Analysis of Development Opportunities at Golden Oak Ranch

4-22-1987

Harrison Price Company

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ANALYSIS OF DEVELOPMENT OPPORTUNITIES AT GOLDEN OAK RANCH

Prepared for:
Disney Development Corporation

April 22, 1987

Prepared by:
Harrison Price Company
876 South Bronson Avenue
Los Angeles, California 90005

(213) 937-3457
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In January 1987, Disney Development Corporation (DDC) retained Harrison Price Company (HPC) to conduct a consulting assignment with three principal objectives, as follows:

1. To test the feasibility of a Backlot Studio/Attraction Concept at Golden Oak Ranch and, if the ranch proved unsuitable, to evaluate other locations for an entertainment industry-related attraction in Southern California.

2. To evaluate alternative leisure time development opportunities at Golden Oak Ranch.

3. To discuss and comment on opportunities for new Disney attractions in Southern California.

To meet these objectives, HPC undertook a five-step research and consulting program which consisted of the following tasks:

1. Preparation of background materials pertinent to the assignment based on a tour of the Golden Oak Ranch, a presentation of the "Backlot Attraction" concept developed by Walt Disney Imagineering (WDI), a review of previous studies and evaluations, and a compilation of tourist, resident and attraction data for the Primary and Secondary Market areas. The market data were compiled in a separate report ("Background Data For The Golden Oak Ranch Charrette" dated February 2, 1987) containing sections on market demographics, Southern California tourism and tourist attractions, San Fernando Valley attractions, special interest camps,
and hotel/motel data. The most pertinent background data are summarized in this report.

2. Participation in a one-day planning charrette with key staff from DDC, WDI and HPC on the Backlot Attraction and other concepts for Golden Oak Ranch. Participants included:

<table>
<thead>
<tr>
<th>Name</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Block</td>
<td>Ray Burge</td>
</tr>
<tr>
<td>Chris Carradine</td>
<td>Ben Cowitt</td>
</tr>
<tr>
<td>Jerry Dunn</td>
<td>John MacLeod</td>
</tr>
<tr>
<td>Harrison Price</td>
<td>Jay Rasulo</td>
</tr>
<tr>
<td>Marty Sklar</td>
<td>Bob Weiss</td>
</tr>
<tr>
<td>Nick Winslow</td>
<td>Joan Woodard</td>
</tr>
</tbody>
</table>

The charrette served to broaden the planning team's approach to evaluating opportunities at Golden Oak Ranch, for an entertainment industry-related attraction in Southern California, and for Disney opportunities in general in Southern California. The result was a set of directions for HPC to pursue in the next phase of the analysis.

3. Additional research and evaluation based on directions from the charrette. Preliminary thoughts and findings were submitted in a February 27, 1987 memorandum to Joan Woodard and Pat Scanlon entitled "Outline of Preliminary Thoughts Concerning Golden Oak Ranch and a Backlot Attraction."

4. Refinement and further broadening of the work program based on a review and critique of HPC's interim report. HPC was asked to provide additional thoughts on alternative entertainment-related attractions, and further options for a new Disney attraction in Southern California.

Pertinent findings of this study are presented in Section 2, the Executive Summary. Section 3 examines key market and site issues conditioning development opportunities at Golden Oak Ranch. In Section 4, the Backlot Attraction concept is evaluated, preliminary attendance and financial projections set forth, and alternative development concepts for the ranch discussed. Section 5 takes a broad look at opportunities for a Disney entertainment-industry related attraction, as well as other attraction opportunities in Southern California.

This report was prepared by Nicholas S. Winslow, President of Harrison Price Company, in consultation with Harrison A. Price, Chairman. The excellent input and assistance from the staffs of both DDC and WDI is acknowledged with appreciation.
Section 2

EXECUTIVE SUMMARY

The principal findings of this study are summarized below. The data and analysis supporting these findings are contained in the main body of the report.

MARKET AND SITE ANALYSIS FOR GOLDEN OAK RANCH

• Golden Oak Ranch has a total available market of 32 million persons, including 12 million residents and 20 million visitors. All market segments are large and affluent. The Primary Resident Market for Golden Oak is smaller than for Universal Studio Tour, but is growing faster than the Los Angeles market as a whole. Current traffic by the site is not sufficient to support a major stop-off attraction.

• The Golden Oak site has several constraints which influence development potential at the ranch including:
  - Zoning - currently "Heavy Agriculture" and "Urban Hillside."
  - Topography - 72.3 percent of the 708 acres has a slope greater than 25 percent.
  - Flood Plain - runs through the site. Will cost $2.75 million to channel. Other required site costs are estimated at $2.1 million.
  - Access - would benefit from acquisition of the Chevron property which is located between the ranch and the principal access route, Highway 14.
Attendance at Southern California attractions has been static since 1978, indicating a mature and competitive market. In the last three years, the two strongest attractions have been Disneyland and Universal Studio Tour. Universal gets 85 percent of its attendance from tourists, reflecting a strong (16.3 percent) penetration of the visitor market but anemic performance in the resident market. Universal's location, credibility, history and scope make it a formidable competitor to any new entertainment industry themed attraction. Knott's Berry Farm, because of its Western theme, is also seen as a competitor.

At present, Los Angeles County has only one major water park, Raging Waters in San Dimas. There is ample market support for a water park in the San Fernando Valley, but several locations better than Golden Oak Ranch. The best potential location is Sepulveda Dam Park.

Hollywood Exposition, being planned as a $55 million attraction on Hollywood Boulevard next to the Chinese Theater is proceeding forward. Implementation would further complicate the competitive picture.

BACKLOT ATTRACTION AT GOLDEN OAK RANCH

The success of the Universal Studio Tour clearly demonstrates tourist interest in the entertainment industry. Resident interest, however, is weak.

WDI's concept for a backlot/movie ranch attraction themed around the discovery of gold at the ranch has many strong components but the concept as a whole is, in HPC's opinion, not as strong as Universal. The magic of being on a real studio lot is missing.
HPC projects that stabilized annual attendance at the backlot attraction would range from 2.4 million to 3.0 million, and that per capita revenue would be $20.00 to $22.00. These levels of attendance and spending would result in Net Operating Profit (before tax, interest and depreciation) of $11.9 million to $15.7 million, implying supportable investment of +/- $100 million.

HPC considers the backlot concept to be a high risk venture given the location, strength of Universal, difficulty in market positioning, and competition/market maturity. We also question whether a credible park can be developed within the $100 million cost constraint.

ALTERNATIVES FOR THE RANCH

A number of "themed adventure" concepts were investigated. These include Western guest ranches, murder mystery adventures, etc. It is HPC's opinion that Golden Oak is too near the Los Angeles basin to qualify as a wilderness or rural experience. Other adventure formats are highly specialized and at present do not represent businesses of sufficient size to work for Disney. A concept which combines several adventure attractions may be a possibility but requires further study.

ENTERTAINMENT INDUSTRY RELATED ATTRACTIONS

Moving the "backlot attraction" concept from Golden Oak Ranch to a site with closer proximity to the available markets will not appreciably increase projected attendance or supportable investment.

Hollywood Exposition is an entertainment industry themed project which can easily be differentiated from
Universal and is unique because of its Hollywood location. Disney could take an active role in the design and management of the venture. Hollywood Exposition is the cornerstone of Hollywood's redevelopment program, and, although it has limited economic upside, the public relations benefits of a leadership role could be substantial.

OTHER ATTRACTION OPPORTUNITIES

- Urban Retail/Entertainment - HPC continues to be enthused about the potentials of the Disney Center concept. Potential locations in Southern California include:

  - Anaheim - Benefits from the large hotel base, the convention center and synergism with Disneyland.

  - Farmers Market - A large, underutilized site with an existing base of 6 million patrons annually. Potential to develop site with existing owners.

  - Los Angeles Union Station - The best available site close enough to downtown to benefit from large daytime support base. The site is 52 acres, with an additional 35 acres of the Terminal Annex also available. The Union Station building is already planned for retail/entertainment use.

- Resorts - Capitalizes on Disney's strength in the tourism industry but is not competitive with Disneyland. Three locations warrant consideration:

  - Anaheim - Synergy with the park.

  - Irvine Coast - Southern California is underserved in quality ocean resorts. The coastal area south
of Corona del Mar is largely underdeveloped and offers wide latitude in development concepts. Traffic is a problem.

- Marineland site - At 103 acres, the largest coastal site in Los Angeles County. Planning underway for a private party to develop as a major resort and conference center.

- Children's Park - In HPC's opinion, the unsatisfactory performance of children's parks such as Sesame Place and Hanna-Barbara Land result as much from conceptual failings as market limitations. Denmark's LEGOLAND, with annual attendance of 800,000 in a rural location more than 1½ hours from a major city, is evidence that a strong project can be successful. Disney is ideally positioned to create a feasible children's park. A children's park concept would compete to a limited extent with Disneyland and should be sited accordingly, but may be replicable at several locations in the U.S.

- Buy Wrather - Recent changes in the price of Disney and Wrather stocks may make Wrather more appealing as an acquisition than previous reviews. In addition to the potential of the Disneyland Hotel, the shoreline property adjacent to the Queen Mary in Long Beach has upside potential.

- Final comment - The Southern California attractions market is crowded, mature and competitive, making any new attraction venture, even from Disney, difficult to support.
Section 3

MARKET AND SITE ANALYSIS OF GOLDEN OAK RANCH

This section of the report reviews quantitative and qualitative aspects of the resident and tourist markets for an attraction at Golden Oak Ranch, site constraints impacting the nature and character of development, and competitive factors in the Southern California attractions industry.

AVAILABLE MARKET

For the purposes of this analysis, HPC has divided the available market into three principal segments—the Primary and Secondary Resident markets consisting of those persons residing within 25 miles and 50 miles of the ranch, respectively, and the Tourist Market consisting of intra-state, interstate and foreign visitors. The "Pass-By" or potential stop-off market is also briefly discussed.

