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308

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 308

Revision Date/Time (Note if correction) _____	Dept. Affected <u>DOT&PF</u>
Title <u>"An Act relating to certain passenger vessels</u>	BRU <u>Marine Highway System</u>
<u>operating in the marine waters of the state</u>	Component <u>Southeast & Southwest</u>
Sponsor <u>Resources</u>	<u>Vessel Operations</u>
Requester <u>Senate Resources</u>	Component No. <u>630</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

POSITIONS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: <u>Dennis Poshard, Special Assistant to the Commissioner</u>	Phone <u>465-3904</u>
Division: <u>Commissioner's Office</u>	Date/Time <u>4/14/00 2:17 PM</u>
Approved by: <u>Commissioner <i>Joseph L. Perkins</i></u>	Date _____
Agency: <u>Joseph L. Perkins, DOT&PF</u>	

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SB 308

Revision Date/Time (Note if correction) _____ Dept. Affected Environmental Conservation
 Title Reports from Marine Passenger Vessels BRU Air & Water Quality
 Component Air Quality
 Sponsor Senate Resources
 Requester Senate Resources Component No. 2061

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	60.4	35.2	35.2	35.2	35.2	35.2
Travel	5.0					
Contractual	28.7	5.9	5.9	5.9	5.9	5.9
Supplies	2.0	2.0	2.0	2.0	2.0	2.0
Equipment	4.5	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	100.6	43.1	43.1	43.1	43.1	43.1

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	100.6	43.1	43.1	43.1	43.1	43.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	100.6	43.1	43.1	43.1	43.1	43.1

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	1.0	0.0	0.0	0.0	0.0	0.0
Part-time	0	1.0	1.0	1.0	1.0	1.0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Tom Chapple Phone 269-7686
 Division Air & Water Quality Date/Time 4/13/00 7:21 PM
 Approved by Commissioner [Signature] Date 4-14-00
 Agency Department of Environmental Conservation

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ATTACHMENT TO SB 308 FISCAL NOTE:

Fiscal Impact: In year one, one (1) full time position will be required to draft and administer regulations for the management of pollutant emissions into the Alaskan environment. One Environmental Specialist III will be located in Juneau to initially develop regulations and subsequently review monitoring data, conduct quality assurance reviews, and data analysis. The work tasks will include analysis of air, water, and hazardous and solid waste emissions throughout the coastal waters of the state, evaluation of the impacts, and information management. Once regulations have been developed, this position will be reduced to half time and will focus on the evaluation of summertime pollutant emissions.

During the first year, \$10.0 for professional services contracts is included to develop a database to manage and store emissions data received from the cruise ship industry. In addition, \$10.0 is included in the first year to cover advertising, printing, meeting, and mailing costs for two public notice periods on the regulations. Other contractual funds cover position support costs and technical assistance in the management of the database.

Personal Services New Position Detail

Department of Environmental Conservation
SB 308 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info - 2
Component: Air Quality (2061)
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#031	Environmental Spec III	FT	A	GG	Juneau	1A	18 B	12.0		45,456	0	0	14,931	60,387

Justification:

Implementation of SB 308

Funding Detail:

1004	General Fund Receipts	100.00%	60,387
Total Funding:		100.00%	60,387

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	60,387
Total Funding:	100.00%	60,387

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.

Personal Services New Position Detail

Department of Environmental Conservation
SB 308 Fiscal Note - FY2002 and Subsequent Years Projected

Scenario: FY2001 Legislative Fiscal Note Info - 2
Component: Air Quality (2061)
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#031	Environmental Spec III	FT	A	GG	Juneau	1A	183	7.0		26,516	0	0	8,710	35,226
Justification:							Funding Detail:							
Implementation of SB 308							1004	General Fund Receipts					100.00%	35,226
												Total Funding:	100.00%	35,226

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	35,226
Total Funding:	100.00%	35,226

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.



Official Business

ALASKA STATE LEGISLATURE

SENATE RESOURCES COMMITTEE

State Capitol
Juneau, AK 99801

Chairman: Senator Rick Halford
Vice Chair: Senator Robin Taylor
Senator Lyda Green
Senator Pete Kelly
Senator Jerry Mackie
Senator Sean Parnell
Senator Georgianna Lincoln

SB 308 Sectional Analysis

Section 1: adds new sections to AS 46.03, the Environmental Conservation statutes.

Sec. 46.03.460 requires an owner/operator who conducts business in Alaska to register each vessel annually with DEC, prior to bringing the vessel into state waters.

Sec. 46.03.465 requires the owner/operators to monitor cruise ship pollutants in order to fulfill the reporting requirements under AS 46.03.475. Monthly sampling of visible emissions from vessels while in an Alaskan port is required. Clarifies that information need only be collected for the amount of time that the vessel is in state waters and that information collected for another, substantially similar report will be sufficient.

Sec. 46.03.470 requires that records be maintained for three years.

Sec. 46.03.475 establishes the monthly reporting that must occur for several categories of pollutants. Specifies a timetable for these reports, the type of information required, and requires a statement regarding the accuracy of the report. Clarifies that the information provided for another, substantially similar report will be accepted.

Sec. 46.03.480 establishes civil penalties for failing to register, failing to report, and falsifying a registration or report.

Sec. 46.03.485 gives DEC rule-making authority to implement this legislation.

Sec. 46.03.490 Definitions.

Section 2 amends AS 46.03.760(e) to reflect the penalties incorporated into 46.03.480(c)

SB 308 Testimony
Gershon Cohen, Ph.D., Project Director
Campaign to Safeguard America's Waters
Earth Island Institute
Box 956, Haines, AK 99827
907-321-4121 gershon@seaknet.alaska.edu

Dear Mr. Chairman,

My name is Gershon Cohen. I have lived in S.E. Alaska for nearly 20 years. I am a National Project Director on water pollution issues for the Earth Island Institute.

SB 308 is one of several bills sponsored, at least in part, in response to the wake-up call of last summer. We were shocked to hear that members of the cruise ship industry had been routinely dumping toxic wastes into Alaskan waters. Hopefully those days are behind us. But we must now address what may in fact be a greater problem, the industry's legal discharge of polluted wastes.

For the past nine months cruise ship representatives have proclaimed their intent to adhere to all applicable pollution laws from now on. Unfortunately, this is not the commitment to environmental stewardship it would first appear. The key word is "applicable" – the cruise ship industry is well aware that it remains exempt from key U.S. laws and regulations that would otherwise govern their discharge of polluted wastestreams. It is because of these exemptions that coastal states such as Alaska must take on the responsibility of monitoring the release of ship wastes into public waters. Similar measures are being considered by the California legislature.

Despite the industry's abysmal past, huge gaps in the regulatory process will permit the industry's discharges to go essentially unmonitored again this season. SB 308 can play a critical role in closing the information gap.

We support the bill's three fundamental objectives: First, the requirement that a responsible party be identified for each ship at the beginning of every calendar year. Second, the requirement that ships submit a report monthly on the quantity, composition, and discharge location of their wastestreams and record visible air emissions while in port. And third, the required accounting of all hazardous and solid wastes offloaded for transport to licensed treatment facilities.

The need for this information is obvious. The average cruise ship in today's fleet is a floating city transporting more than 5,000 passengers and crew. According

to the Royal Caribbean Cruise Limited web site, a typical ship generates during every *one-week* voyage approximately:

- 1,000,000 gallons of graywater, (containing solvents, detergents, biocides, medical wastes and other miscellaneous pollutants poured down galley, cabin sink, and shower drains);
- 210,000 gallons of raw and treated sewage;
- 25,000 gallons of oily bilge water;
- 110 gallons of photo chemicals;
- 5 gallons of dry-cleaning waste (containing perchlorethylene);
- 10 gallons of used paints; and
- 5 gallons of expired chemicals.

There are many reasons for obtaining accurate information on cruise ship discharges, as would be required under SB 308.

- 1) At present, we have no idea if the wastes being released constitute a problem.
- 2) We don't know where they are discharging. According to International Law the ships can discharge their graywater tanks and treated sewage anywhere, as long as they are not tied to a dock.
- 3) This data could help identify which systems and ships are better at controlling pollution, which might in turn lead to the adoption of improved environmental management throughout the fleet.
- 4) The information would help establish a baseline from which we could make a variety of decisions in the future.

I believe that you will hear today that this legislation is unnecessary. Since December of 1999, numerous meetings have been held between DEC, the U.S. Coast Guard, EPA, members of the public, and the industry. One of the industry's goals for this effort has been the development of a self-monitoring plan that the industry hoped would preempt the need for a change in Alaska law or regulation. Last week the industry finally submitted its long awaited proposal. Despite repeated clear and specific requests from both the agencies and the public, the industry proposal "missed the boat". They offered to evaluate their wastestreams twice/ship during the entire summer for only sewage parameters, ignoring our concerns regarding the toxic components of the graywater. At the end of the last meeting the industry's

representative did verbally agree to a limited amount of graywater testing for toxics. But at this rate we will be lucky to have a monitoring protocol in place for the 2001 season, let alone for the 2000 season, which begins in the next few weeks.

Senate Bill 308 and House Bill 371 clearly and fairly initiate a process for getting the cruise ship industry to play by the same rules as everyone else who does business in Alaska. The oil, mining, seafood processing, and timber industries are all required to monitor and report the quantity and composition of their wastewater discharges to either a state or federal oversight agency every month.

These bills will not chase the cruise ships away. They simply recognize that both the industry and the public have needs. The industry needs Alaska as a destination. One would hope they recognize that without clean air and clean water it will no longer be the "Alaska" they sell to their clients. Alaskans need clean air and clean water, as well as an active economy. Fortunately, these needs are not incompatible.

Nevertheless, without even considering the industry's performance over the past decade, there remains no legitimate reason for allowing the industry to continue to circumvent the monitoring and reporting performed by all other industries operating in Alaska. Nothing less than our physical and economic health is at stake.

I respectfully urge you to pass this bill out of committee today, and to work expeditiously with your counterparts in the House to see that this bill becomes law before the end of this legislative session.

Thank you for this opportunity to comment.

Gershon Cohen, Ph.D.

**THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL**

Law calls for cruise line to report ship pollution

■ Kertula says bill puts ship companies in line with other industries

By SVEND HOLST

THE JUNEAU EMPIRE

A bill that would require big cruise ships to report on the kinds and amounts of pollutants they're producing made its first legislative port of call Tuesday.



It cruised through the House Transportation Committee on a 3-2 vote.

House Bill 371 would mandate that passenger ships over 300 gross tons - big cruise ships - register with the state and file pollutant reports with the Department of Environmental Conservation.

About 550 cruise ships visited Alaska last summer, bringing in about 700,000 tourists, said the bill's sponsor, Rep. Beth Kerttula.

The Juneau Democrat said cruise ship companies wouldn't need to spend a lot of money to meet the bill's requirements. All she wants, she said, is for the cruise lines to let the state know how much potentially foul material - dishwasher, treated sewage and smoke stack emissions - the ships are producing.

That information is lacking today, she said.

"The bill is basically a right-to-know bill," she said. "We've seen some problems with waste."

She said the bill would put the cruise ship industry in line with the mining, oil and seafood processing industries, which all must submit environmental reports with the state.

No representatives of the major cruise lines testified at the hearing. All those who did testify favored the measure, including representatives of the Department of Environmental Conservation, the U.S. Environmental Protection Agency, the U.S. Coast Guard and cruise lines running smaller vessels not covered by the bill.

"We don't have the facts about the environmental impacts of these floating cities ... and that is unacceptable," said Mike Conway, with DEC.

The bill moved out of the committee with the support of Reps. Andrew Halero, an Anchorage Republican, and Democrats Al Bookesh of Angoon and Allen Kemmen of Anchorage.

The two no votes came from Republican Reps. John Cowdery of An-

Activists petition EPA to act on cruise waste

By FERN CHANDONNE

THE JUNEAU EMPIRE

The environmental group Bluewater Network and 53 other organizations filed a petition Tuesday with the U.S. Environmental Protection Agency to address what they call the "titanic amount of pollution being caused by cruise ships."

The petition highlights loopholes and exemptions in environmental law that should be controlling pollution caused by the ships, according to the San Francisco group's spokeswoman, Kira Schmidt.

"The regulations were formulated with passage of the Clean Water Act in the early 1970s," Schmidt said. "And they haven't been updated since cruise ships became huge floating cities."

Cruise ship companies themselves apply to the EPA to be included within certain categories. Often the ships are rated, no matter their size, as "small quantity generators," which means they produce less than 220 pounds of waste per month, she said.

"Once the EPA gets a good handle on the amount of waste produced - something they don't have now - they're going to realize the regulations are inadequate," Schmidt said.

Bluewater is promoting legislation in California and Alaska to address cruise ship pollution.

