

EXHIBIT 2

FEDERAL MARITIME COMMISSION

FACT FINDING INVESTIGATION NO. 30

COVID-19 IMPACT ON CRUISE INDUSTRY

**INTERIM REPORT: ECONOMIC IMPACT OF COVID-19 ON THE CRUISE
INDUSTRY IN FLORIDA**

September 23, 2020

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I. Executive Summary

In April 2020, the Federal Maritime Commission (Commission) initiated a fact-finding investigation (Fact Finding Investigation No. 30 or FF30). The Order of Investigation¹ 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. In order to carry out the fact-finding, Commissioner Sola established consultative panels comprised of representatives from various port authorities, marine terminal operators, cruise lines, trade associations, consumer advocates and the financial industry. This report, focused on Florida, is the first of many examining the economic impact of the COVID-19 pandemic and the Centers for Disease Control and Prevention's (CDC) No Sail Order around the country. This report will focus on the economic impact of the inability of the cruise lines to sail as per the Commission's Fact Finding 30 order. 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 in order 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 instructing PVOs whose vessels carry 250 or more persons on overnight or 24 hour voyages to cease all operations.² 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 no sailings until October 31, 2020.³

To understand the effect of the COVID-19 on the economy, Commissioner Louis E. Sola has examined the fiscal impact of the cruise industry on local and state economies and included those figures in this report.

The cruise industry supports a wide range of other industries in the U.S., such as the hospitality industry, transportation industry ranging from airlines to taxis, agriculture, commodity exports (including goods dedicated to cruise operations which are exported to the Caribbean and Latin

¹ 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/.

² 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).

³ 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).

America), tour providers, the healthcare industry, and retail. It supports business of all sizes; some in the local community and some in a greater geographic area.

II. Fact Finding Method

Meetings with Government, Port, and Industry Leaders

As Fact Finding Officer, Commissioner Sola has been in dialog with port directors, cruise industry leaders, business executives, and labor leaders across Florida since April 2020, acquiring updates on their respective port's situation and hearing about their biggest concerns. The Commissioner would also like to recognize and thank all the Directors and staff members of ports mentioned in this report for their valuable insight.

Commissioner Sola has coordinated two meetings between senior levels of industry and senior personnel at other federal agencies. On July 29, 2020, the U.S. Department of Transportation's (DOT) Acting Under Secretary for Policy, Joel Szabat, was briefed by leaders of industry and local governments affected by COVID-19 and the CDC's No Sail Order, and on September 9, 2020, the Department of Homeland Security Acting Secretary, Chad Wolf, was updated by a similar group of elected and industry leaders. Among those participating were government officials, port directors, harbor pilots, members of organized labor, transportation service providers, leaders from the hospitality industry, chief executive officers and other executives from airlines, shipping lines, and cruise operators. They provided a variety of information ranging from the billions of dollars of wages lost due to the COVID-19 pandemic and the CDC's No Sail Order to statements of individuals not part of the cruise industry but who have been significantly impacted by COVID-19 and the CDC's No Sail Order.

Open Source Information

A variety of open source information have been used in this report. These include annual reports by ports and reports by various research firms.⁴ Port websites, industry association websites, industry-related magazines and news sources have also been considered.

Individual Port Analysis

This report will present brief observations related to individual cruise ports in Florida. 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. This report will attempt to provide a consistent format for each individual port review. Given the disparities mentioned, however, no two port reviews will be exactly the same.

⁴ 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:

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.⁵

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.⁶

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.⁷

III. Observations

A. Cruise Industry in Florida

Florida has the top 3 multi-day cruise ports⁸ in the world.⁹ Five of the six ports in Florida are home ports to cruise vessels, where cruise passengers begin and end their cruise. One is strictly a port of call. In 2018, Florida had 59% of U.S. embarkations, over 7.5 million passengers, go through its ports.¹⁰

⁵ 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).

⁶ *Id.* at 3.

