



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: March 22, 2021

RE: **Draft Minutes of March 12, 2021 Meeting Between Cruise Lines International Association Alaska, the City of Ketchikan and the Municipality of Skagway**

At the City Council meeting of March 18, 2021, Mayor Sivertsen and I provided overviews of the March 12, 2021 meeting that took place between representatives of Cruise Lines International Association Alaska, the City of Ketchikan and the Municipality of Skagway. Attached for City Council review are minutes of the meeting that were provided by CLIAA Senior Director of Community Relations & Public Affairs Lalanya Downs. I would again note that the Skagway representatives participated as observers only.

Karl Amylon

From: Lalanya Downs <l downs@cruising.org>
Sent: Friday, March 19, 2021 2:03 PM
To: Bob Sivertsen; Karl Amylon; Lacey Simpson; David Kiffer; Mark Hilson; rpblasco@hoffmanblasco.com; Ball, Charlie (PCL); Russell Benford; Jose I. JFernandez; Samuels, Ralph (HAL); Wendelin Lindskoog
Cc: mayor@skagway.org; Brad Ryan; Benner, C. Jonathan; Michael Tibbles
Subject: City of Ketchikan & CLIA Alaska Meeting Summary
Attachments: City of Ketchikan & CLIA Alaska Meeting Summary 3-12-21.pdf

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Greetings everyone,

Attached is a summary of our call last Friday, March 12th. Thank you for your participation and constructive conversation. We look forward to the next meeting and I will coordinate with Karl and Lacey to get that scheduled.

Thanks again and enjoy the weekend,
Lanie

Lalanya (Lanie) Downs

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Meeting with City of Ketchikan and CLIA Alaska March 12, 2021

Attendees:

Charlie Ball, HAG
Jose Fernandez, Disney
Wendy Lindskoog, RCG
Ralph Samuels, HAG
Mike Tibbles, CLIA Alaska
Lanie Downs, CLIA Alaska
Jonathan Benner, CLIA Alaska counsel

Mayor Sivertsen
Dave Kiffer, City Council/Vice-Mayor
Karl Amaylon, City Manager
Lacey Simpson, Asst. City Manager
Mark Hilson, Acting Port & Harbors Director
Bob Blasco, Ketchikan counsel
Mayor Cremata, Skagway
Brad Ryan, Skagway City Manager

Mayor Sivertsen welcomed the group and said the pandemic has proven Ketchikan and the industry need each other. Referencing public comments made, he noted it was suggested the City meet with CLIA Alaska before proceeding down the path of moving the fee ordinance forward.

Mayor Sivertsen said while there is a lot of “history” between the City and the industry, there is more we agree on than oppose; we have similar desires, and we can achieve something that is good and healthy for the industry and community. Things can be ironed out such as rate structures. He referenced a positive conversation he and Charlie had and agreed that a strategic partnership is needed.

Charlie Ball thanked the mayor and others for the meeting and emphasized the industry’s motivation to “reset” with more meaningful and direct dialogue. He reinforced that there is more we agree on than disagree on and the industry realizes there is a level of support we need to provide the community.

From the industry’s perspective it would be helpful to get a sense of what Ketchikan needs in the short term. It is valuable for us to know what the next five years looks like to provide predictability to deployment teams, and we want to be sure we will not lose priority at the city docks. The industry recognizes there is strain on the city and its needs, and the trajectory of fees can be discussed. As far as the ordinance, the industry sees the approach as more of form than substance and would rather spend our time more productively to discuss local needs.

Ketchikan’s perspective is that the fees have been flat over many years and now is facing a tremendous backlog of maintenance such as Berth 3 pilings, the water system, and needed improvements to all four berths. Examples given were land acquisition for improvements, \$15 million of needed corrosion protection, and a \$5 million project under design for modifications to Berth 3 to accept larger class vessels. The cost for materials has contributed to the increased need for funds. The City does not want to place the burden on local taxpayers. They are not looking at building anything outside of what would

legally benefit the industry. Ketchikan emphasized they have carefully spent passenger fees on projects related to the industry and do not intend to change that.

Besides the examples given, the City Council has yet to identify longer term goals. They think it would be very useful if City staff can sit down with the industry to see what makes the most sense for improvements over the next 10-15 years. They are aware that Ward Cove changes things which may shift what is needed for the City docks. They realize they are a six-berth community and are in competition with Ward Cove as it builds out and they want to ensure downtown remains a viable destination. Over the next two to four years, the plan is to make downtown more attractive. They may need to address passenger and traffic flow including a new stoplight, and it would be helpful to have perspective from industry experts.

The industry would like to make a commitment to downtown at an agreeable level and as long as we can get a good understanding of the next 10-15 years. We do not think Ketchikan should carry an unfair debt burden and that can be figured into a fee structure. The industry and Ketchikan both commented again that there is more to agree on than disagree, and that we can get to a mutually beneficial result working as a partnership.

Mayor Sivertsen commented that there is no need for a lot of politics in the conversation and that the manager's office and City staff can work on this matter. He also noted it would be beneficial for the industry to reformatify relationships with the City Council. The industry agrees and the lines are getting more directly involved in the communities they visit and would like to have more communication with the City Council. A future work session/meet and greet will be scheduled. Deputy Mayor Dave Kiffer said the City Council is trying to communicate the value of the industry among community members. The industry and the City realize there will always be a portion of the community that will continue to be vocal but through our actions and response, we can demonstrate we are working to address concerns.

Mayor Sivertsen commented that they did not introduce the ordinance to "go after the industry" and want to work together as long as we can get to the same place. Neither party would like to see the local fee deductibility issue impacted and agreed it is not necessary to spend a lot of time on the legal issues. The industry cited the process used in Juneau where we have a good dialogue and annual process. We believe we can do that in Ketchikan. Mayor Sivertsen would like to make good progress on this before ships return.

Next Steps:

- Identify team members to work on defining needs of the City and of the industry
 - Karl and Lacey will identify city staff and keep Mayor Sivertsen informed
 - CLIA Alaska will identify experts within the industry
- Initial meeting will address the bigger questions that we collectively have
- Identify Short and Long-term Needs
 - City will list immediate needs for deferred maintenance and what funding is needed to get current
 - Industry will list capital needs for dock improvements
- Subsequent discussions can focus on more details, so the industry is aware of what is coming in later years
- City Manager will schedule a work session with City Council members and the industry to meet one another, share the process, and address questions
- The groups agreed to meet regularly every 3-4 weeks and a meeting will be scheduled in April.