Resident Market

Table 1 compares the Primary and Secondary Resident Market populations for Newhall (Golden Oak Ranch), the San Fernando Valley (Universal Studio Tour) and Orlando (Walt Disney World). As one might expect, there are few differences between the Secondary Markets for the two Southern California sites. Golden Oak's secondary market is 9.2 million compared to 10.8 million for Universal City. Age patterns are nearly identical, although Golden Oak's secondary market is slightly less affluent than Universal's.

There are substantial differences between the Primary (25 mile radius) markets for Golden Oak and Universal. As shown in the table, Golden Oak has a current primary resident market population of 2.8 million, compared to 6.7 million for Universal.
## Table 1

COMPARATIVE DEMOGRAPHIC CHARACTERISTICS OF SELECTED ENTERTAINMENT MARKETS

1986

<table>
<thead>
<tr>
<th></th>
<th>Newhall¹</th>
<th>San Fernando Valley²</th>
<th>Orlando³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25 Mile</td>
<td>50 Mile</td>
<td>25 Mile</td>
</tr>
<tr>
<td>Population</td>
<td>2,806,272</td>
<td>9,234,960</td>
<td>6,749,732</td>
</tr>
<tr>
<td>Percent White</td>
<td>76.9%</td>
<td>67.5%</td>
<td>63.3%</td>
</tr>
<tr>
<td>Percent Black</td>
<td>6.7%</td>
<td>12.1%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Percent Other</td>
<td>16.4%</td>
<td>20.4%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Percent Spanish</td>
<td>19.3%</td>
<td>28.2%</td>
<td>30.9%</td>
</tr>
<tr>
<td>Number of Households</td>
<td>1,142,029</td>
<td>3,414,374</td>
<td>2,538,730</td>
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<tr>
<td>Median Household Income</td>
<td>$27,378</td>
<td>$25,419</td>
<td>$24,126</td>
</tr>
<tr>
<td>Median Family Income</td>
<td>$33,071</td>
<td>$29,309</td>
<td>$27,914</td>
</tr>
<tr>
<td>Median Age</td>
<td>35.0</td>
<td>32.2</td>
<td>32.4</td>
</tr>
<tr>
<td>Income Distribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Percent of total households)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-$14,999</td>
<td>27.3%</td>
<td>29.8%</td>
<td>31.9%</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>18.8%</td>
<td>19.5%</td>
<td>19.9%</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>16.5%</td>
<td>17.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>16.2%</td>
<td>16.2%</td>
<td>15.1%</td>
</tr>
<tr>
<td>$50,000+</td>
<td>21.2%</td>
<td>17.5%</td>
<td>16.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

¹ Golden Oak Ranch.
² Universal City.
³ Church Street Station.

Source: Donnelley Marketing Services and Harrison Price Company.
While population growth rate has been higher in the Newhall area than in the San Fernando Valley in recent years (1.5 percent vs. 1.1 percent per year from 1980 to 1986), planning for the Golden Oak site must reflect the relative shortcomings of the primary market. A use or attraction requiring a sizeable close-in population base could find a better location in Southern California than Golden Oak Ranch. Golden Oak's primary market is, however, more affluent and less ethnic than most major Los Angeles area market segments. By virtually every measure, the Southern California resident markets are larger and of better quality than the comparable markets in Central Florida.

Tourist Market

California remains the number one travel state in America in terms of overall visitor volume and spending, although Florida ranks first in out-of-state tourism. Despite the size and importance of California's visitor industry, however, detailed tourism statistics from reliable sources are nearly non-existent. Extrapolating from the limited data which do exist, HPC estimates current visitation to Southern California at approximately 20 million persons, including 7.2 million intra-state tourists, 10 million from out-of-state, and 2.8 million foreign visitors. This visitor count includes people coming to Southern California for all reasons--business, to visit friends and relatives, attend a convention, etc. in addition to vacation and recreational travel. Visitor trends since 1970 are shown in Table 2. As can be seen in the table, tourism grew rather rapidly during the 1970s, going from 14 million in 1970 to 18.7 million in 1980, a 2.9 percent annual growth rate. Since 1980, the annual growth rate has declined to 1.1 percent, indicating a mature market. Tourists to Southern California have a high propensity to travel rather widely throughout the region, with the result that attractions are less location sensitive to tourists than residents.
Table 2
ORDER OF MAGNITUDE ESTIMATE OF TOURISM TO SOUTHERN CALIFORNIA 1970-1995 (Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Intra-State</th>
<th>Out-of-State</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>4,000</td>
<td>8,400</td>
<td>1,600</td>
<td>14,000</td>
</tr>
<tr>
<td>1971</td>
<td>4,200</td>
<td>7,700</td>
<td>1,600</td>
<td>13,500</td>
</tr>
<tr>
<td>1972</td>
<td>4,500</td>
<td>8,000</td>
<td>1,500</td>
<td>14,000</td>
</tr>
<tr>
<td>1973</td>
<td>5,300</td>
<td>8,400</td>
<td>1,700</td>
<td>15,400</td>
</tr>
<tr>
<td>1974</td>
<td>5,400</td>
<td>8,400</td>
<td>1,700</td>
<td>15,500</td>
</tr>
<tr>
<td>1975</td>
<td>5,700</td>
<td>8,500</td>
<td>1,900</td>
<td>16,100</td>
</tr>
<tr>
<td>1976</td>
<td>6,100</td>
<td>9,500</td>
<td>2,200</td>
<td>17,800</td>
</tr>
<tr>
<td>1977</td>
<td>6,100</td>
<td>9,900</td>
<td>2,300</td>
<td>18,300</td>
</tr>
<tr>
<td>1978</td>
<td>6,000</td>
<td>10,000</td>
<td>2,400</td>
<td>18,400</td>
</tr>
<tr>
<td>1979</td>
<td>5,900</td>
<td>9,700</td>
<td>2,600</td>
<td>18,200</td>
</tr>
<tr>
<td>1980</td>
<td>6,000</td>
<td>9,800</td>
<td>2,900</td>
<td>18,700</td>
</tr>
<tr>
<td>1981</td>
<td>6,100</td>
<td>9,800</td>
<td>3,100</td>
<td>19,000</td>
</tr>
<tr>
<td>1982</td>
<td>6,800</td>
<td>9,800</td>
<td>2,700</td>
<td>19,300</td>
</tr>
<tr>
<td>1983</td>
<td>6,900</td>
<td>9,800</td>
<td>2,600</td>
<td>19,300</td>
</tr>
<tr>
<td>1984</td>
<td>7,000</td>
<td>9,900</td>
<td>2,700</td>
<td>19,600</td>
</tr>
<tr>
<td>1985</td>
<td>7,200</td>
<td>10,000</td>
<td>2,800</td>
<td>20,000</td>
</tr>
<tr>
<td>1990</td>
<td>7,500</td>
<td>10,500</td>
<td>3,200</td>
<td>21,200</td>
</tr>
<tr>
<td>1995</td>
<td>8,000</td>
<td>11,000</td>
<td>3,700</td>
<td>22,700</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
Potential Stop-Off Market

Most kinds of entertainment, as opposed to amusement, attractions benefit from a certain amount of impulse patronage and thus are sensitive traffic volume past their site. Accordingly, HPC compared Average Daily Traffic (ADT), the average number of vehicles passing a given spot in both directions, for four relevant locations in Southern California, as shown below:

<table>
<thead>
<tr>
<th>Location</th>
<th>ADT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hollywood Freeway @ Universal City</td>
<td>212,000</td>
</tr>
<tr>
<td>I-5 @ Disneyland</td>
<td>159,000</td>
</tr>
<tr>
<td>I-5 @ Magic Mountain</td>
<td>49,000</td>
</tr>
<tr>
<td>Highway 14 near Golden Oak Ranch</td>
<td>33,000</td>
</tr>
</tbody>
</table>

The table clearly shows the urbanized character of the Universal City and Disneyland sites, and the much less developed nature of the North San Fernando Valley at both Magic Mountain and Golden Oak Ranch. In HPC's opinion, the current volume of traffic on Highway 14 is not sufficient to support a large scale stop-off attraction, indicating that any attraction developed in the near future at Golden Oak will have to be a destination, building its own traffic over time.

SITE CONSIDERATIONS/CONSTRAINTS

A number of site issues condition or constrain the character and scope of development at Golden Oak. These issues are discussed in the following paragraphs.

Zoning

The ranch is currently zoned for "Heavy Agriculture" and "Urban Hillside." In the "Hillside" area, the zoning code permits the construction of one dwelling unit per two acres, and requires 70 percent of the land to remain as open space. A major commercial development of any type will require a change in zoning. Further, the oak trees on the property are protected—they can only be cut by permit, an additional complication in securing the necessary approvals for a project.
Topography

Much of the ranch's beauty is attributable to its rolling and hilly topography. The slopes, however, may be a significant barrier to extensive development of the property. As shown in the text table below, 56 acres, or 7.9 percent of the land, has a slope of between 10 percent and 25 percent, and 512 acres, or 72.3 percent of the land, has a slope of more than 25 percent.

<table>
<thead>
<tr>
<th>Slope</th>
<th>Site Area</th>
<th>Percent of Total Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 10%</td>
<td>140 acres</td>
<td>19.8%</td>
</tr>
<tr>
<td>10 - 25%</td>
<td>56 &quot;</td>
<td>7.9</td>
</tr>
<tr>
<td>Over 25%</td>
<td>512 &quot;</td>
<td>72.3</td>
</tr>
<tr>
<td>Total</td>
<td>708 acres</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

While this study is not intended to address a given schematic layout, it is reasonable to assume that topography will either greatly constrain the scope of the project or add considerably to site development costs.

