

**FEDERAL MARITIME COMMISSION**

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**FACT FINDING INVESTIGATION NO. 30**

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**COVID-19 IMPACT ON CRUISE INDUSTRY**

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**INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON THE CRUISE  
INDUSTRY ON THE GULF COAST**

**December 16, 2020**

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## I. Executive Summary

In April 2020, the Federal Maritime Commission (Commission) initiated a fact-finding investigation (Fact Finding 30 or FF30). The Order of Investigation<sup>1</sup> directed Commissioner Louis E. Sola to investigate and respond to the current challenges impacting the cruise industry and the U.S. ports that rely on it. Commissioner Sola, as the Fact-Finding Officer, has been engaging cruise industry stakeholders, including passenger vessel operators (PVOs), cruise passengers, and marine terminal operators, in public and non-public discussions to identify possible solutions to COVID-19-related issues that interfere with the operation of the cruise industry. Commissioner Sola also established consultative panels comprised of representatives from various port authorities, marine terminal operators, cruise lines, trade associations, consumer advocates, and the financial industry. The culmination of this process will be a series of reports with each report dedicated to either a particular concern or to the ports of a designated region. This report will focus on the Gulf of Mexico, excluding Florida, which was addressed in an earlier report, and will examine the economic impact of the COVID-19 pandemic and the Centers for Disease Control and Prevention's (CDC) orders and advisories. As per the Commission's Fact Finding 30 Order, this report will focus on the economic impact of the inability of the cruise lines to sail. This report will not address such items as crew member repatriation or the environmental impact of the cessation of passenger vessel sailings; nor will it address the various health related issues which must be attended to prior to the resumption of travel.

On March 13, 2020, members of the Cruise Lines International Association (CLIA) announced a pause in the operations of its members to assess and address the risks posed by the COVID-19 pandemic. On March 14, 2020, the CDC issued a No Sail Order and Suspension of Further Embarkation applicable to PVOs whose vessels carry 250 or more individuals (passengers and crew) with an itinerary anticipating an overnight stay onboard or a 24 hour stay onboard for either passengers or crew.<sup>2</sup> On April 9, 2020, the CDC extended the termination date of the order to July 24, 2020. On June 19, 2020, CLIA announced that the major cruise lines have agreed to voluntarily extend a suspension of operations out of U.S. ports until September 15, 2020. On July 16, 2020, the CDC extended the termination date of its order to September 30, 2020. On August 5, 2020, CLIA voluntarily extended its suspension of operations until October 31, 2020.<sup>3</sup> On September 30, the CDC extended again the order until October 31, 2020. Although the CDC's No Sail Order was not extended at the end of October, the CDC has released a Framework for Resuming Safe and Responsible Cruise Ship Operation which the cruise lines must comply with before they will be permitted to sail. In addition, the CDC has issued a Level 4 Travel Health Notice recommending that the public avoid travel on cruise ships. Currently, most

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<sup>1</sup> Order of Investigation, Fact Finding Investigation No. 30, COVID-19 Impact on Cruise Industry (FMC April 30, 2020), [https://www2.fmc.gov/readingroom/docs/FFno30/ffno30\\_ord.pdf/](https://www2.fmc.gov/readingroom/docs/FFno30/ffno30_ord.pdf/).

<sup>2</sup> The CDC's No Sail Order applies to vessels with a capacity to carry 250 passengers and crew anticipating to stay overnight or for over 24 hours. The Commission's requirements apply to vessels with berth/stateroom capacity to carry 50 or more passengers. So, there could be small PVOs the Commission regulates that are not subject to the CDC's No Sail Order (with vessels carrying more than 50 passengers but less than 250 passengers and crew).

<sup>3</sup> Press Release, Cruise Lines International Association, CLIA and Its Ocean-Going Cruise Line Members Announce Third Voluntary Suspension of U.S. Operations (Aug. 5, 2020), <https://cruising.org/en/news-and-research/press-room/2020/august/clia-announces-third-voluntary-suspension-of-us-cruise-operations> (last visited Sep. 14, 2020).

cruise lines have announced that no cruise will embark from the United States until at least March of 2021. However, in the first week of November 2020, an event occurred on a cruise vessel not subject to the CDC's Order or Framework for Sailing. The vessel, just having completed a summer season around Scandinavia without incident and employing multi-layer testing of passengers and crew, had an incident during a Caribbean cruise where seven passengers became infected.<sup>4</sup> As details emerge, it is unclear what impact this incident may have on the anticipated March 2021 resumption by the cruise lines or the public's comfort in sailing.

To understand the effect of these events on the economy, Commissioner Sola examined the fiscal impact of the cruise industry on local and state economies and included those figures in this report.

## II. Fact Finding Method

### **Meetings with Government, Port, and Industry Leaders**

Commissioner Sola communicated with port directors, government officials, cruise industry leaders, business executives, and labor leaders in Galveston, New Orleans, and Mobile. The Commissioner appreciates all those who contributed their valuable insight to this report.

