

Commercial Passenger Vessel Excise Tax: Community Needs, Priorities, Shared Revenue, and Expenditures

Fiscal Years 2007 to 2016

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ABSTRACT

Alaska Statute 43.52.260 requires the Alaska Department of Commerce, Community, and Economic Development (DCCED) to prepare a triennial Commercial Passenger Vessel (CPV) Excise Tax report that “describes the projected needs of communities to safely and efficiently host passengers who pay the tax and summarizes the extent to which appropriations of tax proceeds have been used to defray hosting costs.”

This report includes trends in Alaska cruise passenger volume, an overview of CPV Excise Tax revenue (CPV revenue) shared with local governments, CPV-related legislative grants to communities, and community profiles. The profiles describe (1) how a community identifies infrastructure and services required to host cruise vessels and their passengers, (2) priorities for spending CPV revenue, and (3) CPV expenditures since the implementation of the excise tax.

Multiple state and local government agencies are involved with CPV tax administration, revenue distribution, and reporting – each generating information in a variety of formats and timeframes (i.e., fiscal year or calendar year). Additionally, community expenditures oftentimes span multiple fiscal years. To simplify the reporting process, DCCED reports total cruise passengers by calendar year, CPV revenue distribution by fiscal year, municipal expenditures by project and total value, and legislative appropriations by the fiscal year for which the money is appropriated.

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Introduction

Alaska Statute 43.52.260 requires the Alaska Department of Commerce, Community, and Economic Development (DCCED) to prepare a triennial Commercial Passenger Vessel (CPV) Excise Tax Report that describes the “projected needs of communities to safely and efficiently host passengers and summarizes the extent to which appropriations of tax proceeds have been used to defray hosting costs.”

The information in this report adds to information published in two previous reports:

- *Commercial Passenger Vessel Excise Tax: Community Needs, Priorities, Shared Revenue, and Expenditures (Fiscal Years 2007-2014)*, Alaska Department of Commerce, Community, and Economic Development (January 2014) <https://www.commerce.alaska.gov/web/Portals/6/pub/TourismResearch/00%20CPV%20Report%20FINAL.pdf>
- *A Performance Audit of the Department Of Commerce, Community, and Economic Development and Department Of Revenue Commercial Passenger Vessel (CPV) Tax Program*, Alaska State Legislature, Division of Legislative Audit (February 2016) <http://legaudit.akleg.gov/docs/audits/special/dor/30083rpt-2016.pdf>

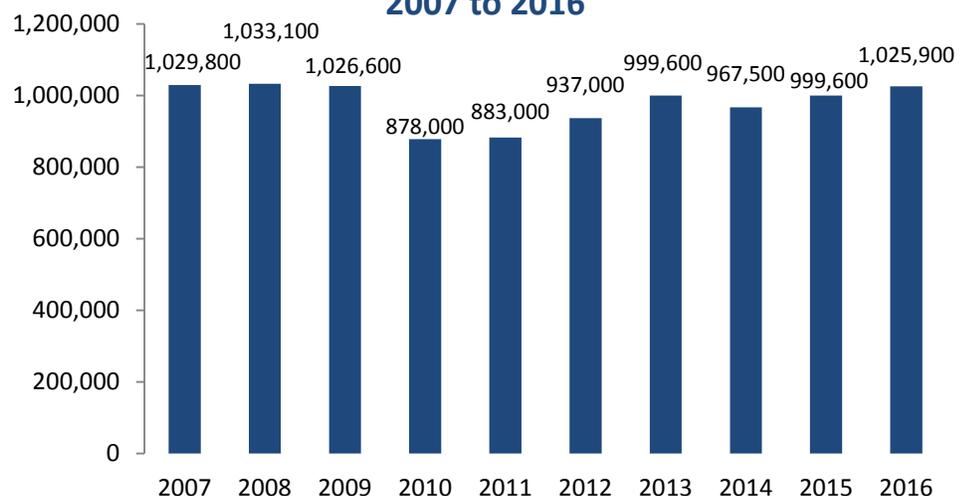
To prepare the CPV Excise Tax Report, the DCCED Division of Economic Development (DED) contacted 17 city and/or borough governments that had received CPV Excise Tax revenue (CPV revenue) between FY2007 and FY2016. Managers, finance directors, harbor masters, grant managers, economic development directors, and/or planners contributed information on (1) how a community identifies needed infrastructure and services necessary to host cruise ships and their passengers, (2) the community’s priorities for spending CPV revenue in the future, and (3) how the community has spent CPV revenues through FY2016. This information is summarized in the *Community Profiles* section of this report. In addition, this report includes trends in Alaska cruise passenger volume, an overview of CPV revenue, and a summary of CPV-related legislative grants. The information is presented as follows:

- Total cruise passengers by calendar year
- CPV revenue distribution by fiscal year
- Local government expenditures expenditures by project and total value
- Legislative appropriations by the fiscal year for which the money is appropriated

Alaska Cruise Visitors

Between May and September 2016 cruise passengers to Alaska exceeded the one million mark for the first time since recession-related declines brought passenger volume to a decade low of 878,000 passengers during 2010. 2016 passenger volume approached the 2008 record high of 1,033,100 cruise visitors (Figure 1). Cruise passengers make up nearly 60 percent of Alaska’s summer visitors.

Figure 1. Trends in Alaska Cruise Visitor Volume 2007 to 2016



Source: Alaska Visitor Statistics Program VI, McDowell Group Inc. Data include small cruise vessels carrying less than 250 passengers.

CPV Revenue Overview

The State of Alaska collected the CPV Excise Tax for the first time during calendar year 2007. Initially, the first five ports of call were eligible to receive \$5 for each passenger who paid the CPV Excise Tax. The Alaska Department of Revenue (DOR) distributed a portion of the 2007 taxes during FY2007 and the remainder during FY2008. DOR distributed 2008 taxes to the communities during January 2009 (FY2009), and so forth.

Fourteen Alaska ports have received CPV revenue since 2007. These include ports in seven Southeast, five Southcentral, and two Western Alaska communities. Juneau receives the largest number of passengers, followed by Ketchikan and Skagway. Table 1 shows the number of total cruise ship passengers by port to illustrate the total passenger activity. Not all of passengers were subject to the CPV Excise Tax. Passengers pay the tax if the following three criteria apply: (1) they are traveling on cruise ships that have 250 or more berths, (2) the cruise ship provides overnight accommodations in Alaska's marine waters, and (3) the voyage lasts more than 72 hours.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Anchorage	-	-	256	12,828	14,939	10,030	499	5,280	11,017	10,914
Haines	27,659	50,121	43,550	32,259	27,176	31,007	32,378	29,133	42,515	41,685
Homer	-	1,163	1,674	12,828	14,990	8,833	254	5,662	11,399	10,071
Hoonah	161,920	126,381	134,575	122,974	127,866	120,786	124,320	142,416	150,434	159,132
Juneau	1,017,341	1,032,274	1,019,507	879,310	875,947	927,941	978,559	953,055	976,367	1,004,774
Ketchikan	901,595	941,910	936,220	828,929	844,412	894,320	948,685	884,503	944,525	947,972
Kodiak	4,709	11,903	10,235	19,372	14,715	11,551	3,231	8,809	13,559	15,208
Seward	156,014	165,959	163,056	136,129	132,779	136,892	125,183	141,442	183,124	191,469
Sitka	233,936	289,753	224,335	144,383	129,380	110,714	99,920	90,182	117,546	122,944
Skagway	820,829	781,676	785,034	697,060	708,981	755,681	821,874	819,239	815,541	817,308
Unalaska	2,534	709	3,398	956	707	1,371	1,285	2,652	4,112	6,526
Valdez	-	5,553	6,367	469	332	-	382	-	-	-
Whittier	225,071	220,117	212,598	126,866	130,312	170,758	202,336	162,002	146,528	129,894
Wrangell	5,192	4,002	3,842	3,869	4,719	678	6,417	5,171	7,471	7,926

Source: Cruise Line Agencies of Alaska. Data do not include small cruise vessels carrying less than 250 passengers.

During the second session of the 26th Legislature (2010), Alaska lawmakers approved changes to the way the CPV Excise Tax would be distributed (§ 13ch 101 SLA 2010), permitting revenue sharing with the first seven port communities. When eligible ports of call are cities located in a borough, the city and borough each receive \$2.50 of each \$5 passenger fee.

Between FY2007 and FY2016, 17 city and borough governments received CPV revenue totaling \$114,307,816 (Table 4). Three borough governments (i.e., Kenai Peninsula Borough, Ketchikan Gateway Borough, and Kodiak Island Borough) share the \$5 per passenger allocation with the city governments of the port communities (i.e., Homer, Ketchikan, Kodiak, and Seward) that host the cruise passengers.

Prior to the changes made to the CPV Excise Tax statutes in 2010, communities with passenger taxes or fees had to repeal them before they could share in the proceeds of the CPV Excise Tax. As of October 31, 2010, the new state law allowed communities that levy their own passenger fee to retain their fee and share in CPV revenue provided that the local tax or fee had been enacted before December 17, 2007. The City and Borough of Juneau and the City of Ketchikan had local passenger fees prior to the stipulated date and received their first CPV revenue payments during FY2012.

Between FY2007 and FY2016, three recipient governments accounted for two-thirds of all shared CPV revenue (Table 2). The DOR distributed \$34.6 million (30.3 percent) to the Municipality of Skagway, \$21.7 million (19.0 percent) to the City and Borough of Juneau, and \$19.3 million (16.9 percent) to the Ketchikan Gateway Borough. The remaining CPV revenue distributions, totaling nearly \$38.7 million, range from a high of more than \$10 million to the City of Ketchikan to a low of \$30,000 to the City of Unalaska.

Table 2. CPV Revenue Shared with Local Governments		
By Total CPV Revenue and Percent of Total		
FY2007 to FY2016		
	Total	Percent of Total
Skagway, Municipality	\$34,578,520	30.25%
Juneau, City and Borough*	\$21,700,075	18.98%
Ketchikan Gateway Borough	\$19,312,073	16.89%
Ketchikan, City*	\$10,339,236	9.05%
Whittier, City	\$7,777,775	6.80%
Hoonah, City	\$5,963,645	5.22%
Sitka, City and Borough	\$5,501,170	4.81%
Kenai Peninsula Borough	\$3,395,505	2.97%
Seward, City	\$3,260,861	2.85%
Haines Borough	\$1,480,380	1.30%
Anchorage, Municipality	\$262,485	0.23%
Kodiak, City	\$176,005	0.15%
Kodiak Island Borough	\$176,005	0.15%
Wrangell, City and Borough	\$154,085	0.13%
Homer, City	\$134,643	0.12%
Valdez, City	\$65,335	0.06%
Unalaska, City	\$30,020	0.03%
	\$114,307,816	100%

* Received shared CPV revenue payments beginning in FY2012

CPV-Related Legislative Grants

In addition to shared CPV revenue, the legislature appropriated \$113,044,700 in grants to cities and boroughs in this report from the Commercial Vessel Passenger Tax Account. Table 3 (continues on page 4) provides information about grants to each recipient by the fiscal year in which the grants were distributed (FY2009 to FY2015). There were no legislative grants appropriated from the Commercial Vessel Passenger Tax Account for FY2016.

