

Capture Rate

Assumptions	Spending Per Visitor: 2011 Visitor Statistics, McDowell Group:						\$	485.00	
Estimated Visitors: (Yr 2011)	2009	2010	2011	2012	2013	2014	Totals	Median	
-- Cruise Passengers	41,304	30,850	27,263	30,991	33,021	30,429	193858	30920.5	
-- Cruise Crew	17,953	13,408	11,930	13,388	19,544	12,357	88580	13398	
-- Inbound Air	5,899	9,598	8,324	10,203	9,501	8,705	52230	9103	
-- Fast Ferry	25,440	28,317	28,465	25,289	32,531	37,669	177711	28391	
-- Inbound AMHS Passengers	30,944	32,996	33,284	33,575	33,811	32,922	197532	33140	
-- Outbound AMHS Passengers	33,931	36,806	32,603	33,040	31,631	33,026	201037	33033	
	155,471	151,975	141,869	146,486	160,039	155,108	910,948	147,986	
Adjustments									
-- Less Inbound Air	-5899	-9598	-8324	-10203	-9501	-8705	-52230	-9103	
-- Less Difference btw In/Out AMHS	-2987	-3810	-681	-535	-2180	-104	3505	107	
Adjusted Visitors	146,585	138,567	132,864	135,748	148,358	146,299	862,223	138,990	
CAPTURE RATE									
Total 2011 Sales Tax Receipts	2,708,063	2,543,070	2,724,105	2,699,741	2,744,162	2,792,477	16,211,618	2,716,084	
Less Residents	660,478	692,577	734,945	741,327	801,780	813,807	4,444,913	738,136	
Sales Taxes from Visitors	2,047,585	1,850,493	1,989,160	1,958,414	1,942,382	1,978,670	11,766,705	1,968,542	
Estimated Sales (Sales Tax / 5.5%)	37,228,818	33,645,333	36,166,547	35,607,524	35,316,036	35,975,824	32,423,236	35,791,674	
Spending Per Visitor	253.97	242.81	272.21	262.31	238.05	245.91		257.51	
Est Standard Spending Per Visitor	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00	\$ 485.00		\$ 485.00	
Capture Rate	52%	50%	56%	54%	49%	51%		53%	

Sales Tax Per Visitor

Impact of One Cruise Ship

IN THEORY: WA INPUT-OUTPUT MODEL

Cruise Ship: The Infinity: 2,170 passenger
 Spending Per Day: x \$250 / passenger
 Total Spending: \$542,500

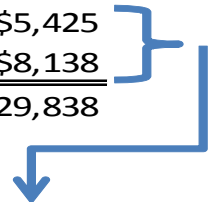
First Round Multiplier: 1.906 (NAICS 71 & 721)
 {In Other Words: \$1 of Spending Generates \$0.90 of More Spending}

Industry Group	Output	Labor Income
Arts, Recreation, and Accommodation	586,456	192,459
Other Construction	82,743	19,347
Other Retail	67,067	27,187
Credit Intermediation and Related Activities	66,427	11,967
Waste Management/Other, and Agriculture Services	64,680	20,974
Ambulatory Health Care Services	45,990	23,776
Food Services and Drinking Places	44,807	13,580
Other Finance and Insurance	42,870	13,507
Petroleum and Coal Products Manufacturing	40,888	473
Wholesale	37,005	12,932
Hospitals	34,466	12,881
Real Estate and Rental and Leasing	33,263	6,642
Telecommunications	32,513	5,374
Total Outputs	1,404,384	451,567
Overall Multiplier	2.59	
Job Generation: (\$54,267 mhi)	8	