### **Open Source Information**

A variety of open source information is used in this report. These include annual reports by ports and reports by various research firms.<sup>5</sup> Port websites, industry association websites, industry-related magazines and news sources were also considered.

### **Individual Port Analysis**

This report presents brief observations related to individual cruise ports in Texas, Louisiana, and Alabama, and attempts to provide a consistent format for each individual port review. Due to the unique nature of each port and the variety of source material available from one port to another, each segment will vary to some degree.

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<sup>4</sup> Patrick Oppmann and Marnie Hunter, CNN, Covid-19 outbreak strikes first cruise to resume sailing in the Caribbean (Nov. 16, 2020), <https://www.cnn.com/travel/article/caribbean-cruise-seadream-1-covid/index.html> (last visited Dec. 1, 2020).

<sup>5</sup> More information on methodology used for the studies can be found in the studies, provided in footnotes or text.

## Terminology

This report discusses direct, indirect, and induced impact as found in various reports, especially in job and wage numbers. In general, these terms can be defined as follows:

***Direct jobs*** are those that would not exist if activity at the Port's cargo and cruise facilities were to cease... Direct employees created by the cruise operations include the jobs with the firms providing the direct vessel services – chandlers, pilots, longshoremen, line handlers, local advertising firms, caterers, liquor wholesalers, linen companies, security firms, waste disposal firms, parking, local transportation -- as well as the firms providing services to the passengers on the vessels.<sup>6</sup>

***Indirect jobs*** are created throughout the state as the result of purchases for goods and services by the firms directly impacted by the port activity, including the tenants, terminal operators and the firms providing services to cargo – which includes...cruise passenger operations.<sup>7</sup>

***Induced jobs*** are jobs created in the state by the purchases of goods and services by those individuals directly employed by each of the lines of business at each port...The induced jobs are jobs with grocery stores, restaurants, health care providers, retail stores, local housing/construction industry, and transportation services, as well as with wholesalers providing the goods to the retailers.<sup>8</sup>

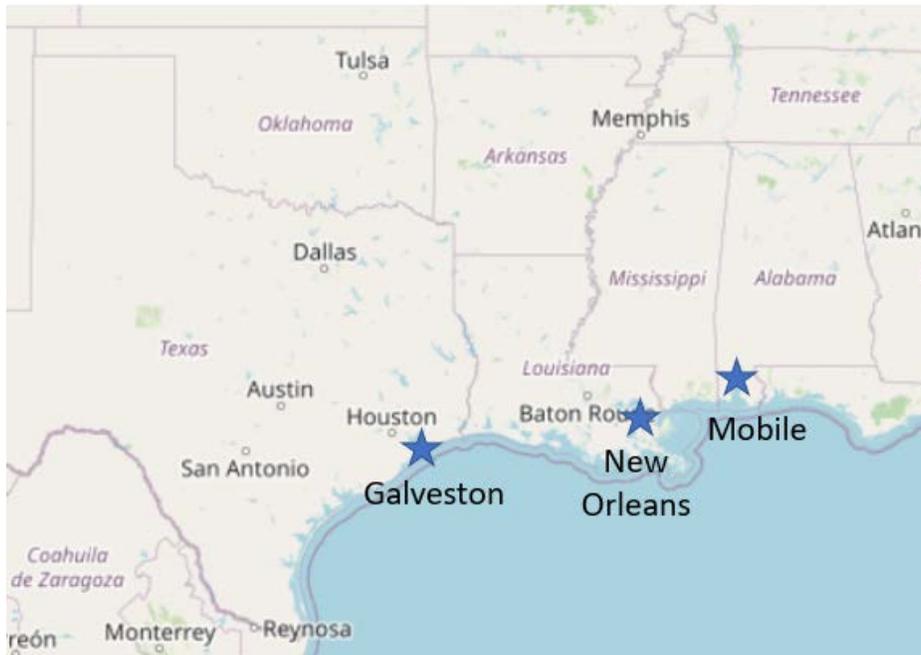
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<sup>6</sup> Florida Seaport Transportation and Economic Development Council, The Statewide Economic Impacts of Florida Seaports (Dec. 2016) at 2, <http://scdn.flaports.org/wp-content/uploads/EconomicImpactsofFloridaSeaports.pdf> (last visited Aug. 17, 2020).

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.* at 3.

### III. Observations



Source: © OpenStreetMap contributors, <https://www.openstreetmap.org/#map=5/33.694/-95.818>, (Galveston, New Orleans, and Mobile added).

