

## CITY OF SEWARD

P.O. BOX 167

SEWARD, ALASKA 99664-0167  
January 29, 2009



- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- City Clerk (907) 224-4046
- Community Development (907) 224-4049
- Utilities (907) 224-4050
- Fax (907) 224-4038

Mr. Craig Chapman  
Finance Director  
Kenai Peninsula Borough  
144 N. Binkley  
Soldotna, Alaska 99669

RE: Cruise ship passenger tax proceeds

Dear Mr. Chapman,

Thank you for taking the time to speak with me yesterday regarding the cruise ship head tax. In preparation for the Borough Assembly's pending deliberation on Ordinance 2009-19-27 regarding of the allocation of cruise ship head tax proceeds, you requested information regarding how the City of Seward has used and intends to use, the cruise ship head tax proceeds which it has received.

The City has identified construction of a security dock in the northeast section of the Small Boat Harbor, as our main priority for expenditure of funds from cruise ship head tax. This dock will enable the US Coast Guard, the Seward Fire Department, the U.S. Park Service, and the Alaska State Troopers to relocate their response vessels to a dock specifically configured to ensure greater security, fire protection, and emergency response to cruise ships and their passengers. The dock project will also enable the City to consolidate facilities for other public entities that ultimately share responsibility for port security. The estimated cost of the project is \$6.5 million and the City has thus far utilized the Borough portion of cruise-ship revenues, in addition to other City revenues, to pay \$226,724 for engineering and design, and \$704,817 to procure timber floats for a portion of the dock.

In addition to the security float project, the City has used cruise ship head tax proceeds to purchase two 75-horsepower engines at a cost of \$17,030 and one 225-horsepower engine at a cost of \$12,770, for the fire and rescue boats which provide response to cruise ship vessels. The City has also contributed \$500,000 to the Army Corps of Engineers to repair flaws in their original design of the harbor breakwater, to ensure protection from wave action for the security and other floats in the harbor.

At this time, the City remains committed to utilizing 100% of the funding it has received from the Kenai Peninsula Borough for the security float project, including the funding to be allocated by Ordinance 2009-19-27. We appreciate your support of our project and look forward to working with you. Please do not hesitate to contact me at (907)224-4064 if you have questions or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristin Erchinger".

Kristin Erchinger, Finance Director