House Bill 371, sponsored by Juneau Democratic Rep. Beth Kerttula, requires cruise ships in Alaska waters to report to the state the quantities and characteristics of all pollution discharged into state waters, as well as wastes offloaded at Alaska ports.

A report accompanying the petition to the EPA explains that a typical cruise ship on a one-week voyage generates approximately eight tons of garbage, a million gallons of gray water, 200,000 gallons of sewage, 25,000 gallons of oil-contaminated water, and an undetermined amount of hazardous waste.

Gray water is wastewater from sinks, galleys, showers and laundries.

The cruise lines are working with federal, state and local organizations to resolve those concerns, according to North West CruiseShip Association President John Hansen. The Vancouver, B.C. group represents the interests of cruise lines operating in Alaska.

The industry has already signed a memorandum of understanding for certain environmental practices with the Florida Department of Environmental Protection, Hansen said.

His group is currently conferring with the Alaska Department of Environmental Conservation on such concerns as "doughnut holes" - areas within Alaska's Inside Passage on the discharge of certain ships' waste - and the collection of all ship discharging in Alaska ports.

"Discussions with DEC and the Coast Guard have been very productive so far," Hansen said.

The EPA issued notices of air pollution violations to cruise ships in Juneau's harbor as recently as three weeks ago, said Juneau Assembly member Jim Powell. "What is required here is not only a national effort, but also a regional and local effort."

chorage and Willow's Beverly Masek. Cowdery said he wasn't convinced the system is broken. Masek said the bill seemed to duplicate work already begun by the state.

The measure has three more House committees - Labor and Commerce, Resources and Finance - to get through before it can go to the House floor. If the full House then approves the bill, it would go

through the Senate committee process before Gov. Tony Knowles would have a chance to sign it.

With the legislative session more than halfway over, Kerttula said she realizes time may be running out on the measure.

"I always have hope," she said. "It's an uphill battle. (But) we got a great first hearing, and we're under way."

Thursday, April 13, 2000

Continued from Page A-1

EPA checks cruises

Nationwide review targets 'gray water'

By PAULA DOBBYN
Daily News reporter

The U.S. Environmental Protection Agency has launched a national review of the cruise ship industry in response to a petition by 54 environmental organizations. The federal agency will look for loopholes and exemptions in existing laws and determine whether tighter rules are warranted to reduce cruise ship pollution.

The EPA offices in Alaska, California and Florida are spearheading the review because the three states host a large number of cruise ships. A so-called white paper will be developed by the end of the month, with public hearings this summer or fall, followed by a set of recommendations, according to a leaked EPA memo.

"Rapid response to this petition is necessary, both because of the importance of the issue, and because extensive state and regional efforts to address cruise line pollution are proceeding at a fast pace, and these must be engaged to provide an effective national response," the March 31 memo states.

Juneau EPA official Steve Torok confirmed the agency's intent.

"We'll be looking at every point in the petition," Torok said. The first teleconference is scheduled for Friday, he said.

In their request to the EPA, the environmental groups, headed by the San Francisco-based Bluewater Network, asked the agency to consider how cruise ships dispose of their sink and shower waste, known as "gray water," as well as sewage, hazardous wastes and oily bilge water. They also want the EPA to look at the quantity and content of the discharges and decide if new laws and rules are needed to manage the large volume of waste.

Citing cruise line reports available to the public, the environmental groups say the typical cruise ship generates about 1 million gallons of gray water on a weeklong

voyage, about 210,000 gallons of sewage, some 25,000 gallons of oily bilge water and various amounts of photo chemicals, dry cleaning fluids, used paints, batteries and expired chemicals.

The industry says it complies with or goes beyond pollution laws. Before discharge, sewage is treated and oil is removed from bilge water, while hazardous substances are properly disposed of on land, the industry says.

"Cruise ships are point sources of enormous volumes of waste, which can have significant impacts on the marine environment and public health. Coupled with the cruise industry's proven record of violating pollution laws, it is clear we need more rigorous oversight of all cruise ship waste stream discharges," wrote Bluewater's Kira Schmidt in her request to EPA.

A February report by the General Accounting Office found that from 1993 to 1998, cruise ships were involved in 87 confirmed cases of illegal discharges of oil, garbage and hazardous wastes into U.S. waters. In Alaska, Royal Caribbean Cruise Line Ltd. and Holland America Line Westours Inc., were convicted of illegally polluting the Inside Passage. Royal Caribbean was fined \$6.5 million. Holland America paid \$1 million in fines and \$1 million in restitution.

Under existing laws, the ships can discharge unlimited amounts of gray water anywhere. Raw sewage can be legally dumped beyond three miles of shore. Treated sewage can be pumped out while the ship is tied up at port.

The cruise lines say they don't discharge unless they're under way and they never dump untreated waste. In a response to the Bluewater petition, the International Council of Cruise Lines accused the environmentalists of mischaracterizing the pollution situation and of failing to understand how the ships dispose of waste.

"Sensationalism does not achieve sound public policy, nor does it motivate others to respond positively," said Michael Crye, vice president of the cruise lines council. "We are concerned about the cleanliness of the ocean environment and are committed to full compliance with environmental laws. In fact, we are on the cutting edge of the development of new environmental technology."

EPA: 6 lines broke laws

13 cruise ships cited for pollution

By CATHY BROWN
THE JUNEAU EMPIRE

Cruise ships violated air quality standards on 14 separate days in Juneau last summer, the U.S. Environmental Protection Agency said. Violations also occurred in Glacier Bay National Park and in Seward, the agency said.

The EPA issued notices of violation Tuesday to six companies for air pollution coming from 13 ships in Alaska, said Don Dossett, an EPA compliance officer in Seattle.

The notices are a first step in a process that could lead to a maxi-

mum fine of \$27,500 per ship per day and compliance orders requiring certain actions to be taken.

But first the companies will have a chance to meet with the EPA to go over the facts and bring forward any information they have, Dossett said.

Notices of violation were issued to Holland America Line-Westours, Princess Cruises, Celebrity Cruises, Norwegian Cruise Lines, Carnival Cruise Lines and World Explorer Cruises.

Erik Elvejord, a spokesman for Holland America Line-Westours,

Please see EPA, Page 8

Empire 5/1/80

Some in the industry objected that EPA was pursuing the action at a time when the cruise lines are working with the state Department of Environmental Conservation, the EPA, the U.S. Coast Guard and community members to improve their environmental practices.

"It is unfortunate that EPA's press release did not recognize that the companies have put a great deal of effort into this issue and they are presently working with EPA and the state to solve the problem," said Nancy Wheatley, senior vice president for safety and environment for Royal Caribbean Cruises Ltd. The company is the parent company of Celebrity Cruises and Royal Caribbean International.

"We're kind of surprised that, given the process we're going through now ... that this came along to blind-side us," said Ron Valentine, vice president of operations at World Explorer Cruises in San Francisco. "We're not sure why this is happening now, given the good faith efforts we're engaged in."

Dossett said he didn't know what effect the EPA action would have on that process. But he said, "It's two separate actions. What we're doing here is addressing past violations." The work group is to address future compliance, he said.

Continued from Page 1

said the company is pulling its records and plans to talk with the EPA.

"I think we feel they weren't violations, that the margin of error on smoke-reading is such that we were in the guidelines," he said. "If there's a problem, we certainly want to address it."

The notices allege the companies exceeded state opacity standards for air emissions, Dossett said. The standard is a way of measuring pollution by observing what can be seen through the smoke coming out of the stack.

More visibility means less pollution. "It's an indicator of more complete combustion of the fuel," Dossett said.

The companies also failed to report those emissions violations to the state, the EPA said.

Reactions from cruise lines were varied, but many said they aren't sure EPA's readings are correct, and they will discuss that with the agency. They said they have high environmental standards, and some intend to improve on those.

And some companies said they are surprised EPA took this action because they are in the process of working cooperatively with regulatory agencies to address environmental problems associated with the industry in Alaska.

"The readings that the EPA is using as the basis for their notices of violation are a mere snapshot in time and are not indicative of normal operation," said Jennifer de la Cruz, a spokeswoman for Carnival Cruise Lines.

She said the company recognizes the importance of air emission standards and already takes steps to control its emissions. In addition, this summer the company will install a continuous air opacity monitor and will train some staff in the EPA method for gauging emission levels.

Princess Cruises will request a conference with EPA to discuss the matter, which it "takes very seriously," the company said in a statement. Princess is working with regulators as well as with its technical managers to improve systems to minimize environmental impact, the company said.

EPA News Release

00-13

February 29, 2000

Contact:

Don Dossett
206/553-8257

John Pavitt
907/271-3688

CRUISE LINES VIOLATE AIR STANDARDS, EARN EPA REPRIMAND

The EPA today issued Notices of Violation (NOVs) to six companies operating large cruise ships that fouled the air in Juneau, Seward and Glacier Bay last summer. The 13 ships were monitored as they toured southeast Alaska, at times emitting smoke that significantly exceeded state and federal limits for visible emissions.

Responding to dozens of citizen complaints and media reports of large volumes of smoke billowing from the stacks of cruise ships, EPA investigators found numerous violations of the state's Marine Vessel Visible Emission Standards which govern the amount and duration of particulate matter discharges into the air. To assist the state in enforcing its smoke limits within Glacier Bay National Park, EPA investigators also worked with park rangers to monitor smoke emitted from ships visiting the area.

The NOVs were issued to the following companies:

- Holland America Line-Westours, Inc. (operating the Nieuw Amsterdam, Statendam, Veendam, Westerdam ships);
- Princess Cruises, Inc. (Dawn Princess, Sea Princess, Sun Princess);
- Celebrity Cruises, Inc. (Galaxy, Mercury);
- Norwegian Cruise Lines, Inc. (Dynasty, Wind);
- Carnival Cruise Lines, Inc. (Jubilee); and
- World Explorer Cruises, Inc. (Universe Explorer)

-more-

The EPA NOVs allege failure to comply with emission standards and failure to report excess emissions to the state. The companies will have the opportunity to meet with the EPA to discuss the violations before EPA takes any further enforcement action which could include compliance orders and/or assessment of penalties.

"Last year, over 550 cruises to southeast Alaska were taken by nearly 600,000 people from all corners of the earth," said EPA Regional Administrator Chuck Clarke. "Clearly, the strength of the cruise industry in Alaska is due entirely to the breathtaking beauty of the environment, the tourist industry's greatest asset.

"Since the cruise industry profits so handsomely from Alaskan environmental jewels it should understand that it needs to protect them as well."

###

ANCH. Daily News 7.24.94

Royal flush -- Tour company fouls sea - and its name

By Daily News editorial staff

When Gov. Tony Knowles says Alaska is open for business, this isn't what he has in mind.

Ships of Royal Caribbean Cruises Ltd. dumped oily bilge water and other toxic chemicals at sea during Alaska cruises in 1994 and 1995. This wasn't an isolated incident, as federal prosecutors spelled out in announcing the plea bargain by which the world's second largest cruise line will pay \$18 million in criminal fines and restitution. Its pollution felonies ranged from Puerto Rico and the Virgin Island to the Inside Passage.

Royal Caribbean will pay \$6.5 million in fines and restitution for its Alaska violations.

Company officials blamed wayward employees and tried hard to escape responsibility for the dumping, contesting U.S. jurisdiction and only grudgingly cooperating with prosecutors when the extent and seriousness of the violations became too clear to deny and when they ran out of options.

It makes an ugly sea story. Crew members dumped oily wastes at night to avoid witnesses. Record books were routinely cooked. Prosecutors said engineers won bonuses for cutting expenses for pollution control.

Royal Caribbean also hired two former U.S. attorneys general, Elliott Richardson and Benjamin Civiletti, to argue its immunity from prosecution based on the Liberian and Norwegian flags its ships flew.

These were not the works of an outfit trying to steer a straight course.

Prosecutors said the line saved tens of thousands of dollars with its dumping. Bad business. Now it's going to pay \$18 million. So Royal Caribbean lost good money and its good name.

Cruise ships are a vital part of Alaska's tourist trade. But they've got no business fouling Alaska waters in any amount. When the governor says Alaska is open for business, Alaskans take it for granted he means good, honest business that obeys the law and respects the land and sea that provides a rich living.

Any other kind of business has no business at all here.

The fines and the disgrace that goes with them should make it clear to all hands that environmental protection is serious business, and that "Save the Waves" buttons are no substitute for rigorous anti-pollution measures and company leaders that demand them.

Royal Caribbean International president Jack Williams said the company is "profoundly sorry" for what its employees did several years ago. Mr. Williams can lead his company's passage back to a good reputation and a continued warm welcome in Alaska with a fierce enforcement of environmental standards. The world's second-largest cruise line should take care that the water in its wake is as clean as the linen on its tables.