#### A. Galveston, Texas

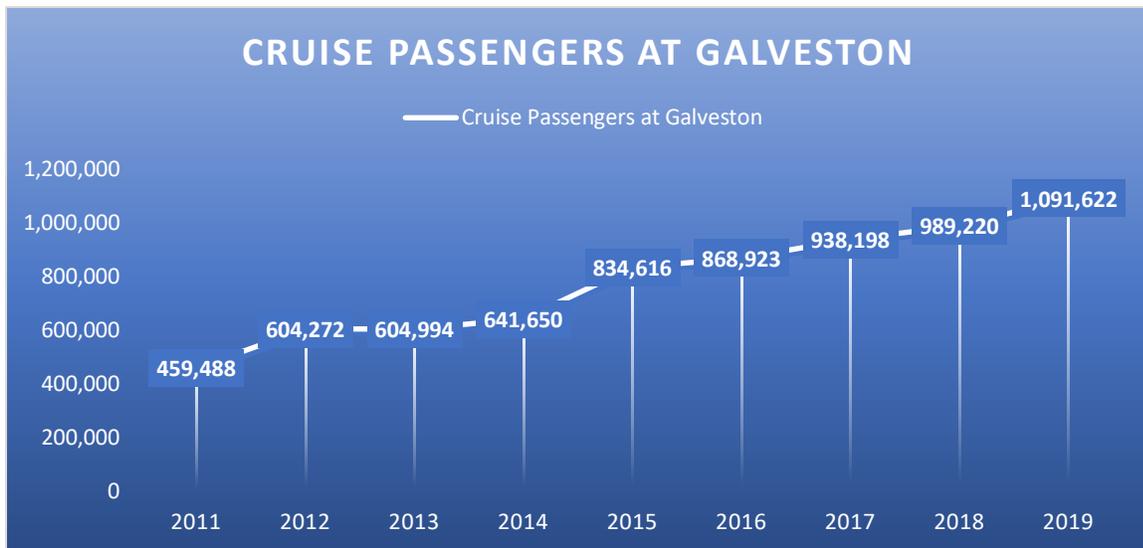
The Galveston Wharves, known as the Port of Galveston, is about 50 miles south of Houston, on an island approximately 2 miles off the coast of Texas, and is Texas's oldest port.<sup>9</sup> According to the port's 2019 Comprehensive Annual Financial Report (Galveston Financial Report),<sup>10</sup> the port is an enterprise organization, a utility of the City of Galveston. The Galveston City Council appoints the port's Board of Trustees who oversee the income and revenue brought in from the city-owned wharf and terminal properties and employ a Port Manager and others to conduct port business. In addition, the Galveston Port Facilities Corporation was formed in 2002 by the City Council as a financing vehicle for port expansion and renovation. The Port of Galveston is both a cargo port and a cruise port.

<sup>9</sup> Port of Galveston, 2019 Comprehensive Annual Financial Report (Year Ending 2019), <https://www.portofgalveston.com/DocumentCenter/View/2747/Final-2019-Port-of-Galveston-CAFR> (last visited Oct. 28, 2020).

<sup>10</sup> *Id.*

The Galveston Financial Report states that the Port of Galveston is the 4<sup>th</sup> most popular cruise port in North America and has recently seen significant growth in cruise visitor numbers. The number of cruise visitors has more than doubled between 2011 and 2019, as seen on the chart below. In 2019, the port had over 1 million cruise visitors. Almost 8% of cruise embarkations in the U.S. are in Galveston.<sup>11</sup>

The Port of Galveston is strictly a homeport, not an in-transit port, and has been a homeport for over 20 years.<sup>12</sup> Per the Galveston Financial Report, in 2019, the port had 297 cruise ship calls.



According to a report from the Port of Galveston,<sup>13</sup> less than a mile from the cruise terminal is the University of Texas Medical Branch. It is one of the largest academic health science hospitals in the country and has a Level 4 national Biosafety laboratory. The port previously responded to a potential shipboard Ebola outbreak, which resulted in the activation of the port's Infectious Disease Management Plan. This plan has subsequently been modified and implemented for COVID-19. In March 2020, before the CDC's No Sail Order took effect, the port held a table-top exercise to prepare for a possible COVID-19 cruise ship outbreak. It greatly assisted the port in the following cruise passenger debarkations and crew repatriating operations.

<sup>11</sup> Cruise Lines International Association (CLIA), The Economic Contribution of the International Cruise Industry in the United States in 2019 (Nov. 2020), <https://cruising.org/-/media/research-updates/research/2019-usa-cruise-eis.ashx> (last visited Nov. 27, 2020).

<sup>12</sup> A port of call is a stop in the middle of a cruise. Ships that come to Galveston are beginning and/or ending their cruise at the port. County of Galveston & City of Galveston, The Economic Impact of Galveston County's Maritime Industry Cluster (Feb. 22, 2017), <http://www.galvestoncountytexas.gov/ed/Documents/MaritimeStudy.pdf> (last visited Oct. 30, 2020).