Table 3. Legislative Grants from CPV Tax Account to CPV Shared Revenue Recipients			
FY2009 to FY2015			
Fiscal Year	Recipient	Project	Appropriation
2010	Anchorage, Municipality	Port of Anchorage Expansion	\$10,000,000
2010	Anchorage, Municipality	Egan Center Cruise Passenger Staging and Upgrades	\$1,000,000
2012	Anchorage, Municipality	Alaska Aviation Museum Energy and Safety Improvements	\$495,000
2009	Haines Borough	Port Chilkoot Cruise Ship Dock Repairs and Debt Retirement	\$1,543,700
2010	Haines Borough	Port Chilkoot Waterfront Improvements	\$1,900,000
2011	Haines Borough	Port Chilkoot Cruise Ship Dock Upgrade	\$2,910,000
2012	Homer, City	Cruise Ship Dock and Passenger Facility Improvements	\$6,000,000
2011	Hoonah, City	Cruise Ship Passenger Walkway Construction and Upgrades	\$1,500,000
2011	Hoonah, City	Harbor Improvements	\$1,000,000
2012	Hoonah, City	Berthing Facility	\$1,000,000
2009	Juneau, City and Borough	Airport Cruise Passenger Baggage and Facility Safety Improvements	\$1,300,000

**Table 3. Legislative Grants from CPV Tax Account to CPV Shared Revenue Recipients
FY2009 to FY2015**

Fiscal Year	Recipient	Project	Appropriation
2009	Juneau, City and Borough	Commercial Passenger Vessel Dock Retaining Wall Repair and Replacement	\$1,500,000
2010	Juneau, City and Borough	Cruise Ship Dock Improvements	\$2,500,000
2010	Juneau, City and Borough	Auke Bay Seawalk Construction	\$800,000
2011	Juneau, City and Borough	Cruise Ship Dock Improvements	\$9,000,000
2015	Juneau, City and Borough	Last Chance Basin Well Field	\$1,350,000
2015	Juneau, City and Borough	Salmon Creek Water Treatment	\$204,000
2009	Ketchikan, City	Port of Ketchikan Berths I and II Replacement	\$3,000,000
2010	Ketchikan, City	Port of Ketchikan Berth I and II Replacement	\$3,000,000
2010	Ketchikan, City	Reconstruction of Downtown Bridges and Trestles	\$5,000,000
2011	Ketchikan, City	Replace Cruise Ship Berths I and II	\$10,000,000
2014	Ketchikan, City	Ketchikan Promenade	\$1,300,000
2009	Kodiak, City	Cruise Ship/Pier II Master Plan	\$250,000
2010	Kodiak, City	Pedestrian Improvements Between Cruise Ship Dock (Pier II) and Downtown Kodiak	\$700,000
2012	Kodiak, City	Pedestrian Pathway Planning and Design	\$384,000
2012	Kodiak, City	Pier and Downtown Pedestrian Improvements	\$1,600,000
2010	Seward, City	Bus Transportation Assistance for Cruise Ship Passengers	\$167,000
2010	Seward, City	Dredging Cruise Ship Berthing Basins and Approaches	\$2,508,000
2011	Seward, City	Commercial Passenger Vessel Harbor Security - Coast Guard Building Relocation	\$300,000
2011	Seward, City	Security and Fire Protection for Commercial Passenger Vessels	\$2,000,000
2012	Seward, City	Cruise Ship Boardwalk Expansion	\$25,000
2012	Seward, City	Harbor Restrooms Improvements	\$130,000
2012	Seward, City	Water Storage Tank	\$1,992,000
2010	Sitka, City and Borough	Commercial Passenger Vessel Lightering Facility Improvements	\$2,000,000
2011	Sitka, City and Borough	Commercial Passenger Vessel Facilities and Visitor Improvements	\$4,500,000
2011	Sitka, City and Borough	Crescent Harbor Sidewalk Widening	\$1,000,000
2012	Sitka, City and Borough	Commercial Passenger Vessel and Visitors Facility Improvements	\$3,000,000
2015	Sitka, City and Borough	Commercial Passenger Vessel and Visitors Facility Improvements	\$3,300,000
2009	Skagway, Municipality	Seawalk Intermodal Cruise Ship Access Project	\$2,000,000
2010	Skagway, Municipality	Municipal Wastewater Treatment Facility Improvements Due to Seasonal Cruise Impacts	\$2,500,000
2011	Skagway, Municipality	Commercial Passenger Vessel Lightering and Harbor Improvements	\$4,000,000
2011	Skagway, Municipality	Municipal Wastewater Treatment Facility Improvements Due to Seasonal Cruise Impacts	\$800,000
2015	Skagway, Municipality	Float Extension to Serve Cruise Passengers	\$800,000
2009	Valdez, City	Cruise Ship Dock Renovation and Uplands Repair	\$1,675,000
2010	Valdez, City	City Dock Information and Interpretative Center	\$800,000
2010	Valdez, City	Dock Improvements	\$3,325,000
2010	Whittier, City and Borough	Railroad Station Improvements	\$325,000
2010	Wrangell, City and Borough	Construction Activities to Complete the Marine Passenger Vessel Center	\$2,500,000
2010	Wrangell, City and Borough	Stikine Avenue Sidewalk Extension	\$390,000
2011	Wrangell, City and Borough	Commercial Passenger Vessel Facility	\$3,250,000
2011	Wrangell, City and Borough	Waterfront Master Plan	\$75,000
Total			\$113,044,700

Note: Table continued from the previous page.

Community Profiles—Needs, Priorities, and Expenditures

The *Community Profiles* section includes a summary for the city and borough governments that share in CPV revenue. To provide an understanding of the overall cruise ship traffic to a community, the summaries include port calls and all cruise passengers between 2007 and 2016, regardless of whether the passengers pay the tax.

The profiles describe how communities identify cruise ship vessel and passenger priorities and needs. In most cases, these priorities and needs are documented in local comprehensive plans, annual budget reports, waterfront master plans, port and harbor development plans, and studies undertaken specifically to determine how to spend CPV revenue. The most recent study completed to assist decision making is the *Ketchikan Cruise Industry Surveys* prepared by the McDowell Group during 2016. In addition to planning documents and studies (identified in each profile), eight of the seventeen communities said that one or more of the following groups recommend priorities and needs to city assemblies, city councils, or borough officials: city staff, planning commission, port commission, visitors bureau, chamber of commerce, the cruise industry, and interested stakeholders. Finally, the Ketchikan Gateway Borough conducts an annual assessment of the cost of maintaining infrastructure and providing services to cruise ship passengers and crew. The borough uses this assessment to determine priorities for spending CPV revenue.

Ten of seventeen communities said port facilities were priorities to be funded by CPV revenue. Port projects included wharf pile maintenance, dock and gangway replacement, port improvements, dredging, moorage floats, security floats, floating docks, berth design and construction, seawall repairs, moving the cruise ship berth to downtown, etc. Eight communities listed other CPV services as priorities. Services ranged from upgrades to local service infrastructure necessary to hosting cruise ship passengers (i.e., sewage treatment, waste management, water delivery systems, public and fire safety, transportation) to visitor experience enhancement (i.e., trail improvements, seawalks, visitor center and convention center upgrades, sidewalks, interpretive centers, restrooms, covered walkways, and enclosed rest areas). Four communities listed harbor infrastructure as a priority; projects included harbor dredging, floats, upland development, seawalk and wave barriers, and harbor float replacement.

All communities have processes to vet proposed projects for CPV funding and to clarify the community's needs and priorities for hosting cruise ships. The annual budget process with public comment is the most visible and prominent process in all communities. A number of communities work closely with the visitor industry, cruise industry, and business community. For example, the City of Ketchikan has a three-part process to ensure programs and capital improvement projects conform to state and federal law: (1) review federal and state law regarding use of the CPV Excise Tax; (2) vet projects with representatives of the cruise industry and other interested parties; (3) conduct public process where public is involved with city council to set priorities and approve projects. In another example, the Kenai Peninsula Borough vets projects through an annual grant program available to Seward and Homer. Grant projects must comply with state and federal statute governing CPV revenue, and communities submit a final narrative and financial report when the projects are complete to ensure requirements are met.

The *Community Profiles* also include a summary of CPV revenue shared with communities, CPV-related legislative grants, and CPV expenditures. The municipal, city, and borough governments eligible to receive CPV revenue between FY2007 and FY2016 spent CPV revenues on port facilities, harbor infrastructure, or other CPV services. Spending for capital projects often span multiple fiscal years, so expenditures are summarized by total spending by project rather than spending by fiscal year. In communities where cruise ship passenger numbers and CPV revenue are relatively small, the revenue is used primarily to offset costs of providing services directly to the cruise ships vessels and the passengers, to support ongoing maintenance at the port, or on larger infrastructure projects funded primarily through other sources.

**Table 4. CPV Revenue Shared with Local Governments
FY2007 to FY2016**

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016*	Total
Anchorage (M)	-	-	-	\$865	\$63,575	\$66,190	\$48,570	\$2,975	\$26,200	\$54,110	\$262,485
Haines (CB)	\$6,290	\$107,930	\$215,410	\$204,635	\$154,270	\$146,680	\$154,080	\$140,635	\$144,020	\$206,430	\$1,480,380
Homer (C)	-	-	\$2,898	\$3,725	\$31,788	-	\$21,710	\$33,542	\$13,925	\$27,055	\$134,643
Hoonah (C)	\$14,015	\$536,010	\$359,155	\$640,015	\$1,130,220	\$636,345	\$610,105	\$626,225	\$688,980	\$722,575	\$5,963,645
Juneau* (CB)	-	-	-	-	-	\$4,096,730	\$4,151,020	\$4,598,565	\$4,393,395	\$4,460,365	\$21,700,075
Kenai Peninsula (B)	\$16,223	\$367,430	\$348,645	\$391,138	\$406,080	\$357,553	\$364,975	\$307,578	\$361,658	\$474,225	\$3,395,505
Ketchikan (C)	-	-	-	-	-	\$1,947,248	\$1,977,770	\$2,240,210	\$2,032,375	\$2,141,633	\$10,339,236
Ketchikan Gateway (B)	\$203,810	\$2,040,775	\$2,326,147	\$2,313,793	\$2,088,312	\$1,947,248	\$1,977,770	\$2,240,210	\$2,032,375	\$2,141,633	\$19,312,073
Kodiak (C)	-	\$5,103	\$24,778	\$25,487	\$15,763	\$32,622	\$23,473	\$4,600	\$13,925	\$30,255	\$176,006
Kodiak Island (B)	-	\$5,103	\$24,778	\$25,487	\$15,763	\$32,622	\$23,473	\$4,600	\$13,925	\$30,255	\$176,006
Seward (C)	\$16,222	\$367,430	\$345,747	\$387,413	\$374,293	\$324,865	\$343,265	\$306,723	\$347,733	\$447,170	\$3,260,861
Sitka (C)	\$103,325	\$1,025,670	\$1,359,030	\$1,078,480	\$706,505	\$414,130	\$135,355	\$302,985	\$157,340	\$218,350	\$5,501,170
Skagway (M)	\$339,855	\$3,717,410	\$3,862,970	\$3,904,825	\$3,455,540	\$3,470,720	\$3,728,105	\$4,062,215	\$4,008,335	\$4,028,545	\$34,578,520
Unalaska (C)	-	-	-	\$7,620	\$3,000	\$1,310	\$4,120	\$4,165	\$1,650	\$8,155	\$30,020
Valdez (C)	-	-	\$28,355	\$31,730	\$2,335	\$1,650	-	\$1,265	-	-	\$65,335
Whittier (C)	\$44,840	\$1,059,970	\$1,001,985	\$1,045,550	\$695,790	\$637,265	\$828,865	\$950,635	\$791,550	\$721,325	\$7,777,775
Wrangell (CB)	-	-	\$9,975	\$26,180	\$2,510	\$19,350	\$1,730	\$31,430	\$24,065	\$38,845	\$154,085
Total	\$744,580	\$9,232,831	\$9,909,873	\$10,086,943	\$9,145,744	\$14,132,528	\$14,394,386	\$15,858,558	\$15,051,450	\$15,750,925	\$114,307,818

Sources: Department of Revenue Tax Division, *Shared Taxes and Fees FY2015*, *Commercial Passenger Vessel Excise Tax Report to the Legislature* (January 2014), and *Shared Taxes and Fees FY2009*.

Note: Borough (B), City (C), City and Borough (CB), Municipality (M)

*Estimates are subject to change until the FY2016 Annual Shared Revenue Report is published during spring 2017.

MUNICIPALITY OF ANCHORAGE

Unified Home Rule Borough

2015 Population: 298,908

FY2007 to FY2016 CPV Excise Tax Revenue: \$262,485



PROFILE

The Municipality of Anchorage is located in Southcentral Alaska at the base of the Chugach Mountains along the coast of Cook Inlet. Anchorage is home to the state's main air hub, the Ted Stevens Anchorage International Airport. Paved highways connect Anchorage with Fairbanks, Valdez, the Kenai Peninsula, Denali National Park and Preserve, and Wrangell-St. Elias National Park and Preserve. The Alaska Railroad's main passenger depot, also located in Anchorage, runs from Seward to Fairbanks.

Anchorage Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	-	-
2008	-	-
2009	1	256
2010	9	12,828
2011	11	14,939
2012	8	10,030
2013	1	499
2014	4	5,280
2015	9	11,017
2016	9	10,914
Total	52	65,763

Source: Cruise Line Agencies of Alaska.

Although a major transportation hub for air, highway, and rail travel, Anchorage receives a modest amount of cruise visitors. Since inception of the CPV Excise Tax, Anchorage has hosted 52 cruise ship calls and nearly 66,000 cruise passengers. Holland America Line's Maasdam visited the Port of Anchorage every other Monday from May to September during 2016. In 2016, Anchorage also had the first overnight stay at the port in many years. The overnight port call allowed passengers to enjoy an extended stay in Anchorage and take advantage of land tours not otherwise available.

PROJECTED NEEDS OF COMMUNITY

The Municipality of Anchorage appropriates shared CPV revenue to the Port of Anchorage through the annual budget process. Because of the relatively small number of cruise vessels the city receives each year, the Municipality of Anchorage uses CPV revenue to augment funding for operational costs to maintain port infrastructure.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Operational costs and security

Source: Port of Anchorage.