Other Physical Conditions

Much of the flat land on the site is a flood plain which in its present state is unbuildable. An engineering assessment concluded that the flood plain could be made buildable by channeling the creek which runs through the site at a cost of $2.75 million, as shown in Table 3. The table also lists $2.1 million in other costs, principally water, sewer and fees, required for any extensive development at the ranch, bringing the total for all on-sites, off-sites and fees to $4.86 million.

Access

General access to the region is excellent from all areas of the Los Angeles market via I-5 and U.S. 14. Access to the site itself is more difficult because of the need to bypass the
Table 3

SUMMARY
MAJOR OFF-SITE UTILITIES IMPROVEMENTS AND COSTS
GOLDEN OAK RANCH

<table>
<thead>
<tr>
<th>UTILITY</th>
<th>IMPROVEMENTS/DESCRIPTION</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Off-Site Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Electricity</td>
<td>none after 1988</td>
<td>$0</td>
</tr>
<tr>
<td>2. Natural Gas</td>
<td>none</td>
<td>$0</td>
</tr>
<tr>
<td>3. Telephone</td>
<td>200' cable @ $30/ft.</td>
<td>6,000</td>
</tr>
<tr>
<td>4. Water</td>
<td>3,500 l.f. @ $30/1.ft.</td>
<td>105,000</td>
</tr>
<tr>
<td></td>
<td>1 million gal. storage tank</td>
<td>500,000</td>
</tr>
<tr>
<td>5. Sewer</td>
<td>20,000 l.f. @ $45/1.f.</td>
<td>900,000</td>
</tr>
<tr>
<td></td>
<td>1 lift station</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$1,711,000</strong></td>
</tr>
</tbody>
</table>

| B. On-Site Improvements |                          |            |
| 1. Storm Drain         | 5,000 l.f. @ $550/1.f.   | $2,750,000 |
| (L.A. County)          | underground box 10' x 20' |            |

| C. Fees               |                          |            |
| 1. Sanitary Sewer     |                          |            |
| Annexation Fees       |                          |            |
| a. Acreage Fee        | 708 acres @ $550/acre    | $389,400   |
| b. Processing Fee     | 21 acres @ $100/acre     | 2,100      |
| c. Local Agency Fee   | 687 acres @ $5/acre      | 3,435      |
| d. State Board of Equalization |            | 700        |
| **TOTAL**             |                          | **$395,885** |

| D. Grand Total        |                          | **$4,856,885** |

Chevron property on a 2-land road. Development of a major attraction or other large project will almost assuredly require acquisition of the Chevron property to bring site access closer to U.S. 14.

Production Needs

Any plan for the ranch must consider whether or not film and video production should continue and, if so, how production and public areas will interface. In light of the limitations to developing the site imposed by its topography, particular attention must be paid to maintaining compatibility if some of the more active and noisy attractions are pursued.

REGIONAL CONSIDERATIONS

Regional tourist infrastructure and competition are discussed in the following paragraphs.

Regional Hotel/Motel Room Inventory

Hotel/Motel room count is one indication of the extent of an area's tourist development. Accordingly, HPC made a room inventory for the I-5 corridor near the site, including Saugus/Newhall, San Fernando, Burbank and Glendale, and the remainder of the San Fernando Valley, including Woodland Hills, Canoga Park, Sherman Oaks, North Hollywood, Van Nuys and Studio City. This inventory is summarized in Table 4. As shown in the table, the I-5 corridor has 2,249 rooms, the remainder of the Valley 3,689 rooms for a total inventory of 5,938 rooms. Of this total, 2,109 rooms are in hotels and 3,829 are in motels. Universal City accounts for 940 rooms, equivalent to 45 percent of the hotel inventory and 16 percent of the total room inventory.

The Valley in general, and the North Valley in particular, have low inventories of overnight accommodations compared to other parts of the Greater Los Angeles market. For example, the
## Table 4
### SUMMARY OF HOTEL/MOTEL INVENTORY
#### VALENCIA AREA AND THE SAN FERNANDO VALLEY

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Hotels/ Motels</th>
<th>Number of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOTELS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I-5 Corridor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burbank</td>
<td>1</td>
<td>280</td>
</tr>
<tr>
<td>North and Mid-S. F. Valley</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woodland Hills</td>
<td>1</td>
<td>473</td>
</tr>
<tr>
<td>Sherman Oaks</td>
<td>1</td>
<td>216</td>
</tr>
<tr>
<td>North Hollywood</td>
<td>2</td>
<td>940</td>
</tr>
<tr>
<td>Studio City</td>
<td>1</td>
<td>200</td>
</tr>
<tr>
<td>Subtotal-Hotels</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>MOTELS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I-5 Corridor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valencia</td>
<td>1</td>
<td>188</td>
</tr>
<tr>
<td>San Fernando</td>
<td>1</td>
<td>120</td>
</tr>
<tr>
<td>Burbank</td>
<td>6</td>
<td>761</td>
</tr>
<tr>
<td>Glendale</td>
<td>8</td>
<td>900</td>
</tr>
<tr>
<td>North and Mid-S. F. Valley</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woodland Hills</td>
<td>6</td>
<td>441</td>
</tr>
<tr>
<td>Canoga Park</td>
<td>3</td>
<td>144</td>
</tr>
<tr>
<td>Tarzana</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td>Sherman Oaks</td>
<td>3</td>
<td>208</td>
</tr>
<tr>
<td>North Hollywood</td>
<td>2</td>
<td>320</td>
</tr>
<tr>
<td>Van Nuys</td>
<td>5</td>
<td>701</td>
</tr>
<tr>
<td>Subtotal-Motels</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>42</td>
<td>5,938</td>
</tr>
</tbody>
</table>

Total Hotels & Motels
- I-5 Corridor 17 2,249
- North & Mid-S. F. Valley 25 3,689

Source: Harrison Price Company.
LAX area has 11,171 rooms, Downtown Los Angeles 7,792 rooms, South Bay 7,285 rooms, and West Los Angeles 8,187 rooms. The total 1986 inventory is estimated at 60,635 rooms. Occupancy rates are in the 65 percent to 70 percent range.

**Regional Attractions**

Table 5 shows annual paid attendance at major themed attractions in the United States from 1971 to 1986. As indicated in the table and summarized in the text table below, attendance at both California and Los Angeles/Orange County attractions has been static since 1978:

<table>
<thead>
<tr>
<th>Year</th>
<th>Attendance at all California Attractions (000)</th>
<th>Attendance at Attractions in L.A. &amp; Orange Counties (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>33,728</td>
<td>23,743</td>
</tr>
<tr>
<td>1981</td>
<td>33,515</td>
<td>23,328</td>
</tr>
<tr>
<td>1983</td>
<td>32,387</td>
<td>22,027</td>
</tr>
<tr>
<td>1984</td>
<td>30,663</td>
<td>20,986</td>
</tr>
<tr>
<td>1985</td>
<td>34,024</td>
<td>23,981</td>
</tr>
</tbody>
</table>

