



## City of Seward

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City of Seward, Alaska  
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May 13, 2008

Mayor John Williams  
Kenai Peninsula Borough  
144 N. Binkley  
Soldotna, Alaska 99669

RE: Cruise ship passenger tax proceeds

Dear Mayor Williams,

Thank you for your recent visit to Seward and the time you spent with me discussing the cruise ship head tax. As a result of our meeting, this letter is a formal request that the Kenai Peninsula Borough allocate its initial appropriations of cruise ship head tax proceeds to the City of Seward. Our planned usage of this 'port-of-call' category of funds will fully comply with federal legislation and court rulings that permit the use of these fees for piloting services, wharfage services, and general harbor services such as police and fire protection. These funds will be used to improve port security and fire protection for cruise ships docking at Seward.

Specifically, we are requesting an allocation of the funds the Borough will receive prior to June, 2008 in the approximate amount of \$385,435, as well as the additional funds the Borough will receive prior to June, 2009. These funds reflect the passenger fees collected during the 2007 and 2008 calendar years. Both payments will be used by the City to construct a security dock (and associated upland improvements) for use by various law enforcement and port security agencies.

The security dock will be constructed in the northeast section of the Small Boat Harbor, immediately adjacent to the cruise ship dock. The dock will enable the US Coast Guard, Seward Fire Department, Alaska State Troopers, and U.S. Park Service to relocate their response vessels and provide greater security, fire protection, and emergency response to cruise ships and their passengers. The dock will also enable the City to consolidate facilities for other public entities that would ultimately share responsibilities for port security. The estimated cost of this project is \$6.5 million.

It is my understanding that one of the other categories of proceeds from the cruise ship head tax, the regional impact fund, will be allocated through a grant program administered through the State of Alaska Department of Commerce, Community and Economic Development. Once potential legal challenges are resolved, these funds could be used to address and mitigate Borough-wide impacts from cruise ships and their passengers. We will join our efforts with those of the Borough to maximize use of these funds throughout the Kenai Peninsula.

We appreciate your support of our request, and look forward to working with you to enhance facilities for the cruise ship industry in our region.

Sincerely,

A handwritten signature in cursive script, reading "Phillip Oates".

Phillip Oates  
City Manager