



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: February 9, 2021

RE: **Resolution No. 21-2802 – Approving a Resolution of the Assembly of the Ketchikan Gateway Borough, Council of the City of Ketchikan, and Council of the City of Saxman Urging the Federal Government to Issue a Temporary Waiver to the Passenger Vessel Services Act and Asking the CDC to Issue Technical Guidance to Allow Cruise Lines to Resume Operations in Alaska in 2021**

The attached resolution was prepared by Assistant Borough Manager Deanna Thomas, who requested that it be placed before the City Council for consideration at its meeting of February 18, 2021. If adopted, Resolution No. 21-2802 is a joint resolution of the City Council, the Ketchikan Gateway Borough Assembly and the Saxman City Council urging the Federal Government to issue a temporary waiver to the Passenger Vessel Services Act and asking the CDC to issue technical guidance to allow cruise lines to resume operations in Alaska in 2021.

Attached for City Council review is documentation in support of the resolution.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving Resolution No. 21-2802 urging the Federal Government to issue a temporary waiver to the Passenger Vessel Services Act and asking the CDC to issue technical guidance to allow cruise lines to resume operations in Alaska in 2021.

Recommended Motion: I move the City Council approve Resolution No. 21-2802 urging the Federal Government to issue a temporary waiver to the Passenger Vessel Services Act and asking the CDC to issue technical guidance to allow cruise lines to resume operations in Alaska in 2021.

**KETCHIKAN GATEWAY BOROUGH
CITY OF KETCHIKAN
CITY OF SAXMAN**

**BOROUGH RESOLUTION NO. 2887;
CITY OF KETCHIKAN RESOLUTION NO. 21-2802;
CITY OF SAXMAN RESOLUTION NO. 02.2021.02**

A Joint Resolution of the Assembly of the Ketchikan Gateway Borough, Council of the City of Ketchikan, and Council of the City of Saxman, Urging the Federal Government to Issue a Temporary Waiver to the Passenger Vessel Services Act and Asking the CDC to Issue Technical Guidance to Allow Cruise Lines to Resume Operations in Alaska in 2021

RECITALS

- A. WHEREAS**, on March 16, 2020, the Mayors of the Ketchikan Gateway Borough, City of Ketchikan and City of Saxman issued a joint Declaration of Local Disaster Emergency based on the significant health and economic threat posed to the Borough and its citizens by the COVID-19 virus; and
- B. WHEREAS**, since the onset of the COVID-19 pandemic, the Ketchikan Gateway Borough, City of Ketchikan, City of Saxman along with the State of Alaska and Federal government have implemented historic measures to address the pandemic. This includes robust contact tracing, widely available free COVID-19 testing, and community mitigation strategies; and
- C. WHEREAS**, as of February 4, 2021, 315 individuals staying or residing in Ketchikan have tested positive for COVID-19 with two patients deceased. The community has maintained lower COVID-19 rates compared to other parts of Alaska and the country in large part due to the COVID-19 mitigation efforts in place. Vaccination efforts are now in full force; and
- D. WHEREAS**, the community has simultaneously suffered massive social and economic effects of the COVID-19 pandemic from lost classroom time to the shuttering of local businesses and decreased municipal revenues that are used to provide critical services; and
- E. WHEREAS**, Ketchikan's cruise ship industry, which is a cornerstone of the local economy, has sustained substantial losses with the entire 2020 cruise ship season cancelled; and
- F. WHEREAS**, 1.25 million passengers were projected to visit Ketchikan during the cancelled season. The resulting economic loss is estimated at \$263 million; and

cancelled season. The resulting economic loss is estimated at \$263 million; and

- G. WHEREAS**, on February 4, 2021, the Canadian Minister of Transport announced two interim orders, which ban cruise vessels in all Canadian waters until February 28, 2022; and
- H. WHEREAS**, the announcement would effectively cancel the Alaska cruise ship season for 2021 creating further devastation for the Ketchikan economy; and
- I. WHEREAS**, additionally, the cruise industry is awaiting Centers for Disease Control technical guidance for resuming operations; and
- J. WHEREAS**, local governments, through the Emergency Operations Center, are prepared to work collaboratively with cruise lines to develop local COVID-19 mitigation plans for the industry to safely resume in Ketchikan; and
- K. WHEREAS**, in acknowledgement of these historic events, the Federal government is able to issue a temporary waiver of the Passenger Vessel Services Act, allowing foreign flagged vessels to bypass Canada during its ban and visit Alaska to deliver much needed economic relief.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, COUNCIL OF THE CITY OF KETCHIKAN, COUNCIL OF THE CITY OF SAXMAN as follows:

Section 1. The Ketchikan Gateway Borough Assembly, Ketchikan City Council and Saxman City Council urge the Federal government to issue a temporary waiver to the Passenger Vessel Services Act to allow the Alaska cruise industry to resume operations in 2021.

Section 2. The Ketchikan Gateway Borough Assembly, Ketchikan City Council and Saxman City Council request that the CDC issue technical guidance to allow the cruise lines to resume operations in the coming months.

Section 3. The Borough Clerk shall transmit a copy of this resolution to Alaska Congressman Don Young, Alaska Senator Lisa Murkowski, Alaska Senator Dan Sullivan, and Governor Mike Dunleavy.

Section 4. Effective Date. This resolution shall be effective upon adoption by the Ketchikan Gateway Borough Assembly, Ketchikan City Council, and Saxman City Council.

ADOPTED by the Borough Assembly the 16th day of February, 2021.

ADOPTED by the Ketchikan City Council the 18th day of February, 2021.

ADOPTED by the Saxman City Council the 9th day of February, 2021.

Ketchikan Gateway Borough Signatures:

City of Ketchikan Signatures:

Rodney Dial, Borough Mayor

Bob Sivertsen, City Mayor

ATTEST:

ATTEST:

Kacie Paxton, Borough Clerk

Kim Stanker, City Clerk

APPROVED AS TO FORM:

Glenn Brown, Borough Attorney

City of Saxman Signatures:

Frank Seludo, City Mayor

ATTEST:

Lori Richmond, City Clerk



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Government of Canada announces one-year ban for pleasure craft and cruise vessels

From: [Transport Canada](#)

News release

February 4, 2021 Ottawa Transport Canada

The Government of Canada continues to monitor the evolving COVID-19 pandemic and the impact it is having on the marine and tourism sectors. Keeping Canadians and transportation workers safe and healthy are top priorities for Transport Canada.

Today, the Minister of Transport, the Honourable Omar Alghabra, announced two new Interim Orders, which prohibit pleasure craft in Canadian Arctic waters and cruise vessels in all Canadian waters until February 28, 2022. This means:

- Adventure-seeking pleasure craft are still prohibited from entering Arctic waters.
- Passenger vessels carrying more than 12 people are still prohibited from entering Arctic coastal waters, including Nunatsiavut, Nunavik, and the Labrador Coast.
- Cruise vessels carrying more than 100 people are still prohibited from operating in Canadian waters.

Pleasure craft used by local Arctic residents will not be affected by these measures.

With these prohibitions in place, public health authorities will be able to continue focusing on the most pressing issues, including the vaccine rollout and new COVID-19 variants.

To limit the spread of COVID-19, the Government of Canada continues to advise Canadian citizens and permanent residents to avoid all travel on cruise ships outside Canada until further notice.

Essential passenger vessels, such as ferries and water taxis, should continue to follow local public health guidance and protocols, and follow mitigation measures to reduce the spread of COVID-19 and prevent future outbreaks. These could include: reducing the number of passengers, ensuring physical distancing, the wearing of masks, and enhanced cleaning and hygiene measures.

Cruise vessels in Canadian waters pose a risk to our health care systems. The Government of Canada will continue to evaluate the situation and make changes as necessary to ensure the health and safety of all Canadians. Should the COVID-19 pandemic sufficiently improve to allow the resumption of these activities, the Minister of Transport has the ability to rescind the Interim Orders.