Since 1984, all attendance growth in the state is attributable to increased attendance at Disneyland (9.5 million to 12 million) and Universal Studio Tour (2.8 million to 3.8 million). Both added major attractions during this period, and Disney greatly increased its park advertising and promotion. The attendance figures indicate a mature market with limited growth potential. HPC questions if additional theme park attendances can be squeezed from the existing market. Clearly, any new attraction designed to compete with the top second-tier attractions (i.e. with Universal, Knott's, Sea World and Magic Mountain), will have to offer very substantial entertainment values in order to capture (i.e. pirate) attendance from the existing base. The option is to compete outside the realm of conventional theme parks, appealing to under-served segments of the resident and tourist markets.
<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Busch-Van Nusy</td>
<td>CA</td>
<td>---</td>
<td>---</td>
<td>---</td>
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</tr>
<tr>
<td>Disneyland</td>
<td>CA</td>
<td>12,000</td>
<td>12,000</td>
<td>9,500</td>
<td>9,960</td>
<td>10,421</td>
<td>11,343</td>
<td>11,019</td>
<td>10,421</td>
<td>10,345</td>
<td>10,475</td>
<td>9,517</td>
<td>9,657</td>
<td>9,015</td>
<td>9,453</td>
</tr>
<tr>
<td>Knotts Berry Farm</td>
<td>CA</td>
<td>3,000</td>
<td>3,000</td>
<td>3,418</td>
<td>3,427</td>
<td>3,427</td>
<td>3,341</td>
<td>3,105</td>
<td>3,179</td>
<td>3,440</td>
<td>3,815</td>
<td>3,630</td>
<td>3,375</td>
<td>3,450</td>
<td>3,885</td>
</tr>
<tr>
<td>Marine World/Africa</td>
<td>CA</td>
<td>1,650</td>
<td>965</td>
<td>917</td>
<td>875</td>
<td>875</td>
<td>872</td>
<td>776</td>
<td>809</td>
<td>781</td>
<td>631</td>
<td>901</td>
<td>816</td>
<td>727</td>
<td>---</td>
</tr>
<tr>
<td>Hollywood Studios</td>
<td>CA</td>
<td>1,865</td>
<td>1,891</td>
<td>1,860</td>
<td>1,860</td>
<td>1,700</td>
<td>2,516</td>
<td>2,025</td>
<td>2,281</td>
<td>2,388</td>
<td>2,453</td>
<td>2,210</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>San Diego Wild Animal</td>
<td>CA</td>
<td>1,228</td>
<td>1,137</td>
<td>1,137</td>
<td>1,156</td>
<td>1,148</td>
<td>1,108</td>
<td>1,046</td>
<td>1,058</td>
<td>1,110</td>
<td>988</td>
<td>903</td>
<td>814</td>
<td>826</td>
<td>784</td>
</tr>
<tr>
<td>Sea World-SD</td>
<td>CA</td>
<td>3,100</td>
<td>3,100</td>
<td>3,000</td>
<td>2,945</td>
<td>2,724</td>
<td>2,572</td>
<td>2,454</td>
<td>2,454</td>
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<td>2,454</td>
<td>2,454</td>
<td>2,454</td>
<td>2,454</td>
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</tr>
<tr>
<td>Six Flags-MM</td>
<td>CA</td>
<td>413</td>
<td>440</td>
<td>525</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
<td>610</td>
</tr>
<tr>
<td>Six Flags-Magic Mountian</td>
<td>CA</td>
<td>2,860</td>
<td>2,850</td>
<td>2,640</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
<td>2,568</td>
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</tr>
<tr>
<td>Sea World-Orlando</td>
<td>FL</td>
<td>4,030</td>
<td>3,478</td>
<td>3,050</td>
<td>2,755</td>
<td>2,622</td>
<td>2,388</td>
<td>2,072</td>
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<td>2,072</td>
<td>2,072</td>
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</tr>
<tr>
<td>Six Flags-ShOFL</td>
<td>FL</td>
<td>350</td>
<td>525</td>
<td>525</td>
<td>525</td>
<td>525</td>
<td>525</td>
<td>525</td>
<td>525</td>
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<td>525</td>
<td>525</td>
<td>525</td>
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<td>525</td>
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<tr>
<td><strong>TOTAL CALIFORNIA</strong></td>
<td></td>
<td>34,024</td>
<td>30,663</td>
<td>32,287</td>
<td>31,160</td>
<td>33,515</td>
<td>32,103</td>
<td>31,366</td>
<td>33,728</td>
<td>32,555</td>
<td>31,746</td>
<td>28,887</td>
<td>26,038</td>
<td>26,343</td>
<td>22,685</td>
</tr>
<tr>
<td>Walt Disney World</td>
<td>FL</td>
<td>22,400</td>
<td>22,400</td>
<td>11,143</td>
<td>11,464</td>
<td>12,560</td>
<td>13,221</td>
<td>13,783</td>
<td>13,792</td>
<td>14,071</td>
<td>13,000</td>
<td>13,050</td>
<td>12,500</td>
<td>10,834</td>
<td>11,600</td>
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<tr>
<td><strong>TOTAL FLORIDA</strong></td>
<td></td>
<td>30,565</td>
<td>28,830</td>
<td>30,559</td>
<td>21,008</td>
<td>22,023</td>
<td>21,144</td>
<td>21,819</td>
<td>22,888</td>
<td>23,068</td>
<td>24,208</td>
<td>23,432</td>
<td>22,076</td>
<td>20,191</td>
<td></td>
</tr>
<tr>
<td>Cedar Point</td>
<td>OH</td>
<td>2,750</td>
<td>2,750</td>
<td>2,561</td>
<td>2,575</td>
<td>2,631</td>
<td>2,715</td>
<td>2,749</td>
<td>2,900</td>
<td>3,105</td>
<td>2,886</td>
<td>3,065</td>
<td>2,622</td>
<td>2,584</td>
<td>2,244</td>
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<tr>
<td><strong>TOTAL OHIO</strong></td>
<td></td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
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<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
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<td>1,000</td>
<td>1,000</td>
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<td>1,000</td>
</tr>
<tr>
<td><strong>TOTAL CHIC</strong></td>
<td></td>
<td>7,603</td>
<td>7,514</td>
<td>7,377</td>
<td>7,067</td>
<td>7,312</td>
<td>7,326</td>
<td>7,790</td>
<td>7,932</td>
<td>7,596</td>
<td>7,537</td>
<td>6,998</td>
<td>7,119</td>
<td>6,859</td>
<td>5,234</td>
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<tr>
<td>Hershey Park</td>
<td>PA</td>
<td>1,585</td>
<td>1,675</td>
<td>1,635</td>
<td>1,605</td>
<td>1,484</td>
<td>1,514</td>
<td>1,495</td>
<td>1,487</td>
<td>1,565</td>
<td>1,715</td>
<td>1,472</td>
<td>1,250</td>
<td>1,280</td>
<td>1,026</td>
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<tr>
<td>Busch-Walburg</td>
<td>VA</td>
<td>1,774</td>
<td>2,057</td>
<td>1,862</td>
<td>1,651</td>
<td>1,814</td>
<td>2,102</td>
<td>2,117</td>
<td>1,919</td>
<td>2,159</td>
<td>1,792</td>
<td>1,740</td>
<td>1,587</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Opryland</td>
<td>TN</td>
<td>2,370</td>
<td>2,447</td>
<td>2,059</td>
<td>2,014</td>
<td>2,287</td>
<td>2,250</td>
<td>1,829</td>
<td>1,939</td>
<td>2,145</td>
<td>2,068</td>
<td>2,126</td>
<td>1,927</td>
<td>1,870</td>
<td>1,770</td>
</tr>
<tr>
<td>Silver Dollar City</td>
<td>TN</td>
<td>1,400</td>
<td>504</td>
<td>485</td>
<td>463</td>
<td>424</td>
<td>448</td>
<td>428</td>
<td>374</td>
<td>329</td>
<td>247</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Six Flags-Georgetown</td>
<td>GA</td>
<td>2,450</td>
<td>2,276</td>
<td>2,188</td>
<td>2,457</td>
<td>2,182</td>
<td>2,210</td>
<td>2,373</td>
<td>2,897</td>
<td>2,837</td>
<td>2,466</td>
<td>2,250</td>
<td>2,180</td>
<td>2,116</td>
<td>1,714</td>
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<tr>
<td><strong>TOTAL EAST S.E.</strong></td>
<td></td>
<td>17,223</td>
<td>15,268</td>
<td>15,436</td>
<td>14,644</td>
<td>14,946</td>
<td>12,808</td>
<td>13,013</td>
<td>13,339</td>
<td>12,135</td>
<td>11,605</td>
<td>10,745</td>
<td>6,170</td>
<td>5,019</td>
<td>3,171</td>
</tr>
<tr>
<td>Year</td>
<td>Six Flags-Astro World TX</td>
<td>Six Flags-Texas TX</td>
<td>Total, Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1986</td>
<td>1,660</td>
<td>1,800</td>
<td>4,035</td>
<td></td>
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<td></td>
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<th>Marriott-Gurnee IL</th>
<th>Valley Fair MN</th>
<th>Silver Dollar City MO</th>
<th>Six Flags-Mid Americ MO</th>
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| Year | Source: Harrison Price Company. | Estimate. |
Universal Studio Tour

Universal's Studio Tour is a great success story, building from a 1971 attendance of 936,000 to a record 3.8 million in 1986, surpassing Knott's as the second leading attraction in California. Attendance at Universal grew at an annual rate of 26 percent between 1971 and 1975, and at 9.5 percent between 1975 and 1980, before leveling off at 0.5 percent during the current decade, another reflection of market maturity. The park's market share of total attendance peaked at 11.5 percent in 1980, and currently ranges from 9 percent to 10 percent, a further indication of market competitiveness. The Studio Tour is the most tourist oriented of all California attractions, with 85 percent of attendance coming from non-residents. This attendance pattern is equivalent to a 16.3 percent penetration of the tourist market and a rather anemic 5.3 percent penetration of the total resident market. The numbers clearly demonstrate the tourist market's interest in an entertainment industry related theme and Universal's ability to satisfy that interest, as well as the resident market's considerably lower interest in an entertainment industry attraction. Whether the difference in resident and tourist penetrations is attributable to the Studio Tour's theme, format, marketing thrust or some other factor is not known. In recent years Universal's expansion has emphasized new shows as opposed to tour expansion, which may improve the attraction's appeal to the resident market.

Universal obviously represents significant competition to a Disney "Backlot Tour/Attraction" at Golden Oak Ranch or any other location in California. With respect to the Golden Oak site per se, HPC offers the following comments:

1. Universal has better proximity to both the resident and tourist markets than Golden Oak.
2. The Studio Tour greatly benefits from the other Universal City attractions—-the Amphitheater, restaurants and hotels.

3. Universal benefits from having the credibility of a "real working studio," despite the separation of the production areas from the tour areas. Guests are given the feeling that they are visiting a studio, not a themed attraction, and that they might encounter a celebrity during their visit.

4. The history, scope, quality, location and success of the Universal Studio Tour preempts a directly competitive "studio tour" attraction in Southern California. While there may be room in the market for an attraction based on the entertainment industry, another "tour" cannot be supported.

Magic Mountain

Six Flags Magic Mountain is almost the antithesis of Universal Studio Tour in that it is principally an iron ride park which is heavily oriented towards the resident market. With attendance of 1.19 million in its first full year of operation, Magic Mountain's annual volumes have varied substantially as a result of accidents, in-park violence, a change in ownership and other factors. Attendance peaked at 2.96 million in 1976, fell to the 1.9 million range in 1979 and 1980, and has now been built back to 2.8 million. During the rebuilding years from 1981 through 1985, Magic Mountain's market share increased from 7.1 percent to 7.7 percent. Magic Mountain has traditionally attracted 65 percent of its visitors from the Primary Resident Market (a 65 percent penetration), and 25 percent from the Secondary Resident Market (a 10.9 percent penetration, or a total resident market penetration of 27.3 percent), but only 10 percent of its attendance from the tourist market, equivalent to 1.4 percent penetration. There is no evidence that Six Flags intends to
redirect its park expansion and promotion policies to make Magic Mountain more attractive to tourists.

Magic Mountain is less well located to its major markets than Golden Oak and does not benefit from proximity to other attractions; thus its success is an indication of the viability of a North Valley location. In HPC's opinion, Magic Mountain would not be directly competitive with the attraction proposed for Golden Oak Ranch.