⁷ *Id.* at 3.

⁸ Multi-day cruises, as opposed to single-day cruises.

⁹ Florida Ports Council, Florida Seaports Fast Facts (Jan. 1, 2020), http://scdn.flaports.org/wp-content/uploads/01_01_20-Seaports-FastFacts.pdf (last visited Sep. 13, 2020).

¹⁰ Cruise Line International Association, Cruise Industry Economic Impact, Florida, email attachment to FF30 (Jul. 16, 2020).

In January 2020, the Florida Ports Council estimated, that including several major cruise lines' corporate and administrative jobs, the industry is responsible for over 149,020 jobs in the state.¹¹ Another report estimates that the economic impact of the cruise industry on Florida in 2018 was \$8.49 billion in direct spending each year and \$7.69 billion in wages.¹²

The economic impact goes far beyond direct employment by the ports and cruise lines. As an example, drive-to passengers may fill up their car at local gas stations. In another example, one estimate puts the cruise industry's contribution to the airline industry in 2019 at around \$2 billion, each passenger contributing \$90 to the airline industry.¹³

During the briefing to DOT Acting Under Secretary Szabat, one trade executive explained that one purpose of US exports to the Caribbean¹⁴ is to support what is needed for cruise passengers visiting those countries.¹⁵ They explained that as no cruise passengers have been visiting Caribbean ports, those exports have declined. Five of the state's top ten trading partners are Colombia, Mexico, Dominican Republic, Honduras, and Costa Rica.¹⁶

One estimate indicates that through August 2020, Florida has lost \$3.2 billion in economic activity and 49,500 jobs paying \$2.3 billion in wages.¹⁷

The ports are seeking financial relief to help with the situation. On August 3, 2020, the Florida Ports Council sent a letter to the U.S. Senate requesting relief for ports and the maritime transportation sector.¹⁸ The letter states that "funds could be used for emergency response, cleaning, staffing, workforce retention, paid leave, procurement of protective health equipment, debt service payments, and lost revenue."¹⁹

¹¹ Florida Ports Council, Florida Seaports Fast Facts, (Jan. 1, 2020), http://scdn.flaports.org/wp-content/uploads/01_01_20-Seaports-FastFacts.pdf (last visited Sep. 13, 2020).

¹² Cruise Line International Association, Cruise Industry Economic Impact, Florida, email attachment to FF30 (July 16, 2020)

¹³ The Florida Ports Council, Presentation to DoT Acting Undersecretary Szabat: The Effect of CDC's No Sail Order and the Path Forward (July 29, 2020).

¹⁴ 553,715 twenty-foot equivalent units were exported to the Caribbean in FY 2019, mostly food, consumer goods, and manufactured products. FMC Annual Report, <https://www.fmc.gov/wp-content/uploads/2020/04/58thAnnualReport.pdf> (last visited Aug. 16, 2020).

¹⁵ The Florida Ports Council, Presentation to DoT Acting Undersecretary Szabat: The Effect of CDC's No Sail Order and the Path Forward (July 29, 2020).

¹⁶ The Florida Ports Council, Florida Seaports Fast Facts (Jan. 1, 2020), http://scdn.flaports.org/wp-content/uploads/01_01_20-Seaports-FastFacts.pdf (last visited Sep. 13, 2020).

¹⁷ The Florida Ports Council, Presentation to DoT Acting Undersecretary Szabat: The Effect of CDC's No Sail Order and the Path Forward (July 29, 2020).

¹⁸ The Florida Ports Council, Letter to the Senate Majority and Minority Leaders from the President & CEO of the Florida Ports Council (Aug. 3, 2020), <https://smhttp-ssl-63157.nexcesscdn.net/wp-content/uploads/FPC-COVID-19-Emgcy-Relief-080320-Senate.pdf> (last visited Sep. 13, 2020).