<sup>13</sup> Report from the Director of Port Operations, Port of Galveston, email to FF30 (Nov. 13, 2020).

## **Direct economic impact**

Almost half of the Port of Galveston's revenue comes from the cruise industry. Per the Galveston Financial Report, in FY 2019, 47% of the port's revenue came from cruise business with two large cruise companies alone bringing in 25% and 20% of the port's total operating revenues. In March 2020, the Port of Galveston had expected to bring in \$38 million during the fiscal year in revenue from cruise ships and parking.<sup>14</sup>

The report of Economic Impact of Galveston County's Maritime Industry Cluster<sup>15</sup> (Galveston Economic Impact Report) explains that cruise operations at the Port of Galveston create economic activity for both the maritime services industry and the tourism industry. The maritime services industry includes pilots and towing services, stevedoring and line handling services, parking, fuel, and the retail industry providing supplies for the ship. Purchases/services made by cruise lines include flowers, liquor, local advertising, trash disposal, and laundry.

According to the Galveston Economic Impact Report, the tourism industry that benefits from the cruise business includes hotels, restaurants/bars, retail, and entertainment/tours. The airline industry benefits from the cruise business too, as 11.3% of passengers on large cruise ships and 5.7% of passengers on medium cruise ships fly to the Galveston area. Around 13% of hotel guests in the area are cruise visitors.<sup>16</sup> Per the Galveston Economic Impact Report, about 20% of all Galveston cruise visitors stay overnight in the area prior to the cruise, mostly staying at hotels. Those staying overnight stay 1.6 nights on average, and average spending is between \$87 and \$90 per person. A report showed that total estimated cruise visitor onshore spending was \$65.7 million in 2018.<sup>17</sup>

Crew member spending also contributes to the local economy. According to the Galveston Economic Impact Report, crew members spend an average of \$230 in the Galveston area per ship call, mostly on clothing and electronics.

## **Indirect economic impact**

Both the Port of Galveston, and the cruise industry as a whole, provide economic benefits to Texas. The Galveston Economic Impact Report explains that the cruise industry is responsible for 2,517 direct, indirect, and induced jobs in the Galveston area. The Cruise Line International

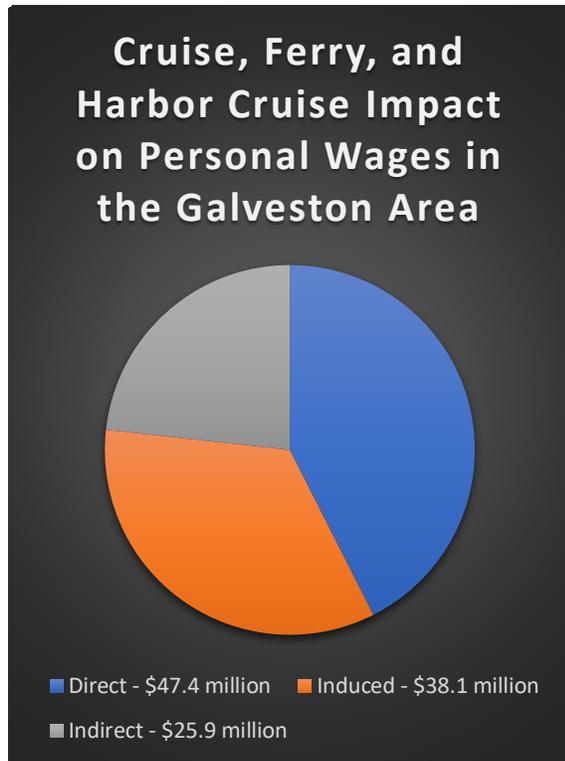
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<sup>14</sup> Jennifer Reynolds, The Daily News, Port of Galveston Estimates \$1.6M hit because of coronavirus (Mar. 17, 2020), [https://www.galvnews.com/news/free/article\\_fb2f1d0b-fb8a-5f63-927d-b92b51e9826f.html](https://www.galvnews.com/news/free/article_fb2f1d0b-fb8a-5f63-927d-b92b51e9826f.html) (last visited Nov. 2, 2020).

<sup>15</sup> County of Galveston & City of Galveston, The Economic Impact of Galveston County's Maritime Industry Cluster (Feb. 22, 2017), <http://www.galvestoncountytexas.gov/ed/Documents/MaritimeStudy.pdf> (last visited Oct. 30, 2020).

<sup>16</sup> Port of Galveston, Cruise Rally Message: Cruise Equals Local Jobs (Oct. 23, 2020), <https://www.portofgalveston.com/CivicAlerts.aspx?AID=148> (last visited Nov. 2, 2020).

<sup>17</sup> Galveston Island Park Board of Trustees, The Economic Impact of Tourism on Galveston Island, Texas (2018 Analysis), <https://www.galvestonparkboard.org/ArchiveCenter/ViewFile/Item/208> (last visited Nov. 2, 2020).