Royal Caribbean Reports Record Results in 1999

MIAMI – (January 25, 2000) – Royal Caribbean Cruises Ltd. (NYSE, OSE: RCL) announced today a 16% increase in net income to \$383.9 million in 1999, up from \$330.8 million in 1998. Earnings per share was \$2.06, or 13% higher than the previous year. Since both years experienced non-recurring items, comparable EPS was \$2.15 in 1999 versus \$1.93 in 1998.

Revenues were \$2.5 billion, as compared to \$2.6 billion in 1998. The slight decline in revenues was due primarily to a 3% decrease in capacity in 1999. This decrease was the result of the sale of *Song of America* and service outages in the first half of the year.

On a comparable basis, earnings for the fourth quarter of 1999 increased to \$.21 per share compared to \$.17 per share in 1998. Reported net income for the fourth quarter of 1999 was \$38.3 million or \$.19 per share, which includes a \$3.3 million non-recurring item. Reported net income for the fourth quarter of 1998 was \$23.4 million or \$0.12 per share, which includes a \$9 million non-recurring item. Revenues for the fourth quarter of 1999 were \$584.0 million, up from \$575.1 million in 1998.

"We are pleased with our earnings growth in 1999, especially in a year of reduced capacity," said Richard D. Fain, chairman and chief executive officer. "Continued focus on yield management and cost control have proven effective, enabling us to report record earnings once again. We are particularly pleased with the introduction of *Voyager of the Seas*. We had always anticipated the ship would be a success, and are very happy with the positive press she has received. We look forward to continuing our tradition of product innovation with the delivery of *Celebrity's Millennium* in June of this year."

Royal Caribbean Cruises Ltd. is a global cruise company operating two cruise brands, Royal Caribbean International and Celebrity Cruises. The brands' combined fleet currently consists of 17 vessels; 10 additional vessels are on order for delivery through 2004.

Certain statements in this news release are forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include general

economic and business conditions, changes in cruise industry competition, weather and other factors described in further detail in Royal Caribbean's filings with the Securities and Exchange Commission.

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The New York Times 3Jan99

Gaps in Sea Laws Shield Pollution by Cruise Lines

Douglas Frantz

Shortly after 10 A.M. on Oct. 25, 1994, radar and infrared sensors aboard a Coast Guard jet over the Atlantic off Puerto Rico detected a possible oil discharge. As the aircraft swept low, its crew saw a long oil slick trailing a ship entering the San Juan harbor.

The vessel was then the largest cruise ship in the world, Royal Caribbean's Sovereign of the Seas, a floating resort the length of three football fields. When Coast Guard inspectors boarded the ship in port, its officers denied discharging any oil.

Suspicious, the Coast Guard and Justice Department opened what would grow into a four-year inquiry leading to the discovery of a fleet-wide conspiracy within Royal Caribbean Cruises Ltd. to save millions of dollars by dumping oily waste into the ocean. Last June the cruise line pleaded guilty to conspiracy and obstruction of justice, admitted that its ships had rigged pipes to bypass anti-pollution equipment, agreed to pay a record \$9 million in fines and promised the dumping would never happen again.

Astonishingly, the next month it did. The Nordic Empress, another Royal Caribbean ship, was discovered discharging oily waste and creating false records to cover it up. Moreover, the new dumping incident occurred even though the company knew it remained under Federal investigation for other discharge incidents.

An examination of the criminal investigation, plus new details about the latest incident, shows how difficult it is for authorities to police the booming cruise industry as it launches ever larger ships, and how determined the industry is to make itself exempt from American regulation.

The review offers strong evidence that the dumping of oil and other wastes by cruise ships, which can create lasting pollution problems in oceans and coastal areas, is more common than previously known. And it reveals an influential industry that has assembled an international lobbying force to plead its case. Royal Caribbean's included two former United States Attorneys General, Elliot L. Richardson and Benjamin R. Civiletti.

In defending itself, Royal Caribbean, a Liberian corporation with its headquarters in Miami, made what the Justice Department described as an unprecedented claim: that a private company doing business in the United States was immune from criminal prosecution because its ships fly foreign flags.

All major cruise ship owners -- including Disney, which launched its first ship, the 2,200-passenger Magic, last summer -- sail their ships under foreign flags. By registering with so-called flag countries in exchange for substantial fees, the owners avoid American corporate taxes and can pay lower wages to foreign crews. Financial documents show that Royal Caribbean saves approximately \$30 million a year in United States taxes by registering its ships in Norway and Liberia.

Critics say the savings come at the price of muddied jurisdiction and lax enforcement by the flag

countries, one of the most prominent of which, Liberia, has been devastated by ethnic warfare and divided government most of the last decade. One Federal study found that **foreign countries took action in only 2 of 111 dumping cases referred to them by the United States.** Generally, flag countries have jurisdiction over ships in international waters and the United States asserts jurisdiction in its territorial waters.

These questions are raised just as concern is deepening that the industry's explosive growth is posing new threats to the environment, from the popular Caribbean to the pristine coastline of Alaska.

Royal Caribbean officials said the company had instituted tough new environmental compliance procedures. But the company did not succeed in having the case against it closed with its guilty plea. Instead, the company's discharge practices remain under investigation by Federal grand juries in Anchorage, Los Angeles, Miami and New York, according to a senior company official and its own recent filings with the Securities and Exchange Commission.

The outlines of the country's biggest ocean pollution investigation have been public since the company's admission of guilt. But the full extent of the dumping scheme, and the existence of the lobbying effort, was pieced together from court records in San Juan and Miami and from interviews with Federal officials and current and former Royal Caribbean employees.

The newest cruise ships carry 2,000 or more passengers and up to 1,000 crew members. Disposing of the waste they generate costs hundreds of thousands of dollars a year for each ship, which is one reason, authorities say, that crews sometimes disregard pollution laws.

In recent years other cruise lines have been fined at least six times for dumping oil and refuse. Last summer the Holland America Line, a division of the Carnival Corporation, pleaded guilty to discharging oily waste in Alaska's Inside Passage and paid \$2 million in penalties. **The Investigation Told of Discharge, Prosecutors Move In**

Word that the Sovereign of the Seas had discharged oily waste in October 1994 reached the Justice Department in Washington the day after the incident. In three inspections that October day, the Coast Guard had seen oil in pipes and elsewhere indicating that oily waste had been sent directly overboard. Most convincingly, lab tests matched oil from the ship to a sample taken from the slick by a Coast Guard boat.

Royal Caribbean argued that the discharge was an isolated oversight. But Richard A. Udell, a career prosecutor in the Justice Department's environmental section, found indications to the contrary in Coast Guard data bases.

The records showed that more than a year before, on Feb. 1, 1993, a Coast Guard jet had spotted an oil slick behind the Nordic Empress, off the Bahamas en route to Miami. A videotape taken from the jet showed a slick that appeared to be a perfect match to the videotaped discharge from the Sovereign of the Seas. The Nordic Empress's officers had also denied discharging anything.

On Oct. 25, 1994, inspectors had videotaped the engine room of the Sovereign of the Seas in San Juan; four days later, when the ship arrived in Miami, a second videotape was taken. Comparing them, Mr. Udell noticed that a set of pipes present on Oct. 25 was gone on Oct. 29. Government experts determined that **the pipes had bypassed a critical anti-pollution device known as an oil-water separator.**

On any ship, oil drips from machinery and collects along with sea water in the bilges. The separator filters

out oil so the water can be discharged and the oil stored for disposal in port. Each time the separator is operated, the event must be noted in the ship's oil record book. The Coast Guard relies on the books to monitor compliance with pollution laws.

The oil record book of the Sovereign of the Seas contained no record of a discharge. Later, a ship's engineer testified before a Federal grand jury that there had been none. The officers of the Nordic Empress had made the same claim in 1993, supported by their oil record book.

It took several months, but Coast Guard investigators eventually discovered similar bypass systems on the Nordic Empress and other Royal Caribbean ships. They began to doubt the authenticity of the oil logs.

Confronted by the evidence, witnesses changed their stories. They testified that Royal Caribbean ships regularly bypassed pollution devices and dumped oily waste overboard, usually at night to avoid detection. An engineer from one ship, the Song of America, testified that the oil-water separator was operated so infrequently that it did not work when he did try to use it. They also admitted that the oil record books were falsified so routinely that they were known among many engineers as Eventyrbok, which means fairy tale book in Norwegian.

As for the disappearing pipes on the Sovereign of the Seas, engineers said they had been ordered to cut them up on the voyage from San Juan to Miami and drop them in a trash bin, according to court records.

Oil-water separators are notoriously troublesome to operate. But company engineers testified that the bypass systems, which had been in operation on some ships since 1990, were partly the result of the company's bonus incentives. Membranes for the separator cost as much as \$80,000 a year per ship and disposing of waste oil in port can cost \$300,000 a year. By saving this money, a ship's officers could receive bigger year-end bonuses for staying under budget.

The savings was the Government's strongest evidence that senior management may have known of the conspiracy, said Government officials involved in the case.

But investigators were stymied in following the trail because crucial witnesses, all foreign employees of Royal Caribbean, had left the company and either returned home or taken jobs with other cruise lines outside the United States, the officials said. No senior company officials were charged.

The Defense Cruise Line Throws Big Guns Into Battle

As evidence mounted, Royal Caribbean's lawyers tried to reach a deal. People involved in the negotiations said that in the fall of 1996 the company offered to plead guilty to some charges and pay a substantial fine. But the department rejected the offer and within weeks prosecutors told company lawyers to expect a 35-count indictment.

Mr. Civiletti, who was Attorney General under President Jimmy Carter, and two of his law partners, Judson W. Starr and Joseph G. Block, both former Justice Department environmental chiefs, had tried to negotiate the plea bargain. Other former Government officials working for the company had lobbied the State Department and Pentagon in an effort to persuade the Justice Department not to file charges.

The mission of the lobbying and legal arguments was not to refute the accusations, which would prove irrefutable, but to dispute the authority of the United States to bring charges. The former officials argued

that asserting American jurisdiction undermined international Law of the Sea and could lead other nations to interfere with American vessels, particularly military ships.

Some senior State and Pentagon officials agreed with the international law argument, but in a later legal brief, the Justice Department accused unnamed former Government officials on Royal Caribbean's payroll of providing incomplete and inaccurate information in those private sessions, something company lawyers deny.

A pre-indictment review is not unusual in a major case, and in this instance the Justice Department approved an indictment reduced to 10 counts. On Dec. 11, 1996, the grand jury in San Juan indicted Royal Caribbean and two engineers from the Sovereign of the Seas. The indictment accused the company of conducting a fleet-wide conspiracy to illegally discharge oily waste, but restricted most of the counts to the Sovereign of the Seas. The inquiry into the 1993 Nordic Empress discharge was shifted to a Federal grand jury in Miami.

Justice Department officials said Royal Caribbean's lobbying played no role in reducing the number of counts. "Like every other case, the appropriate charges were based solely on the facts and the law," said Myron Marlin, the department's chief spokesman. "In the end, the prosecution produced two criminal convictions, a record fine, and the case has had a ripple effect throughout the industry, not to mention that the investigation is still continuing."

Legal maneuvering intensified after the indictment. The company's team expanded to include four retired admirals, a former acting assistant attorney general, a former Coast Guard commandant and a former deputy assistant secretary for oceans at the State Department.

Many of these former officials filed affidavits saying the United States could not charge the company under international law. Some contacted former colleagues in a continuing effort to settle the case, according to court records and interviews.

Mr. Richardson, who was Attorney General under President Nixon and held other top Government posts, sought meetings with high-level Administration officials and acknowledged raising the issue with Thomas R. Pickering, the Under Secretary of State and an old friend.

"I mentioned it briefly to Tom Pickering," Mr. Richardson said. "The conversation was brief because the matter was in litigation."

The effort was international. An influential Norwegian family owns a large share of Royal Caribbean and its members helped enlist the Norwegian Government, people involved said. On March 12, 1997, a delegation from the Norwegian Embassy delivered a diplomatic note to the State Department seeking jurisdiction because the Sovereign of the Seas flies a Norwegian flag. They met with Mr. Pickering and other officials, people involved in the talks said.

Along with the prosecutors' steadfast contention that the United States had jurisdiction, they believed another reason not to cede authority was the poor record of flag countries on previous pollution referrals.

In 1992, the State Department had reviewed 111 cases in which accusations of cruise ships dumping garbage overboard had been referred to flag countries. The study found that the countries acknowledged receipt of the referral in only 35 cases and that the only penalties were small fines in two cases. As a result, the State Department halted referrals on dumping in United States territorial waters.

The Nordic Empress had been in international waters when it was discovered discharging oil in 1993, so in July of that year the matter was referred to Liberia because the ship flew a Liberian flag. Liberia accepted the company's claims that no dumping occurred and asked the Coast Guard to expunge the incident from its records, according to Liberian records.