¹⁹ *Id.*

B. Port of Miami (Port Miami)

Port Miami is a department of Miami-Dade County government.²⁰ Per its website, it purports to be the “Cruise Capital of the World,”²¹ and the world’s leading cruise port. It hosts 22 cruise lines and 55 ships.

According to port management, the cruise industry is vital to continued growth and development.²² Prior to the pandemic, the Port welcomed a world-record setting 6.8 million cruise passengers.^{23, 24}

Direct economic impact

The cruise industry in Miami provides for thousands of jobs in the area. In 2016, the cruise industry at Port Miami was responsible for 14,616 direct jobs and over \$540 million in direct personal income.²⁵

The hospitality industry and tourist industry greatly benefit from the cruise industry in Miami. According to the Greater Miami Convention & Visitor Bureau, 2019 Visitor Industry Overview (Overview)²⁶ in 2019, 11% of the visitors to the area staying overnight, and 8% of visitors not staying overnight, in the Greater Miami area visited because they were taking a cruise. Overnight visitors to the Greater Miami area for a cruise include:

- 8% of international visitors,
- 7% of visitors from Florida, and
- 15% of visitors from the rest of the U.S. who stayed overnight.

According to the Overview, in total, 1.7 million cruise passengers, or 42% of passengers sailing out of Miami, stayed overnight in the area in 2019. Many passengers stayed multiple nights; they averaged a 3.5-night stay. Over half, 56%, are repeat visitors to the area.

²⁰ Report from the Director, Government and International Relations, Port Miami, email attachment to FF30 (Sep. 3, 2020).

²¹ Port Miami, Cruise, <https://www.miamidade.gov/portmiami/cruise.asp> (last visited Aug. 16, 2020).

²² Report from the Director, Government and International Relations, Port Miami, email attachment to FF30 (Sep. 3, 2020).

²³ Press Release, Miami-Dade County, PortMiami records best performance in its history (Jan. 14, 2020), <https://www.miamidade.gov/releases/2020-01-14-portmiami-breaks-records.asp> (last visited Aug. 16, 2020).

²⁴ Report from the Director, Government and International Relations, Port Miami, email attachment to FF30 (Sep. 3, 2020).

²⁵ Port Miami, The Local and Regional Economic Impacts of PortMiami (Mar. 28, 2017), <https://www.miamidade.gov/portmiami/library/reports/2016-economic-impact-full-story.pdf> (last visited Aug. 16, 2020).

²⁶ https://ik.imagekit.io/grgdihc3l/Miami/media/GMCVB-Corporate/Research%20Statistics/2019_Visitor_Industry_Overview_051320.pdf (last visited Aug. 16, 2020).

In addition to the hotel industry, the food & beverage, transportation, entertainment, and shopping industries all benefit from cruise passengers sailing out of Miami as well. A breakdown of spending by cruise passengers staying overnight can be found on the chart. Between these industries and other expenses not listed, cruise passengers staying overnight in 2019 spent an average of \$661 per person, totaling \$1.1 billion.

Spending by Cruise Passengers Staying Overnight	
	Average Spent Per Person
Hotel	\$236
Food & Beverage	\$169
Transportation	\$81
Entertainment	\$77
Shopping	\$92

Adding to the effect of passenger spending, several large cruise companies are headquartered in Miami-Dade County. In 2015, three large cruise companies were in the county’s top 13 private employers, having over 7,500 employees combined.²⁷

Having large employers in the area benefits industries beyond those directly working for the ports or the cruise ships. One cruise executive, speaking to Commissioner Sola, explained that their staff is one of the biggest patient groups to one of the health providers in Miami-Dade County.