Impact of One Cruise Ship

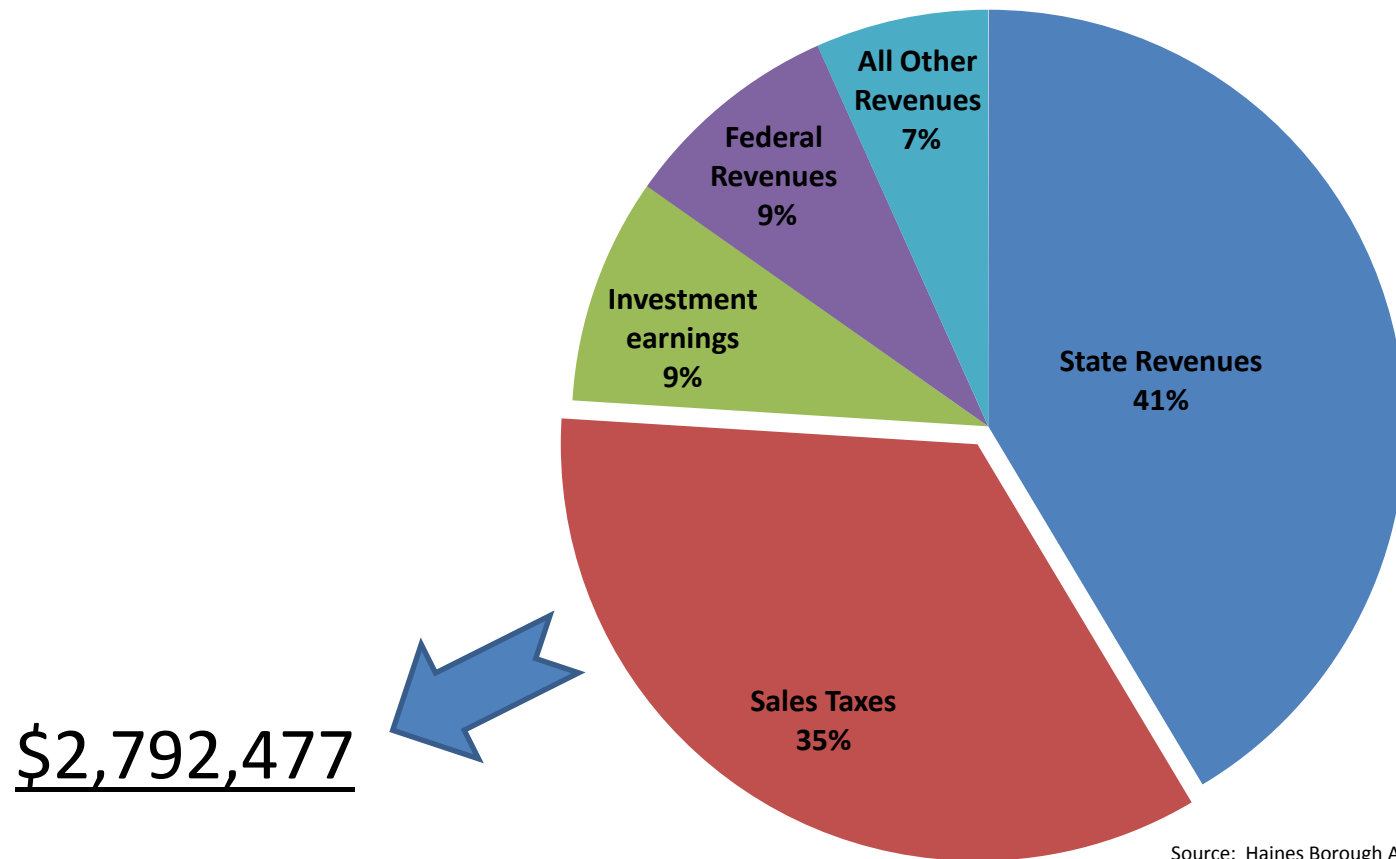
FOR REAL: HMC 3.80.220

	Total Sales:		542,500
	Sales Tax Rate		5.5%
	Sales Tax Receipts		29,838
	HMC 3.80.220	% Total	\$29,838
Medical Services	0.50%	9%	\$2,713
Tourism & Economic Development	1.00%	18%	\$5,425
Capital Projects	1.50%	27%	\$8,138
General Municipal Purposes: Areawide	1.00%	18%	\$5,425
General Municipal Purposes: Townsite	1.50%	27%	\$8,138
	5.50%	100%	\$29,838
	Sales Tax Receipts for Municipal Purposes		\$13,563
	General Government	35%	\$4,766
	Public Safety	23%	\$3,133
	Street Maintenance	19%	\$2,531
	Cultural, Recreation & Library	23%	\$3,133
		100%	\$13,563



Importance of Sales Tax

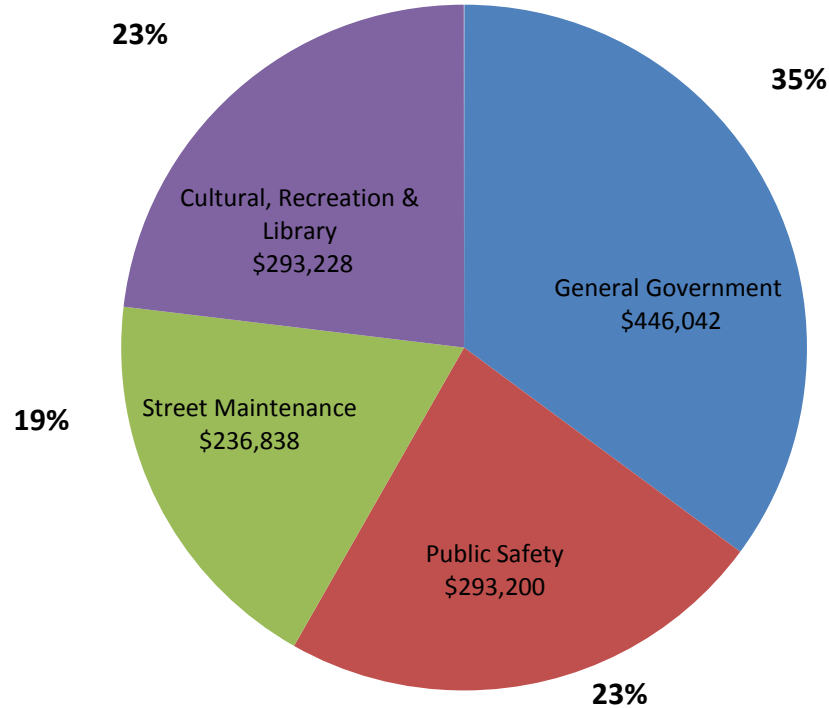
**FY 2014 General Fund Revenues
Without the Property Tax**