Association (CLIA)'s 2019 report (CLIA Report)<sup>18</sup> estimates that the cruise industry in the U.S. contributes over 26,000 jobs to the Texas economy.

According to the 2016 Galveston Economic Impact Report, cruise, ferry, and harbor cruise activity resulted in over \$111 million in direct, indirect, and induced personal income (breakdown seen on the chart), \$347 million in direct business revenue, \$39 million in local purchases, and \$10 million in state and local taxes. The CLIA Report estimates the cruise industry as a whole results in \$1.6 billion in direct purchases and \$1.8 billion in income in Texas.

### Current status

On October 21, 2020, the Galveston International Longshoremen's Association (ILA) held a rally in support of lifting the CDC's No Sail Order.<sup>19</sup> The port's statement about the rally summarized the following three points at issue:<sup>20</sup>

- Galveston's cruise industry is critical for our regional and state economies.
- The cruise industry and Galveston Wharves are finalizing plans and procedures for safe, sustainable cruising.
- Now that we have a better understanding of the COVID-19 virus, we can work together to begin a phased resumption of cruising.

The Port of Galveston has been working to expand its cruise operations in a way that is environmentally friendly and provides economic benefits to the area. In 2019, a major cruise line agreed to invest in a third cruise terminal, one that would be LEED (Leadership in Energy and Environmental Design) certified.<sup>21</sup> The annual economic impact of this terminal is estimated to include 1,320 new jobs, \$60.7 million in personal income, \$1.4 billion in local business services revenue, and \$5.6 million in state and local taxes.<sup>22</sup>

<sup>18</sup> Cruise Lines International Association (CLIA), The Economic Contribution of the International Cruise Industry in the United States in 2019 (Nov. 2020), <https://cruising.org/-/media/research-updates/research/2019-usa-cruise-eis.ashx> (last visited Nov. 27, 2020).

<sup>19</sup> Port of Galveston, Cruise Rally Message: Cruise Equals Local Jobs (Oct. 23, 2020), <https://www.portofgalveston.com/CivicAlerts.aspx?AID=148> (last visited Nov. 2, 2020).

<sup>20</sup> *Id.*

<sup>21</sup> Port of Galveston, 2019 Comprehensive Annual Financial Report (Year Ending 2019), <https://www.portofgalveston.com/DocumentCenter/View/2747/Final-2019-Port-of-Galveston-CAFR> (last visited Oct. 28, 2020).

<sup>22</sup> Port of Galveston, Third Cruise Terminal a Game Changer for Galveston (Dec. 20, 2019), <https://www.portofgalveston.com/CivicAlerts.aspx?AID=115> (last visited Nov. 2, 2020).

## Preparing for reopening

“Our partners are anxious to get back to work. The economic impact that cruises bring to the State of Texas and Galveston has been devastating.”<sup>23</sup>

-Rodger Rees, Galveston Wharves Port Director/CEO

With the CDC’s No Sail Order no longer in effect, cruise lines and ports are preparing plans to start sailing again, in accordance with new CDC guidance. Cruise companies operating out of Galveston had originally voluntarily cancelled their cruises beyond the CDC’s No Sail Order until at least December 2020.<sup>24</sup> Later statements from the various cruise lines now indicate that the aspirational date to begin sailing will be sometime in March of 2021. This timeline is based upon the estimated time to adapt to proposed CDC criteria and to test and practice the new protocols on board ship prior to welcoming the public aboard.

As is the case with the other cruise ports in the United States, the Port of Galveston has implemented steps to enhance social distancing measures, minimize exposure between passengers and port workers, prepare for the unfortunate circumstance of contamination, and address the disembarkation of passengers and crew who might be deemed contagious. The port’s Board of Trustees has approved hundreds of thousands of dollars for terminal improvements such as plexiglass, touchless faucets, UV handrail sanitizers, and HVAC upgrades.<sup>25</sup>

The Port of Galveston’s Infectious Disaster Response Team includes:

- Customs and Border Protection,
- United States Coast Guard,
- Texas Department of Emergency Management,
- Galveston County Office of Emergency,
- City of Galveston Office of Emergency Management,
- Galveston County Health District,
- University of Texas Medical Branch,
- Galveston County Ambulatory Services,
- Galveston-Texas City Pilots Association,
- Cruise industry leaders,
- Local labor, and
- Galveston Port Authority.<sup>26</sup>

<sup>23</sup> Email from Galveston Wharves Port Director/CEO to FF30 (Nov. 18, 2020).

<sup>24</sup> John Wayne Ferguson, The Daily News, Port of Galveston praises lift of federal ban on cruising (Oct. 30, 2020), [https://www.galvnews.com/news/free/article\\_3891ec88-27a0-5b9d-9f85-8b8fb9a7a447.html](https://www.galvnews.com/news/free/article_3891ec88-27a0-5b9d-9f85-8b8fb9a7a447.html) (last visited Nov. 2, 2020).