CPV REVENUE DISTRIBUTION

Between FY2010 and FY2016, the Municipality of Anchorage received \$262,485 in CPV revenue, ranging from a low distribution of \$865 for FY2010 to a high distribution of \$66,190 for FY2012. CPV revenue for FY2016 was \$54,110.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007	-	-
2008	-	-
2009	-	-
2010	\$865	173
2011	\$63,575	12,715
2012	\$66,190	13,238
2013	\$48,570	9,714
2014	\$2,975	595
2015	\$26,200	5,240
2016	\$54,110	10,822
Total	\$262,485	52,497

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to sharing in CPV revenue, the Municipality of Anchorage received nearly \$11.5 million in legislative grants from the Commercial Vessel Passenger Tax Account, primarily for port infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Egan Center cruise passenger staging upgrades	\$1,000,000
2010	Port of Anchorage expansion	\$10,000,000
2012	Alaska Aviation Museum energy and safety improvements	\$495,000
Total		\$11,495,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The Port of Anchorage uses CPV revenue for port facilities such as the Wharf Pile Enhancement Project at the Port of Anchorage.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Port Facilities	Wharf Pile Enhancement Project (Port of Anchorage)	\$262,485
Total		\$262,485

Sources: Port of Anchorage and Alaska State Legislature Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

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HAINES BOROUGH

Non-Unified Home Rule Borough

2015 Population: 2,493

FY2007 to FY2016 CPV Excise Tax Revenue: \$1,480,380



PROFILE

Haines Borough is located on the shores of Lynn Canal between the Chilkoot and Chilkat Rivers, 80 air miles northwest of Juneau. The community's proximity to Glacier Bay National Park, the Chilkat Bald Eagle Preserve, Kluane National Park, and Tatshenshini-Alsek Provincial Park is a draw for visitors. In the Alaska cruise market, the community's ability to attract cruise ships is highly dependent upon the availability of Glacier Bay permits, overall growth of the cruise market, and docking capacity in Skagway.

Haines Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	77	27,659
2008	107	50,121
2009	72	43,550
2010	44	32,259
2011	21	27,176
2012	22	31,007
2013	21	32,378
2014	20	29,133
2015	29	42,515
2016	29	41,685
Total	442	357,483

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

Haines received 442 ship calls and more than 357,000 total cruise visitors between 2007 and 2016. Cruise visitation peaked at more than 50,000 visitors during 2008 when Princess Cruises and Holland America Line added Haines to their itineraries, but declined again when Majestic America Line and Cruise West ceased operations in 2008 and 2010, respectively. Passenger numbers during 2016 are estimated to be 30 percent below peak visitation during 2008. During 2017, Haines will see Seabourn Cruises in port, as well as additional visits from Princess Cruises and Royal Caribbean International.

PROJECTED NEEDS OF COMMUNITY

The borough manager, harbor master, tourism director, finance director, and public facilities director, recommend projects to the assembly to be funded by the CPV Excise Tax revenue. The appropriation process requires a minimum of three public meetings and two public hearings. The assembly also conducts a budget work session devoted to the Capital Improvement Program, which includes CPV projects.

The borough also considers visitors' input on infrastructure. In a 2011 study of cruise and fast ferry visitors, cruise visitors said a continuous walkway along the waterfront was most important to them, followed by better directional signage.

Finally, the *Haines Borough 2025 Comprehensive Plan* addresses future priorities for cruise vessel infrastructure, including major repairs at the Port Chilkoot Cruise Ship Dock. The plan acknowledges the continuous waterfront walkway as a priority. The walkway and access project will continue as construction starts on the adjacent small boat harbor and will eventually connect the Port Chilkoot Dock to current and new sidewalks as well as to trails.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Wooden dock and gangway replacement on Port Chilkoot Cruise Ship Dock
Port Facilities	Port facility improvements: double berth, moorage float, new viewing/queuing area, and benches on Port Chilkoot Cruise Ship Dock
Port Facilities	Continuation of waterfront access from the PC Dock to adjacent parks, trails, and harbor. Providing safe, interpretive, and accessible walkways during and after the Haines Small Boat Harbor expansion.

Source: Haines Borough.

CPV REVENUE DISTRIBUTION

Between FY2007 and FY2016, the Haines Borough received nearly \$1.5 million in CPV revenue. The highest distribution amount was \$215,410 received in FY2009.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$6,290	1,258
2008 ²	\$107,930	21,586
2009	\$215,410	43,082
2010	\$204,635	40,927
2011	\$154,270	30,854
2012	\$146,680	29,336
2013	\$154,080	30,816
2014	\$140,635	28,127
2015	\$144,020	28,804
2016	\$206,430	41,286
Total	\$1,480,380	296,076

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

LEGISLATIVE GRANTS

In addition to sharing in CPV revenue, the Haines Borough received legislative grants for port-related projects from the Commercial Vessel Passenger Tax Account. These grants provided funding for repairs, improvements and upgrades at the Port Chilkoot Cruise Ship Dock.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Port Chilkoot Cruise Ship Dock repairs and debt retirement	\$1,543,700
2010	Port Chilkoot waterfront improvements	\$1,900,000
2011	Port Chilkoot Dock upgrade	\$2,910,000
Total		\$6,353,700

Source: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The Haines Borough uses CPV revenue for port infrastructure and other CPV services to cruise passengers such as security, restrooms, signage, bear safety, transportation, visitor information, etc.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Cruise ship survey	\$20,000
Other CPV Services	Miscellaneous materials and equipment	\$5,000
Other CPV Services	Refurbish keystone drill	\$23,000
Other CPV Services	Totem pole project	\$5,000
Other CPV Services	Picture point grant match	\$80,009
Other CPV Services	Signage	\$44,000
Other CPV Services	Bear saver trash cans	\$6,000
Other CPV Services	Dock flowers	\$50,800
Other CPV Services	Park benches	\$3,000
Other CPV Services	Chilkoot bear monitor	\$2,000
Other CPV Services	Electric hand dryers for restrooms	\$6,000
Other CPV Services	Restroom janitorial	\$83,681
Other CPV Services	Temporary restroom	\$67,000
Other CPV Services	Cruise ship shuttle	\$161,700
Other CPV Services	Repairs and maintenance (people mover cart)	\$10,010
Other CPV Services	Repair visitor center restrooms	\$11,000
Other CPV Services	Tourism kiosk PC Dock	\$20,000
Other CPV Services	Tourism labor	\$109,404
Other CPV Services	People mover dock cart	\$17,458
Other CPV Services	Police/Dispatch Labor (extra on ship days)	\$7,800
Port Facilities	Dock facility maintenance	\$18,503
Port Facilities	PC Dock trestle replacement	\$561,216
Port Facilities	Lightering dock electricity	\$8,000
Port Facilities	Lightering dock repair	\$7,000
Port Facilities	Port/harbor labor	\$120,944
Port Facilities	Cruise Ship Water	\$6,000
Total		\$1,454,525

Sources: Haines Borough and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Haines Borough. 2012. *Haines Borough 2025 Comprehensive Plan*.
- McDowell Group, Inc. 2011. *Haines Cruise and Fast Ferry Passenger Survey*.

CONTACT

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CITY OF HOMER

First Class City

2015 Population: 5,153

FY2007 to FY2016 CPV Excise Tax Revenue: \$134,643



PROFILE

The City of Homer, located within the Kenai Peninsula Borough, has more than 5,000 residents. Commercial fishing has been the traditional mainstay of the Homer economy; however, the city also has a growing arts community and tourism is becoming increasingly important. Homer is also a gateway to destinations such as Kachemak Bay State Park and Lake Clark National Park and Preserve.

In past years, Homer primarily received small and medium-sized cruise ships, but regular visits from Holland America Line vessels between 2008 and 2012 and during 2015 and 2016 boosted annual passenger numbers to near or more than 10,000 visitors during those years. Throughout the past 10 years, Homer has hosted 58 ship calls and nearly 67,000 passengers.

Homer Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	0	0
2008	1	1,163
2009	2	1,674
2010	9	12,828
2011	14	14,990
2012	7	8,833
2013	1	254
2014	5	5,662
2015	10	11,399
2016	9	10,071
Total	58	66,874

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

To plan for the community’s cruise vessel and passenger needs, the harbor master, city manager, and public works director identify priority projects and propose them to the Ports and Harbor Commission. The commission sends approved projects to the city council to be vetted through the public process.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Cruise ship passenger staging amenities (benches and signage at drop off points)
Port Facilities	Cruise ship staging area/restroom
Port Facilities	Restroom and cruise ship passenger staging area on the Homer Spit at Ramp 2

Source: City of Homer.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Homer, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee shared with the port community. To date, the City of Homer’s share of CPV Excise Tax revenue is \$134,643.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	City Share	Passengers ¹
2007 ²	-	-
2008 ²	-	-
2009	\$2,898	1,159
2010	\$3,725	1,490
2011	\$31,788	12,715
2012	-	-
2013	\$21,710	8,684
2014 ³	\$33,542	13,417
2015	\$13,925	5,570
2016	\$27,055	10,822
Total	\$134,643	53,857

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

³In January 2016, Homer received shared revenue due in FY2012 in January 2014.

The Kenai Peninsula Borough assembly passed an ordinance making the borough’s share of the CPV Excise Tax available to Homer and Seward through a grant process. The ordinance stipulates that the funds must be used for port and harbor improvements that benefit cruise ship passengers for purposes that comply with AS 43.52.200-298, SB 256, and HB 310. Homer and Seward city managers submit letters to the

Kenai Peninsula Borough mayor to request funding. The grant request must specify how the project meets the expenditure requirements established in state law. Homer has received an additional \$134,643 in grants from the Kenai Peninsula Borough that was the borough's share of CPV revenue during the same time period.

LEGISLATIVE GRANTS

In addition to sharing in CPV revenue, the City of Homer has received one legislative grant from the Commercial Vessel Passenger Tax Account for cruise ship dock infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2012	Cruise ship dock and passenger facility improvements	\$6,000,000
Total		\$6,000,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

Homer used its share of CPV revenue for harbor restrooms and a passenger staging area. Since 2014, the City of Homer has let the state CPV revenue accumulate to apply to larger capital improvement projects. Plans include a restroom and cruise ship

passenger staging area on the Homer Spit at Ramp 2 from which many shore-side excursions launch.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Harbor Infrastructure	Cruise ship passenger staging area	\$31,000
Other CPV Services	Guard house restrooms	\$30,000
Port Facilities	Ramp 3	\$35,000
Total		\$96,000

Sources: City of Homer and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City of Homer. 2011. *Homer Spit Comprehensive Plan*. (<http://www.cityofhomer-ak.gov/planning/spit-comprehensive-plan-2011>)
- City of Homer. 2011. *Proposed Layout for Staging at Ramp 2 Including New Restrooms*.

CONTACT

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CITY OF HOONAH

First Class City

2015 Population: 783

FY2007 to FY2016 CPV Excise Tax Revenue: \$5,963,645



PROFILE

The City of Hoonah is a Tlingit community of approximately 750 residents located on the northeast shore of Chichagof Island, 40 air miles west of Juneau. Icy Strait Point, owned by Huna Totem Corporation, is currently Hoonah's largest employer, with local Tlingit residents comprising 85 percent of the staff.

Between 2007 and 2016, Hoonah received 696 ship calls and more than 1,370,000 visitors. Visitation peaked at 161,920 passengers during 2007.

Hoonah Cruise Ship Visitors 2007 to 2016		
Year	Ship Calls	Passengers
2007	80	161,920
2008	58	126,381
2009	69	134,575
2010	63	122,974
2011	73	127,866
2012	63	120,786
2013	64	124,320
2014	73	142,416
2015	75	150,434
2016	78	159,132
Total	696	1,370,804

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

After gathering input from the planning commission and the public on an annual basis, the city council approves a prioritized list of projects to be funded by the CPV Excise Tax. Priority projects include municipal waterline improvements, trail enhancements, and safety services.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Replacement and upgrade of municipal sewer treatment plant and install force sewer main to Icy Strait Point
Other CPV Services	Falling rock hazard mitigation
Other CPV Services	Fire protection and waste management to support visitor industry
Other CPV Services	Road and trail enhancement to ISP

Source: City of Hoonah.

CPV REVENUE DISTRIBUTION

Since FY2007, the City of Hoonah has received nearly \$6 million in shared CPV revenue. The highest distribution amount was \$1,130,220 received in FY2011.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$14,015	2,803
2008 ²	\$536,010	107,202
2009	\$359,155	71,831
2010	\$640,015	128,003
2011	\$1,130,220	226,044
2012	\$636,345	127,269
2013	\$610,105	122,021
2014	\$626,225	125,245
2015	\$688,980	137,796
2016	\$722,575	144,515
Total	\$5,963,645	1,192,729

Sources: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

LEGISLATIVE GRANTS

In addition to receiving CPV revenue, the City of Hoonah has received grants from the Commercial Vessel Passenger Tax Account. The grants paid for a new berthing facility, harbor improvements, and a cruise ship mooring buoy system.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2011	Harbor improvements	\$1,000,000
2011	Passenger walkway construction and upgrades	\$1,500,000
2012	Berthing facility	\$1,000,000
Total		\$3,500,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City of Hoonah uses CPV revenue primarily for passenger services. These services include a visitor information representative, restroom facilities, extra police coverage, harbor maintenance, and park and walking path maintenance.