Quotes

“As Canadians continue to do their part to reduce the spread of COVID-19, our government continues to work hard to ensure Canada’s transportation system remains safe. Temporary prohibitions to cruise vessels and pleasure craft are essential to continue to protect the most vulnerable among our communities and avoid overwhelming our health care systems. This is the right and responsible thing to do.”

*The Honourable Omar Alghabra
Minister of Transport*

Quick facts

- The temporary measures for pleasure craft and cruise ships, were scheduled to end on February 28, 2021.
- Those who do not comply with the pleasure craft prohibition could be subject to penalties: \$5,000 per day for individuals and \$25,000 per day for groups or corporations.
- In Canada’s Arctic waters, these restrictions do not apply to craft used by local communities for essential transportation, subsistence fishing, harvesting and hunting.
- Those who do not comply with the passenger vessel prohibition could be liable on summary conviction to a fine of up to \$1 million or to imprisonment for a term of up to 18 months, or to both.
- There is no national ban for smaller cruise ships certified to carry 100 or fewer people. They must follow provincial, territorial, local and regional health authority protocols for timelines and processes

around their operations.

Associated links

- [COVID-19 measures, updates, and guidance issued by Transport Canada](#)
- [COVID-19 guidance posters for marine transportation](#)
- [Coronavirus disease \(COVID-19\): Canada's response](#)

Contacts

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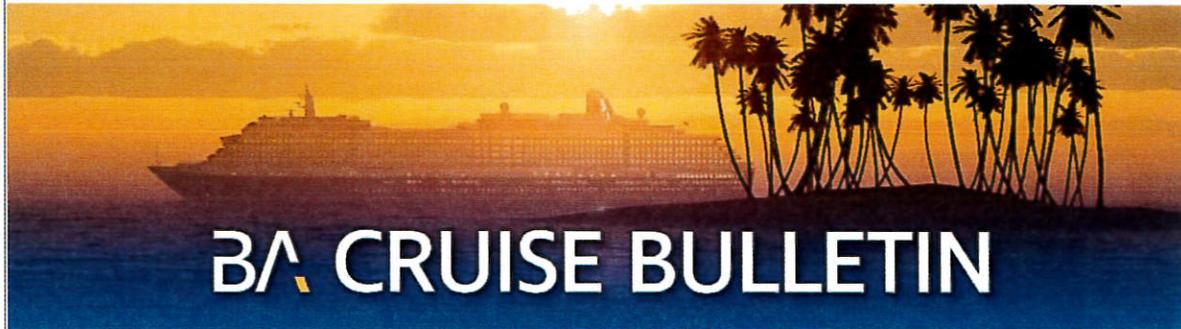
2021-02-04

Karl Amylon

From: Bermello Ajamil & Partners, Inc. <mittel@bermelloajamil.com>
Sent: Friday, January 29, 2021 12:27 PM
To: Karl Amylon
Subject: B&A Cruise Bulletin - When Will Cruise Ships Sail Again in North America?

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When Will Cruise Ships Sail Again in North America?

The North American cruise industry was effectively canceled for much of 2020, with no Alaska, Bermuda, Canada & New England, or Mexican Riviera season, and only limited Bahamas and Caribbean activity early in the year due to the Covid-19 pandemic. We were poised for the start of a recovery in fall 2020 and a more robust restart of cruising to the Caribbean and Bahamas this month once the industry met the Conditional Sail Order (CSO) framework published on October 30, 2020. However, the CDC has yet to release the necessary technical guidelines needed to fulfill the requirements, including details for embark, debark, testing, destination agreements, and more.

Once those are provided and digested along with the *Onboard Crew Framework* and *No Sail Order Response Plan* under the CSO, brands can then only apply for a Covid-19 Conditional Sailing Certificate. Based on our read of the CSO, this requires them to find third party auditors (approved by the CDC) to review and document their Sailing Plan for **EVERY** ship the brand intends to operate with passengers in U.S. waters. To obtain the certificate, cruise operators must comply, adhere, design, develop and respond to a cadre of CDC requirements that are laid out in the CSO Framework and others that are not yet defined, but are noted as part of the CDC's technical guidelines ([see BA's briefing on the CDC's CSO here](#)). Some of the more onerous include:

