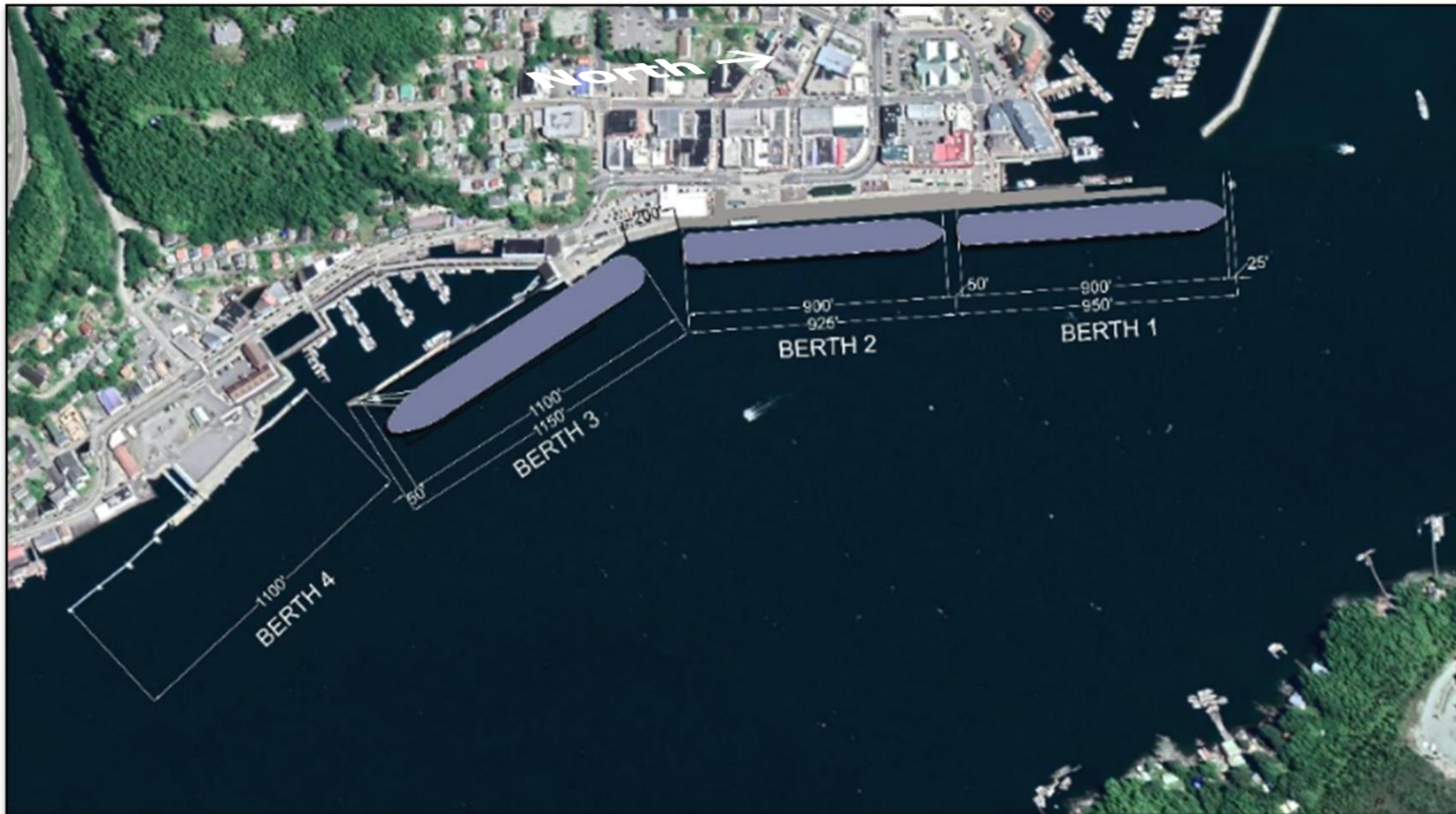


Port of Ketchikan

| Year | # of Vessels Calling | Total Cruise Ship Calls | Total Cruise Ship Passengers |
|-----------------|----------------------|-------------------------|------------------------------|
| 2019 | 38 | 535 | 1,188,915 |
| 2020 | 0 | 0 | 0 |
| 2021 (forecast) | 5 | 19 | 1,827 |



The Port of Ketchikan consists of 4 berths and is by far the Community's lead economic driver. Ward Cove has 2 new privately owned Berths which have not been able to operate due to the loss of the 2020 and 2021 seasons.