<sup>25</sup> Report from the Director of Port Operations, Port of Galveston, email to FF30 (Nov. 13, 2020).

<sup>26</sup> *Id.*

According to a report from the Port of Galveston,<sup>27</sup> port staff developed an Infectious Disease Response Notification System, and they frequently share information and work with city, county, and federal agencies. They have identified screening and quarantine locations in the terminals and have established disembarkation procedures for passengers and crew who are suspected to have COVID-19. The port has budgeted for longer hours for personnel for cleaning and additional time for embarkation to allow for social distancing. The pilots in Galveston have established procedures to reduce the possibility of infection between the pilots and vessel crew members. The port helped facilitate agreements between the cruise lines and the local health district and hospitals to address the need for containment and treatment of infectious cruise passengers.

## B. New Orleans, Louisiana

The cruise industry in New Orleans includes both Caribbean cruises and river cruises on the Mississippi River. According to the port's website (Port Website),<sup>28</sup> the Port of New Orleans is a self-sustaining political subdivision of Louisiana. It has four lines of business – cargo, rail, industrial real estate, and cruises.

New Orleans is primarily a home port and has occasionally been a port of call and is the sixth largest cruise port in the United States.<sup>29</sup> The port generally has over 1 million passenger movements each year.<sup>30</sup> As embarkation and disembarkation are each counted as a separate passenger movement, the total cruise visitors are generally about half of “passenger movements” at cruise ports. According to a February 2020 press release by the port<sup>31</sup> (New Orleans Press Release), the port had 251 cruise ship calls in 2019.

“Our cruise line partners’ continued commitment is a true testament to New Orleans’ draw as a family-friendly destination,” said [Port of New Orleans President and CEO Brandy D.] Christian. ‘Passengers of all ages are sure to enjoy Louisiana’s unique cultural attractions before or after they set sail from the Big Easy.’”<sup>32</sup>

<sup>27</sup> Report from the Port of Galveston, email to FF30 (Nov. 18, 2020).

<sup>28</sup> Port of New Orleans, Port 101, <https://www.portnola.com/info/port-101> (last visited Nov. 4, 2020).

<sup>29</sup> Port of New Orleans, Creating Jobs, Driving the Economy, [https://www.portnola.com/assets/pdf/PORT-NOLA-2019-ECONOMIC-IMPACT-BOOKLET\\_V2-FINAL-low-res.pdf](https://www.portnola.com/assets/pdf/PORT-NOLA-2019-ECONOMIC-IMPACT-BOOKLET_V2-FINAL-low-res.pdf) (last visited Nov. 4, 2020).

<sup>30</sup> Port of New Orleans, Port 101, <https://www.portnola.com/info/port-101> (last visited Nov. 4, 2020).

<sup>31</sup> Press Release, Port of New Orleans, Port NOLA Sees Record Cruise Passengers and Ship Calls in 2019 (Feb. 13, 2020), <https://portnola.com/info/news-media/press-releases/port-nola-sees-record-cruise-passengers-and-ship-calls-in-2019> (last visited Nov. 6, 2020).

<sup>32</sup> *Id.*

The number of cruise visitors has been growing in New Orleans. The port set a new record for itself in 2019 with over 1.2 million passenger movements, up from 1.18 million passenger movements in 2018<sup>33</sup> (552,000 cruise visitors total in 2018).<sup>34</sup> The 552,000 cruise visitors is an increase from 534,000 in 2016 and 502,000 in 2014.<sup>35</sup> According to the New Orleans Press Release, in 2019, the river cruise industry in New Orleans had over 31,000 passenger movements.

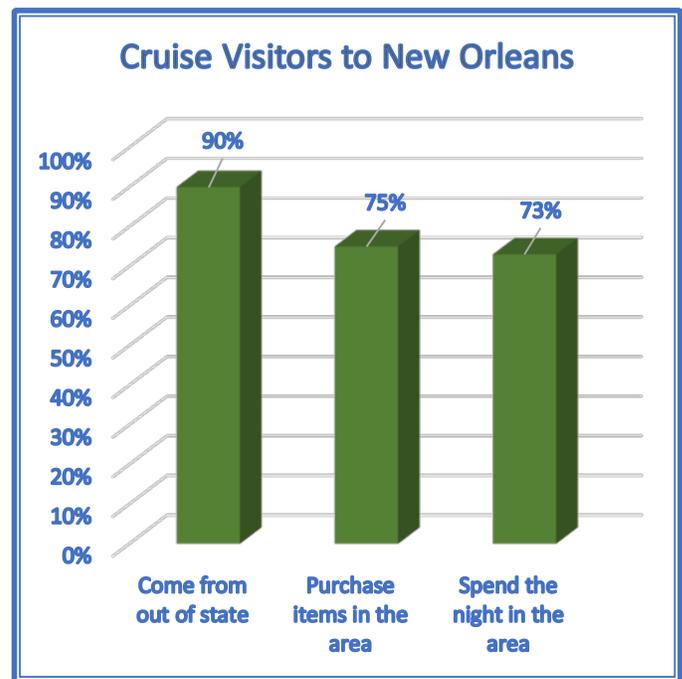
The city promotes cruising out of New Orleans as “two vacations in one,” encouraging cruise visitors to both see the city and take a cruise.<sup>36</sup> The cruise industry draws in visitors from around the country; 90% of cruise visitors are from outside Louisiana.<sup>37</sup>