Even after Royal Caribbean admitted lying about the Nordic Empress discharge last June, Liberia decided no action was necessary. The investigation was completed and closed in 1994, said David Crede, chief of investigations for Liberian Services Inc., a private company in Reston, Va., that is Liberia's agent for vessels flying its flag. In the case of the Sovereign of the Seas, the Norwegian Embassy said its officials had looked into the case and decided that no action was warranted. *The Outcome After Legal Setbacks, A Plea of Guilty*

The Nordic Empress had discharged its waste in international waters, but the ship had presented the Coast Guard in Miami with an oil record book that omitted the discharge. So, on Feb. 19, 1998, Royal Caribbean was indicted in Miami, not for dumping but on a single count of making a false statement to the Coast Guard.

On April 22 and 23, a pivotal hearing took place in Federal District Court in Miami in which the cruise line asked Judge Donald M. Middlebrooks to dismiss the charges.

The Federal judge in San Juan handling the Sovereign of the Seas case, Juan M. Perez-Gimenez, had already rejected the company's claim that the United States lacked jurisdiction and had ordered the case to trial in June.

At the Miami hearing, Mr. Civiletti argued that the United States had overreached its authority. He said that Liberia had jurisdiction and that that country had determined there was insufficient evidence of a crime. He also produced a surprise diplomatic note from the Liberian Embassy in Washington to the State Department asking that the case be dismissed.

Mr. Udell countered that Royal Caribbean's false statement to the Coast Guard, plus its extensive presence here, subjected the company to American law. Although its ships fly various flags of convenience, he said, "Royal Caribbean is as much a part of Miami as the Miami Dolphins."

The company called Mr. Richardson as an expert witness, because he had been the chief American negotiator at the United Nations conference that led to the Law of the Sea treaty. He testified that only Liberia could prosecute the discharge, and warned that the case would undermine the navigational freedom established by the United Nations convention.

But Mr. Richardson seemed less certain when the prosecutor, Thomas Watts-Fitzgerald, asked whether his view would change if the ship had produced a record required by the Coast Guard that contained a misrepresentation. It might well, Mr. Richardson replied.

On May 12, Judge Middlebrooks rejected the motion to dismiss, ruling that the United States had authority to press charges because of the false statement to the Coast Guard.

Losing on the jurisdiction issue and faced with indisputable evidence, Royal Caribbean pleaded guilty on June 3 in both cases and agreed to pay \$9 million in fines. The Government called the violations so pervasive and longstanding that the criminal conduct amounted to a routine business practice.

Unlike most plea bargains, this one did not end Royal Caribbean's criminal liability. The company refused

to yield to Government demands that it turn over the results of an internal inquiry, citing fears that employees would refuse to cooperate in future internal investigations. As a result, the company acknowledged, additional grand juries are contemplating similar charges.

The cruise line struggled to put the episode behind it. "We deeply regret our role in polluting the marine environment and we are particularly sorry for the attempts to conceal that pollution," Jack Williams, the company president, said in a statement. "These acts were inexcusable, they were wrong and we accept full responsibility for these violations."

But that effort hit a stunning shoal. On July 15, the company notified the Coast Guard that engineers aboard the Nordic Empress had tampered with pollution devices and discharged oily waste into the ocean. The company said a junior engineer had reported it.

When the Coast Guard questioned engineering personnel the next day, it was like stepping back in time. The chief engineer, Michael Psomadakis, a Greek citizen, denied that there had been a discharge and presented an oil record book that supported him, according to court records and a Coast Guard agent's affidavit. Mr. Psomadakis was served with a grand jury subpoena on the spot.

Two days later, the company held its own hearing and dismissed Mr. Psomadakis and another engineer. On July 19, company personnel escorted him to a Miami hotel to pick up his belongings for the trip home to Greece. He was given his passport and plane ticket and then evaded agents of the Federal Bureau of Investigation who were waiting to talk to him, simply by walking out another exit.

Nancy J. Wheatley, who was hired by Royal Caribbean last June as senior vice president for safety and the environment, and William K. Reilly, the former administrator of the Environmental Protection Agency, who joined the Royal Caribbean board last January, said in interviews that the company had implemented a vigorous new environmental compliance program under Government supervision.

Mr. Reilly said he believed the company's management was committed to cleaning up its past problems.

"Obviously everyone is chagrined about what has happened and somewhat stunned by the seriousness of the allegations," Mr. Reilly said. "The Justice Department set out to get Royal Caribbean's attention, and they got it."

Ms. Wheatley said the latest incident showed that the system was working, because a junior officer came forward and was supported by management.

"We know we don't have a business if the oceans aren't a beautiful place to go," Mr. Wheatley said.

But prosecutors were shocked. At a court hearing in September, they said the conduct, which was under investigation, demonstrated the difficulty in changing a pervasive culture of ingrained criminal conduct.

GRAPHIC: Photos: In 1994, a Coast Guard photograph, right, detected a possible oil discharge from Royal Caribbean's Sovereign of the Seas cruise ship, above, which led to a four-year inquiry into a fleet-wide conspiracy. (U.S. Coast Guard, below; Laura Kleinhenz for The New York Times)(pg. 1); A video of the engine room of the Sovereign of the Seas on Oct. 25, 1994, showed a pipe, upper right, that Government experts say was used to bypass a device that filters oil in the bilges. Four days later, a second video showed, the pipe had been removed. (United States Coast Guard)(pg. 20)

: New York Times press article

Subject: FW: New York Times press article

Date: Mon, 13 Mar 2000 12:36:26 -0900

From: "Turner, Tom" <Tom_Turner@envircon.state.ak.us>

To: Bob Berto <bobb@ktn.net>. "Capt. Micheal Jones" <mikej@specialexpeditions.com>.

>

> The New York Times

> Tuesday, March 7, 2000

>

> Pollution by Cruise Ships Still a Problem, Report Says

> By DOUGLAS FRANTZ

>

> A report by Congressional investigators being released Tuesday
> shows that officials from the Coast Guard and the Justice
> Department are expressing concern about the effect on sensitive marine
> life of the millions of gallons of waste water being discharged legally by

> cruise ships at sea and in port.

>

> The concerns persist despite progress by ship owners in disposing of
> waste, the report says. The findings are part of an analysis of the
> industry's pollution record by the General Accounting Office, an
> investigative arm of Congress. The report was commissioned by
> Democratic Reps. John Dingell of Michigan and Henry Waxman of
> California.

>

> Most cruise ships using American ports fly foreign flags, and the report
> said there were 87 confirmed cases of foreign-registered cruise ships
> illegally discharging waste, oil, garbage and hazardous material from
> 1993 to 1998, the latest year for which figures are available. The number
> of cases declined to eight in 1997 and nine in 1998 from a high of 24 in
> 1994.

>

> The cruise companies were credited with helping to reduce the numbers
> through improved technology and a stronger commitment to eliminating
> illegal discharges, the report said. Public attention was focused on
> cruise
> ship pollution in 1998 and last year when Royal Caribbean Cruises
> International pleaded guilty to a fleetwide conspiracy to discharge waste
> illegally over several years.

>

> But federal officials cautioned that the decline might also be the result
> of
> fewer resources allocated by the Coast Guard, the primary regulatory
> agency, to detecting pollution. The decline has occurred as the number of
> cruise ships has grown dramatically.

>

> Miami has the highest concentration of cruise ships in the country, but
> the
> Coast Guard district there reduced the time spent monitoring
> environmental compliance by more than 50 percent from 1993 to 1998.

>
> In addition, the report said that Coast Guard inspectors were hampered
> by the size and complexity of the cruise ships. Ships using American
> ports are inspected four times a year, but the typical inspection lasts
> only
> four to six hours and must cover fire drills, life-boat launchings and
> record checks along with examination of anti-pollution equipment.
>
> Federal officials told investigators that they were more worried about the
> millions of gallons of untreated "gray water" dumped legally by cruise
> ships each year.
>
> Under federal and international regulations, ships can discharge gray
> water from sinks, showers, kitchens, laundries and other facilities
> anywhere, including in ports. Justice Department officials said a new
> definition of gray water might be necessary to reflect the growth of the
> industry since the regulations were written more than 20 years ago.
>
> Last year, the Coast Guard began examining whether standards for
> dumping the untreated water needed to be tightened after complaints by
> environmental groups and Alaskans that discharges might threaten
> endangered whales and other marine life in Alaska's Inside Passage.
> Tuesday's report dealt only with ocean pollution, but air pollution is
> also
> a growing concern. Last week, the Environmental Protection Agency said
> that all six major cruise lines that sail to Alaska violated state and
> federal air pollution laws last summer.
>
> The alleged violations involved 13 ships and could lead to fines of up to
> \$27,500 per ship per day. The companies have said they do not believe
> laws were broken.
>
> U.S. agencies are playing a larger role in enforcing pollution laws
> because
> of what the report called a breakdown in regulation by the countries of
> registry, like Liberia and Panama. Cruise lines register ships in those
> countries to avoid American taxes and other rules. "While I'm
> encouraged that the industry is apparently more sensitive to
> environmental concerns, it is clear that self-policing and self-regulation
> have limits," said Dingell, the senior Democrat on the House Commerce
> Committee. "The Coast Guard is stretched thin and it may be that we will
> need to look at ways to increase their resources to guard against
> environmental abuses in the future."

February 2000

MARINE POLLUTION

Progress Made to Reduce Marine Pollution by Cruise Ships, but Important Issues Remain



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plastic. In addition, only one company said it had made any effort to sort solid waste for recycling, and none reported investing in new solid waste treatment equipment. Three of the four companies said they have oily water separators and meters on their ships to measure the oil content of the wastewater discharged at sea. An official from the company that did not report having an oily water separator onboard said the oily bilge waste is stored onboard and transferred to waste handlers in port.

According to Relevant Federal Agencies and Others, Progress Has Been Made, but Important Concerns Remain

Officials from the Coast Guard, Justice, and the Center for Marine Conservation (CMC) acknowledged that the cruise ship industry has made progress in addressing illegal discharge issues. However, they expressed concern about emerging issues, most of which are related to the purity of wastewater discharged from these ships.

Officials' Views on Actions Taken by Cruise Ship Companies

While officials from the Coast Guard, Justice, and CMC acknowledged the progress that cruise ship companies have made toward improving environmental compliance, they pointed out that these companies have not yet demonstrated that they can sustain their efforts and prevent pollution incidents from occurring.¹⁸ They also noted that willful incidents, especially by individuals, and accidents are still possible.

These officials agreed that changing the views or "culture" of ships' crews and cruise ship company officials on waste disposal is critical in ensuring the effectiveness of companies' environmental programs. They told us that before the adoption of MARPOL and applicable U.S. laws, ships' crews could legally discharge oil, garbage, and other potentially harmful wastes, and the crews viewed such practices as a way of life at sea. Even though fewer illegal discharge cases by cruise ships have been reported over the last 6 years, the admission by one large company of continued illegal oil discharges occurring as recently as 1998 suggests that not everyone's views have completely changed.¹⁹

¹⁸ Justice officials' comments focused on cruise ship companies that had been prosecuted for criminal violations, while the Coast Guard and CMC officials focused more generally on the cruise ship industry.

Coast Guard officials expressed optimism that the steps the cruise ship industry has taken would address illegal discharges. The officials said the ISM Code, which all cruise ship companies were required to adopt as of July 1998, would likely result in a more systematic and comprehensive approach to stemming marine environmental pollution. In a larger sense, they said, they were not as concerned about pollution by the cruise ship industry as they were about pollution from other parts of the maritime industry, such as cargo ships and tankers. Similarly, a CMC official said that while CMC is critical of past illegal discharges by cruise ship companies, it has been supportive of the cruise ship industry's voluntary actions, including efforts to reduce the volume of plastics and other eventual waste items brought onboard and to recycle glass, aluminum, and other types of waste.

Justice officials said the cruise industry needed to create a culture of compliance. In their view, environmental compliance plans, such as those required under their plea agreements, can help create such a culture. They also said that to be effective, a plan must have the right elements, the company must take it seriously by encouraging compliance and the self-reporting of violations, and people must be designated who will ensure that the plan is implemented. Otherwise, the plan is just a document. They further noted that having an environmental compliance plan, agreeing to outside audits of the plan's implementation, and sharing the results are not only good business practices but can also be mitigating factors under Justice's sentencing guidelines. While having an environmental compliance plan, based on the ISM Code or other standards, does not guarantee the elimination of future marine pollution incidents, Justice officials said a company that adopts a plan—as a valued aspect of its corporate activity—is much less likely to see environmental problems recur.

Concerns About Emerging Issues and the Quality of Federal Oversight

Justice and CMC officials raised concerns about several issues that are emerging for certain types of wastes generated by cruise ships and need further attention. Justice also identified several areas that may warrant increased scrutiny by the Coast Guard and other cognizant agencies.

¹⁹Justice officials told us that their policy does not allow them to discuss ongoing investigations. As a result, we do not know whether any illegal discharge incidents by cruise ships are currently under investigation.