Indirect economic impact

A 2016 study on the economic impact of the cruise industry at Port Miami shows that it was responsible for:

- 24,493 induced, indirect, and direct jobs;
- over \$1.6 billion in induced, indirect, and direct personal income;
- over \$4.4 billion in business revenue;
- over \$315 million in local purchases; and
- over \$181 million in state and local taxes.²⁸

Since the 2016 report, the impact has increased. Figures provided by Port Miami in early September show the cruise industry at Port Miami is responsible for:

- 30,088 total jobs;
- over \$5.8 billion in total economic value;
- over \$549 million in direct personal income;
- over \$1,713 billion in induced, indirect, and direct personal income; and
- over \$188 million in state and local taxes.²⁹

²⁷ Miami-Dade Beacon Council, Top Employers, <https://www.beaconcouncil.com/data/economic-overview/top-employers/> (last visited Aug. 16, 2020).

²⁸ Port Miami, The Local and Regional Economic Impacts of PortMiami (Mar. 28, 2017), <https://www.miamidade.gov/portmiami/library/reports/2016-economic-impact-full-story.pdf> (last visited Aug. 16, 2020).

²⁹ Report from the Director, Government and International Relations, Port Miami, email attachment to FF30 (Sep. 3, 2020).

Current status

Since the declaration of the nationwide emergency on March 13, 2020, the cruise lines ceased operations at all U.S. cruise ports.³⁰ In support of its cruise partners, Miami-Dade County has been waiving lay berth fees for vessels owned by a cruise company that has a berthing or operating agreement with Port Miami.³¹

“Miami-Dade County Mayor Carlos A. Gimenez extended the waiver of lay berth and harbor fees for Miami-Dade County’s cruise line partners an additional 30 days starting September 11, 2020, through October 10, 2020, subject to availability at Port Miami.”³²

“‘As the cruise industry continues to be negatively impacted by the pandemic, we will continue to support our partners,’ said Mayor Gimenez.”³³

The loss of cruise operations at Port Miami has had a profound impact on the port and its local and extended tourism community, particularly the many small to medium sized businesses including hotels, restaurants, and transportation companies.³⁴

The full impact of the pandemic is yet to be determined as the crisis continues to evolve worldwide.³⁵

Preparing for reopening

According to a report from the Director, Government and International Relations, Port Miami to FF30 (Report from Port Miami) (Sep. 3, 2020), across all cruise lines, Port Miami has hosted 3.4 million passengers, just half of the movements projected for Fiscal Year 2019-2020. . With cruising suspended through October 31, 2020, the port estimates a revenue loss of approximately \$55 million for Fiscal Year 2020.

The Report from Port Miami explains that in March, the port implemented several measures to offset its loss of revenue to mitigate the cruise and cargo impacts for the year. These efforts included: the implementation of a hiring freeze, elimination of overtime; deferral of sponsorships, advertising, memberships, terminal activities as well as other marketing efforts;

³⁰ *Id.*

³¹ *Id.*

³² Press Release, Miami-Dade County, Miami-Dade County Mayor Carlos A. Gimenez continues to support PortMiami’s cruise partners (Sep. 10, 2020), <http://www.miamidade.gov/releases/2020-09-10-seaport-berthing-waiver.asp> (last visited Sep. 18, 2020).

³³ *Id.*

³⁴ Report from the Director, Government and International Relations, Port Miami, email attachment to FF30 (Sep. 3, 2020).

³⁵ *Id.*

and the reduction of business travel, promotions, and other administrative expenses. The port has also deferred non-essential capital improvement projects.

The Report from Port Miami addresses its ability to work on capital projects and infrastructure projects. On August 31, 2020, Miami-Dade County officials authorized the issuance of \$335 million to Port Miami under the Capital Asset Acquisition Special Obligation Bonds “2020 Authorization” for revenue generating capital projects with Carnival Corporation, Disney Cruise Line, MSC Cruises, Norwegian Cruise Line (Bahamas), Terminal Link Miami, and Virgin Cruise Intermediate Limited, as well as other infrastructure projects allowing the Port to continue expanding business opportunities. These bonds are critical to maintaining the progress at Port Miami.