### Direct economic impact

Cruise visitor and crew spending contribute to the local economy. According to the Port of New Orleans’ Creating Jobs, Driving the Economy Report (New Orleans Report),<sup>38</sup> the cruise industry in New Orleans is responsible for \$129.1 million in spending by cruise visitors and crew members, and \$125.2 million in local spending by cruise lines.

The hotel industry benefits from cruise visitors in New Orleans. Per the New Orleans Report, seventy-three percent of cruise visitors spend the night in New Orleans before or after their cruise. This results in an estimated 306,000 hotel room nights from cruise visitors.

Shopping appears to be a popular activity while visiting the area. The New Orleans Report estimates that seventy-five percent of cruise visitors make local purchases in the New Orleans area.



<sup>33</sup> Press Release, Port of New Orleans, Port NOLA Sees Record Cruise Passengers and Ship Calls in 2019 (Feb. 13, 2020), <https://portnola.com/info/news-media/press-releases/port-nola-sees-record-cruise-passengers-and-ship-calls-in-2019> (last visited Nov. 6, 2020).

<sup>34</sup> Cruise Lines International Association, Contribution of the International Cruise Industry to the U.S. Economy in 2018 (Nov. 2019), <https://cruising.org/-/media/research-updates/research/contribution-of-the-international-cruise-industry-to-the-us-economy-2018> (last visited Nov. 6, 2020).

<sup>35</sup> *Id.*

<sup>36</sup> Port of New Orleans, Cruise, <https://www.portnola.com/cruise> (last visited Nov. 6, 2020).

<sup>37</sup> Port of New Orleans, Creating Jobs, Driving the Economy, [https://www.portnola.com/assets/pdf/PORT-NOLA-2019-ECONOMIC-IMPACT-BOOKLET\\_V2-FINAL-low-res.pdf](https://www.portnola.com/assets/pdf/PORT-NOLA-2019-ECONOMIC-IMPACT-BOOKLET_V2-FINAL-low-res.pdf) (last visited Nov. 4, 2020).

<sup>38</sup> *Id.*

## Indirect economic impact

The CLIA Report estimates that in 2019, the cruise industry was responsible for an estimated \$491 million in direct expenditures, over 9,000 jobs, and \$397 million in wages in Louisiana.

## Current status

The Port of New Orleans plans to continue to grow its cruise capabilities. Its 2018 Strategic Master Plan Executive Summary specifically mentions:<sup>39</sup>

- Attract new cruise lines to serve diverse market segments.
- Prioritize sites for development of a third cruise terminal to accommodate market demands.
- Expand inland river cruise opportunities throughout the Port's jurisdiction.

In early 2020, a major cruise line began to offer year-round cruises from New Orleans.<sup>40</sup>

### C. Mobile, Alabama

The Alabama Cruise Terminal is part of the city of Mobile. According to the city's Comprehensive Annual Financial Report (Mobile Financial Report),<sup>41</sup> the port is an enterprise fund within the city and is a self-supporting business-type entity that is designed to cover its costs with user fees and other revenue. In 2019, the city had the equivalent of 8 full-time employees dedicated to overseeing the cruise terminal.

Mobile, Alabama, has been the homeport for one cruise ship sailing year-round to the Caribbean, with cruises up to 10 days.<sup>42</sup> In 2019, over 187,000 passengers embarked on a cruise ship at the port.<sup>43</sup> The cruise port had around 75 ship calls in 2019 and was scheduled to have 26 ship calls between January 2, 2020 and May 2, 2020.<sup>44</sup> It currently has 77 ship calls scheduled in 2021 beginning on January 4, 2021.<sup>45</sup> It is a drive-to port for those embarking on a cruise.<sup>46</sup> Occasionally, the port is a port-of-call; in 2016 a 650-passenger ship originating in Canada visited Mobile.<sup>47</sup>

<sup>39</sup> Port of New Orleans, Port NOLA Forward Strategic Master Plan Executive Summary (May 2018), at 7, <https://www.portnola.com/assets/pdf/Master-Plan-Executive-Summary.pdf> (last visited Nov. 6, 2020).