Knott's Berry Farm

From its humble beginnings as a food stand, Knott's Berry Farm has become a Southern California institution noted for its themed attraction, its "Chicken Dinner Restaurant," and a successful specialty retail center. As the only major attraction in the United States to feature a "Western" theme, Knott's appeals to both domestic and foreign tourists. The attractions within the park present a somewhat confused picture, with a strong iron ride component directed towards the local market, and Ghost Town and other "Western" areas catering to tourists. Several years ago Knott's management realized that its identity was becoming too mixed and began a redevelopment program, commencing with Camp Snoopy, aimed at reinforcing the park's Western theme. Since the installation of a major ride package in 1975, Knott's attendance has consistently ranged between 3.5 million and 4.0 million visitors annually, about half residents and half tourists. A similar number of persons patronize the Chicken Dinner Restaurant and the retail center, with approximately a one-third crossover, indicating some 5 million persons on-site annually.

Knott's is well located with respect to both the resident and tourist markets. Although the park has no direct connection with the entertainment industry theme, its Western orientation makes it somewhat comparable and competitive to the attraction proposed for Golden Oak Ranch.
San Fernando Valley Attractions

Attractions located in the San Fernando Valley are listed in Table 6. With the exception of a few major facilities, the large, affluent Valley population base appears to be relatively underserved in entertainment, as opposed to amusement, attractions. Magic Mountain accommodates the ride park need. The Universal Amphitheater, which hosts 859,000 persons annually at 163 events for an 85 percent seat occupancy factor, is near capacity and apparently serves the live pop entertainment market. The Los Angeles Zoo fills its important regional niche, but there are no other major attractions.

Water Parks

Despite the region's favorable climate and water orientation, there is only one major water park in Los Angeles County--Raging Waters at Frank G. Bonelli Regional Park in San Dimas, 25 miles east of Los Angeles. In addition, water parks have recently opened in Irvine and Palm Springs. Weather dictates that all of these parks be seasonal operations. In 1985, Raging Waters had attendance of 470,000 but the Valley accounted for only a small fraction of attendance. The principal drawing radius of a water park is a 15- to 25-minute drive. Given Raging Waters' location and what is known about water park market penetration characteristics, it is reasonable to assume that the Valley could support a major park. In HPC's opinion, the best location for such an attraction in the Valley is Sepulveda Dam Park operated by the Los Angeles City Parks Department. Located at the intersection of the San Diego and Ventura Freeways, Sepulveda Dam is much better sited for a water park than Golden Oak Ranch. At one time Los Angeles City Park Department officials indicated an interest in tendering a water park project for Sepulveda Dam, but inquiries made in conjunction with this project came up negative. The City may someday seek a developer for a water park at Sepulveda
<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Description</th>
<th>Admission Price</th>
<th>1986 Estimated Annual Attendance</th>
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<tr>
<td><strong>AMUSEMENT PARKS &amp; ZOOS</strong></td>
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<tr>
<td>Six Flags Magic Mountain</td>
<td>20 major mechanical rides, 11 kiddie rides, 3 water-oriented rides, 24 games, 18 refreshment stands, 2 restaurants</td>
<td>$15.95 general use, $7.95 under 48 inches, $8.50 seniors, under 2 free</td>
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<tr>
<td>26101 Magic Mountain Parkway Valencia</td>
<td>260 acres, more than 100 rides and attractions, entertainment musical productions, shops, concessions, craft village, open 10AM-days vary, closed Mon-Fri in winter</td>
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<td>2,800,000</td>
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<tr>
<td>Los Angeles Zoo</td>
<td>113 landscaped acres; animals grouped by continental origin, reptile house, aviary house, aquatic section, koala house, children's zoo, picnic area, strollers (open 10AM-5PM)</td>
<td>$4.50 adults, $1.50 children ages 5-15, $3.00 seniors, under 5 free</td>
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<td>5333 Zoo Drive Los Angeles</td>
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<tr>
<td>Rent-A-Pony</td>
<td>Petting zoo and pony rides, goats, horses, llamas, farm animals, open Sat-Sun and holidays 10AM-4PM</td>
<td>$1.50 per person</td>
<td>24,000</td>
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<tr>
<td>Childrens Petting Zoo 8225 1/2 Tampa Reseda</td>
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<td>$2.00 pony rides, children under 1 free</td>
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<tr>
<td>Name/Location</td>
<td>Description</td>
<td>Admission Price</td>
<td>1986 Estimated Annual Attendance</td>
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<tr>
<td>Universal Studios Tour</td>
<td>2 1/2 hour guided tram ride through 420-acre motion picture and TV production area; tour ends at Entertainment Center where live action shows are given. King Kong attraction tours daily 10AM throughout day Mon-Fri, 9:30AM Sat-Sun.</td>
<td>$14.95 adult, $10.95 children 3-11, $11.50 seniors, free under 3</td>
<td>3,800,000</td>
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<tr>
<td>NBC Studio Tour</td>
<td>One hour studio tours daily, free taping TV show tickets, 8:30A-4:30P Mon-Fri, 10:00A-4P Sat. &amp; 10A-2P Sun., depart every half hour</td>
<td>$5.50 adult, $3.50 5-14, free under 5</td>
<td>160,000</td>
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<td>General Motors Assembly Division</td>
<td>One hour walking tour of auto assembly plant, Tue-Fri 9A-5P</td>
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<td>Universal Amphitheater</td>
<td>World-class 6,200-seat indoor amphitheater presenting popular music concerts, plays and other entertainment events (163 events in 1985)</td>
<td>$17.00-$40.00 plus $1.50 facility fee</td>
<td>859,000</td>
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<tr>
<td>Name/Location</td>
<td>Description</td>
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<td>The Country Club, 18415 Sherman Way, Reseda</td>
<td>982-seat nightclub/cabaret presenting western attractions and rock &amp; roll and musical shows</td>
<td>$7.00-$15.00</td>
<td>86,000</td>
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<tr>
<td>The Palomino Club, 6907 Lankershim Blvd., North Hollywood</td>
<td>350-seat nightclub/bar presenting top name western musical attractions</td>
<td>$5.00-$12.50</td>
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<td>Warner Center, Concerts in the Park, Woodland Hills</td>
<td>Free Sunday afternoon concerts in Warner Center Park</td>
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<tr>
<td>Excalibur Theater, 23305 Mulholland Dr., Woodland Hills</td>
<td>914-seats, drama, comedies, musicals</td>
<td>Opening May 15, 1987</td>
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<tr>
<td>Mission San Fernando Rey de Espana, 15151 San Fernando Mission Bl., San Fernando</td>
<td>Restored Mission, collection of Indian Artifacts, furniture, woodcarvings, altars, Archival Center housing ecclesiastical and historical documents</td>
<td>Free to children under 15, $1.00 adults, Mon-Sat 9A-5P, Sun 10A</td>
<td>30,000</td>
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<tr>
<td>Merle Norman Classic Beauty Collection, 15180 Bledsoe St., Sylmar</td>
<td>Museum with over 175 classic and antique autos and rare musical instruments</td>
<td>Admission free, tours Tue-Sat 10A-1:30P, reservations required</td>
<td>35,000</td>
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<td>The Canoga Mission Gallery</td>
<td>Arts, crafts &amp; cultural center relating to early California, works by Contemporary American and Mexican artists</td>
<td>Free, Wed-Sun 11A-5P</td>
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<td>Forest Lawn Memorial Park</td>
<td>300 landscaped acres, recreation of Michaelangelo's statues, Leonardo da Vinci's Last Supper in stained glass, museum shop</td>
<td>Free, open 8A-5P special hours for viewing some art work</td>
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<td>1712 S. Glendale Ave.</td>
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<td>Castaic Lake County Recreation Area</td>
<td>2 reservoir lakes-Castaic Lake, 2,500 surface acres, 36 miles of shore, waterskiing &amp; fishing. Dorn Lagoon-180 surface acres. 3 miles of shore, non-power boat, swimming</td>
<td>$2 day vehicle entry, $3 day boat inspection fee</td>
<td>60,000 boats 900,000 average attendance</td>
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<tr>
<td>Los Angeles Equestrian Center- Griffith Park</td>
<td>75 acres, Grand Prix jumping course, 4,000-seat indoor Equidome, trails, boarding</td>
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<tr>
<td>Travel-Town - Griffith Park</td>
<td>Travel museum, train rides, antique trains</td>
<td>Train rides, adults $1.25, ages 18 mo. to 11 - $0.75, open Mon-Fri 10A-5P, Sat-Sun 10A-6P</td>
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<tr>
<td>Name/Location</td>
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<td>Stoneypoint</td>
<td>Foundation of boulder-type rocks, hiking trails</td>
<td>Free</td>
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<td>Topanga Blvd. Chatsworth</td>
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<tr>
<td>Stage Coach Trails</td>
<td>Old stage coach trails that first brought traffic to the San Fernando Valley</td>
<td>Free</td>
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<td>Chatsworth Park South</td>
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<tr>
<td>Donald C. Tillman Recreation Center</td>
<td>Japanese gardens, 6 1/2 acres, tea house</td>
<td>Free</td>
<td>Opened 1987</td>
</tr>
<tr>
<td>6100 Woodley Van Nuys</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orcutt Ranch Horticulture Center</td>
<td>Spanish style ranch house, 16 acres of citrus trees, gardens</td>
<td>Free, open</td>
<td>N.A.</td>
</tr>
<tr>
<td>23600 Roscoe Blvd. Canoga Park</td>
<td></td>
<td>daily 7A-5P,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>tours of house</td>
<td></td>
</tr>
<tr>
<td>William S. Hart County Park</td>
<td>Home &amp; 253 acre ranch of western movie star, Buffalo, picnic facilities</td>
<td>Admission free,</td>
<td>185,000</td>
</tr>
<tr>
<td>1 3/4 mi. NW of SR 14 via San Fernando Rd.</td>
<td></td>
<td>Wed-Fri 10A-3P,</td>
<td></td>
</tr>
<tr>
<td>Newhall</td>
<td></td>
<td>Sat-Sun 10A-5P</td>
<td></td>
</tr>
<tr>
<td>Los Encinos State Historic Park</td>
<td>Restored De La Osa adobe, lake, blacksmith shop and other American period</td>
<td>Admission free,</td>
<td>30,000</td>
</tr>
<tr>
<td>16756 Moorpark St. Encino</td>
<td>buildings, picnic</td>
<td>Wed-Sun 8A-5P,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tours $0.25-$0.50</td>
<td></td>
</tr>
<tr>
<td>Name/Location</td>
<td>Description</td>
<td>Admission Price</td>
<td>1986 Estimated Annual Attendance</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Sepulveda Dam Recreation Area</td>
<td>2,000-acre basin leased from Free Federal Gov't. to City of L.A., three 18-hole golf courses (Balboa, Encino, Woodley); 80 acres, sports fields, tennis courts, outdoor gym, handball courts, childrens areas, 20-acre picnic ground, cricket field, archery range, garden center, bike and roller skating paths</td>
<td>Free</td>
<td>9,989,600</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N.A. means not available.