RELATED INFORMATION

- City of Hoonah. 2016. *2017-2027 Hoonah Economic Development Plan*. (www.HoonahEconomicPlan.com)

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CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Harbor upgrades	\$9,000
Other CPV Services	Administrative costs	\$51,000
Other CPV Services	Hoonah Indian Association Fisherman Totem Pole project	\$8,000
Other CPV Services	Passenger experience and carver's den	\$35,000
Other CPV Services	Brush cutting and scenic walkway	\$2,000
Other CPV Services	Tourism WSG	\$16,000
Other CPV Services	Water line Canary Main extension	\$400,000
Other CPV Services	Canary walking path maintenance	\$1,000
Other CPV Services	Graveyard fencing	\$4,000
Other CPV Services	Library summer access	\$36,000
Other CPV Services	Ambulance call-outs	\$16,000
Other CPV Services	Extra police patrol	\$5,000
Other CPV Services	Tunnel Rock Project – passenger safety, cultural significance	\$951,000
Other CPV Services	Public restroom	\$89,000
Other CPV Services	Visitor restroom janitor	\$9,000
Other CPV Services	Community readiness passenger experience	\$4,000
Other CPV Services	Visitor center employees	\$27,000
Other CPV Services	Visitor center furniture	\$9,000
Other CPV Services	Website development	\$6,000
Other CPV Services	Passenger services	\$50,000
Other CPV Services	Passenger services, park, and walking path maintenance	\$477,000
Other CPV Services	Visitor center employee, extra police, and seasonal harbor staff	\$101,000
Port Facilities	Seafloor survey guest dock area	\$10,000
Port Facilities	Boat launch ramp matching 5.5%	\$150,000
Port Facilities	Caley Marina handicap lift	\$10,000
Port Facilities	Ports and harbors project matching	\$15,000
Port Facilities	Transient dock upgrades	\$5,000
Port Facilities	Visitor Information Kiosk	\$15,000
Other CPV Services	Visitor center employees, extra police	\$55,000
Total		\$2,566,000

Sources: City of Hoonah and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CITY AND BOROUGH OF JUNEAU

Unified Home Rule Borough

2015 Population: 33,277

FY2012 to FY2016 CPV Excise Tax Revenue: \$21,700,075



PROFILE

The City and Borough of Juneau (CBJ) is located on the mainland of Southeast Alaska in the heart of the Inside Passage. Juneau is one of Alaska's oldest cities, established in 1880 before the Klondike Gold Rush of 1898. The city and borough provides access to some of the region's top attractions including Glacier Bay National Park and Preserve, Tracy Arm-Fords Terror Wilderness Area, and Admiralty Island National Monument.

The CBJ received more than 9.6 million cruise visitors between 2007 and 2016, with visitors peaking at 1,032,274 during 2008. Following a 14 percent decrease in cruise passengers between 2009 and 2010, cruise passenger numbers gradually rebounded, exceeding the one million passenger mark during 2016 for the first time in seven years. Even though ship calls are declining, passenger numbers are increasing due to larger ships arriving in Juneau.

Juneau Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	730	1,017,341
2008	712	1,032,274
2009	638	1,019,507
2010	584	879,310
2011	476	875,947
2012	485	927,941
2013	511	978,559
2014	498	953,055
2015	489	976,367
2016	480	1,004,774
Total	5,603	9,665,075

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

During 2010, the CBJ Assembly approved a plan to invest CPV Excise Tax revenue in the construction of cruise ship berths that can handle larger Panamax-class cruise ships. With the anticipated completion of the new \$54 million Cruise Ship Berths Project in May

2017, the majority of CPV revenue received to date from the State of Alaska has been expended for this infrastructure project. For FY2017 to FY2019, the CBJ will continue to develop its uplands improving the safety and efficiency to the cruise industry and its passengers. The next priority for CBJ Docks and Harbor Department is to mitigate congestion at Statter Harbor where the surge of cruise ship-generated visitor activity overburdens the facility.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Cruise ship berth enhancement
Port Facilities	Land acquisition, uplands development for staging and waterfront seawalk
Harbor Facility	Harbor dredging, float and uplands

Source: City and Borough of Juneau.

CPV REVENUE DISTRIBUTION

The CBJ has had a \$5 per passenger Marine Passenger Fee since 1999 when Juneau voters passed Proposition 1. This report does not address receipts, priorities, and expenditures of Juneau's Marine Passenger Fee. Initially, the fee precluded the city from receiving shared CPV revenue; legislative changes during 2010 permitted revenue sharing to communities that levied cruise ship passenger taxes. The CBJ received its first CPV revenue disbursement in FY2012.

CPV Revenue Distribution FY2012 to FY2016		
Fiscal Year	Amount	Passengers ¹
2012	\$4,096,730	819,346
2013	\$4,151,020	830,204
2014	\$4,598,565	919,713
2015	\$4,393,395	878,679
2016	\$4,460,365	892,073
Total	\$21,700,075	\$4,340,015

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, the CBJ has received more than \$17 million since FY2009 in legislative grants from the Commercial Vessel Passenger Tax Account for cruise passenger and cruise industry-related infrastructure and services projects.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Commercial passenger vessel dock retaining wall repair and replacement	\$1,500,000
2009	Airport cruise passenger baggage and facility safety improvements	\$1,300,000
2010	Cruise ship dock improvements	\$2,500,000
2010	Auke Bay seawalk construction	\$800,000
2011	Cruise ship dock improvements	\$9,000,000
2015	Last Chance Basin well field	\$1,350,000
2015	Salmon Creek water treatment	\$650,000
Total		\$17,100,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

CPV revenues are combined with funds from the CBJ Port Development Fee to pay down bonds obtained for cruise ship berth enhancement.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Port Facilities	Cruise berth improvements	\$13,122,000
Port Facilities	Waterfront seawalk	\$438,000
Total		\$13,560,000

Sources: City and Borough of Juneau and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City and Borough of Juneau. *Biennial Budget for Fiscal Year 2016 and 2017: Capital Projects.*
- City and Borough of Juneau. *Port of Juneau Cruise Ship Terminal Project.*
www.juneau.org/harbors/documents/trifold.pdf.
- City and Borough of Juneau. *Port of Juneau Cruise Ship Berths.*
<http://www.juneau.org/harbors/documents/SITEPLANforCBJwith1100x130withoutbathymetry.pdf>
- City and Borough of Juneau. *The Future of Juneau's Waterfront.*
http://www.juneau.org/harbors/documents/downtown_waterfront_projects.pdf
- City and Borough of Juneau. *Long Range Waterfront Plan for the City and Borough of Juneau.*
http://www.juneau.org/plancomm/Final_LRWP_112204.php

CONTACT

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KENAI PENINSULA BOROUGH

Second Class Borough

2015 Population: 57,763

FY2007 to FY2016 CPV Excise Tax Revenue: \$3,395,505



PROFILE

South of Anchorage, the Kenai Peninsula extends 150 miles southwest from the Chugach Mountains, south of Anchorage. It is separated from the mainland on the west by Cook Inlet and on the east by Prince William Sound. Most of the peninsula is part of the Kenai Peninsula Borough, a region of nearly 57,000 residents.

Two borough cities, Seward and Homer, are eligible to receive shared CPV revenue. Between 2007 and 2016, Seward received 584 port calls and more than 1.5 million passengers. Homer received 58 port calls and nearly 67,000 passengers.

Cruise ship visits to Seward declined between 2009 and 2013 after Holland America Lines and Princess Cruises redeployed ships to Europe, but visitation reached its highest point in a decade during 2016 with more than 191,000 visitors. Homer cruise passenger visitors peaked at nearly 15,000 visitors during 2011.

Seward and Homer Cruise Ship Visitors 2007 to 2016				
Calendar Year	Homer Ship Calls	Homer Passengers	Seward Ship Calls	Seward Passengers
2007	-	-	56	156,014
2008	1	1,163	65	165,959
2009	2	1,674	70	163,056
2010	9	12,828	56	136,129
2011	14	14,990	54	132,779
2012	7	8,833	51	136,892
2013	1	254	50	125,183
2014	5	5,662	52	141,442
2015	10	11,399	64	183,124
2016	9	10,071	66	191,469
Total	58	66,874	584	1,532,047

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

When eligible ports of call are cities in a borough, such as Homer and Seward, the city and the borough each receive \$2.50 of every \$5 CPV Excise Tax fee. Each year, the Kenai Peninsula Borough Assembly passes an ordinance, accepting and appropriating the borough's share of revenue. The ordinance authorizes the mayor to distribute CPV funds to the port cities through grant agreements. To obtain a grant, the cities submit letters to the borough mayor requesting the funds. They confirm that the proposed projects comply with state statutes requiring funds to be used for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and their passengers. The cities provide a final narrative and financial report to the borough after a project is complete.

CPV REVENUE DISTRIBUTION

Between FY2007 and FY2016, the Kenai Peninsula Borough received \$3,395,505 in CPV revenue. The highest distribution amount was \$474,225 received in FY2016.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$16,223	6,489
2008 ²	\$367,430	146,972
2009	\$348,645	139,458
2010	\$391,138	156,455
2011	\$406,080	162,432
2012	\$357,553	143,021
2013	\$364,975	145,990
2014	\$307,578	123,031
2015	\$361,658	144,663
2016	\$474,225	189,690
Total	\$3,395,505	\$1,358,202

Source: Alaska Department of Revenue, Tax Division.

CPV REVENUE EXPENDITURES

The Kenai Peninsula Borough distributed all shared CPV Excise Tax revenue to the City of Homer and the City of Seward for passenger/vessel services and port improvement projects. Of the nearly \$3.4 million in shared CPV revenue, Seward received \$3,260,869 in grants and Homer received \$134,642 in grants.

CONTACT

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CPV Revenue Expenditures FY2009 to FY2017		
Fiscal Year	Projects	Amount
2009	Grant to improve port security and fire protection for cruise ships (Seward)	\$383,653
2010	Grant to improve port security and fire protection for cruise ships (Seward)	\$345,748
2010	Grant for port improvement projects (Homer)	\$2,898
2012	Grant for port improvement projects (Seward)	\$761,705
2012	Grant for port improvement projects (Homer)	\$35,513
2012	Grant for port improvement projects (Seward)	\$324,865
2012	Grant for port improvement projects (Homer)	\$32,688
2014	Grant for port improvement projects (Seward)	\$343,265
2014	Grant for port improvement projects (Homer)	\$21,710
2015	Grant for port improvement projects (Seward)	\$306,723
2015	Grant for port improvement projects (Homer)	\$855
2016	Grant for port improvement projects (Seward)	\$347,733
2016	Grant for port improvement projects (Homer)	\$13,925
2017	Grant for port improvement projects (Seward)	\$447,170
2017	Grant for port improvement projects (Homer)	\$27,055
		\$3,395,503

Source: Kenai Peninsula Borough.

CITY OF KETCHIKAN

Home Rule City

2015 Population: 8,277

FY2012 to FY2016 CPV Excise Tax Revenue: \$10,339,236



PROFILE

Ketchikan, a city of 8,291 residents, is known as Alaska's first city due to its location at the southern tip of the Inside Passage. It is the first Alaska city visitors reach as they cruise north and for many visitors, their first introduction to the beauty and majesty of Alaska. Between 2007 and 2016, Ketchikan received an average of just over 900,000 cruise visitors each year. In 2016 cruise passengers approached the 2013 peak passenger total of 948,685.

Ketchikan Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	519	901,595
2008	527	941,910
2009	509	936,220
2010	426	828,929
2011	426	844,412
2012	436	894,320
2013	490	948,685
2014	450	884,503
2015	462	944,525
2016	456	947,972
Total	4,701	9,073,071

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

The City of Ketchikan follows a three-pronged approach to ensure that revenue from the CPV Excise Tax are only used for port facilities, harbor infrastructure, or other services and amenities provided to passengers traveling on commercial passenger vessels. The first step is a review of federal and state law regarding the use of excise tax revenues assessed against passengers traveling on commercial passenger vessels. Ketchikan's goal is to ensure that programs and capital improvement projects funded from CPV shared revenues benefit passengers in the manner prescribed by federal and state law. The second step is to vet the programs and capital improvement projects with representatives from the cruise industry and other interested parties. Ketchikan

ensures that the proposed programs and capital improvements address the needs and safety of passengers traveling on commercial passenger vessels. The final step involves the general public and the city council in setting the priorities and approving programs and capital improvement projects for funding from CPV revenues. In 2015, the City of Ketchikan revised its accounting for CPV revenues and modified its annual operating and capital budget in order to make the process more transparent.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Debt service for Berth 3 construction
Port Facilities, Harbor Infrastructure and Other CPV Services	Waterfront promenade reconstructions and seawall repairs (connects port facilities, harbor facilities, and historic downtown)
Port Facilities	Planning and design of improvements to accommodate post-Panamax vessels

Source: City of Ketchikan.

CPV REVENUE DISTRIBUTION

Ketchikan charges a passenger wharfage fee of \$7 per passenger to offset port facility costs, provide services to ships and passengers who visit Ketchikan, and mitigate the impacts of passenger and ship use of city services. The fee precluded the city from receiving CPV revenue until legislative action during 2010 permitted revenue sharing to communities that levied their own cruise ship passenger taxes. Ketchikan received its first shared revenue disbursement in FY2012.