Source: Haines Borough Audited Financial Statements, June 30, 2014

Importance of Sales Tax

General Municipal Purposes Distribution of \$1.27 Million of Sales Tax



2014 Fee Waiver

A Resolution of the Haines Borough Assembly supporting waived port fees for the adopted "Alaska Backroads" marketing concept for both Celebrity and Princess committed cruise ship dockings in FY 15.

WHEREAS, the Haines Borough is supportive of cooperative efforts based on a partnership involving second tier ports of Southeast Alaska working in unison to provide a new cruise marketing itinerary, known as "Alaska Backroads"; and

WHEREAS, due to the downward drop of cruise passengers and severe economic loss in the Southeast region, the second tier ports will work to increase visitation by offering this exclusive cruise as "Alaska Backroads" to enhance the local economies and improve visitation to the communities; and

WHEREAS, this new marketing itinerary was presented by a delegation to cruise lines representative to market this itinerary to their repeat passengers to return to Alaska with a new cruise itinerary option and for new passengers looking to visit less crowded ports; and

WHEREAS, two cruise lines, Celebrity (Royal Caribbean Cruises, Ltd.) and Princess (Princess Cruise Lines, Ltd.), were "the first to sign" on to "Alaska Backroads" marketing concept; and

WHEREAS, therefore, both companies are eligible for waived port fees due to the Port Chilkoot Dock fund with this adopted Resolution #11-05-279 adopted on May 24th, 2011; and

WHEREAS, Haines is uniquely positioned to participate in this weekly cruise itinerary to showcase Haines' well-known attractions, history, tours, activities, natural qualities, services and products to passengers and crew; and

WHEREAS, the "Alaska Backroads" itinerary will make a strong statement of continuing to further a successful relationship with a cruise line and enhance Haines' community for visitors and residents; and

WHEREAS, the "Alaska Backroads" itinerary will make a strong statement of continuing to further a successful relationship with a cruise line and enhance Haines' community for visitors and residents; and

WHEREAS, Celebrity has committed to two dockings of their 965 foot ship, The Infinity, in FY 15 which will constitute an estimated \$6,755.00 in dockage fees; and

WHEREAS, Princess has committed to two dockings of their 951 foot ship, The Crown, in FY 15 which will constitute an estimated \$6,657.00 in dockage fees; and

NOW, THEREFORE, BE IT RESOLVED that the Haines Borough Assembly will officially waive the dockage fees of \$13,412.00 for the first year for the committed dockings of both the Celebrity and Princess cruise ship lines, who have both accepted this itinerary first as a part of the "Alaska Backroads" program.

Adopted by a duly-constituted quorum of the Haines Borough Assembly on this 22nd day of April, 2014.

2015 Impact of Waiver

<u>Cruise Boat*</u>	<u>Length</u>	<u>Passengers</u>	<u>Crew</u>	<u>Total</u>
The Infinity	965 Feet	2,170	999	3,169
Grand Princess	951 Feet	3,080	1,201	4,281
		5,250	2,200	7,450
	Number of Dockings	x 2	x 2	x 2
	Total Passengers and Crew	10,500	4,400	14,900
	Estimated Sales Tax Per Visitor	x \$14 {Topic at next TAB meeting}		

Estimated Increase in Sales Tax \$147,000

* Based on the 2015 ship schedule prepared in March 2014. The estimated number of dockings may have changed since then.