Justice's Concerns About Emerging Issues and Federal Oversight

One area that Justice officials believe should receive increased scrutiny by the Coast Guard and other cognizant agencies in future cruise ship pollution cases is the discharge of "gray water," which is untreated water from showers, sinks, kitchen and laundry drains, dishwashers, and other areas of a ship. Each year, cruise ships legally discharge millions of gallons of gray water into both U.S. and international waters.

Justice recently prosecuted a large cruise ship company that was found to be improperly disposing of printing shop, dry-cleaning, and photo lab wastes into its gray water system. These wastes, which included potentially harmful chemicals and toxic silver, were discharged into the sea along with the gray water. According to Justice officials, apart from the potential criminal violations related to toxic substances in gray water discharges, there may be a need for the Coast Guard to review the regulatory definition of gray water to evaluate whether the current regulations adequately address the potential environmental hazards to marine life from gray water discharges. Justice officials believe that a more comprehensive or explicit definition of gray water may be needed that recognizes changes in the industry since the regulations were written.

Industry representatives for the larger cruise ship companies told us they are addressing gray water issues in a number of ways. Officials said they have taken steps to identify and segregate hazardous materials to prevent them from entering the gray water system. For example, they said that photo-processing and dry-cleaning chemical wastes are collected and off-loaded onshore and noted that the cleaning chemicals used in kitchens and bathrooms are not caustic in their diluted forms. In addition, they recently adopted a policy not to discharge gray water while ships are in port and are exploring new technologies for treating gray water, including the use of more sophisticated gray water filtration systems aboard ships. However, the effectiveness of these efforts is unknown because there is virtually no monitoring of gray water quality by any independent oversight agency or organization before the water is discharged from cruise ships.

Justice officials are also concerned about three additional areas where they say increased federal oversight of cruise ships by the Coast Guard and other cognizant agencies may be warranted.

- Maintaining and operating pollution prevention equipment. According to Justice officials, several cases have involved ships that, despite periodic inspections, were determined to have chronically malfunctioning or inoperable oily water separators that owners and operators failed to

maintain. This suggests, according to Justice officials, that future inspections and investigations concerning this equipment should probe more thoroughly into its condition and evaluate the adequacy of equipment maintenance procedures.

- Falsifying oil record books. According to Justice officials, a number of cases suggest that owners or operators have routinely fabricated entries in their ship's oil record book to create the appearance of full compliance with MARPOL's discharge limitations. Justice officials believe that enhanced scrutiny of these logbooks on a periodic basis may be warranted and may also help encourage broader compliance.
- Recording shoreside disposal of garbage and sludge. Recent case experience has revealed that some ships were unable to produce any records documenting what should be periodic off-loadings and disposal of plastics and oily sludge from the ships to onshore disposal facilities, according to Justice officials. They believe that more frequent reviews and analysis of these records may identify violators and also deter other unlawful discharges.

Center for Marine Conservation's Concerns About Wastewater Discharges

A CMC official also expressed concern about gray water and black water discharges. "Black water" is the effluent wastewater from a vessel's onboard sewage system. CMC officials said that the annual discharge of millions of gallons of gray water and black water may harm ecologically sensitive areas, affecting such things as the long-term vitality of coral reefs.

Reports from recent third-party audits involving five ships of a large cruise ship company support the CMC official's concerns about black water. These reports noted that plastics from personal hygiene and other products (e.g., toothbrushes, plastic bottles, disposable razors, feminine hygiene products, etc.) were being flushed down toilets by passengers and entering the black water system. Once in the system, the plastics could be discharged into the sea with the black water because the ships' approved toilet vacuum system did not have screening devices to remove debris, according to the audit reports. The company involved is currently installing special filters to prevent plastics and other solid materials from being discharged into the sea, according to company officials. The audit reports also noted that untreated sewage was discharged at sea when onboard sewage systems were down for maintenance. Like gray water effluent, there is little, if any, oversight over the contents of black water before it is discharged into the ocean, according to Coast Guard officials. Coast Guard inspectors we talked with said they rarely have time during scheduled ship examinations to inspect sewage treatment equipment or filter systems to

see if they are working properly and filtering out potentially harmful contaminants.

Conclusions

In recent years, both federal agencies and cruise ship companies have taken positive steps to develop plans, approaches, and/or hardware solutions to improve environmental compliance. Yet even with the progress that has been made so far, there are a number of areas where oversight could be improved.

Concerns related to marine pollution are emerging that may have a significant impact on the environment and may require further attention by both the cruise ship companies and federal oversight agencies. A key issue is the purity of gray and black water, which is particularly relevant for larger cruise ships, given the large volumes of this type of water they discharge at sea.

The process for referring to other countries alleged discharge incidents occurring outside U.S. jurisdiction (flag-state referrals) does not appear to be working either within the Coast Guard or internationally. As evidenced by the abrupt halt in flag-state referrals in 1995, the Coast Guard appears to have given up efforts to develop these cases, perhaps because the response rate from flag states has been so poor. However, the agency is obligated under MARPOL to take action on these cases when they occur. In addition, the relatively poor response rate from other countries on alleged discharge incidents is not in conformance with international agreements facilitated by IMO and undermines efforts to stem pollution of the world's oceans.

The Coast Guard may be able to improve its detection of illegal marine pollution incidents by modifying its aircraft surveillance, flying over water rather than land, where possible, when traveling to and from other primary missions. This change could provide more coverage of shipping lanes frequented by cruise ships and other commercial vessels and could strengthen the deterrent effect of this detection method. Such initiatives are being studied in one Coast Guard district, but formal action has not yet been taken.

Recommendations

To improve oversight of the cruise ship industry, we recommend that the Secretary of Transportation direct the Commandant of the Coast Guard to take the following steps:

Cruise Ship Companies Included in GAO's Review

Company name	Number of ships	Passenger capacity
Carnival Cruises	14	1,022-2,758
Celebrity Cruises ^a	5	1,660-2,262
Cunard ^b	5	116-1,750
Holland America Line ^c	8	1,214-1,494
International Shipping Partners ^d	16	490-2,044
Norwegian Cruise Line	11	800-2,032
Princess Cruises	10	640-2,600
Royal Caribbean International	11	1,961-2,772
Europa Cruises Corporation ^e	1	350
Tropicana Cruises ^f	1	500
La Cruise	1	450
Palm Beach Casino Line	1	800

^aThis company, while operating under the name of Celebrity Cruises, is owned by Royal Caribbean Cruises, Ltd.

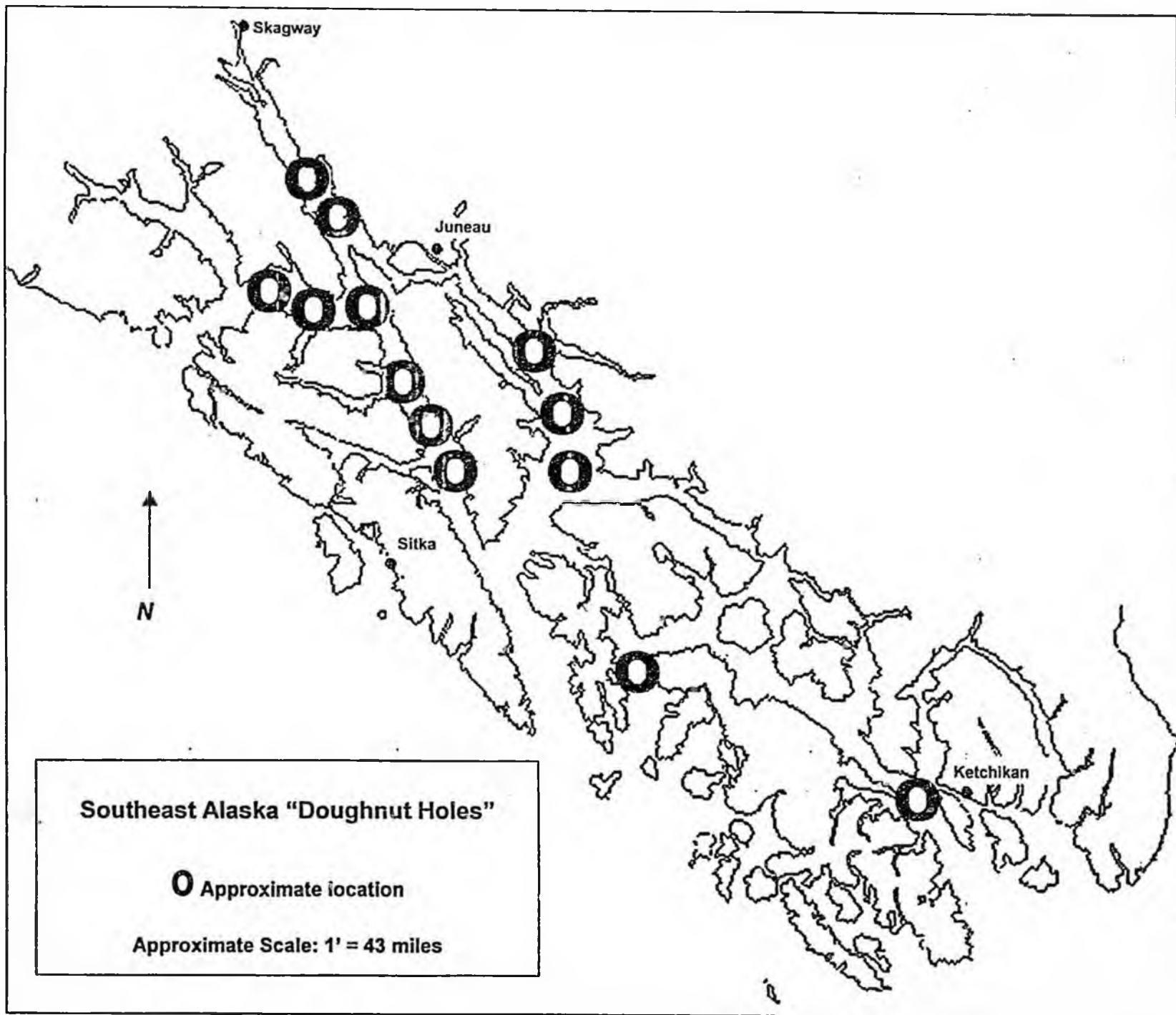
^bThis company, while operating under the name of Cunard, is owned by Carnival Corporation.

^cThis company, while operating under the name of Holland America Line, is owned by Carnival Corporation.

^dInternational Shipping Partners (ISP) provides the day-to-day technical management and vessel operation for 16 cruise ships owned by 10 companies. Two of the companies ISP manages and operates ships for owned vessels that had illegal discharge violations cited by the Coast Guard between 1993-1998: Discovery Cruises and Premier Cruises. Premier Cruises merged with Dolphin Cruises, another company cited for illegal discharges, in 1993. ISP did not begin managing most of Premier's ships until 1997.

^eEuropa has four ships but currently operates only one; another is currently not operating, and the company has a contract with a third party to operate the other two ships.

^fTropicana is owned by Collins Companies, Greenville, SC. This ship is currently out of service.





NORTH WEST
CRUISESHIP
ASSOCIATION

Memorandum on Waste Management Practices
and Procedures in Alaska

November 30, 1999

North West CruiseShip Association

Memorandum on Waste Management Practices and Procedures in Alaska

North West CruiseShip Association

November 30, 1999

The member lines of the North West CruiseShip Association (NWCA) have been closely involved in development of the cruise industry waste management practices and procedures published by the International Council of Cruise Lines (ICCL). NWCA fully supports the practices and procedures set out in the paper and its member companies incorporate them into their own environmental management plans. NWCA represents eight cruise lines which bring 97 percent of cruise ship visitors to Alaska.

The ICCL paper makes reference to visiting "interesting places in the world" as integral to the cruise industry. This certainly applies to Alaska where guests come to enjoy not just the interesting places but the spectacular natural beauty of Alaska. Alaska is unique in many respects, and NWCA understands the importance of adapting operations to the Inside Passage and other areas of coastal Alaska.

With this in mind, there are some factors, additional to the ICCL paper, which are of particular interest or concern relating to waste management practices and procedures in Alaska.

Solid waste

The first relates to the disposal of solid waste. The current practice of our member lines is to collect on-board recyclable and non-incineratable solid waste and unload them in port for recycling or safe disposal. For the most part, very little is taken ashore in Southeast Alaska ports. Basically, the only shore disposal is through Juneau's private incineration company. Some pallet boards are recycled in Ketchikan. By far, the majority of the solid waste (and all hazardous waste) is unloaded at the port of Vancouver and disposed of and tracked by certified waste disposal companies. Those ships that home-port in other West Coast ports similarly dispose of waste in those ports according to the requirements in those jurisdictions. This practice will continue in the future. In addition, all the cruise lines, individually, constantly seek ways to minimize the volume of solid waste.