When eligible ports of call, such as Ketchikan, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Between FY2012 and FY2016, the City of Ketchikan's share of CPV revenue was more than \$10 million. The highest distribution was \$2,214,745 received in FY2014 for taxes collected in calendar year 2013.

CPV Revenue Distribution FY2012 to FY2016		
Fiscal Year	Amount	Passengers ¹
2012	\$1,947,248	778,899
2013	\$1,977,770	791,108
2014	\$2,240,210	896,084
2015	\$2,032,375	812,950
2016	\$ 2,141,633	856,653
Total	\$10,339,236	\$4,135,694

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving CPV revenue, Ketchikan has received nearly \$23 million since FY2009 in grants from the Commercial Vessel Passenger Tax Account. The grants were used for port infrastructure and passenger services including pedestrian and safety enhancements.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Port of Ketchikan Berths I and II replacement project	\$3,000,000
2010	Reconstruction of downtown bridges and trestles	\$5,000,000
2010	Port of Ketchikan Berth I and II replacement	\$3,000,000
2011	Replace cruise ship berths I and II	\$10,000,000
2014	Ketchikan Promenade	\$1,300,000
Total		\$22,300,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City of Ketchikan has used CPV revenue and the majority of the legislative grants from the Commercial Vessel Passenger Tax Account to fund planning, design, and construction of port infrastructure for Berth 3 and general improvement projects for Berths 1 and 2.

CPV Revenue Expenditures FY2007 to FY2017		
Category	Description	Expenditures
Other CPV Services	Centennial building and Totem Heritage Center site improvements ¹	\$1,600
Other CPV Services	Spruce Mill sheet pile ¹	\$32,000
Other CPV Services	Thomas Basin Seawall: pedestrian decking, footing and seawall ¹	\$2,887,000
Other CPV Services	2013 seasonal litter program	\$64,000
Other CPV Services	2014 seasonal litter program	\$60,000
Other CPV Services	2015 seasonal litter program	\$65,000
Other CPV Services	Centennial Building restroom expansion ²	\$520,000
Other CPV Services	2014 Tour Guide Program	\$51,000
Port Facilities	Loan payment for Berth III engineering	\$1,302,000
Port Facilities	Port bonds and lease payments for Berth IV	\$2,083,000
Port Facilities	Replace fender piles on Berths IC and ID	\$434,000
Other CPV Services	Thomas Basin Ramp improvements – ADA, structural decking and bull rails ¹	\$1,157,000
Other CPV Services	2016 seasonal litter program ¹	\$67,000
Other CPV Services	2017 seasonal litter program ¹	\$87,000
Other CPV Services	2017 permanent exhibit project ¹	\$100,000
Other CPV Services	2017 clean and repair totem poles ¹	\$52,000
Other CPV Services	2017 Centennial Building public art ¹	\$15,000
Other CPV Services	2017 Totem Heritage Center restrooms ¹	\$2,000
Other CPV Services	2017 interpretive exhibit – timber and wood ¹	\$15,000
Other CPV Services	2017 interpretive exhibit – Stamp Mill ¹	\$25,000
Total		\$9,019,600

Sources: City of Ketchikan and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

¹Projected actual and budget.

²Project partially funded by Ketchikan Gateway Borough CPV revenue passed through to the City of Ketchikan. The borough share is \$235,750.

RELATED INFORMATION

- Moffat & Nichol. 2017. *Planning and Design of Port Improvements*.

CONTACT

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KETCHIKAN GATEWAY BOROUGH

Second Class Borough

2015 Population: 13,778

FY2007 to FY2016 CPV Excise Tax Revenue: \$19,312,073



PROFILE

The Ketchikan Gateway Borough is a region of nearly 14,000 residents located near the southern-most boundary of Alaska, in the Southeast Panhandle. It is comprised of the cities of Ketchikan and Saxman. Between 2007 and 2016, Ketchikan received an average of just over 900,000 cruise visitors each year.

Ketchikan Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	519	901,595
2008	527	941,910
2009	509	936,220
2010	426	828,929
2011	426	844,412
2012	436	894,320
2013	490	948,685
2014	450	896,084
2015	462	944,525
2016	456	947,972
Total	4,701	9,073,071

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

The Ketchikan Gateway Borough uses an analytical approach to spending CPV revenue. On an annual basis, the borough determines (1) the costs of maintaining infrastructure that cruise passengers and crew rely heavily upon, and (2) costs of delivering public services to the passengers and crew. The borough apportions these costs between residents and visitors based on their proportions of overall use. Borough staff completes the analysis and makes recommendations for expending CPV revenue to the borough assembly. The Ketchikan Gateway Borough Assembly hears public comment on proposed expenditures and makes the final decision on how to spend the CPV revenue.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Visitor safety
Other CPV Services	Visitor center
Other CPV Services	Transit enhancement

Source: Ketchikan Gateway Borough.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Ketchikan, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Between FY2007 and FY2016, the Ketchikan Gateway Borough's share of CPV revenue was more than \$19 million. The highest distribution was \$2,326,148 received in FY2009 for taxes collected in calendar year 2008.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007	\$203,810	81,524
2008	\$2,040,775	816,310
2009	\$2,326,147	930,459
2010	\$2,313,793	925,517
2011	\$2,088,312	835,325
2012	\$1,947,248	778,899
2013	\$1,977,770	791,108
2014	\$2,240,210	896,084
2015	\$2,032,375	812,950
2016	\$2,141,633	856,653
Total	\$19,312,073	\$7,724,829

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

The Ketchikan Gateway Borough has not received legislative appropriations from the Commercial Vessel Passenger Tax Account.

CPV REVENUE EXPENDITURES

The Ketchikan Gateway Borough uses CPV revenue to cover the costs of delivering services and maintaining infrastructure for the benefit of the cruise

industry. The borough uses CPV revenue primarily for passenger safety and enhanced passenger services. Examples of expenditures include upgrades to the borough's transit system, rain and weather shelters, and passenger enhancement projects through the Ketchikan Visitors Bureau, pedestrian safety upgrades (i.e., walkway improvements and street crossing improvements), emergency services upgrades (i.e., locator beacons for trail use, emergency services response materials and equipment), and the Herring Cove Tourism Management Area Program, which manages visitor impacts in a rural sightseeing area.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Harbor Infrastructure	Creek Street Trestle Berths I-III	\$1,224,000
Harbor Infrastructure	Harbor View Sea Walk	\$50,000
Other CPV Services	Administration fees	\$1,160,000
Other CPV Services	Downtown neighborhood CPV planner	\$693,718
Other CPV Services	Distribution/marketing plan	\$186,266
Other CPV Services	A Fish Story	\$160,000
Other CPV Services	An Art/Native Culture Story	\$490,000
Other CPV Services	Deer Mountain Hatchery	\$150,000
Other CPV Services	Hopkins Alley Revitalization Project	\$230,450
Other CPV Services	Maritime education	\$21,000
Other CPV Services	Ketchikan stories	\$325,000
Other CPV Services	Saxman Dewitt Carving P1	\$76,000
Other CPV Services	Saxman Dewitt Carving P2	\$248,868
Other CPV Services	Saxman Totem restoration	\$135,000
Other CPV Services	Sculpture "The Rock"	\$100,000
Other CPV Services	St. John's sprinkler	\$42,000
Other CPV Services	Rainbird Trail	\$30,000
Other CPV Services	Walking tour signs	\$4,000
Other CPV Services	Water Street pedestrian improvements	\$138,000
Other CPV Services	Wayfinding signs	\$26,000
Other CPV Services	Beautification	\$899,912
Other CPV Services	Harbor View Park	\$50,000
Other CPV Services	Historic resources Downtown/Newton survey and inventory	\$15,000
Other CPV Services	Hole in the Wall Harbor	\$199,781
Other CPV Services	Marquee rain canopy	\$186,000
Other CPV Services	Aquatic Center	\$110,000
Other CPV Services	Non-area wide library	\$90,674
Other CPV Services	Recreation	\$275,166
Other CPV Services	Flight simulator rent	\$32,076
Other CPV Services	Ketchikan volunteer rescue squad	\$175,569
Other CPV Services	Service areas (Fire Departments)	\$957,713

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Southern Southeast Emergency Training Center	\$100,000
Other CPV Services	Herring Cove tourism management	\$92,830
Other CPV Services	Seasonal code enforcement officer	\$100,360
Other CPV Services	General Fund (other than Recreation and Transit)	\$1,135,119
Other CPV Services	City Park restroom	\$14,000
Other CPV Services	Public restrooms - First City Players	\$500,000
Other CPV Services	SAN-I-PAK equipment	\$200,000
Other CPV Services	Saxman Totem Row restroom	\$80,000
Other CPV Services	Airport operations support	\$1,758,068
Other CPV Services	Borough transit operations	\$2,928,638
Other CPV Services	Transit bus match	\$183,055
Other CPV Services	Transit bus painting	\$44,000
Other CPV Services	Bus shelters	\$100,000
Other CPV Services	Ketchikan Visitors Bureau	\$1,875,800
Port Facilities	Berth I improvements	\$156,000
Port Facilities	Berth IV dock improvements	\$50,000
Port Facilities	Berth IV dock improvements	\$204,000
Port Facilities	Drive down dock	\$1,340,000
Port Facilities	Transportation worker credential	\$27,000
Other CPV Services	McDowell Group CPV Impact Survey	\$60,336
Other CPV Services	Renovate Museum restrooms (ADA accessible)	\$235,750
Other CPV Services	Transit Vehicle Tracking System	\$30,000
Other CPV Services	"Our Town" Magazine	\$8,000
Total		\$19,705,149

Sources: Ketchikan Gateway Borough and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- McDowell Group. 2016. *Ketchikan Cruise Industry Surveys*.
- Ketchikan Gateway Borough. 2016. *CPV Fund*. (<http://www.borough.ketchikan.ak.us/135/Economic-Development>)

CONTACT

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CITY OF KODIAK

Home Rule City

2015 Population: 6,288

FY 2007 to FY 2016 CPV Excise Tax Revenue: \$176,005



PROFILE

The City of Kodiak, located on Kodiak Island, is Alaska's largest island and the second largest island in the United States. Known as the Emerald Isle, Kodiak's verdant landscape and abundant outdoor opportunities make it a popular choice for nature enthusiasts. Commercial fishing accounts for about one-third of the local economy; Kodiak has Alaska's largest and most diversified fishing fleet including 700 home-ported commercial fishing vessels and 500 transient vessels. Kodiak is a renowned sport fishing destination that offers access to all five species of salmon, along with halibut, rockfish, cod, and trout.

Kodiak received 134 cruise ship port calls and more than 113,000 cruise passengers between 2007 and 2016. Cruise visitation peaked at 19,372 passengers during 2010. Cruise ships made 15 port calls and brought 15,208 visitors to Kodiak during 2016.

Kodiak Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	7	4,709
2008	15	11,903
2009	20	10,235
2010	21	19,372
2011	15	14,715
2012	12	11,551
2013	7	3,231
2014	10	8,809
2015	12	13,559
2016	15	15,208
Total	134	113,292

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

The City of Kodiak owns Pier 2, a multi-purpose, deep-draft dock, that serves cruise ships. When the city receives CPV Excise Tax revenue, it is deposited into a Cargo Enterprise Fund. The harbormaster and Discover Kodiak director recommend cruise ship

facility needs to community leaders. Approved projects relating to cruise passenger movement, dock security, and safety are funded from the Cargo Enterprise Fund. The city plans to build a covered reception/security/restroom facility to accommodate passengers at Pier 2, but the project is currently unfunded.