- Document the approval of all U.S. ports and local health authorities where the ship intends to dock.
- Conduct simulated voyage(s) demonstrating the ability to mitigate the risk of Covid onboard every ship intending to sail to and from U.S. ports using volunteer passengers.
- Conduct laboratory testing of all passengers and crew on the day of embarkation and disembarkation with results available before embark and before departing for their final destinations after disembarkation. Additional testing must also be done post-disembarkation; and CDC may require further testing, including during a voyage, based upon public health considerations.
- Document any deficiencies in its health and safety protocols through an “after-action” report submitted to the CDC following the simulation cruise.
- Based on CDC review, the cruise operator may need to modify its practices and/or engage in additional simulated voyages prior to the issuance of a CSO.

Most major North American cruise brands have already canceled sailings through April and some into May, supposedly to meet the CDC requirements and obtain CSOs. But, since the CDC has yet to provide technical directives necessary to fulfill the framework, no clear timeframe is known regarding the process of applying for and receiving permission for the simulated voyages. Certainly, all 50 plus ships that are currently “green” laying off the coast of U.S. ports will not be conducting test sailings at the same moment, and there will be much time devoted to the preparation, observation, and approvals required to obtain the CSOs.

If one tallies up the requirements, the lack of CDC input in producing the technical guidelines, current Covid-19 issues along the west coast, and the logistics of obtaining certification for the North American fleet, then this process could take at least **four to six months from now** to complete.

In that regard, the CDC is using the CSO as an elaborate No Sail Order. There has been little forward movement in the process and the pathway to sailing is far away along the yellow brick road. There remain extensive barriers with many more yet to be defined by the CDC.

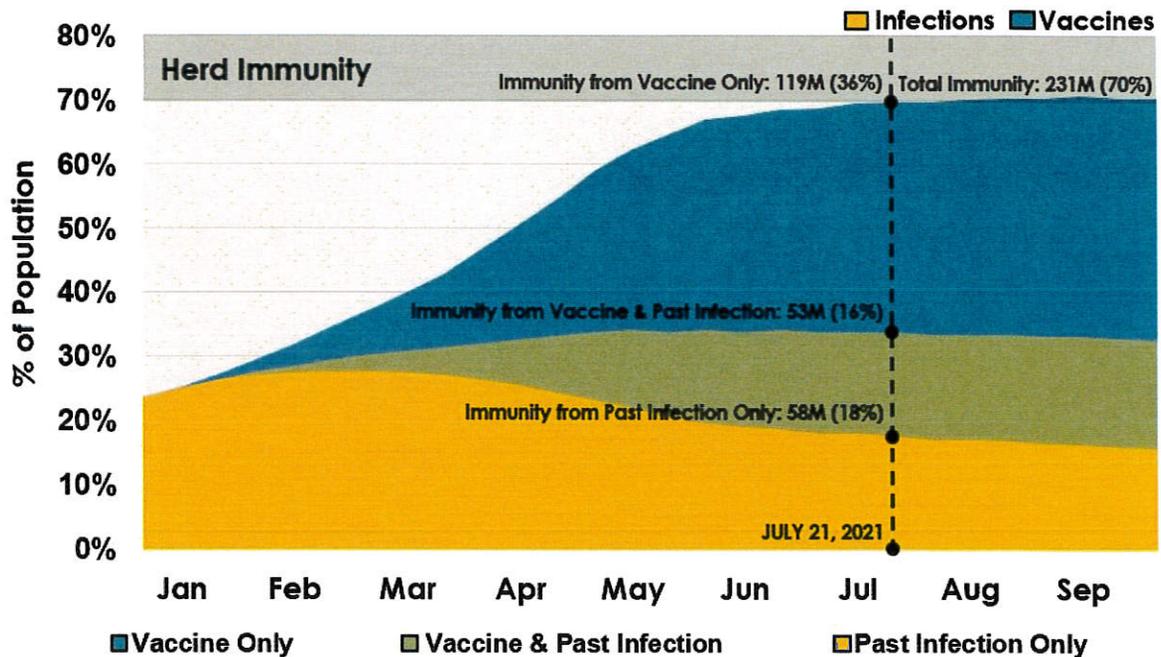
Vaccine Timing and Herd Immunity Impacts

Looking beyond the CDC's regulations, another way to look at the potential restart of the North American cruise industry is to understand the timing of vaccinations and the end of lockdowns, social distancing, mask-wearing, and all that has come with the pandemic. Thus, from the moment when Health and Human Services declares that Covid-19 is no longer a public health emergency, from that day forward, the North American tourism industry, inclusive of cruise, should be free to move forward with business as usual, albeit with no buffets and better overall hygiene and health protocols. So when does this occur?