Source: Harrison Price Company.
Dam, but has no plans to do so at present. On the other hand, a small complex which may include a commercial water activity is being studied by the City for Griffith Park. In HPC's opinion, Griffith Park is not nearly as attractive as Sepulveda Dam for development of a water park, but a major City commitment to Griffith Park could forestall development opportunities at the Dam for a considerable time.
CONCEPT

The concept for the proposed attraction studied by WDI has as its anchor theme the discovery of gold at the Ranch in 1842, leading to the name Golden Oak. Using this discovery and the pioneer era of California as a backdrop, the attraction would be positioned as a combined studio backlot, movie ranch and adventure/entertainment center featuring a wide array of shows and experiences. A preliminary "Blue Sky" menu of potential project components is shown in Table 7. Principal components include themed restaurants and accommodations, a number of participatory adventures (including a water park), a movie ranch/entertainment industry attraction, and several studio production facilities. As envisioned, the project is not a theme park and not a studio tour. Both the site and the concept can claim validity based on the actual role of the site in California history, its continuing use as a movie ranch, its location near Hollywood and function as a satellite studio, and the association with Disney.

During the Golden Oak charrette, considerable attention was directed towards expanding concepts for extended stay (2 to 5 days) themed adventure experiences. The ideas discussed include:

- Hollywood Hotel, where guests would dress in costume and adopt roles in a mythical film.
- Movie Camp, where guests would participate in producing a film of their adventure.
- A Western ranch, similar to a dude ranch but themed on the old Spanish Land Grant Ranchos.
### Table 7

**DISNEY STUDIOS**

#### Dining
- Best Santa Fe Mexican/Indian Restaurant
  - A La Rancho Chimayo in Santa Fe
  - On Zorro Set in Backlot
- Hussong's Cantina
- Farmer's Ranch Market

#### Accommodations
- Campground/Rancho Casa
- Backlot Hotel Options

#### Airport
- Ear Force I
  - Blimp ride to Burbank
    (and over Universal Studios)
- Airport for Ultralights and Helicopters
- Wind Walkers/Air Shows

#### Adventures
- Outdoor Stunt School
  - Falls/Stunts
  - Gunfights, etc.
- Mountain Climbing/Cave Exploring
- Underground Mine Caverns
- Deliverance Canoe Ride/River Rapids
- Movie Camp for young Steven Spielbergs
- Safari Adventure/Western Adventures
  - War Games
  - Fantasy Vacations
  - Sleep in Ghost Town and be attacked by Mexican mummies
- Typhoon Lagoon & Tom Sawyer's Island
### Table 7 (continued)

#### Animals
- True-Life Adventures
  - Themed trekking adventures
  - Fishing/wildlife
  - Gold panning
  - Mule and horse trips
  - Treasure hunts
- Best Wranglers
  - Animals
  - Bugs
  - Large animals
  - Elephants, etc.
  - Horses
- Lassie's Camp for Dogs
- David Letterman Animals Contests/Events
- Big Thunder Ranch
  - BBQ Restaurant in backlot
  - Best Western Show
  - Stampedes, hangings
  - Rodeos
  - Blazing Saddles semi-annual chili cook-off
- Livestock
  - Buffalo and cattle herd

#### Attractions
- Cecil B. DeMille Show with guest participants
  (per Studio Tour)
- Epic "Ramona-type" outdoor shows
- Major pyrotechnic displays
- Floods/earthquake
- Great Hollywood exhibitions
- Museum of miniatures, costumes, etc.
- Costume rental to guests
  - All styles and genres
- Cars/Trucks
  - Auto stunt demos
- Many personal appearances
Table 7
(continued)

**Studio**

- Skywalker Ranch
  - Editing suites, small soundstages, but mostly a backlot area
- Animation building and tour
- WDI Special Effects Facility
- Simulator R & D Facility
- Biggest soundstage in the world
- Disney Channel or network TV series
  - Space Zorro
  - Family series
  - Dog series
  - Marshal Blazestar

**Movie Ranch**

- Best backlot ever
  - Always under construction
  - All locations
  - All landscapes
  - Best art director
  - Special events
  - BBQ
- Preservation
  - Relocate backlot sets from studios on Hollywood
- Steam Train
  - Tour vehicle instead of trams
  - Runaway, bridge wash out, earthquake, etc.
  - Appears in backlot:
    - Jungle/banana train
    - Desert/Old West
    - European town
    - New York street (elevated)
    - Dining car as restaurant experience
- Poltergeist Neighborhood
  - Residential backlot which crazy at night
  - Cartoon backlot
    - Goofy's Rent-A-Wreck iron ride for kids
  - Lakes, tank, famous boats
• Safari Adventures, which could be themed on exploration, survival, fantasy, etc.

These concepts are discussed in greater detail later in this report.

CONCEPT EVALUATION

HPC offers the following comments regarding the Golden Oak backlot attraction concept based on the market data discussed earlier in this report:

• Continued success at Universal clearly demonstrates the strength of the entertainment industry theme, particularly within the tourist market. The question most germane to this analysis is whether or not there is additional market potential for an entertainment industry themed attraction. As noted earlier, Universal has yet to succeed in substantially penetrating the resident market. In HPC's view, it is reasonable to believe that an entertainment industry themed attraction designed to appeal to the resident as well as the tourist market could succeed in building a large attendance base.

• Golden Oak is not as well located for tourist patronage as Universal or Knott's, but its location is not a major impediment to development of an attraction with strong attendance performance.

• Many people and interest groups for many years have attempted to develop a museum or museum attraction devoted to the history and fantasy of Hollywood. Perhaps the most credible of these efforts is the state-backed proposal for Hollywood Exposition. Current plans call for the Hollywood Exposition to be a
$55 million tribute to the motion picture, radio, television and recording industries, located on Hollywood Boulevard next to the Chinese Theater in the large, mixed-use project being developed by Melvin Simon and Associates. Attendance forecasts for the Exposition range from 1.0 to 1.5 million persons annually, depending on the final scope of the attraction, admission pricing policy, etc. While implementation of Hollywood Exposition is far from assured, the state, the Community Redevelopment Agency, and the developer are committed at this point in time, with the result that the project has a reasonable chance of being realized. The Exposition will add another entertainment industry attraction to the already crowded Southern California market, clouding the picture for the concept proposed for Golden Oak.

- The Ranch is not presently an IATSE facility. Development of sound stages and/or post-production at the Ranch would surely require a union contract, changing the economics of the Ranch as a production facility.

- In 1986, the Ranch generated approximately $500,000 in production rental fees, netting some $250,000. Commercials account for 40 percent of production at Golden Oak. Disney's use consists of just 10 percent of total production. While the ranch is not aggressively marketed, even a doubling or tripling of production use would leave the ranch a very small operating unit. Thus, from a purely economic point of view, production use of the ranch should be subservient to the attraction, if developed.

- WDI's preliminary concept for the Golden Oak attraction includes a Typhoon Lagoon or comparable water park attraction. It is HPC's opinion that the ranch is not
as well located for a major water attraction as some other potential sites in the San Fernando Valley, and we recommend that, if intended as a separate gate, the water park be excluded from the schematic plan.

• The concepts developed for the extended stay adventure attractions are intriguing and worthy of additional study. HPC has reservations, however, about the compatibility of the adventure attractions with a mass attraction such as the studio backlot concept.

• Any evaluation must account for the fact that Disney is developing the attraction, and attendance performance plussed accordingly.

After studying the proposed backlot concept in the context of other Southern California attractions, market conditions and site considerations, HPC has concluded that, while several of the components have considerable merit, an attraction themed on a studio backlot is not as conceptually strong as a studio tour attraction as presently defined by Universal. Sound stages, stars, lights, special effects, etc. offer more sizzle to the average tourist than outdoor sets. The ranch would be perceived for what it is—a satellite of a major studio, not the hub.

PRELIMINARY PERFORMANCE PROJECTIONS

The following paragraphs summarize HPC's preliminary estimates of attendance, operating income and supportable investment.

Attendance

HPC projects that a well conceived and executed Disney backlot attraction developed at Golden Oak Ranch would attract between 2.4 million and 3.0 million visitors annually by the third year of operation, based on the following market penetrations:
<table>
<thead>
<tr>
<th></th>
<th>Market Size (000)</th>
<th>Range of Penetration (Percent)</th>
<th>Range of Attendance (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>9,700</td>
<td>3% - 5%</td>
<td>291 - 485</td>
</tr>
<tr>
<td>Tourists</td>
<td>21,200</td>
<td>10 - 12</td>
<td>2,120 - 2,544</td>
</tr>
<tr>
<td>Total</td>
<td>30,900</td>
<td></td>
<td>2,411 - 3,029</td>
</tr>
</tbody>
</table>

The penetration rates used in the projection are based on the experience of comparable attractions in Southern California and elsewhere, the market environment, and the positioning of the attraction in the market. Attendance in the 2.4 million to 3.0 million range would place the Disney backlot attraction among the leaders in Southern California, but would be less than attendance at Universal. HPC believes this to be a reasonable position given the theme, scope and location of the project.