Ketchikan Harbors

Knudson Cove



City Float



Thomas Basin



Hole in the Wall



Ketchikan, Alaska



Ketchikan's (6) harbors can accommodate well over 900 vessels.

Bar Harbor (North & South)

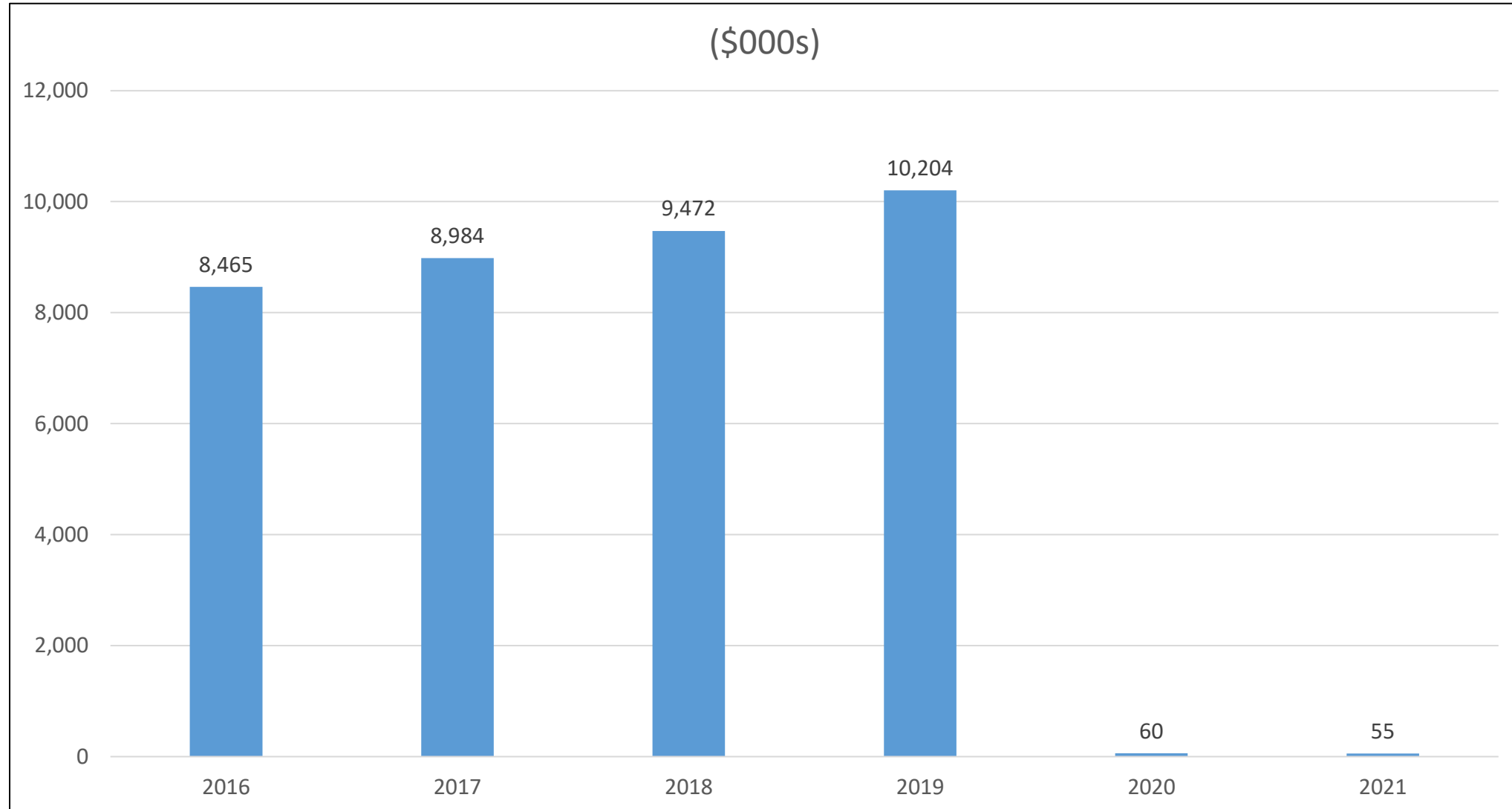


Current Situation

- Port Fund
 - Began 2020 with a \$10.8M reserve but now in danger of insolvency due to loss of 2020 and 2021 Cruise Seasons (\$21.3M)
 - Absent an infusion of funds from other sources, the City will have to transfer other City controlled funds in order to keep the Port Fund solvent.
- Harbor Fund
 - The Harbor Fund has suffered losses due to a lack of seasonal moorage revenue due to the effects of the pandemic.



Port Fund



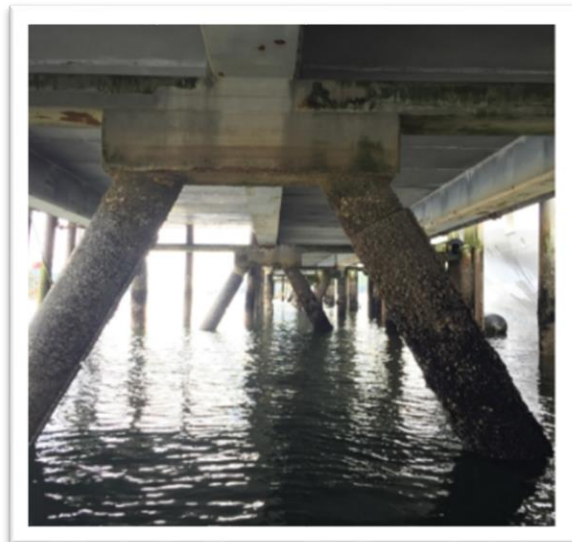
How to Finance Needs?

- Given the existing fiscal constraints on the Port Enterprise Fund, loss of passengers to Ward Cove, disruption of the local economy and the City's current debt load, conventional financing to undertake further improvements to the Port may be unlikely for the near term.
- Even if conventional financing were available, voter approval of additional debt is highly questionable.



Immediate Needs

- Port Debt Service, Lease Payments, and Operations.
- Port Projects
 - Berth III Mooring Dolphins and Bollards (\$5M) (Shovel Ready)
 - Berth I and II Corrosion Maintenance and Cathodic Protection (\$15M)
- Harbor Projects
 - Bar Harbor Concrete Float Replacements (\$7.5M)



More Rough Seas Ahead

- With no cruise ships in 2020 and 2021, Ketchikan anticipates losing approximately \$33M in revenue overall.
- Fixed costs (P&H operations, Berth III Debt Service, Berth IV Lease Obligations) will continue to drain the Port Fund.
- The longer maintenance is deferred, the more expensive it will become.
- Port Fund revenue recovery will be slower since the City is now in a competitive environment with the new Berths at Ward Cove. The McDowell Group estimates that Ward Cove will reduce City revenues by 20%.
- Lingering Pandemic effects for 2022 cruise season.



Summary

“The City of Ketchikan’s financial future is uncertain and we look to the State of Alaska as our last option to stabilize what has become a financial tailspin for us and all tourism communities that rely on cruise passenger visitation. The City of Ketchikan asks your office to prioritize the financial effects the pandemic has waged on Alaska’s cruise port communities when the State considers how to best direct its portion of American Rescue Plan relief funds.”

-Mayor Robert Sivertsen Correspondence to Governor Dunleavy, March 12, 2021