International Waters within the Inside Passage

Secondly, we want to address the matter of the "doughnut holes" that have received much attention in the media in recent days. These areas are, by definition, locations in the Inside Passage that are three miles or more from land, and therefore deemed to be International Waters, and not subject to the same environmental regulations as areas within U.S. territorial waters. The NWCA member lines have given careful thought to this issue. Our position is as follows: For the purpose of environmental management we will make it our policy to consider all areas of the Alaska Inside Passage, including the so-called "doughnut holes," to be part and parcel of the Inside Passage and the territorial waters of the U.S. As such, our operating practices and procedures will be no different in these locations compared to the rest of the Inside Passage. In other words, cruise ships will not discharge waste in these locations that would not be allowed in the territorial waters.

Ballast water

The third item relates to ballast water, and protection from release of non-indigenous species in Alaska waters. Cruise ships coming to Alaska follow a practice of discharging all ballast tank water that may contain tropical or other non-indigenous species before arrival in Vancouver, replacing it with Pacific northwest water. This practice is monitored by the Canadian Coast Guard. In the course of the Alaska cruise season, any ballast water taken on or released is strictly water of the Pacific northwest, and not subject to importation of species not native to this region.

Oil spill response

The fourth matter is spill response. Our member lines fully recognize the sensitive environment in the Inside Passage and the importance of having an effective response program in place. Each ship has a well established and Coast Guard-approved oil spill prevention program that is required by international treaty. Oil spill contingency planning for each ship is documented in the "Shipboard Oil Pollution Emergency Plan" which contains the procedures used for oil spill prevention and response. This plan covers training, equipment and planning for effective cleanup in the event of a spill.

In order to improve the effectiveness of oil spill response, NWCA member, in cooperation with Southeast Stevedoring and SEAPRO, have developed a cooperative spill response program in which the resources of each of the partners can be pooled for efficiency and more effective use in the event of an oil spill.

SEAPRO will outfit a number of barges with emergency response equipment for NWCA and moor the barges in strategic locations in the Inside Passage. Southeast Stevedoring will provide a number of vessels of opportunity to transport the barges, deploy the booms and assist in spill response. SEAPRO will provide the overall management of these resources in addition to making their own equipment and trained personnel available. This cooperative program will be of benefit not only to the cruise industry but the entire marine industry in Southeast Alaska by making available additional response equipment and trained personnel for emergency response. To maintain a high state of readiness for the cruise industry program, annual response exercises will be conducted with the US Coast Guard.

Air emissions

The final item is air emissions. It is an important matter in Alaska, most notably in Juneau with its unique geography, but also throughout coastal Alaska. This is a complicated subject which does not lend itself to simple solutions. The elements include ships' power system characteristics, fuel, power requirements for maneuvering, operation and maintenance, number of ships in port, atmospheric conditions, objective observations and more. The cruise lines have invested in technology and operational practices over the years to reduce emissions. In order to continue to improve industry performance NWCA members are prepared, as group, in cooperation with the DEC, to establish a working group comprised of technical staff to examine the issue of air emissions.

North West CruiseShip Association
November 30, 1999

CRUISE SHIP REGULATION IN ALASKA

International cruise ships are subject to a strict regulatory framework. This begins with the International Maritime Organization (IMO), the United Nations' specialized agency responsible for improving maritime safety and preventing pollution from ships. The IMO adopts conventions and it is the responsibility of Governments to put these into effect and enforce them. These include:

1. The International Convention for the Safety of Life at Sea, 1974 (SOLAS)
2. The International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 (MARPOL 73/78)
3. The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 (STCW)

In waters subject to the jurisdiction of the United States, the Coast Guard is responsible for enforcing IMO rules as well as U.S. federal laws and regulations. This includes the U.S. Clean Water Act and EPA Clean Air Act. The Coast Guard inspects every cruise ship quarterly to verify compliance with safety and environmental regulations.

The U.S. Public Health Service, USDA, the U.S. Customs Service and INS also inspect and enforce regulations. The National Park Service requires permits that regulate ship operations in Glacier Bay

The State of Alaska requires that Alaska marine pilots be present on the bridge at all times while ships are in Alaska waters. Air emissions are subject to Alaska DEC and EPA regulation.

Cruise ships have aggressive environmental management programs which have been developed with the assistance of outside environmental and safety professionals. Underwriters and classification societies inspect and verify that systems and procedures are in place.

The average cruise ship is subject to over 60 inspections per year.

It is not accurate to claim that cruise ships are unregulated. Many layers of regulation has been developed by experts and implemented worldwide through these conventions, which are treaties in their own right. The Coast Guard is vigilant in enforcement and prosecutes offences.

Modern cruise ships have management systems in place for all waste streams. From solid waste to shower water, these systems ensure compliance with regulations and protection of the environment.

CRUISE INDUSTRY WASTE MANAGEMENT PRACTICES AND PROCEDURES

The cruise industry is dedicated to preserving the marine environment and oceans upon which our ships sail. As a stated industry policy, International Council of Cruise Lines (ICCL) members have adopted aggressive programs of waste minimization, waste reuse and recycling, and waste stream management. ICCL members are working in a number of areas to identify and implement new technologies in order to improve the environmental performance of our ships. ICCL member lines currently have policies in place which meet or exceed the stringent standards set forth in international treaties and applicable U.S. laws.

Introduction

The cruise industry is inextricably linked to the environment. Our business is to bring people to interesting places in the world, over the water. Recognizing the future of the industry depends on a clean and healthy environment, cruise industry senior management is committed to being stewards of the environment and setting policies that will make the industry a leader in environmental performance.

This policy document has been developed under the auspices of the industry's professional organizations, ICCL, the Florida Caribbean Cruise Association (FCCA), and the North West CruiseShip Association (NWCA). The goal of this document is to formalize cruise industry waste management practices.

In the development of industry management practices, the members of the ICCL have endorsed policy goals based upon the following fundamental principles:

- Fully comply with applicable laws and regulations
- Maintain cooperative relationships with the regulatory community
- Design ships to be environmentally friendly
- Embrace new technology
- Conserve resources through purchasing strategies and product management
- Minimize waste generated and maximize reuse and recycling
- Optimize energy efficiency through conservation and management
- Manage water discharges
- Educate staff, guests and the community.

Discussion

Just as on shore, ship operations and passengers generate waste as part of many daily activities. On ships, waste is generated while underway and in port. Because ships move, the management of these wastes becomes more complicated than for land-based activities, as the facilities and laws change with the location of the ship.

Facilities on the ships and management practices must be designed to take into account environmental laws and regulations around the world. Moreover, because waste management ultimately becomes a local activity, the local port infrastructure, service providers and local waste disposal vendors are factors in the decision-making processes.

On an international level, environmental processes are an important part of the International Maritime Organization's (IMO's) policies and procedures for the maritime industry. The cruise industry has incorporated environmental performance into Safety Management Systems (SMS) and MARPOL-mandated Waste Management Manuals. Under agreements and laws specific to many nations, these programs are routinely reviewed by port states to ensure compliance. For example, in the United States, the U.S. Coast Guard has jurisdiction over environmental matters in ports and waterways and conducts examinations that include review of environmental systems, SMS documentation and such MARPOL-mandated documents as the Oil Record Book and the Garbage Record Book.

The industry effort to develop management practices has focused on the traditional high volume wastes (garbage, graywater, blackwater and bilge water), pollution prevention and the small quantities of hazardous waste produced onboard. In the process, ICCL members have shared waste management strategies and technologies, while focusing on a common goal of waste reduction.

The process of waste reduction includes waste prevention, the purchasing of products that have recycled content or produce less waste, and recycling or reuse of wastes that are generated. The ultimate goal is to have the waste reduction culture absorbed into every facet of cruise vessel operation. A fully integrated system beginning with the design of the vessel must address environmental issues at every step.

Management practices for waste reduction must start before a product is selected. Eco-purchasing and packaging are vital to the success of any environmental program, as are strategies to change packaging, processes and management to optimize the resources used.

The commitment of the industry to this cooperative effort has been quite successful as companies have shared information and strategies.

Waste handling procedures

Hazardous wastes and waste streams onboard cruise vessels are identified and segregated for individual handling and management in accordance with appropriate laws and regulations. Hazardous wastes are not discharged overboard nor are they commingled or mixed with other waste streams.

Photo processing, including X-Ray development fluid waste

Discussion

There are several waste streams associated with photo processing operations that have the potential to be regulated under the Resource Conservation and Recovery Act (RCRA). These waste streams include spent fixer, spent cartridges, expired film and silver flake.

Photographic fixer removes the unexposed silver compounds from the film during the developing process. The spent fixer can have as much as 2000-3000 parts per million (ppm) of silver. Silver bearing waste is regulated by RCRA as a hazardous waste if the level of silver exceeds 5 ppm as determined by the Toxicity Characteristic Leaching Procedure (TCLP) test.

Silver recovery units are used to reclaim the silver from the used fixer waste stream. There are two types of recovery units. These are active (with electricity) and passive (without electricity) units. The active unit uses electricity to plate silver onto an electrode. The passive unit uses a chemical reaction between steel wool and silver to remove most of the silver from solution.

The effluent from the silver recovery process must be tested before it can be discharged. The regulatory limit for silver discharge is 5 ppm.

Industry goal: To prevent the discharge of harmful quantities of silver or silver oxides into the marine environment.

Handling method 1:

Treat used photographic and X-ray development fluids to remove silver for recycling.

Verify that the effluent from the recovery unit is less than 5 parts per million (ppm) silver as measured by EPA-approved methodology.

After treatment, the residual waste stream fluid is non-hazardous and may be landed ashore or discharged in accordance with the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78).

Handling method 2:

Assume used photographic and X-ray development fluids to be a hazardous waste and land ashore in accordance with the requirements of the Resource Conservation and Recovery Act (RCRA).

Next steps: To identify effective and efficient digital photo technology or other technologies to reduce hazardous waste stream generation.

Dry-cleaning waste fluids and contaminated materials

Discussion

Shipboard dry cleaning facilities use a chlorinated solvent called perchlorethylene (also known as PERC or tetrachloroethylene) as a dry cleaning fluid. This is the approved dry cleaning solvent for these units. Operators must receive specific required training for the correct use of this chemical and its associated precautions. This solvent must be used in accordance with all safety procedures including appropriate personal protective equipment (PPE).

The dry cleaning units produce a small volume of waste from the bottoms of the internal recovery stills and filter media. This waste is comprised of dirt, oils, filter material, and spent solvent. Each ship utilizing these dry-cleaning units produces approximately two pounds of waste material weekly. However, the amount may vary greatly by season and passenger load. This material is classified as hazardous waste under RCRA and must be handled accordingly.

Industry goal: To prevent the discharge of chlorinated dry-cleaning fluids, sludge and contaminated filter materials into the environment.

Handling method:

Perchloroethylene (PERC) and other chlorinated dry-cleaning fluids, contaminated sludge and filter materials are hazardous waste and are to be landed ashore in accordance with the requirements of RCRA.

Next steps: Research and investigate the use of alternative dry cleaning processes such as CO² and "wet" processes for use onboard ships.

Print shop waste fluids

Discussion

Print shop waste may contain hazardous waste. Printing solvents, inks and cleaners all may contain hydrocarbons, chlorinated hydrocarbons, and heavy metals that can be harmful to human and aquatic species. Recent advances in printing technology and substitution of chemicals that are less hazardous reduces the volume of print shop waste generated and reduces the impact of these waste products.

The cruise industry will, whenever possible, utilize both printing methods and the chemicals used in the printing process that produce both less volume of waste and less hazardous waste products. Shipboard printers will be trained in ways to minimize printing waste generated. Alternative printing inks such as soy based, non-chlorinated, hydrocarbon-based ink products will be used whenever possible. All printshop waste including waste solvents, cleaners and cleaning cloths will be treated as hazardous waste, if such waste contains chemical components that may be considered as hazardous by regulatory definitions. All other waste will be treated as non-hazardous.

Industry goal: To prevent the discharge of harmful printing materials (inks) and cleaning chemicals into the environment.

Handling method 1:

When using traditional or non-soy based inks and chlorinated solvents, treat all print shop waste as hazardous and discharge ashore in accordance with RCRA.

Handling method 2:

Use non-toxic based printing ink such as soy-based, non-chlorinated solvents, and other non-hazardous products to eliminate hazardous waste products.

Next steps: Increased use of non-toxic based printing ink and non-chlorinated solvents and other non-hazardous products to eliminate the hazardous waste component within the stream.

Photo copying and laser printer cartridges

Discussion

Increased use of laser and photo copying equipment on shore as well as onboard ship results in the generation of increased volumes of waste cartridges, inks and toner materials. Cruise ships should use only such inks, toners and printing/copying cartridges that contain non-hazardous chemical components. None of these cartridges or their components should be disposed of by discharge into the marine environment. In recognition of the industry's goal of waste minimization, these cartridges should, whenever possible, be returned to the manufacturer for credit, recycling or for refilling.