The U.S. must reach what is referred to as the critical vaccination level to terminate a conduit for the virus to spread, thus resulting in herd immunity. According to researchers, that target is ~70% of the 331-million U.S. population. That means ~231.7-million persons need to be immune to Covid-19. Based upon the current rate of spread and infection, vaccination processes, and other factors, the U.S. is estimated to reach herd immunity sometime in **late July 2021**. This takes into account those persons that have / will have immunity from past infection (~58m), vaccine (~119m), and vaccine plus past infection (~53m) as illustrated in the chart shown.

Path to Herd Immunity - Total Immunity Estimates

Source: www.Covid19-Projections.com



Of course, if vaccination rates accelerate (decelerate), this may happen faster (slower). In any case, this may be the best target for the cruise industry in terms of restarting the industry in North America under less restrictive requirements than are currently paving the pathway forward to cruising under the CDC decree.

Unless something changes drastically, the North American cruise industry will not resume sailing until at least July, and more likely later in the year, likely September or later.

Caribbean Impacts

Thus, a question to be asked is - would the North American industry be better off homeporting ships from Caribbean regional ports (if it is logistically viable) and not use U.S. ports for 2021 until the pandemic is no longer a public health emergency? Using ports in Barbados, Antigua, Dominican Republic, Aruba, etc. may be the most effective and impactful way forward in the short-term if the brands can convince cruisers to sail with them and fly outside the U.S. The airlines have limited restrictions and may be eager to move capacity in support of this effort. The Caribbean nations would need to be on board with the idea, but since the America's Cruise Tourism Task Force has been working for many months now on unified cruise protocols across the region, one would think they should be fully prepared for this opportunity. This would negatively impact key South Florida ports in the short-term, while also changing the deployment patterns throughout the Caribbean into the long-term.

Alaska Impacts

The Alaska cruise season, as envisioned a few short months ago, is now unlikely. In December, BA forecast between 273,000 and 874,000 cruise passengers in Alaska for 2021. However, we believe the industry is moving toward a worst-case scenario in Alaska for 2021 with far less than previously projected. The likelihood is that only small coastal vessels such as UnCruise will be sailing within Alaska for the majority of the season. There may be a possibility of a few large cruise ships dispersed through the late summer months

in Southeast Alaska, however, this is very dependent upon when Canada reopens their borders and what requirements they may impose, such as mandatory vaccines for entry. It also appears they may be following the CDC when it comes to dealing with the cruise industry.

Another devastating cruise tourism season for Southeast Alaska will cause substantial issues and upheavals that will guide the course of community considerations and cruise tourism in Southeast Alaska from now on. There will be retailers, restaurants, tour operators, venues, and suppliers that will not survive, and others that will change the initiatives for future cruise tourism operations. The backbone of tourism, seasonal employees, will move on and seek employment in the lower 48 and their home countries, thus the pool of qualified well-seasoned staff will diminish. But, the biggest downside for Alaska cruise tourism may be the "summer slowdown" and "family effect" in the small communities, where they may reevaluate how they clutch and manage cruise tourism in the peak summer months, working some 12 to 16 hours per day, in favor of controlled growth, allowing for less substantial impacts on the communities of people that choose to call these beautiful destinations home.

If you have any questions on how to prepare for the resumption of cruising, B&A is positioned to provide guidance and assistance you may need. Please do not hesitate to reach out to us with any questions.

Additional and real-time information on the cruise industry's resumption, as well as our past bulletins, can be found on BA's [dashboard](#).

Bermello Ajamil & Partners

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