**Operating Income**

As a test of economic feasibility, HPC prepared a preliminary pro forma statement of park revenues and expenses using "low" and "high" assumptions for attendance and per capita revenues. This analysis is summarized in Table 8. The table uses the attendance ranges derived above and per capita revenues ranging from $14.00 to $15.00 for admission, $2.50 to $3.00 for food and beverage, $2.50 to $3.00 for merchandise and $1.00 for "other" items including parking, stroller rentals, games, etc. Total per capita is projected at $20.00 to $22.00, bringing Gross Revenue to between $48.2 million and $66.6 million. Assuming Disney operates all revenue centers, Cost of Goods factors are applied as follows: 32 percent for food and beverage, 47 percent for merchandise, and 25 percent for "other," leaving Net Revenue of between $42.9 million and $58.7 million. Operating expenses are projected at 60 percent of Gross Revenue, resulting in an estimated Operating Profit of $13.9 million to $18.7 million. Deducting a Reserve for Reinvestment of $2.0 million to $3.0 million results in a Net Operating Profit (before tax, interest and depreciation) of from $11.9 million to $15.7 million.
Table 8
PRELIMINARY ECONOMIC ANALYSIS
OF GOLDEN OAK RANCH ATTRACTION

<table>
<thead>
<tr>
<th>Attendance</th>
<th>2,411</th>
<th>3,029</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admission</td>
<td>$14.00</td>
<td>$15.00</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>2.50</td>
<td>3.00</td>
</tr>
<tr>
<td>Merchandise</td>
<td>2.50</td>
<td>3.00</td>
</tr>
<tr>
<td>Other</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Total</td>
<td>$20.00</td>
<td>$22.00</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>$48,220</td>
<td>$66,638</td>
</tr>
<tr>
<td>Cost of Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food &amp; Beverage @ 32%</td>
<td>$1,929</td>
<td>$2,908</td>
</tr>
<tr>
<td>Merchandise @ 47%</td>
<td>2,833</td>
<td>4,271</td>
</tr>
<tr>
<td>Other @ 25%</td>
<td>603</td>
<td>757</td>
</tr>
<tr>
<td>Total</td>
<td>$5,365</td>
<td>$7,936</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$42,855</td>
<td>$58,702</td>
</tr>
<tr>
<td>Operating Expenses @ 60%</td>
<td>28,932</td>
<td>34,983</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$13,923</td>
<td>$18,719</td>
</tr>
<tr>
<td>Less: Reserve For Reinvestment</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Net Operating Profit (before tax, interest and depreciation)</td>
<td>$11,923</td>
<td>$15,719</td>
</tr>
<tr>
<td>Supportable Investment ($ millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>@ 12% Cap Rate</td>
<td>$99.4</td>
<td>$131.0</td>
</tr>
<tr>
<td>@ 14% Cap Rate</td>
<td>$85.2</td>
<td>$112.3</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
Supportable Investment

The analysis indicates a supportable investment of $99.4 million to $131.0 million at a 12 percent cap rate, and $85.2 million to $112.3 million at a 14 percent cap rate.

Conclusions

HPC considers the Golden Oak backlot concept to be a relatively high risk venture given the location, strength of Universal, difficulty in defining a product concept which will be perceived as being on a par with Universal, market maturity, and the untested appeal of the backlot/movie ranch concept. The preliminary financial analysis, coupled with the assessment of risk, indicates a reasonable level of investment +/- $100 million including all site costs, acquisition of the Chevron property, pre-opening expenses, construction, etc. HPC questions that a strong attraction, capable of generating the projected level of attendance, can be developed within this budget constraint.

ALTERNATIVE APPROACH TO GOLDEN OAK RANCH DEVELOPMENT

As noted earlier, considerable time in the charrette was devoted to discussing theme adventure concepts. The essence of all the themes and concepts discussed was an extended stay attraction in which the guests experience a shift in time and place, and participate in their fantasies. In physical terms, the concept becomes a specialized resort with a heavy emphasis on environment and programming. As such, it is not a mass attraction with millions of guests annually, but a unique place which caters to affluent families and makes up in daily per capita what it lacks in attendance volume. The charrette participants generally agreed that Disney has a singular capability to create such a destination or destinations, and that Golden Oak may be a suitable site.
Subsequent to the charrette, HPC studied several attractions/destinations where participation/role playing is an important program component. The most developed segment of this market in the U. S. is the Western guest (or dude) ranch. HPC surveyed several of the more prominent ranches, including:

- The Alisal, Solvang, California
- San Ysidro Ranch, Santa Barbara, California
- Greenhorn Creek Ranch, Quincy, California
- Wickenburg Inn, Arizona
- Flying-E Ranch, Arizona

From the survey come the following observations:

- Most guest ranches occupy very large sites (thousands of acres) because they are working ranches, although one of the better facilities, San Ysidro, has only 550 acres. Escape, isolation and separation from the real world are critical selling points. Golden Oak may be too confined and "freeway close" to qualify as a Western Ranch experience.

- Capacities at the ranches surveyed are relatively low. The Alisal is built to accommodate 180 guests. Flying-E takes 25 to 30 guests at a time. Greenhorn Creek has 28 units. Much of the charm of the ranches is their intimacy and the chance for guests, mostly from the city, to escape from large groups of people. It is this intimacy which justifies, and necessitates, the high costs of visiting these destinations.

- As implied above, the ranches are fairly upscale. Rates range from $90.00 to $130.00 per person per day, double occupancy, American Plan.
- A full range of recreational amenities is offered and required.

- Patronage is characterized by:
  - High repeat visitation, over 50 percent.
  - An average length of stay of 3 to 5 nights.
  - Full occupancy during the Summer, dropping to 60 percent occupancy during the off-season.
  - High degree of regional (i.e. intra-state) patronage.

Other "adventure experience" concepts were also investigated, as discussed below:

- A developing segment of this specialized form of entertainment/recreation is the "murdery mystery" adventure. A number of firms are now promoting a wide variety of programs, from single evening affairs to cruise adventures. Burbank-based Keith & Margo's Murder Mystery Weekend has the most extensive program. Their typical adventure lasts three days and two nights, ranged as follows:

<table>
<thead>
<tr>
<th>Site</th>
<th>Cost (Per Person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Inn</td>
<td></td>
</tr>
<tr>
<td>Train to San Diego</td>
<td>$200-$365</td>
</tr>
<tr>
<td>Cruise to Ensenada</td>
<td>$445</td>
</tr>
<tr>
<td></td>
<td>$650</td>
</tr>
</tbody>
</table>

Keith & Margo's also develops custom programs for corporate and other private clients, who account for 60 percent of the business. The proprietors report that their most successful events are usually the less expensive ones, about 15 percent of the business is repeat and 30 percent to 40 percent is referral business. Clearly, the "mystery weekend" business is a cottage industry which at present cannot support a
major investment in dedicated facilities. Nevertheless, the concept and format are interesting and have a following, which may be useful in programming an adventure themed destination.

- Several projects over the years have been themed to castle life and the middle ages. In reality, most of these have been themed restaurants without any sophisticated entertainment component. A recent entry into the field, Medieval Times Restaurant in Buena Park, California (a branch of a group which started in Spain and also has a location in Central Florida). The attraction is built around a major equestrian arena and features jousting knights, etc. and a medieval banquet. All three locations are reported to be heavily patronized, with attendance in Buena Park estimated at approximately 250,000 persons per year, partially limited by capacity. A project of this scope would obviously be too small for Disney, but the medieval theme, and the Camelot styled entertainment may be worthy of consideration as components in a larger venture.

- There are a number of specialized resorts which have grown up around major attractions and institutions which may have applicability in conceptualizing a destination attraction. These include:

  - The NASA Space Camp at Huntsville
  - Treetops in Kenya
  - The Orient
  - Several European castles and manor houses
  - Madonna Inn near San Luis Obispo, the height of Renaissance degenerate architecture

A wide range, to be sure.
A feasibility assessment of an adventure resort at Golden Oak is beyond the scope of this assignment. Additional creative and planning input would be required concerning the types and sizes of resort components best suited to the Ranch before feasibility can be addressed. Regardless of configuration, the site and format will limit capacity and revenue potential. HPC envisions a gross revenue potential of from $10 million to $20 million per major component. The advantages of pursuing this course in the development of Golden Oak are:

- The scale is compatible with the site, it won't become overcrowded.
- Competition with Disneyland is held to a minimum.
- Capital cost is lower than a mass attraction.
- It represents a unique creative venture consistent with Disney's image.

Disadvantages include:

- Pioneering venture with all the attendant risks.
- Lower revenue and profit potential than a mass attraction.

If the concept of developing an "adventure resort" at Golden Oak appeals to Disney management, additional studies should be conducted to better define opportunities, risks and financial parameters.

SUMMARY

As noted in the first half of this section, HPC is not convinced that the "backlot/ranch" concept proposed for Golden Oak is strong enough to compete in the crowded Southern California attractions market. A preliminary economic analysis indicates a total supportable investment in the range of $100 million if the park performs well. HPC questions whether a
credible product can be developed within this budget constraint. As an alternative to the backlot attraction concept for the ranch, HPC investigated several "adventure resort" concepts. It is HPC's opinion that Golden Oak is too near the Los Angeles basin to qualify as a wilderness or rural experience. Other formats are highly specialized and at present are not likely to represent businesses of sufficient size to interest Disney. A concept which combines several adventure attractions may be a possibility but requires further study.
Section 5
OTHER POTENTIAL ATTRACTION CONCEPTS
FOR DISNEY IN SOUTHERN CALIFORNIA

In this final section of the report, alternative "entertainment industry" and "other" commercial attraction concepts which appear to be suitable for consideration by Disney are presented and discussed. All but one of the concepts are site specific and do not relate to Golden Oak Ranch. The discussion is divided into two sections — entertainment industry related attractions and other attractions.

