	153,373
Grant receivable - Duluth Economic Development Authority	-	-	-	286,000
Grant receivable - Lake Superior Center	-	-	-	234,060
Fixed assets	-	31,613,570	31,613,570	31,588,785
<b>Total Assets</b>	<u><u>\$ 134,367</u></u>	<u><u>\$ 31,613,570</u></u>	<u><u>\$ 31,747,937</u></u>	<u><u>\$ 32,308,867</u></u>
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Contracts payable	\$ 207,056	\$ -	\$ 207,056	\$ 720,082
<u>Equity</u>				
Investment in general fixed assets	\$ -	\$ 31,613,570	\$ 31,613,570	\$ 31,588,785
Fund balances				
Unreserved				
Undesignated	(72,689)	-	(72,689)	-
<b>Total Equity</b>	<u><u>\$ (72,689)</u></u>	<u><u>\$ 31,613,570</u></u>	<u><u>\$ 31,540,881</u></u>	<u><u>\$ 31,588,785</u></u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 134,367</u></u>	<u><u>\$ 31,613,570</u></u>	<u><u>\$ 31,747,937</u></u>	<u><u>\$ 32,308,867</u></u>

**LAKE SUPERIOR CENTER AUTHORITY  
DULUTH, MINNESOTA**

**EXHIBIT B**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>2002</u>	<u>2001</u>
<b>Revenues</b>		
Grant revenues		
Duluth Economic Development Authority	\$ -	\$ 286,000
Lake Superior Center	(50,898)	221,966
Interest earnings	<u>2,994</u>	<u>4,542</u>
<b>Total Revenues</b>	<b><u>\$ (47,904)</u></b>	<b><u>\$ 512,508</u></b>
<b>Expenditures</b>		
Capital outlay		
Building construction	\$ 22,000	\$ 447,428
Exhibits	-	27,043
Professional fees	<u>2,785</u>	<u>38,037</u>
<b>Total Expenditures</b>	<b><u>\$ 24,785</u></b>	<b><u>\$ 512,508</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (72,689)</b>	<b>\$ -</b>
<b>Fund Balance - January 1</b>	<u>-</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<b><u><u>\$ (72,689)</u></u></b>	<b><u><u>\$ -</u></u></b>