<sup>40</sup> Press Release, Port of New Orleans, Port NOLA Sees Record Cruise Passengers and Ship Calls in 2019 (Feb. 13, 2020), <https://portnola.com/info/news-media/press-releases/port-nola-sees-record-cruise-passengers-and-ship-calls-in-2019> (last visited Nov. 6, 2020).

<sup>41</sup> City of Mobile, Alabama, Comprehensive Annual Financial Report (Fiscal Year Ended Sep. 30, 2019), [https://www.cityofmobile.org/uploads/file\\_library/2019-cafr-final-web-secure.pdf](https://www.cityofmobile.org/uploads/file_library/2019-cafr-final-web-secure.pdf) (last visited Nov. 6, 2020).

<sup>42</sup> Mobile Alabama Cruise Terminal, Schedules, <http://www.shipmobile.com/schedules/> (last visited Nov. 6, 2020).

<sup>43</sup> Report from the Executive Director, Administrative Services, City of Mobile, email to FF30 (Nov. 13, 2020).

<sup>44</sup> Mobile Alabama Cruise Terminal, Schedules, <http://www.shipmobile.com/schedules/> (last visited Nov. 6, 2020).

<sup>45</sup> Visit Mobile Alabama, The Carnival Sensation's Cruise Schedule 2021 Departures from Mobile, Alabama, [https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/mobilebay/VM\\_DepartureSchedule\\_2021\\_2023\\_COVID\\_cbf111c0-c1ce-42d1-a0a9-0d27838db9d7.pdf](https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/mobilebay/VM_DepartureSchedule_2021_2023_COVID_cbf111c0-c1ce-42d1-a0a9-0d27838db9d7.pdf) (last visited Nov. 9, 2020).

<sup>46</sup> Meeting Notes, Meeting between FF30, DoT, Government, and Industry Leaders (Jul. 29, 2020).

<sup>47</sup> Darwin Singleton, NBC 15 News, 650 cruise passengers arrive in the Port City for one day (Oct. 24, 2016), <https://mynbc15.com/news/local/650-cruise-passengers-arrive-in-the-port-city-for-one-day> (last visited Nov. 6, 2020).

## Direct economic impact

The cruise terminal brings in millions of dollars for the city each year. During Mobile's Fiscal Year (FY) 2020, running from October 2019 to September 2020, the city was projecting \$5 million in revenue from the cruise terminal.<sup>48</sup> According to the Mobile Financial Report, in FY 2019, revenue from the cruise terminal was \$5.96 million and operating expenses \$3.13 million. The city's FY 2021 budget does not project any revenue coming in from the cruise terminal.<sup>49</sup>

Gas stations up to 150 miles away have been affected as cruise visitors are no longer driving to the city.<sup>50</sup>

## Current status

The ship that had its homeport at Mobile was sold after the pandemic began, but another ship by the same cruise line has been scheduled to sail out of Mobile starting next year.<sup>51</sup>

## IV. Conclusion

Two of the three ports on the Gulf Coast are among the ten largest cruise ports in the U.S. Two are drive-to port markets, and the third promotes their cruise industry to visitors to see the city and go on a cruise, bringing in mostly out-of-state visitors. One port relies on cruises for almost half its revenue. Another brings in millions for the city each year through its cruise port. Thousands of jobs are dependent on the cruise industry in Texas, Louisiana, and Alabama, and tens of thousands of jobs in those states are dependent on the cruise industry as a whole.

As we have seen from other Fact Finding 30 reports, the significance of the cruise industry's economic impact is unique to each state or region. We have also observed that the challenges being posed by the current pandemic are fluid and not easily met. This report, being specific to the cruise ports located in Texas, Louisiana, and Alabama, is designed simply to provide an overview as to the financial impact being experienced by those states due to the cessation of cruise operations. It is hoped that the data provided will not only draw attention to the importance of this issue, but also encourage and assist appropriate authorities to do what is necessary to relaunch the cruise industry in a timely and safe manner that builds confidence among consumers. As Fact Finding Officer, Commissioner Sola continues to explore options to achieve this goal.

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<sup>48</sup> City of Mobile, AL, Fiscal Year 2021 Annual Budget (Aug. 20, 2020), [https://www.cityofmobile.org/uploads/file\\_library/2021-proposed-budget-082020-final.pdf](https://www.cityofmobile.org/uploads/file_library/2021-proposed-budget-082020-final.pdf) (last visited Nov. 6, 2020).

<sup>49</sup> *Id.*

<sup>50</sup> Meeting Notes, Meeting between FF30, DoT, Government, and Industry Leaders (Jul. 29, 2020).

<sup>51</sup> Lawrence Specker, AL.com, Carnival Cruise Line announces new ship for Mobile (July 23, 2020), <https://www.al.com/news/mobile/2020/07/carnival-cruise-line-announces-new-ship-for-mobile.html> (last visited Nov. 9, 2020).