ENTERTAINMENT INDUSTRY RELATED ATTRACTIONS

In reviewing the findings of this study with DDC and WDI subsequent to the charrette, the question arose of what type of entertainment industry themed attraction would offer Disney the best opportunity in Southern California. As discussed in the previous section, HPC concluded that a "backlot/ranch" attraction at Golden Oak is most likely a marginal venture. The problem is not the Golden Oak location. The backlot concept is not as strong as the Universal Studio Tour, and the supportable investment too low to create a blockbuster attraction. Universal has effectively captured a high percentage of the available tourist market, which would be difficult to wrest away, and the resident market has yet to demonstrate any extraordinary enthusiasm for entertainment industry attractions. Consequently, in HPC's opinion, moving the backlot concept closer to the available markets will not appreciably improve probable performance.

An alternative to the backlot concept for an entertainment industry related attraction is active participation in the development and management of the Hollywood Exposition project discussed previously. This attraction has the benefits of a highly credible downtown Hollywood location, the blessing and support of
both the State of California and the Community Redevelopment Agency, a qualified developer for the commercial real estate components, and the synergy of a mixed-use project. On the negative side, Hollywood Exposition is of modest size (+/- $55 million) and earnings potential by Disney standards. Arguments favoring Disney involvement as project designer/project manager include the following:

- The current design, prepared by Landmark Entertainment, has properly been rejected as not feasible. A new concept and plan will be prepared. Thus WDI could start with a blank slate.

- If done properly the Exposition will become the focal point for the redevelopment of Hollywood. The positive P.R. could be enormous.

- Although giving lip service support to the Exposition, MCA is quietly trying to kill the project since an offer to locate the attraction at Universal City was rejected and MCA management views it as competitive to the Tour. In HPC's opinion, Hollywood Exposition is the one entertainment industry themed attraction which is sufficiently different from Universal to be competitive.

Arguments against Disney participation include project size and potential extent of Disney participation.

Hollywood Exposition is a non-profit foundation funded by the state which, after receiving competitive bids, elected to open development negotiations with Mel Simon. It is assumed that Simon will put up some of the development capital, but that the majority of the needed funds will be independently raised. Present plans call for the foundation to hire a design firm and to internally build its own management team. Disney could no
doubt take over the design and management functions if it decided to become involved with Hollywood Exposition. A partnership or joint venture with Mel Simon in the whole Hollywood redevelopment project is also a possibility which could provide a substantial financial upside.

OTHER ATTRACTION OPPORTUNITIES IN SOUTHERN CALIFORNIA

HPC was also asked to provide its thoughts on other types of attractions and development opportunities in Southern California which would be appropriate for consideration by Disney. These thoughts are presented in the concluding paragraphs and organized into four categories - urban retail/entertainment (i.e. Disney Center or comparable), resorts, children's park, and acquisition of Wrather.

URBAN RETAIL/ENTERTAINMENT

HPC continues to be enthused about Disney's unique potential to redefine the urban retail/entertainment center in America. Since the development of Ghirardelli Square and Faneuil Hall, retailing and entertainment have been attempting to come together, with most projects shorting entertainment. The concepts for the Disney Centers are the first HPC has seen which bring the entertainment and retail components to sufficient critical mass to go beyond the performance of today's festive retail centers. To be successful, Disney Center will have to be a general concept molded to each individual site and market. HPC has identified three locations in Southern California which could be suitable locations for a Disney Center.

• **Anaheim** - In HPC's opinion, Disney's Anaheim property offers excellent potential because of its existing recreational identity and the large number of hotel guests whose dining and entertainment needs are not fully satisfied within the park. A Disney Center in Anaheim also benefits from trade at the Convention
Center, and supports hotel potential. Traffic is a major problem. In consideration of the potential dilution of in-park spending for food and merchandise, it is HPC's opinion that the impact would be minimal and more than offset by incremental park attendance by residents attributable to the Disney Center.

**Farmer's Market** - Located at the intersection of Third and Fairfax, the Farmer's Market is a Los Angeles institution which attracts some 6 million patrons annually. The market was developed by the A. F. Gilmore Company, a family operation which still owns and operates the property. Gilmore has approximately 30 acres, most of which is undeveloped. For many years, Gilmore attempted to jointly develop its property with its neighbor, CBS Television City, which also has a large parcel of undeveloped land. This effort came to an end with the new management of CBS. It is likely that Gilmore would be receptive to a concept for a joint development which would fold the existing market into a larger entertainment/retail center. Traffic and road capacity would be critical to feasibility.

**Los Angeles Union Station** - Nearly all of the successful festive retail centers in America have been developed in major downtown areas and derive substantial support from daytime employee use. The best locations also have a major visual amenity such as water (Baltimore, New York, Norfolk and San Francisco) or a historic building (railroad stations in St. Louis and Indianapolis). Union Station in downtown Los Angeles (known as LAUPT) is the best available site in a densely developed Southern California urban area. The property consists of some 52 acres, most of which is available for new development. Planning studies con-
Resorts

Resort development in Southern California may have some intrinsic appeal to Disney because it capitalizes on Disney's strength in the tourism industry in a venture which complements and is not competitive with Disneyland. Three locations warrant consideration.

- **Anaheim** - An obvious choice because of existing land ownership and synergy with the park. Previous studies have addressed the economics of a Disney hotel in Anaheim.

- **Irvine Coast** - Despite its association with sun and surf, Southern California boast few legitimate coastal resorts. Notable exceptions are the Ritz south of Laguna and the Hotel del Coronado near San Diego, both of which enjoy occupancy rates well above average. The Irvine Company intends to develop a major resort complex on the coastal land it owns between Corona del Mar and Laguna Beach. This stretch of coastline is almost...
entirely undeveloped, has interesting vistas and topography, and is large enough to support a project of any scale. As WDI has noted, traffic congestion is, and will continue to be, a major problem in the Irvine area. Any plan for an Irvine coastal resort will have to deal with this issue.

- **Marineland Site** - The 103 acre Marineland of the Pacific site in Palos Verdes, purchased earlier this year by Harcourt Brace Jovanovich, is being acquired by a private party for development as a resort. This site may well be the largest developable oceanfront parcel in Los Angeles County. Access is somewhat convoluted, but the drive is pleasant and congestion is not a significant problem. It is HPC's opinion that the Marineland site is ideally suited for a major resort and conference facility, and that the developer would welcome an inquiry by Disney.

**Children's Park**

Several attempts, mostly unsuccessful, have been made at creating a major children's theme park. Sesame Place near Philadelphia has been a marginal success, but an expanded version of the concept in Texas failed. Similarly, Hanna-Barbara Land in Texas failed. The limited market appeal of a children's park has traditionally been blamed for these failures. While narrow market appeal is a problem, it is HPC's belief that the unsuccessful children's parks in the U.S. also suffered from conceptual flaws which further limited their attendance potential. Sesame Place's heavy emphasis on offering an educational experience reduces its appeal as an entertainment attraction. Both The World of Sid & Marty Krofft and Hanna-Barbara Land attempted to use faddish Saturday morning cartoon characters to cover mediocre kiddie ride parks. Elimination of these conceptual flaws can lead to a successful park.
The best example of a children's park with strong entertainment appeal is LEGOLAND in Billund, Denmark. Located adjacent to the LEGO factory in a sparsely populated area of the Jutland Peninsula more than 1½ hours from any major market, LEGOLAND has annual attendance of 800,000 in a 140 day season, with about 60% coming from outside Denmark. Average stay is 4½ hours, and per capita spending is about $12.00. The park itself occupies a 19 acre site. Principal attractions include Miniland where incredible scenes are created from LEGO blocks, a Western village where guests can cook steaks on an open campfire, The Traffic School where young children learn how to drive in cars which look like LEGO toys, pony rides, a railroad and other rides, large toy and doll collections, etc. There are also areas where children have access to large quantities of LEGO blocks for creating. Without doubt, much of the park's success is attributable to its association with LEGO, but it is also evident from the park's 19 year operating history that its concept and format appeal to both adults (65% of attendance) and children.

The durable appeal of the Disney characters to children provides a unique basis for creating a children's park concept. The park would require a budget substantially below that of a theme park, and may be replicable at several locations throughout the country. A children's park in Southern California would compete with Disneyland to a limited extend, and should be located at the northern end of the region to minimize competitive impact.

Buy Wrather

Disney has at various times investigate its options with Wrather and the Disneyland Hotel, which is on Disney property. The hotel has considerable appeal because of its excellent performance, monorail link to the park and use of the Disney name, but has always been viewed as overpriced in the context of a Wrather acquisition. HPC suggests that Wrather may be worth another look for two reasons: 1) the stock has not kept pace
with the market or Disney stock, and 2) there is an upside potential for developing a conference facility and other commercial uses on the shore of the Queen Mary property. The Queen is currently attracting 1.2 million people annually, down from a peak of 1.8 million the first year the Spruce Goose opened. While both the Queen and Goose are poorly developed as attractions and have some upside, the shoreline is very underdeveloped and represents a potentially valuable asset.

CONCLUSION

This study began as an assessment of the development potential at Golden Oak Ranch and expanded into a broader commentary on Disney options in Southern California. As stated earlier in this report, HPC is not optimistic about the prospects for near term development at the ranch, or the backlot attraction concept. The Southern California attractions market is crowded, mature and competitive, making any new attraction concept difficult to support, even with Disney as the developer. The ideas presented in this section were derived on the basis of perceived holes in the market. HPC would be pleased to have the opportunity of working with DDC and WDI in evaluating any of the concepts which warrant further study.