Priority Projects for CPV Revenue	
Category	Description
Port facilities	Port-related projects to improve safety, security, and usability of the cruise ship terminal
Port facilities	Planning, designing, and building a public restroom for Pier 2

Source: City of Kodiak.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as the City of Kodiak, are cities located in a borough, the city and the borough each receive \$2.50 of each \$5 passenger fee. Between FY2008 and FY2016, the City of Kodiak's portion of CPV revenue was \$176,005. The highest distribution amount was \$32,622 received in FY2012.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007	-	-
2008	\$5,102	2,041
2009	\$24,778	9,911
2010	\$25,487	10,195
2011	\$15,762	6,305
2012	\$32,622	13,049
2013	\$23,473	9,389
2014	\$4,600	1,840
2015	\$13,925	5,570
2016	\$30,255	12,102
Total	\$176,006	70,402

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV tax revenue, the City of Kodiak has received nearly \$3 million since FY2009 in legislative appropriations from the Commercial Vessel Passenger Tax Account to provide cruise passengers with safe walking access from the dock to downtown. The pedestrian pathway was scaled back from original plans due to unforeseen construction complications. The most critical and expensive portion of the planned project was completed in October 2013. The remainder of the pathway, reception, and restroom project requires additional funding.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Cruise Ship/Pier II Master Plan	\$250,000
2010	Pedestrian Improvements Between Cruise Ship Dock (Pier II) and Downtown	\$700,000
2012	Pedestrian Pathway	\$384,000
2012	Pier and Downtown Pedestrian Improvements	\$1,600,000
Total		\$2,934,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

Wide variations in the number of ship calls dramatically impact the amount of CPV revenue that the City of Kodiak receives. In general, the revenues

are used for ship and passenger services. The City of Kodiak has pursued funds through the CPV tax appropriation process for infrastructure improvement projects relating to cruise ships.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Direct services for ships and passengers including docking and cargo; safety, security, and traffic management; and dockside utilities	\$176,005
Total		\$176,005

Sources: City of Kodiak and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Dowl HKM. 2012. *Development Concept Plan for Shelikof Street/Jack Hinkel Way to Marine Way.*
- PND Engineers, Inc. 2010. *City of Kodiak Waterfront Master Plan.*

CONTACT

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KODIAK ISLAND BOROUGH

Second Class Borough

2015 Population: 13,819

FY2007 to FY2016 CPV Excise Tax Revenue: \$176,005



PROFILE

Kodiak Island Borough is located on the western side of the Gulf of Alaska. It encompasses the largest island in Alaska, which is the second largest in the United States. Kodiak Island is known for the Kodiak brown bear and world-class sport fishing. Kodiak is one of the largest commercial fishing ports in the nation, hosting Alaska's largest and most diversified fishing fleet. Kodiak is also home to the largest United States Coast Guard Base and the first commercial rocket launch facility.

All cruise visitors to the Kodiak Island Borough utilize the port facilities at the City of Kodiak. Kodiak received 134 cruise ship port calls and more than 113,000 cruise passengers between 2007 and 2016. Cruise visitation peaked at 19,372 cruise visitors during 2010. Cruise ships made 15 port calls and carried a total of 15,208 visitors called during 2016.

Kodiak Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	7	4,709
2008	15	11,903
2009	20	10,235
2010	21	19,372
2011	15	14,715
2012	12	11,551
2013	7	3,231
2014	10	8,809
2015	12	13,559
2016	15	15,208
Total	134	113,292

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

Kodiak receives a relatively small portion of the Alaska cruise market and is interested in attracting more cruise ships. The Kodiak Island Borough works with Discover Kodiak to determine how CPV Excise Tax revenue can be used to attract and enhance cruise ship travel to the island.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Kodiak, are cities located in a borough, the city and the borough each receive \$2.50 of each \$5 passenger fee. Between FY2008 and FY2016, the Kodiak Island Borough's portion of shared CPV revenue was \$176,005. The highest distribution amount was \$32,622 received in FY2012.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers
2007	-	-
2008	\$5,103	2,041
2009	\$24,778	9,911
2010	\$25,487	10,195
2011	\$15,762	6,305
2012	\$32,622	13,049
2013	\$23,473	9,389
2014	\$4,600	1,840
2015	\$13,925	5,570
2016	\$30,255	12,102
Total	\$176,0056	70,402

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

The Kodiak Island Borough has not received legislative appropriations from the Commercial Vessel Passenger Tax Account.

CPV REVENUE EXPENDITURES

The Kodiak Island Borough's portion of shared CPV revenue is relatively small. Since the City of Kodiak owns and operates the port and harbor facilities, the borough uses its shared CPV revenue to attract and enhance cruise ship travel to the island.

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CPV Revenue Expenditures FY2007 - FY2016		
Category	Description	Expenditures
Other CPV Services	Projects with Discover Kodiak and various museums	\$176,005
Total		\$176,005

Sources: Kodiak Island Borough and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CITY OF SEWARD

Home Rule City

2015 Population: 2,740

FY2007 to FY2016 CPV Excise Tax Revenue: \$3,260,861



PROFILE

The City of Seward, situated on Resurrection Bay on the east coast of the Kenai Peninsula, is 125 miles south of Anchorage and is the gateway to the Kenai Fjords National Park. Seward is a turnaround port for cross-gulf itineraries and the point of embarkation and disembarkation for many Alaska cruise vacations. Seward received 584 port calls and more than 1.5 million total cruise visitors between 2007 and 2016.

Seward Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	56	156,014
2008	65	165,959
2009	70	163,056
2010	56	136,129
2011	54	132,779
2012	51	136,892
2013	50	125,183
2014	52	141,442
2015	64	183,124
2016	66	191,469
Total	584	1,532,047

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

To help the city safely and efficiently host cruise ship passengers, the City of Seward administration considers improvements recommended by the city staff, cruise industry, cruise dock owners, and other local stakeholders. The Port and Commerce Advisory Board, Seward Chamber of Commerce, and other interested parties may provide input and suggestions. The city manager works with the city council to prioritize projects to be funded by shared CPV revenue. Use of CPV revenue is authorized via resolution approved by the Seward City Council.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Shuttle bus service
Port Facilities	Cruise ship dock dredging
Port Facilities	Security float completion
Other CPV Services	Sidewalk from cruise ship dock to small boat harbor
Other CPV Services	Passenger corridor safety and aesthetic improvements
Other CPV Services	Cruise dock ambulance service
Port Facilities	Harbor float replacement
Other CPV Services	Cruise ship/dock fire fighting

Source: City of Seward.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Seward, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Since FY2007, Seward has received nearly \$3.3 million in shared CPV revenue from the State of Alaska. The highest shared revenue distribution from the State of Alaska was \$447,170 received during FY2016.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	City Share	Passengers ¹
2007 ²	\$16,222	6,489
2008 ²	\$367,430	146,972
2009	\$345,747	138,299
2010	\$387,413	154,965
2011	\$374,293	149,717
2012	\$324,865	129,946
2013	\$343,265	137,306
2014	\$306,723	122,689
2015	\$347,733	139,093
2016	\$447,170	178,868
Total	\$3,260,861	1,304,344

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

In addition to receiving shared CPV revenue directly from the State of Alaska, Seward has also received nearly \$3.3 million in grants from the Kenai Peninsula

Borough between FY2007 and FY2016 after the borough assembly passed an ordinance making the borough's share of the CPV revenue available to Homer and Seward through a grant process. The ordinance stipulates that funds must be used for port and harbor improvements that benefit cruise ship passengers for purposes that comply with state law. Homer and Seward city managers submit letters to the Kenai Peninsula Borough mayor to request funding. The grant request specifies how the project meets the expenditure requirements established in state law.

LEGISLATIVE GRANTS

In addition to shared CPV revenue, Seward received more than \$7 million between FY2010 and FY2012 in legislative grants from the Commercial Vessel Passenger Tax Account for capital projects to upgrade commercial passenger vessel services and infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Bus transportation for cruise ship passengers	\$167,000
2010	Dredging cruise ship berthing basins and approaches	\$2,508,000
2011	Commercial passenger vessel harbor security - Coast Guard building relocation	\$300,000
2011	Security and fire protection for commercial passenger vessels	\$2,000,000
2012	Cruise ship boardwalk expansion	\$25,000
2012	Harbor restrooms improvements	\$130,000
2012	Water storage tank	\$1,992,000
Total		\$7,122,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City of Seward uses CPV revenue for port and harbor infrastructure and passenger services. Plans for future projects include improved ambulance service to cruise ships, safety and aesthetic improvements to the cruise ship pedestrian walkway, and cruise terminal amenities.

CPV Revenue Expenditures FY2007 - FY2016		
Category	Description	Expenditures
Harbor Infrastructure	Harbor breakwater	\$969,000
Other CPV Services	Ambulance service	\$110,000
Other CPV Services	Fire boat outboards	\$50,000
Other CPV Services	Security float for response vessels	\$163,000
Other CPV Services	United States Coast Guard relocation	\$333,000
Other CPV Services	Water storage tank (fire safety)	\$98,000
Other CPV Services	Harbor restroom improvement	\$43,000
Other CPV Services	Bus transportation	\$611,000
Port Facilities	Cruise ship terminal	\$201,000
Port Facilities	Dock dredging	\$702,000
Port Facilities	Float replacement	\$1,859,000
Total		\$5,139,000

Sources: City of Seward and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City of Seward. 2005. *2020 Comprehensive Plan*. (www.cityofseward.us/DocumentCenter/View/391)
- City of Seward. Resolution 2016-65 2017. City Legislative Priorities.
- City of Seward. Resolution 2016-66 2017. State Legislative Priorities.
- City of Seward. Resolution 2016-67 2017. Federal Legislative Priorities.
- City of Seward. 2016. *Seward Shuttle Schedule*. (www.cityofseward.us/DocumentCenter/View/2861)
- City of Seward. 2014. *Seward Small Boat Harbor Plan*. (www.cityofseward.us/DocumentCenter/View/2119)

CONTACT

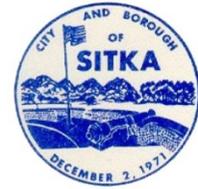
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CITY AND BOROUGH OF SITKA

Unified Home Rule Municipality

2015 Population: 8,929

FY2007 to FY2016 CPV Excise Tax Revenue: \$5,501,170



PROFILE

The City and Borough of Sitka includes most of Baranof Island, South Chichagof Island and many smaller islands. Most residents live on Sitka Sound facing the Pacific Ocean and surrounded by the Tongass National Forest. The city has picturesque remnants of its Russian heritage; Tlingit culture is also deeply rooted in this small seaside city. Long before Russians or Americans inhabited the area, Tlingits made this area their home.

Sitka received more than 1,700 cruise ship port calls and 1.56 million passengers between 2007 and 2016. In 2016, several new cruise ships and nearly 123,000 cruise passengers visited Sitka. Holland America Line used the Old Sitka Dock instead of anchoring in the Eastern Channel and lightering passengers to town. The decision increased passenger visits and longer time spent in town.

A robust increase in passengers is expected in 2017, with 130 vessels that will carry 165,566 passengers. The increase is largely due to Celebrity Cruise Lines making six calls to Sitka in 2017 with 12,600 potential passengers.

Sitka Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	261	233,936
2008	317	289,753
2009	234	224,335
2010	179	144,383
2011	139	129,380
2012	116	110,714
2013	96	99,920
2014	112	90,182
2015	118	117,546
2016	137	122,944
Total	1,709	1,563,093

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

The City and Borough of Sitka established a Marine Passenger Fund to accept proceeds of the CPV Excise Tax revenue from the State of Alaska. City and Borough

Ordinance No. 2016-32 clarified and streamlined fund administration and stipulated that the assembly appropriate fund proceeds to “address impacts caused by the marine passenger ship industry in full compliance with all state and federal regulations governing the use of these funds.”

Sitka anticipates increasing cruise passenger numbers over the next five years resulting from cruise itinerary changes and passenger demand for variety in Alaska cruise destinations. More passengers will result in increased demand on municipal resources to provide visitor safety and facilitate cruise passenger visits.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Centennial Hall upgrade
Other CPV Services	Yearly passenger services expenses
Other CPV Services	Sea walk extension to facilitate passenger safety and access to attractions.
Other CPV Services	Transportation from bus loading facility to West Lincoln Street
Other CPV Services	Lincoln Street improvements

Source: City and Borough of Sitka.

Key future needs include extending the Sitka Sea Walk to facilitate safe walking access to the western end of Lincoln Street to allow passengers to visit merchants and attractions such as the Alaska Native Brotherhood Hall, Sheet'ka Kwaan Naa Kahidi Community House, Old Russian Cemetery and Blockhouse, and Alaska Pioneer Home gardens. Transportation options are needed to assist passengers with transit from the bus loading facility to locations on West Lincoln Street. This is important to assist visitors with mobility concerns who may not be able to access West Lincoln Street attractions via the sea walk extension.

Lincoln Street is the primary economic center for the cruise industry in Sitka. The Lincoln Street improvement project would replace aging and failing asphalt, curb, gutter, and sidewalk along the central business district of Lincoln Street from Harbor Way to Lake Street with new hardscape. Improvements would replace non-conforming wheelchair ramps with Americans with

Disabilities Act wheelchair ramps and enhanced pavement crosswalks. These improvements will support visitor activities within Sitka’s downtown core commercial district by improving the visitor experience and enhancing pedestrian safety.

CPV REVENUE DISTRIBUTION

The City and Borough of Sitka received approximately \$5.5 million in shared revenue between FY2007 and FY2016. The city’s largest distribution was \$1,359,039 during FY2009.