Industry goal: *To return photo copying and laser printer cartridges for recycling.*

Handling method:

Wherever possible, photo copying and laser printer cartridges will be collected, packaged and returned for recycling.

Unused and outdated pharmaceuticals

Discussion

In general ships carry varying amounts of pharmaceuticals. The pharmaceuticals range from over-the-counter products such as anti-fungal creams to prescription drugs such as epinephrine. Each ship stocks an inventory based on its itinerary and the demographics of its passenger base. All pharmaceuticals are managed to ensure that their efficacy is optimized and that disposal is done in an environmentally responsible manner.

When disposing of pharmaceuticals the method used must be consistent with established procedures. Pharmaceuticals and medications which are off specification or which have exceeded their shelf-life, and stocks that are unused and out of date, cannot be used for patients and therefore must be removed from the ship. Further, each regulatory jurisdiction has a posting of listed pharmaceuticals that must be considered hazardous waste once the date has expired or the item is no longer considered good for patient use.

Through onboard management of the medical facility, stocks of such listed pharmaceuticals are returned to the vendor prior to date of expiration. Pharmaceuticals that are being returned and which have not reached their expiration date are shipped using ordinary practices for new products.

Safety and health

The handling of all expired listed pharmaceuticals must be in accordance with established procedures and all personnel handling this waste must receive appropriate training in the handling of hazardous materials. As guidance, the U.S. Environmental Protection Agency (EPA) has issued a report that clarifies the fact that

residuals, such as epinephrine, found in syringes after injections are not considered an acutely hazardous waste by definition and may be disposed of appropriately in sharps containers. All Universal Precautions will be adhered to when handling sharps.

Industry goal: To ensure that unused and/or outdated pharmaceuticals are effectively and safely disposed.

Handling method 1:

Establish a reverse distribution system for returning unexpired, unopened non-narcotic pharmaceuticals to the original vendor.

Handling method 2:

Appropriately destroy narcotic pharmaceuticals onboard ship in a manner that is witnessed and recorded.

Handling method 3:

Land listed pharmaceuticals in accordance with local regulations. Listed pharmaceuticals are a hazardous waste having chemical compositions which prevent them from being incinerated or disposed of through the ships sewer system. Listing of such pharmaceuticals may vary from state to state.

Handling method 4:

Dispose of other non-narcotic and non-listed pharmaceuticals through onboard incineration or landing ashore.

Fluorescent and mercury vapor lamp bulbs

Discussion

The recycling of fluorescent lights and high intensity discharge (HID) lamps is a proven technology capable of reliably recovering greater than 99 percent of the mercury in the spent lights. This is done by using a crush-and-sieve method. In this process, the spent tubes are first crushed and then sieved to separate the large particles from the mercury containing phosphor powder. The phosphor powder is collected and processed under intense heat and pressure. The mercury is volatilized and then diluted to the required purity. The glass particles are segregated and recycled into fiberglass. Aluminum components are also recycled separately.

Storage and handling of used lights pose no compatibility problems; nevertheless, storage and shipment of the glass tubes is best done keeping the glass tubes intact. These items are classified as "universal waste" when they are shipped to a properly permitted recycling facility as such, testing is not required.

Safety and health

Fluorescent and mercury vapor lamps contain small amounts of mercury that could potentially be harmful to human health and the environment. To prevent human exposure and contamination of the environment, these lamps must be handled in an environmentally safe manner. Recycling of mercury from lamps and other mercury containing devices is the preferred handling method and is encouraged by various states. The recycling of fluorescent lights and HID lamps keeps potentially hazardous materials out of landfills, saves landfill space and reduces raw materials production needs.

Industry goal: *To prevent the release of mercury.*

Handling method:

Collect fluorescent and mercury vapor lamps for recycling or land disposal.

Batteries

Discussion

If not properly disposed of, spent batteries may constitute a hazardous waste stream. Most of the large batteries are on tenders and standby generators. Small batteries used in flashlights and other equipment and by passengers account for the rest. There are four basic types of batteries used.

Lead-acid batteries – These are used in tenders and standby generators. They are wet, rechargeable and usually six-celled. They contain a sponge lead anode, lead dioxide cathode and sulfuric acid electrolyte. The electrolyte is corrosive. These batteries require disposal as a hazardous waste, unless recycled or reclaimed.

Lead-acid batteries use sulfuric acid as an electrolyte. Battery acid is extremely corrosive, reactive and dangerous. Damaged batteries must be drained into an acid-proof container. The leaking battery is then placed in another acid-proof container, and both the electrolyte and the damaged battery placed in secure storage for proper disposal as a hazardous waste.

Nickel-cadmium (NiCad) batteries – These are usually rechargeable, and contain wet or dry potassium hydroxide as electrolyte. The potassium hydroxide is corrosive and the cadmium is a characteristic hazardous waste. Therefore, NiCad batteries must be disposed of as hazardous waste, unless recycled or reclaimed.

Lithium batteries – These are used as a power source for flashlights and portable electronic equipment. All lithium batteries must be disposed of as hazardous waste or sent out for reclamation.

Alkaline batteries – These are common flashlight batteries and are also used in many camera flash attachments, cassette recorders, etc. They should be recycled, properly disposed or reclaimed.

Discarded batteries must be isolated from the refuse waste stream to prevent potentially toxic materials from inappropriate disposal. The wet-cell battery-recycling program is kept separate from the dry battery collection process. Intact wet-cell batteries are sent back to the supplier. Dry-cell batteries are manifested to a licensed firm for recycling.

Industry goal: *To prevent the discharge of spent batteries into the marine environment.*

Handling method:

Collect spent batteries and return for recycling or land disposal.

Bilge and oily water residues

Discussion

The area of the ship at the very bottom of the hull is known as the bilge. The bilge is the area where water collects from various operational sources such as water lubricated shaft seals, propulsion system cooling, evaporators, and other machinery. All engine and machinery spaces also collect oil that leaks from machinery fittings and engine maintenance activities. In order to maintain ship stability and eliminate potential hazardous conditions from oil vapors in engine and machinery spaces, the bilge spaces must be periodically pumped dry. In discharging bilge and oily water residues, both international regulations (MARPOL) and United States regulations require that the oil content of the discharged effluent be less than 15 parts per million and that it not leave a visible sheen on the surface of the water.

All ships are required to have equipment installed onboard that limits the discharge of oil into the oceans to 15 parts per million when a ship is en route and provided the ship is not in a special area where all discharge of oil is prohibited. Regulations also require that all oil or oil residues, which cannot be discharged in compliance with these regulations, be retained onboard or discharged to a reception facility. The equipment and processes implemented onboard cruise ships to comply with these requirements are complex and sophisticated.

Industry goal: To meet and exceed the international requirements for removing oil from bilge and wastewater prior to discharge.

Handling method:

Process bilge and oily water residue prior to discharge to remove oil residues, such that oil content of the effluent is less than 15 ppm as specified by MARPOL Annex 1.

Glass, cardboard, aluminum and steel cans

Discussion

Management of shipboard generated waste is a challenging issue for all ships at sea. This is true for cruise vessels, other commercial vessels, military ships, fishing vessels and recreational boats. Waste products in earlier days were made from natural materials and were mostly biodegradable. Today's packaging of food and other products presents new challenges for waste management. A large cruise ship today can carry over 3000 passengers and crew. Each day, an average cruise passenger will generate two pounds of dry trash and dispose of two bottles and two cans.

A strategy of source reduction, waste minimization and recycling has allowed the cruise industry to significantly reduce shipboard generated waste. To attain this, cruise ship operators are adopting a multifaceted strategy that begins with waste minimization to decrease waste from provisions brought onboard. This means purchasing in bulk, encouraging suppliers to utilize more efficient packaging, reusable packaging and packaging materials that are more environmentally friendly – those that can be more easily disposed of or recycled. In fact, through this comprehensive strategy of source reduction, total waste on passenger vessels has been reduced by nearly half over the past ten years.

Another important component of the industry's waste reduction strategy is product or packaging recycling. Glass, aluminum, other metals, paper, wood and cardboard are, in most cases, recycled.

Industry goal: To eliminate the disposal of MARPOL Annex V wastes into the marine environment through improved reuse and recycling opportunities.

Handling method:

Handle in accordance with the above industry goal or otherwise comply with the strict requirements of MARPOL when in international waters.

Incinerator ash

Discussion

Incinerator ash is not normally a hazardous waste. Through relatively straightforward waste management strategies, items that would cause the ash to be hazardous are separated from the waste stream and handled according to accepted hazardous waste protocols. In general, source segregation for waste streams is one of the foundation stones for onboard waste management and is incorporated into the waste management manual required by MARPOL. Waste management for onboard waste streams include the following: source reduction, minimization, recycling, collection, processing and discharge ashore. This allows the incinerator to be used primarily for food waste, contaminated cardboard, trash and wood.

Incinerator ash should be tested at least once quarterly for the first year of operation to establish a baseline. Testing may then be conducted once a year. A recognized test procedure should be used to demonstrate that ash is not a hazardous waste. The test may include the following metals as indicators for toxicity: arsenic, barium, cadmium, chromium, lead, mercury, selenium, and silver. Special attention is placed on the removal of batteries from the incinerator waste stream. The use of incinerators saves landfill space and prevents the build-up of material onboard that could become the breeding ground for insects, rodents and other vermin.

Industry goal: To reduce the production of incinerator ash by minimizing the generation of waste and maximizing recycling opportunities.

Handling method:

Proper hazardous waste management procedures onboard assure that waste products that will result in a hazardous ash are not introduced into the incinerator. Non-hazardous incinerator ash may be disposed of at sea in accordance with MARPOL Annex V. Ash identified as being hazardous must be disposed of ashore in accordance with RCRA.

Graywater

The term graywater is used on ships to refer to wastewater that is generally incidental to the operation of the ship. The International Maritime Organization (IMO) defines graywater as including drainage from dishwasher, shower, laundry, bath and washbasin drains. The U.S. Clean Water Act (formally known as the Federal Water Pollution Control Act) includes galley, bath and shower water in its definition. The U.S. regulations

implementing this act do not include a further definition of gray water. However, the regulations do include a provision that exempts all of the wastewater included in the IMO definition and other discharges incidental to the operation of a ship from the Clean Water Act's permitting program (formally known as the National Pollution Discharge Elimination System (NPDES) program). Finally, the US Coast Guard regulations include provisions that essentially combine the two definitions from the IMO and the Clean Water Act. These definitions indicate that there is global acceptance of the fact that gray water is not considered harmful to the environment. None of the definitions of graywater include blackwater (discussed below) or bilgewater from the machinery spaces.

The conclusion to be drawn from these various regulations is that wastewater discharges incidental to the operation of a ship are generally not subject to permitting or other regulatory programs.

Handling method:

Graywater will be discharged only while ships are underway.

Blackwater

Most cruise ships separate waste from toilets, urinals, and other similar facilities (including sinks and drains in the medical facility) from other wastewaters. This separated waste is called "blackwater."

Blackwater is processed using an approved "Marine Sanitation Device" (MSD) that is intended to prevent the discharge of untreated or inadequately treated blackwater. Marine Sanitation Devices use physical, chemical and/or biological processes to allow effluent from the process to be discharged with characteristics that are similar to effluents from conventional, shoreside wastewater treatment plants.

All MSDs are certified and approved by the U.S. Coast Guard. The U.S. Coast Guard consults with the Environmental Protection Agency in evaluating processes used by MSDs.

The U.S. Coast Guard regularly inspects MSDs while onboard ships for proper operation during their Control Verification Examinations. If the Coast Guard has reason to believe that an MSD is not properly operating, it can require the vessel owner to have the effluent sampled and analyzed by a qualified wastewater laboratory, with the results reported to the Coast Guard.

Handling method:

Blackwater will be discharged only while underway and in accordance with applicable regulations.

Conclusion

This paper has presented an overview of most waste management practices and procedures utilized onboard the cruise ships operated by members of the International Council of Cruise Lines. We are constantly working to improve waste management handling procedures.



Background Paper on NWCA Environmental Initiatives

Several days ago, the Environmental Protection Agency (EPA) issued notices of violation (NOVs) to six member companies of the North West CruiseShip Association (NWCA), alleging that 13 of our ships emitted more smoke than allowed by law. This is an allegation NWCA members take very seriously and are determined to rectify. Unfortunately some media reports did not accurately report the complete story.

NWCA represents eight cruise lines that bring 97 percent of cruise ship visitors to Alaska. NWCA members brought more than 570,000 visitors to Alaska last year. This year, we expect to bring more than 600,000 visitors, who will inject more than \$274 million into the state's economy. Cruise ships represent one of the few, real, growth industries in this state.