Building On Success

Rate of Return

Maximum Rate of Return

Average Actual & Projected Sales Tax

Prior to Yr 2015	\$1,990,695
Plus Estimated Increase in Sales Tax	\$147,000
<hr/>	
After Yr 2015	\$2,137,695

Weighted Average Cost of Investment (WACI)

Cost Factors	2014	2015
Depreciation	241,839	241,839
Operating Costs	71,344	71,344
Targeted Incentives		13,412
STDEV	56,055	56,055
Total Costs	369,238	382,650

< Yr 2015 > Yr 2015

Rate of Return 5.39 5.59

Discounted Cash Flow Approach

Minimum Rate of Return

Weighted Average Cost of Investment (WACI)

Cost Factors	2015
Depreciation	241,839
Operating Costs	71,344
Targeted Incentives	13,412
STDEV	56,055
Total Costs	382,650

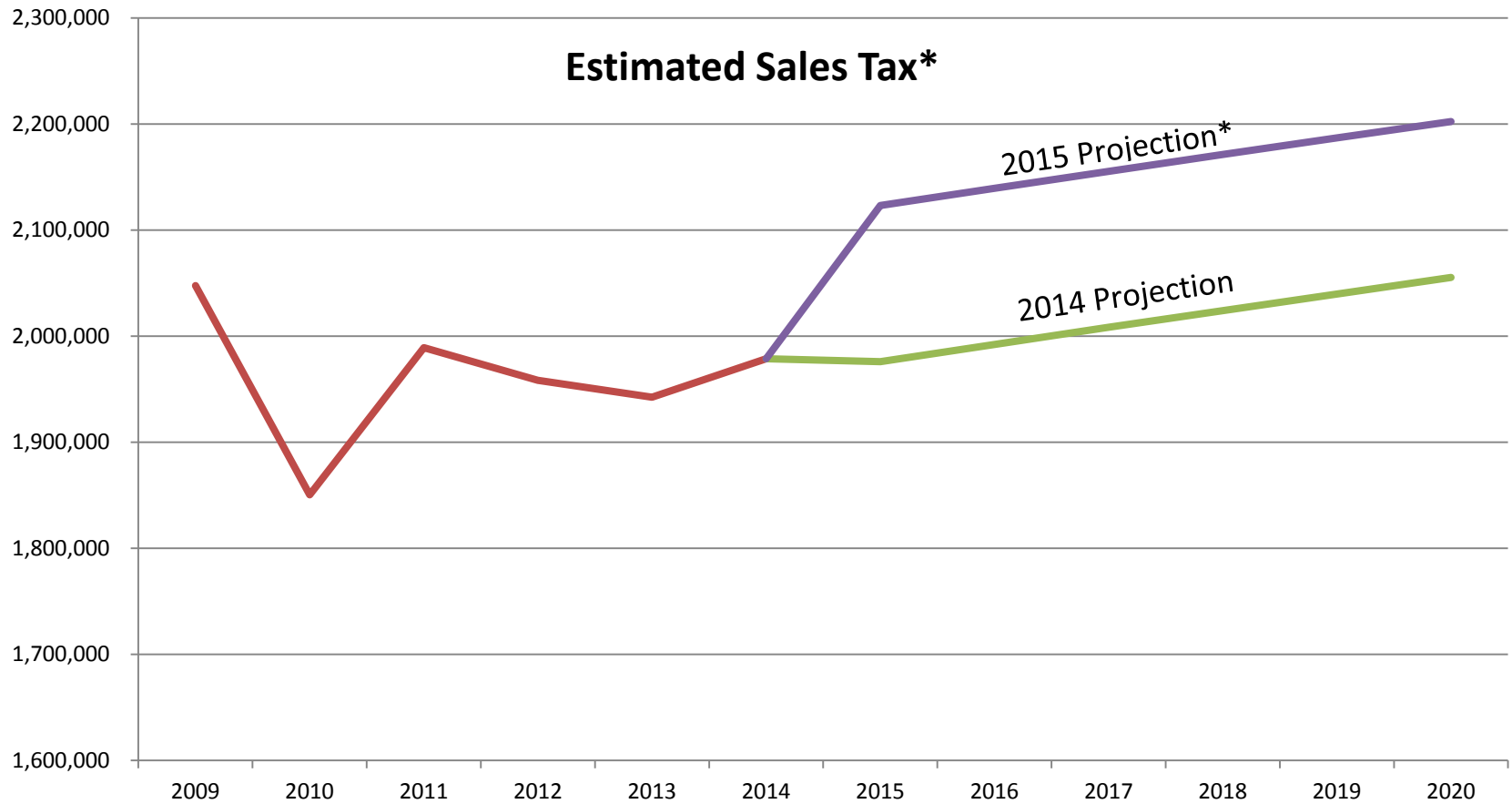
Projected Average Sales Tax 2,137,695
WACI 18%

Discounted Cash Flow Analysis

Projected Average Sales Tax	2,137,695
Divided by Sum(1+WACI)	18%
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Est PV of 2020 Sales Tax	\$1,813,140.91
Difference	\$324,554.09
Difference Per Year	\$54,092.35
Existing Marginal Increase	\$15,643.00

Minimum Rate of Return 3.46

SUCCESS !!!!



* Assumes the same number of 900 ft cruise ships continue to dock in Haines over the next six years.