CPV Revenue Distribution		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$103,325	20,665
2008 ²	\$1,025,670	205,134
2009	\$1,359,030	271,806
2010	\$1,078,480	215,696
2011	\$706,505	141,301
2012	\$414,130	82,826
2013	\$135,355	27,071
2014	\$302,985	60,597
2015	\$157,340	31,468
2016	\$218,350	43,670
Total	\$5,501,170	1,000,234

Source: Alaska Department of Revenue, Tax Division.
¹Only includes passengers that pay CPV tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.
²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008

LEGISLATIVE GRANTS

Sitka received nearly \$14 million between FY2010 and FY2015 in legislative grants from the Commercial Vessel Passenger Tax Account. The grants have funded harbor infrastructure and Centennial Hall reconstruction.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	CPV lightering facility improvements	\$2,000,000
2011	CPV facilities and visitor improvements	\$4,500,000
2011	Crescent Harbor sidewalk widening	\$1,000,000
2012	Commercial passenger vessel and visitor facility improvements	\$3,000,000
2015	Commercial passenger vessel and visitor facility improvements	\$3,300,000
Total		\$13,800,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City and Borough of Sitka spends shared CPV revenue primarily on passenger services. During FY2016, Sitka received \$218,350 in shared CPV revenue. Sitka spent \$69,237.67 to facilitate CPV visitor safety and access (transport passengers by bus from Old Sitka Dock to downtown; provide security at the lightering dock gangway, and support security-related telephone charges).

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Harbor Infrastructure	Harbor Fund	\$366,000
Other CPV Services	Advertising	\$7,000
Other CPV Services	Building repair	\$8,000
Other CPV Services	Contracted services	\$554,000
Other CPV Services	Equipment rentals	\$8,000
Other CPV Services	Interdepartmental Services	\$42,000
Other CPV Services	Telephone	\$14,000
Other CPV Services	Tools and small equipment	\$5,000
Other CPV Services	Maintenance Fund	\$14,000
Other CPV Services	General Fund	\$1,019,000
Other CPV Services	IT Fund	\$18,000
Other CPV Services	Capital Projects (Centennial Hall)	\$1,456,000
Other CPV Services	Bus transportation - Old Sitka Dock to downtown	\$50,000
Other CPV Services	Security personnel at lightering dock gangway	\$18,048
Other CPV Services	Security-related telephone charges	\$1,190
Total		\$3,580,238

Sources: City and Borough of Sitka and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City and Borough of Sitka. 2016. *Municipal Code Chapter 4.05 Establishing a Marine Passenger Fee Fund.* (www.codepublishing.com/AK/Sitka/ords/ORD%202016-32.pdf)
- MRV Architects, Jones and Jones, McDowell Group. 2010. *Sitka Passenger Fee Fund Implementation Plan.*

CONTACT

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MUNICIPALITY OF SKAGWAY

First Class Borough

2015 Population: 1,040

FY2007 to FY2016 CPV Excise Tax Revenue: \$34,578,520



PROFILE

Skagway is located 90 miles northeast of Juneau at the northern end of Lynn Canal. As a visitor destination, Skagway is ideally located as cruise ship port, a transfer site for rail and interior bus tours, and a link on the highway system and the Alaska Marine Highway. The Klondike Gold Rush Historical Park and White Pass and Yukon Railroad are major attractions.

Skagway received nearly 4,000 cruise ship port calls and more than 7.8 million passengers between 2007 and 2016. Passenger volume peaked at 821,874 visitors during 2013, achieving the city's highest visitation numbers since 2007. Cruise ship traffic has been relatively stable in recent years, with a slight increase expected in the future.

Skagway Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	486	820,829
2008	466	781,676
2009	424	785,034
2010	370	697,060
2011	345	708,981
2012	355	755,681
2013	388	821,874
2014	396	819,239
2015	380	815,541
2016	362	817,308
Total	3,972	7,823,223

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

In 2008, Skagway commissioned a study to quantify cruise ship visitor impacts on municipal services and facilities. Municipal department directors identified impacts such as (1) increased staffing levels and facility hours, (2) increased demand for municipal utilities, (3) increased emergency and non-emergency call volume for public safety departments, (4) increased demand for permits and inspections, (5) increased pedestrian and vehicular congestion, and (6) increased public restroom and other facility maintenance. Skagway uses

CPV revenue to pay for municipal services or facilities that benefit cruise ship visitors: fire, police, and public works departments and facilities (e.g., civic center, museum, library, and health center). In addition to identifying passenger service needs, the *Skagway 2020 Comprehensive Plan* identifies port infrastructure and passenger services projects. Municipal leaders reported no change to the process as of FY2016.

Priority Projects for CPV Revenue	
Category	Description
Port Infrastructure	Port gateway project
Port Infrastructure and Other CPV Services	Public safety building
Port Infrastructure	Floating dock
Other CPV Services	Additional well and water tank to improve water delivery system when cruise ships are in town.

Source: Municipality of Skagway.

CPV REVENUE DISTRIBUTION

The Municipality of Skagway received more than \$34 million in CPV shared revenue between FY2007 and FY2016. The highest distribution was \$4.06 million received during FY2014.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$339,855	67,971
2008 ²	\$3,717,410	743,482
2009	\$3,862,970	772,594
2010	\$3,904,825	780,965
2011	\$3,455,540	691,108
2012	\$3,470,720	694,144
2013	\$3,728,105	745,621
2014	\$4,062,215	812,443
2015	\$4,008,335	801,667
2016	\$4,028,545	805,709
Total	\$34,578,520	6,915,704

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, Skagway received more than \$10 million in legislative grants from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Seawalk Intermodal Cruise Ship Access Project	\$2,000,000
2010	Municipal wastewater treatment facility improvements	\$2,500,000
2011	Commercial passenger vessel lightering and harbor improvements	\$4,000,000
2011	Municipal wastewater treatment facility improvements	\$800,000
2015	Float extension to serve cruise passenger vessels	\$800,000
Total		\$10,100,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

REVENUE EXPENDITURES

To date, the Municipality of Skagway has used approximately half of its shared CPV revenue for port infrastructure and passenger services. The municipality plans to use remaining CPV revenue for future port development, as well as engineering and construction of a public safety building.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Harbor Infrastructure	Seawalk/wave barrier	\$3,009,351
Harbor Infrastructure	Small Boat Harbor maintenance building	\$218,240
Harbor Infrastructure	Small Boat Harbor master plan	\$25,000
Harbor Infrastructure	Small Boat Harbor upgrades	\$420,242
Other CPV Services	7th pasture dike	\$4,500
Other CPV Services	AB Hall Improvements	\$10,000
Other CPV Services	Bear-proof garbage lids	\$11,322
Other CPV Services	Bicycle racks	\$9,732
Other CPV Services	Booster station	\$177,628
Other CPV Services	Cemetery improvements	\$7,987
Other CPV Services	Dock security/signage	\$14,806
Other CPV Services	Dyea improvements	\$107,755
Other CPV Services	Fire Department OSHA	\$52,932

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Fire Department water tank building	\$12,810
Other CPV Services	Fire training facility	\$17,451
Other CPV Services	Incinerator repairs	\$470,932
Other CPV Services	924-K loader	\$190,537
Other CPV Services	Library expansion/parking	\$11,166
Other CPV Services	Museum collection	\$48,135
Other CPV Services	Playground equipment	\$228,900
Other CPV Services	Public Safety Engineering	\$702,595
Other CPV Services	Rapuzzi Collection	\$93,502
Other CPV Services	Recreation Center entry	\$178,995
Other CPV Services	Recreation Center expansion	\$28,176
Other CPV Services	Recreation Center improvements	\$195,471
Other CPV Services	Redwood water tank	\$64,245
Other CPV Services	Rural fire suppression	\$488
Other CPV Services	Street light LED conversion	\$58,407
Other CPV Services	Street maintenance	\$285,490
Other CPV Services	Trail maintenance	\$5,490
Other CPV Services	TWIC equipment	\$17,247
Other CPV Services	Upper Dewey Lake Trail	\$9,709
Other CPV Services	Water well exploration	\$66,690
Other CPV Services	WWTP upgrades	\$75,000
Other CPV Services	Transfers to General	\$10,758,333
Other CPV Services	Transfers to Garbage	\$1,081,455
Other CPV Services	Transfers to Tourism	\$30,350
Other CPV Services	Transfers to Water/Sewer	\$1,522,324
Total Expenditures		\$20,223,396

Sources: Municipality of Skagway and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Blasco, Robert P. and Van Altvorst, James A. 2008. *Allocating Commercial Passenger Vessel Excise Tax Revenues*.
- Sheinberg Associates. 2009. *Municipality of Skagway 2020 Comprehensive Plan*.

CONTACT

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CITY OF UNALASKA

1st Class City, Unorganized Borough

2015 Population: 4,605

FY2007 to FY2016 CPV Excise Tax Revenue: \$30,020



PROFILE

Located approximately 900 miles southwest of Anchorage along the Aleutian Island chain, Unalaska sits in the heart of the North Pacific and Bering Sea fisheries and is home to the Port of Dutch Harbor. As the only natural deep-water port in Western Alaska, it has been significant since the 18th century when the Russian fur traders first sailed here.

Unalaska received 71 cruise ship calls and more than 24,000 passengers between 2007 and 2016. Historically, the majority of vessels calling at the Port of Dutch Harbor have not carried enough passengers to subject them to the CPV Excise Tax. The port received approximately one to two ships a year that carried more than 250 passengers. During 2016, vessels carrying more than 250 passengers made six port calls; three of the vessels (i.e., Crystal Serenity, Millennium, and Volendam) exceeded 1,000 passengers. Cruise visitation during 2016 reached a decade high of more than 6,500 passengers.

Unalaska Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	9	2,534
2008	6	709
2009	14	3,398
2010	4	956
2011	3	707
2012	3	1,371
2013	6	1,285
2014	8	2,652
2015	8	4,112
2016	10	6,526
Total	71	24,250

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

Although the City of Unalaska receives a relatively small share of the CPV revenue, the *Unalaska Comprehensive Plan 2020* identifies a need for better

facilities to accommodate cruise ships. Priority projects include improvements to the Unalaska Marine Center dock and completing pedestrian pathways for cruise visitors.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Unalaska Marine Center Dock Improvements Project (\$40 M)
Port Facilities	S Curves Pathway Project (\$1 M)

Source: City of Unalaska.

CPV REVENUE DISTRIBUTION

The City of Unalaska has received \$30,000 in CPV revenue between FY2007 and FY2016. The highest distribution was \$8,155 received during FY2016.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007	-	-
2008	-	-
2009	-	-
2010	\$7,620	1,524
2011	\$3,000	600
2012	\$1,310	262
2013	\$4,120	824
2014	\$4,165	833
2015	\$1,650	330
2016	\$8,155	1,631
Total	\$30,020	6,004

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

Unalaska has not received legislative appropriations from the commercial Vessel Passenger Tax Account for cruise ship port and harbor infrastructure.

CPV REVENUE EXPENDITURES

The amount of shared revenue the city receives is insufficient to undertake large scale projects. The city uses CPV revenue to augment funding for city services to cruise ship visitors.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Operating Costs - Admin Assistant II – General Billing	\$30,020
Total		\$30,020

Sources: City of Unalaska and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City of Unalaska. 2011. *Unalaska Comprehensive Plan 2020*.

CONTACT

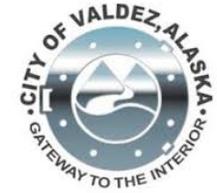
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CITY OF VALDEZ

Home Rule City

2015 Population: 4,011

FY2007 to FY2016 CPV Excise Tax Revenue: \$65,335



PROFILE

The City of Valdez is located on the north shore of Port Valdez, a deep water fjord in Prince William Sound. It is 305 road miles from Anchorage and 364 road miles south of Fairbanks at the southern terminus of the Trans Alaska Pipeline System. Valdez is an important seaport with a major cargo and container facility. Commercial fishing has also been a key component of the economy. Valdez is surrounded by some of the world’s tallest coastal mountains and offers convenient access to the Columbia Glacier, a popular day trip destination. Valdez also has a strong trail system with 33 miles of trails and four trailheads within less than one mile of the cruise ship dock.

Valdez Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	-	-
2008	9	5,553
2009	11	6,367
2010	1	469
2011	1	332
2012	-	-
2013	1	382
2014	-	-
2015	-	-
2016	-	-
Total	23	13,102

Source: Cruise Line Agencies of Alaska.

Since 2007, Valdez has received 23 cruise ships and approximately 13,000 visitors. Beginning with the 2004 cruise season, Celebrity Cruises stopped port calls in Valdez after adding Icy Strait Point to its itinerary. Princess Cruises visited Valdez in 2008 and 2009, but reduced statewide capacity during 2010. The reduction primarily impacted cross-gulf itineraries and communities like Valdez. No cruise ships visited Valdez between 2014 and 2016. No cruise ships are scheduled to visit Valdez during 2017.

PROJECTED NEEDS OF COMMUNITY

Following a steep decline in cruise ship traffic in the early 2000s, Valdez commissioned a study of the cruise industry and how it viewed the community. The study identified a list of priority actions necessary to strengthen the existing visitor industry. These actions included the following:

- move cruise ship berth downtown
- expand small boat harbor
- develop tour packages and excursions
- improve city dock and uplands for better access to downtown area
- revitalize downtown physical appearance and business retail
- coordinate local attractions and events
- develop and connect trails and parks
- design and construct a multi-agency facility, including a natural history museum
- enhance sport fishing opportunities, and
- leverage special events and festivals to market Valdez Civic and Convention Center.