NWCA and its member companies are committed to operating in the most environmentally friendly manner possible. The association and its members have proposed several environmental initiatives that take the industry well beyond compliance, including:

- A voluntary water discharge policy that elevates discharge standards well beyond what is required by law.
- A voluntary enhanced oil spill response program that includes staging \$1.3 million in new response equipment in Southeast Alaska. This cooperative program benefits the entire marine industry by making available additional response equipment and trained personnel.

- A policy of no discharge of any gray or treated black water in any port in Alaska.
- Separation of waste streams.
- Disposal of solid wastes at landfills best equipped to handle the waste.
- Agreement to treat all Inside Passage waters as territorial waters, including the so-called "doughnut holes."
- Installation of opacity meters on most ships that will log stack emissions during the season.
- Using "head" tax receipts to replicate the state's Department of Environmental Conservation's "Juneau Air Quality Sulfur Dioxide Monitoring Project," which was conducted in 1995.

In addition, NWCA members agreed to provide self-collected data to regulators on various waste streams and have previously installed oily waste separators that produce effluents with less than 15 parts-per-million oil. Members also support current legislation to eliminate TBT anti-fouling paint in Alaska waters. EPA's actions may compromise these cooperative efforts.

Background

Several years ago, NWCA implemented a voluntary program to monitor stack emissions. This program ran concurrently with a state-funded effort until 1996 when the legislature deleted the program based on DEC's findings that the cruise industry posed no significant air quality problems. Each year, NWCA contracts opacity readers in Southeast Alaska. When these readers find problems, they notify the lines, which then correct the problem.

NWCA collects this data because its members want their operations to be as noninvasive as possible. When the EPA requested copies of last summer's readings, the member lines

readily turned the data over. We thought we were all driven by a common goal to make our operations better.

For reasons NWCA doesn't fully understand, the EPA used the data we collected against our member lines to issue the NOV's, which are similar to indictments.

A science open to interpretation

Opacity reading is an inexact art that has evolved little since the 1800s. It involves comparing a ship's stack emission against a template. Readers are given one-to-two-days of training. Accurate readings are affected by a number of environmental conditions, including the background (mountains, for example, may skew the readings), the ship's angle and cloud conditions. Many NOV's are dismissed due to problems with opacity readings.

DEC conducted a scientific ambient air study in Juneau in 1995. Monitoring sites were located behind the Foodland Shopping Center near Egan Drive and in the playground of Capital Elementary School on Fifth Street. The study found that "at no time did any observed concentrations (of sulfur dioxide) exceed state or federal health standards. The highest measured concentration of sulfur dioxide for the project was 23 percent of the 24-hour health standard, and 15 percent of the three-hour health standard." It is worth noting that the highest reading from the Foodland site came on a day no ships were in port.

NWCA members support replicating this research this season, funded by Juneau's new "head" tax receipts.

EPA's actions raise serious concerns

Last December DEC Commissioner Michele Brown hosted a forum to discuss waste management and disposal practices of cruise ships. The forum included representatives from DEC, EPA, the Coast Guard, the Southeast Conference and the cruise ship industry. The forum led to formation of an Executive Steering Committee and four work groups. EPA has fully participated in the process. For the process to work effectively,

candid discussion and disclosure must take place among the regulators, the enforcers and the industry.

Two of the working groups have asked NWCA members to increase its self-monitoring and share the findings to improve environmental standards. EPA's decision to requisition our data and then use it against our member lines certainly diminishes the motivation to self-monitor, and undermines the larger objective of achieving improvements. We're prepared to cooperate as long as the data we collect is used for productive, not punitive goals. We need a protocol that shields our member lines while baseline figures are being developed. These types of shields are widely accepted as an effective way for regulators to improve many industries' environmental performance. They are common industry practices and our proposal is supported by the Southeast Pilots Association and the Alaska Conservation Council.

Committed to environmental excellence

The member companies of NWCA are firmly committed to operating in the most environmentally excellent manner possible. That's why we implemented the voluntary emission program and that's why we instituted an aggressive initiative program to minimize our impact on Alaska waterways. However, we believe it is fundamentally unfair to use our voluntary initiatives to punish us.

Despite EPA's disappointing action and the negative press it generated, NWCA's eight member lines remain committed to participating in a cooperative process with the state.

2000 CRUISE SEASON NWCA SHIP LIST

Line	Ship	Tonnage	Passengers	Crew	Year Built	Refurbished
Carnival	Jubilee	47,262	1,486	670	1986	1998
Celebrity	Galaxy	76,522	1,896	908	1996	
	Mercury	77,713	1,870	908	1997	
Crystal	Harmony	49,400	1,006	545	1990	1997
Holland America	Nieuw Amsterdam	33,930	1,214	542	1983	1997
	Ryndam	55,451	1,266	588	1994	1997
	Statendam	55,451	1,266	588	1992	1998
	Veendam	55,540	1,264	588	1996	1998
	Volendam	63,000	1,440	618	1999	
	Westerdam	53,872	1,494	642	1986	
Norwegian	Nor. Sky	80,000	2,002	800	1999	
	Nor. Wind	50,764	1,748	617	1993	
Princess	Dawn Princ.	77,000	2,020	900	1997	
	Ocean Princ.	77,000	2,020	900	2000	
	Regal Princ.	69,845	1,596	696	1991	1998
	Sea Princ.	77,000	1,950	900	1998	
	Sky Princ.	46,314	1,184	550	1984	1998
	Sun Princ.	77,000	2,020	900	1995	1998
Radisson	Seven Seas Navigator	30,000	490	321	1998	
Royal Caribbean	Rhapsody of the Seas	78,491	2,000	765	1997	
	Vision of the Seas	78,491	2,000	765	1998	
World Explorer	Universe Explorer	23,879	734	365	1958	1995



March 20, 2000

FOR ADDITIONAL INFORMATION, CONTACT:

John Hansen – (604) 681-2351

**NWCA SHIPS WILL DELIVER MORE THAN \$200 MILLION
TO SOUTHEAST'S ECONOMY THIS SEASON**

The cruise lines of the North West CruiseShip Association (NWCA) will inject more than \$200 million into Southeast Alaska's economy this season.

Twenty-two member ships will bring an estimated 609,000 passengers to Southeast ports of call. Juneau should see more than \$80 million flow into its economy with 379 dockings, a slight increase from 369 a year ago.

Skagway should experience a \$60 million season with 320 NWCA dockings, delivering 533,504 passengers. An estimated 10,000 additional travelers will visit Ketchikan this season, adding \$53 million to its economy.

Haines is expected to realize almost \$10 million from NWCA operations, followed by Sitka with \$11.3 million.

Four new NWCA ships will visit Southeast this season. The Ocean Princess will replace the Crown Princess. Ocean Princess, a 77,000-ton vessel finished this year, will carry 2,020 passengers and a crew of 900. Holland America introduces the Volendam, a 63,000-ton vessel launched last year that carries 1,440 passengers and a crew of 642. It replaces the Volendam and Noordam.

MORE

Norwegian Cruise Lines' Norwegian Sky will make 21 calls this season, replacing the Norwegian Dynasty. The Norwegian Sky is an 80,000-ton vessel finished last year, which carries 2,020 passengers and a crew of 800.

Radisson Seven Seas introduces the Seven Seas Navigator, a 30,000-ton vessel built in 1998, which carries 490 passengers and a crew of 321.

"These new, state-of-the-art ships will offer a quality shipboard experience for visitors to Alaska, along with the most advanced operational, safety and environmental systems," said John Hansen, NWCA president.

The member companies of the North West CruiseShip Association account for 97 percent of all cruise ship visitors to Alaska. Member companies include Carnival Cruise Lines, Celebrity Cruises, Crystal Cruises, Norwegian Cruise Line, Holland America Line, Princess Cruises, Radisson Seven Seas, Royal Caribbean and World Explorer Cruises.

Cruise-related spending and costs By local government

	Total 2000 Spending	1997 Government costs	1997 Net gain (loss)
Ketchikan (city and borough)	\$52,800,000	\$1,219,995	\$2,466,505
Wrangell	291,515	41,950	(1,550)
Sitka	11,330,000	293,730	391,270
Juneau	80,300,000	1,296,850	2,957,150
Haines (city and borough)	9,685,740	281,351	142,649
Skagway	66,200,000	187,122	861,878
TOTAL	\$214,607,250	\$3,309,498	\$6,840,702

Source: Cruise Industry Impacts on Local Government in Southeast Alaska, Prepared for Southeast Conference – January, 1998

1997 Cruise-related spending and tax revenues in Southeast Alaska

- Cruise ship passenger spending totaled \$160 million during 1997, including \$120 million in taxable spending.
- Cruise ship crew generated \$10 million in taxable spending.
- Taxable spending in support of cruise line operations totaled just under \$10 million in 1997. Cruise lines spent another \$18 million on maritime services, medical services for crew, state/federal government fees and other non-taxable services.
- Sales tax revenues totaled \$7 million in 1997.
- Port fees generated another \$3.2 million in local government revenues.

Cruise-related spending by Southeast Alaska's local governments

- Southeast Alaska's local governments incur relatively few additional costs as a result of providing services to cruise lines, passengers and crew. In general, communities are able to provide basic services within their existing staffing and service infrastructure.
- Cruise passengers affect a broad range of local government services, including emergency medical services, public utilities and libraries, with police departments the most affected.
- The cost of providing these services is small compared to the local government revenues generated by the cruise industry.
- New costs associated with the cruise industry to local governments totaled \$2.2 across the region.
- Direct overhead costs that can be allocated to the cruise industry totaled \$1.2 million.

Source: Cruise Industry Impacts on Local Government in Southeast Alaska, Prepared for Southeast Conference – January, 1998

Visitor industry creates 4,154 jobs for Southeast

	# of Jobs	Payroll (in millions of dollars)
Transportation		
Local & interurban passenger transport	248	\$3.7
Water transportation	393	11.7
Air transportation	525	21.5
Transportation services	124	2.8
 Retail		
General merchandise stores	50	1.0
Food stores	79	1.9
Apparel & accessory stores	40	0.6
Eating & drinking places	543	8.3
Miscellaneous retail	948	12.5
 Services		
Hotels & other lodging places	1,105	17.8
Auto rentals	18	0.4
Amusement & recreation services	334	4.1
 Total	 4,407	 \$86.1
% attributable to pleasure visitors	94%	

VISITOR-RELATED EMPLOYEMENT IN SOUTHEAST **4,154 jobs**
\$81.1 million payroll

Source: Economic Impacts of Alaska's Visitor Industry
 May 1999 McDowell Group, Inc.

Southeast Alaska Local Government Taxation

	Sales	Property	Bed	Other
Haines				
City	4.0%	5.85 mills	-	-
Borough	1.5%	4.50 mills	-	-
Total	5.5%	10.35 mills	-	-
<hr/>				
Juneau	5.0%	12.02 mills	7.0%	3.0% liquor 6.0% tobacco
<hr/>				
Ketchikan				
City	3.5%	5.86 mills	6.0%	-
Gateway Borough	2.0%	7.50 mills	4.0%	-
Total	5.5%	13.36 mills	10.0%	-
<hr/>				
Petersburg	6.0%	10.00 mills	4.0%	-
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Sitka	5.0%	6.00 mills	6.0%	2¢/gallon fuel
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Skagway	4.0%	7.00 mills	8.0%	-
<hr/>				
Wrangell	7.0%	12.00 mills	\$4/night	
<hr/>				
Southcentral Ports				
Seward				
City	3.0%	3.12 mills	4.0%	-
Borough	2.0%	8.08 mills	-	-
Total	5.0%	11.20 mills	4.0%	
<hr/>				
Valdez	-	20.00 mills	6.0%	-

How visitors get to Alaska

	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998	Summer 1999
Domestic air	329,900	421,100	446,900	503,400	543,700	600,200	625,300	673,500	706,600	706,000	737,500
International air	22,500	22,500	21,800	20,400	19,600	19,100	17,700	31,200	29,000	27,500	31,900
Cruise ship	187,500	243,600	252,200	275,600	317,500	370,600	368,600	437,500	509,700	568,000	596,000
Alaska ferries	43,100	46,500	48,800	45,900	50,900	49,700	47,300	42,000	33,100	37,000	36,000
Highway	109,500	112,000	110,000	124,000	120,600	125,300	124,300	118,900	115,200	128,500	127,000

Source: Alaska Visitor Arrivals, Summer 1999 - McDowell Group

SENATE COMMITTEE REPORT

DATE: 4/13/00

FURTHER: Finance

Date of 5-Day Notice: 24-hour rule in effect
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/18/00

Resources Committee considered

SENATE BILL NO. 308

"An Act relating to certain passenger vessels operating in the marine waters of the state."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Chris Taylor</i>	✓		
		<i>Linda Green</i>	✓		
		<i>Debra ...</i>	✓		
CHAIR: <i>Rick Halford</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>DOT & PF</i>	<i>4/14/00</i>	✓	
<i>DEC</i>	<i>4/14/00</i>		<i>100.6</i>

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill