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<b>TRANSMITTAL MEMORANDUM</b>
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TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: February 25, 2020

RE: **Discussion of Port of Ketchikan Issues – Holland America Group  
Executive Vice President Charlie Ball**

Executive Vice President Charlie Ball of the Holland America Group is scheduled to attend the City Council meeting of March 5, 2020, in order to discuss issues associated with the Port of Ketchikan.

January 16, 2020

Mayor Bob Sivertsen  
334 Front Street  
Ketchikan, Alaska 99901

Dear Mayor Sivertsen, Karl and Lacey,

Thank you for taking the time to meet with Ralph and me last month. We very much appreciated the opportunity to get caught up on the progress of your efforts to assure a positive future for the cruise business in Ketchikan. The brands of Carnival Corporation are very proud to be the longest and most frequent visitors to your fine city.

In 2019, our brands brought more than 55% of all cruise ship visitors to town and with NCL's relocation to Ward Cove, we represent almost 70% of cruise visitation in the near future. We appreciate the investments made by the city and local business community over the past few decades that have enabled Ketchikan to deliver a wonderful guest experience. In our opinion, the city has done a good job managing the waterfront, so naturally, we are concerned about any proposal which might change the status quo by introducing an outside interest.

Given the new development at Ward Cove, it was good to hear that city leadership is maintaining an open mind on any number of potential scenarios to best manage the needs of the community and cruise industry going forward. The addition of Ward Cove, with its' ability to handle very large ships, should be viewed positively because it employs private investment, relieving the need for the City to solve this challenge through its' own investment. The Ward Cove development fundamentally changes the berthing landscape and what was meant to be addressed by the RFP (which was developed before the project was announced). Given this change, it is hard to see how the RFP as drafted, will be able to deliver a suitable, comprehensive solution for the community.

Karl mentioned in our meeting that the City is committed to maintaining a competitive tariff structure but also needs to address a number of impacts in town, deferred maintenance on the docks and to lower the level of bonding in order to position the city for the future. These are challenges faced by municipalities and port authorities in markets around the world. We regularly engage alongside tourism stakeholders in public planning processes meant to ensure limited resources are used in a thoughtful, coordinated way to achieve just these goals.

As currently structured, your RFP affords the council a great deal of leeway to adjust or even pause on selecting any of the candidate proposals. We believe, given the impact that the decision will have on your city, that you should take whatever time is necessary to review all ideas before determining the best course of action.

As discussed in our meeting, we are very interested in helping Ketchikan devise a positive solution to address the challenges outlined above. Assuming there is interest on beginning such a conversation, we are available at your earliest convenience to begin better understanding what you need and how we can help. In addition to our long term familiarity with Ketchikan and global experience partnering with port communities to resolve challenges similar to yours, we are also uniquely able to make a large, long term commitment of ship visits to the city facilities. We believe this could be a tremendous asset in planning for the future and assuring that there is a solid revenue stream for needed work both dockside and in the community.

Once again Mayor Sivertsen, thank you for your time. I will plan to follow up with you in the next week to hear your thoughts on how we might be of help.

Best regards,

Charlie Ball  
Executive Vice President, Holland America Group

Cc: Karl Amylon  
Lacey Simpson