The City of Valdez developed the *Old City Dock Master Plan* to address the priorities identified in the study and secured funding from a variety of federal, state, and local sources. The community’s top priorities were to move the cruise ship berth downtown and improve the city dock and uplands for better access to the downtown area.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Move cruise ship berth downtown.
Port Facilities	Improve city dock and uplands for better access to downtown area.
Passenger Services	Develop an interpretive center.

Source: City of Valdez.

REVENUE DISTRIBUTION

Between FY2007 and FY2016, the City of Valdez received \$65,353 in CPV revenue. The highest distribution amount was \$31,730 received in FY2009.

CPV Revenue Distribution		
Fiscal Year	Amount	Passengers ¹
2007	-	-
2008	-	-
2009	\$28,355	5,671
2010	\$31,730	6,346
2011	\$2,335	467
2012	\$1,650	330
2013	-	-
2014	\$1,265	253
2015	-	-
2016	-	-
Total	\$65,335	13,067

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV tax revenue, the City of Valdez received nearly \$6 million in legislative grants from the Commercial Vessel Passenger Tax Account. The grants paid for cruise ship dock renovation, uplands repair, and an information and interpretive center.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Cruise Ship Dock Renovation and Uplands Repair	\$1,675,000
2010	Dock Improvements	\$3,325,000
2010	City Dock Information and Interpretive Center	\$800,000
Total		\$5,800,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The amount of shared CPV revenue the City of Valdez receives is minimal, so the city has used it to offset general funds invested in the city's waterfront revitalization efforts.

CPV Revenue Expenditures FY2007 to FY2015		
Category	Description	Expenditures
Other CPV Services	Picnic tables	\$6,000
Other CPV Services	Flowers	\$1,000
Other CPV Services	Landscaping mulch	\$1,000
Other CPV Services	Benches	\$19,000
Other CPV Services	Pennants	\$3,000
Other CPV Services	Signs and welcome banners	\$1,000
Port Facilities	Kelsey Dock Decking	\$28,000
Port Facilities	Kelsey Dock sea floor soundings and uplands building steel fish in waves art sculpture	\$5,000
Port Facilities	Kelsey dock piling caps and jersey barrier chains	\$1,000
Total		\$65,000

Source: City of Valdez and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- PND Engineers, Inc. (2007). *Valdez Waterfront Development Master Plan*.

CONTACT

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CITY OF WHITTIER

Second Class City

2015 Population: 253

FY2007 to FY2016 CPV Excise Tax Revenue: \$7,777,775



PROFILE

Whittier is on the southeast shore of the Kenai Peninsula, at the head of Passage Canal in Prince William Sound, about 60 miles southeast of Anchorage. The U.S. Army constructed a port and a railroad terminus in Whittier to transport fuel and supplies into Alaska during World War II. A railroad spur and two tunnels were completed during 1943. One rail tunnel was adapted to accommodate both rail and highway vehicles during 2000. Tours, charters, and sportfishing in Prince William Sound attract seasonal visitors.

Whittier Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	96	225,071
2008	80	220,117
2009	80	212,598
2010	48	126,866
2011	29	130,312
2012	36	170,758
2013	45	202,336
2014	35	162,002
2015	36	146,528
2016	29	129,894
Total	514	1,726,482

Source: Cruise Line Agencies of Alaska.

Like Seward, Whittier is a primary transfer or destination port for cross-gulf cruises. The ships call at Whittier because of its proximity to Anchorage and destinations throughout Southcentral Alaska. Between 2007 and 2016, Whittier received more than 500 cruise ship calls and more than 1.7 million passengers. Declines in cruise visitation since 2010 are primarily due to the loss of the Carnival Spirit, which carried about 35,000 cruise visitors to and from Whittier each year between 2005 and 2009. Cruise port calls during 2013 increased to 45, but returned to 2011 levels of 29 port calls during 2016.

PROJECTED NEEDS OF COMMUNITY

Cruise ships stop several times a week at a floating dock and embarkation building owned by privately-owned Whittier Dock Enterprises LLC. The dock and building can accommodate a single cruise ship visit each day. The Alaska Railroad owns the facilities where passengers are transferred between the cruise and the rail lines. Since the cruise ship docking facilities are privately owned, the City of Whittier's goals for expending shared CPV revenue are to (1) provide a safe environment for cruise ship passengers and pedestrians, and (2) enhance opportunities for cruise ship visitors to patronize local businesses and charters. Improvements to public safety are required to meet the first goal, and improvements to the harbor district are needed to achieve the second goal.

The Whittier City Council established a Commercial Vessel Passenger Special Revenue Fund to receive shared revenue from the state. The city planning commission has engaged the public in the discussion on expending shared CPV funds and has served as the working group that reviews, evaluates, and recommends projects for CPV funding. The Whittier Port and Harbor Commission also submits capital improvement recommendations to the city council. Through its budgetary authority, the city council appropriates CPV funds for expenditure.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Visitor center
Other CPV Services	Covered walkways/boardwalks
Other CPV Services	Enclosed rest areas, benches, and additional restrooms
Harbor Infrastructure	Harbor float replacement
Other CPV Services	Public Safety Building Construction

Sources: City of Whittier, Planning Commission, Port and Harbor Commission, and Whittier City Council.

SHARED CPV REVENUE DISTRIBUTION

Between FY2007 and FY2016, the City of Whittier received a nearly \$7.8 million in CPV revenue. The highest distribution was \$1,059,970 in FY2008.

CPV Shared Revenue Distribution FY2007 - FY2016		
Fiscal Year	Amount	Passengers ¹
2007 ²	\$44,840	8,968
2008 ²	\$1,059,970	211,994
2009	\$1,001,985	200,397
2010	\$1,045,550	209,110
2011	\$695,790	139,158
2012	\$637,265	127,453
2013	\$828,865	165,773
2014	\$950,635	190,127
2015	\$791,550	158,310
2016	\$721,325	144,265
Total	\$7,777,775	1,555,555

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

²First year revenue from calendar year 2007 was disbursed partially in FY2007 and the remainder during FY2008.

LEGISLATIVE GRANTS

In addition to receiving CPV revenue, the City of Whittier received \$325,000 in FY2010 in a legislative appropriation from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Railroad Station Improvements	\$325,000
Total		\$325,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

SHARED CPV REVENUE EXPENDITURES

In general, the City of Whittier uses CPV revenues for harbor infrastructure and passenger services, primarily public safety. These services include hiring seasonal paramedics, police officers, and fire protection, along with maintaining vehicles for police, fire and ambulance, which far exceed the needs of the community alone.

Shared CPV Revenue Expenditures FY2007 - FY2016		
Category	Description	Expenditures
Harbor infrastructure	EDA 070105881 - Harbor Project	\$172,000
Harbor infrastructure	Emergency harbor repairs	\$65,000
Harbor infrastructure	Harbor float replacement	\$336,000
Harbor infrastructure	Harbor Project	\$234,000
Harbor infrastructure	Public Facilities' Harbor Facility Grant Program	\$2,000,000
Harbor infrastructure	Transfer to COOP 10-037 matching portion	\$71,000
Harbor Infrastructure	Request for Proposal Ad - Public Facilities' Harbor Facility Grant Program	\$1,000
Other CPV Services	Whittier Museum Association contribution	\$55,000
Other CPV Services	Bear proof trash cans - Harbor Project	\$11,000
Other CPV Services	Whittier Creek levee emergency watershed protection	\$6,000
Harbor Infrastructure	Harbor Triangle Area Gazebo construction	\$12,000
Other CPV Services	Public Safety - Emergency medical services equipment purchase	\$43,000
Other CPV Services	Public Safety - ambulance purchase	\$19,000
Other CPV Services	Public Safety - P-12 roof survey	\$29,000
Other CPV Services	Public Safety - vehicle purchase	\$23,000
Other CPV Services	Public Safety - Transfer to Police, Emergency Medical Services, Fire	\$1,169,000
Other CPV Services	Public Safety - building construction ¹	\$1,492,217
Harbor infrastructure	Harbor float replacement (2017)	\$1,500,000
Other CPV Services	Public Safety - Cruise Dock security cameras	\$30,000
Total		\$7,268,217

Sources: City of Whittier and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

¹Total project budget is \$2,500,000

RELATED INFORMATION

- City of Whittier. 2012. *Whittier Comprehensive Plan Update*.

CONTACT

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CITY AND BOROUGH OF WRANGELL

Unified Home Rule Borough

2015 Population: 2,442

FY2007 to FY2016 CPV Excise Tax Revenue: \$154,085



PROFILE

The City and Borough of Wrangell lies on the northwest tip of Wrangell Island near the mouth of the Stikine River, a historic trade route to the Canadian Interior. Wrangell's economy is based on commercial fishing, tourism, and the marine service and repair industry. The Stikine River and surrounding area attract visitors who engage in fishing, wildlife and glacier viewing, and jetboating and kayaking adventure tours. Nearby Anan Wildlife Observatory is famous for black and brown bear viewing.

Wrangell received 158 cruise ship port calls and nearly 50,000 passengers between 2007 and 2016. Wrangell is currently a destination for small and medium-sized cruise ships. Large cruise ships have not visited Wrangell since Norwegian Cruise Lines repositioned one of the company's Alaska ships to Hawaii during 2006.

Wrangell Cruise Ship Visitors 2007 to 2016		
Calendar Year	Ship Calls	Passengers
2007	34	5,192
2008	24	4,002
2009	14	3,842
2010	29	3,869
2011	8	4,719
2012	3	678
2013	12	6,417
2014	10	5,171
2015	12	7,471
2016	12	7,926
Total	158	49,287

Source: Cruise Line Agencies of Alaska (CLAA). Data do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

Despite declining large ship cruise visitor numbers since 2004, smaller cruise vessels stopping in Wrangell

have remained steady. The *City and Borough of Wrangell's Comprehensive Plan* indicates residents are interested in attracting one to two large cruise ships per week. Priority actions include strengthening pedestrian connections from the cruise ship dock to the Nolan Center and Shakes Island (safe crosswalks, wider sidewalks, maps, waterfront access, boardwalk, and interpretive signs); improving access to trailheads; and extending trails. An analysis of Wrangell as a cruise ship destination showed that the downtown dock is properly equipped to handle Panamax-size cruise ships, with very good access to and from the dock for arriving and departing cruise ships. The analysis identified downtown revitalization and improving Wrangell's physical presentation as primary actions to strengthen Wrangell's viability as a cruise destination.

Currently, city economic development staff, the Wrangell Port Commission, and the Wrangell Convention and Visitor Bureau recommend projects to be funded by the CPV Excise Tax.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Street banners, information kiosk, benches, and pocket park near cruise ship dock
Other CPV Services	Waterfront access near Cruise Ship Dock and Nolan Center
Other CPV Services	Access to, or extensions of, trails utilized by cruise passengers

Source: City and Borough of Wrangell.

CPV REVENUE DISTRIBUTION

The City and Borough of Wrangell received more than \$150,000 in CPV revenue between FY2007 and FY2016. The highest distribution was \$38,845 received in FY2016.

CPV Revenue Distribution FY2007 to FY2016		
Fiscal Year	Amount	Passengers ¹
2007	-	-
2008	-	-
2009	\$9,975	1,995
2010	\$26,180	5,236
2011	\$2,510	502
2012	\$19,350	3,870
2013	\$1,730	346
2014	\$31,430	6,286
2015	\$24,065	4,813
2016	\$38,845	7,769
Total	\$154,085	30,817

Source: Alaska Department of Revenue, Tax Division.

¹Only includes passengers that pay CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, the City and Borough of Wrangell received just over \$6 million in legislative grants from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Marine passenger service center	\$2,500,000
2010	Stikine Avenue sidewalk extension/ Front Street	\$390,000
2011	Commercial passenger vessel facility	\$3,250,000
2011	Waterfront master plan	\$75,000
Total		\$6,215,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City and Borough of Wrangell did not spend CPV distributions through FY2012 because the community was in the midst of a multi-year downtown revitalization project and chose to wait until its completion to determine the best use for the CPV

funds. Additionally, since CPV shared revenue distributions are relatively small in comparison to funds required for a capital project, the city and borough is allowing the revenue to accumulate in the hopes of undertaking larger projects in the future. However, the city and borough spent \$9,000 in FY2013 on street decorations and landscaping along the newly completed Front Street corridor.

CPV Revenue Expenditures FY2007 to FY2016		
Category	Description	Expenditures
Other CPV Services	Downtown Revitalization Project (banners, bumpouts, and landscaping)	\$14,000
Other CPV Services	Park benches and trash receptacles	\$33,000
Other CPV Services	Additional Landscaping, park bench installation, trash receptacle improvements (bird proofing)	\$13,200
Total		\$60,200

Source: City and Borough of Wrangell and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Global Destinations Development, LLC. 2006. *Analysis of Cruise Ship Destination and Marketing Plan.*
- Sheinberg and Associates. 2010. *City and Borough of Wrangell Comprehensive Plan.*
- Corvus Design Inc. 2015. *Wrangell Waterfront Preferred Master Plan.*
- Rain Coast Data. 2015. *Wrangell Visitor Economy by the Numbers.*

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