The Report from Port Miami describes how it is preparing for the restart of cruise operations. They are working on all fronts for the health and safety of all port users. Preparations include:

- Operating under health safety protocols established by the CDC and the Office of the Mayor for Miami-Dade County;
- Issuing personal protective equipment, including gloves, masks, hand sanitizing gel, and disinfectant products, as needed;
- Requiring port users to wear face coverings and practice social distancing when in the office or at worksites while in common areas, when possible;
- Continuing enhanced sanitization cleaning and sanitizing all high touch areas at terminals, offices, facilities, and parking garages;
- Procuring increased amounts of hand sanitizer, cleaning materials, and protective equipment for employees;
- Continuing daily sanitation activities throughout Port facilities with new disinfectant sprayer machines;
- Installing additional hand sanitizing stations throughout high-traffic areas of the port; and
- Encouraging all port users to follow the health safety protocols established by the CDC and the Office of the Mayor for Miami-Dade County.

Business process adaptations, according to Report from Port Miami, include:

- Establishing new health guidelines and procedures to ensure the safety and health of passengers and port employees through the newly created Port Miami Health Security Committee, which works with the cruise lines and industry partners;
- Assessing innovative technologies and enhanced sanitizing equipment for the screening and processing of our cruise passengers as a result of COVID-19;
- Establishing a new on-port triage center to assist cruise partners; and
- Collaborating with the cruise lines to ensure enhanced protocols for passenger and terminal operations are in place when the No Sail Order is lifted.

Over the summer, the port has continued to announce future ships that will be sailing out of Miami.^{36,37} It also recently announced the continuation of major expansion projects.³⁸

C. Port Everglades

The Port Everglades Department is a self-supporting Enterprise Fund of Broward County government. In a report from the Assistant Port Director, Port Everglades to FF30 (Report from Port Everglades), emailed Sep. 2, 2020 port management explains that Port Everglades does not rely on local tax dollars for operations or capital improvements. Inside the port's secure area is a foreign-trade zone, international logistics center, rail for domestic and international cargo, natural gas power plant, 8 terminal yards, 8 cruise terminals, parking for 4,800 cars, 240,000 square feet of office space, 32 berths, 25,220 linear feet of dockage, 9 gantry cranes (plus three new super post-Panamax container-handling gantry cranes which will be delivered in October 2020), 200 fuel storage tanks, and a \$471 million berth expansion project which will add 5 new berths is underway.³⁹

According to the Report from Port Everglades, Port Everglades is one of the three busiest cruise ports in the world and hosted 3.8 million passengers in 2019. From 2016 to 2019, the port consistently had between 3.57 and 3.87 million cruise passengers each year.⁴⁰ In FY2019, the port had 902 cruise vessel calls.⁴¹ On December 17, 2019, the port set a new world record: in a single day, 55,964 passengers sailed in and out of Port Everglades.⁴²

The port has won numerous awards, including the “2016 Best Domestic Port” by *Porthole Cruise Magazine*, “2016 Best Turnaround Homeport” by *Cruise Insight*, and the “2016 Favorite U.S. Embarkation Port” by *Cruise Chat Birdie Awards*.⁴³

³⁶ Press Release, Miami-Dade County, Carnival Cruise Line to Grow at PortMiami (July 24, 2020), <https://www.miamidade.gov/releases/2020-07-24-seaport-carnival-expansion.asp> (last visited Aug. 16, 2020).

³⁷ Press Release, Miami-Dade County, PortMiami welcomes Crystal Serenity to the Cruise Capital of the World this fall 2020 (Jun. 13, 2020), <https://www.miamidade.gov/releases/2020-06-12-seaport-cruise-october.asp> (last visited Aug. 16, 2020).

³⁸ Press Release, Miami-Dade County, PortMiami continues to move forward with major expansion projects (Sept 1, 2020), <https://www.miamidade.gov/releases/2020-09-01-seaport-major-expansion.asp> (last visited Sep. 8, 2020).

³⁹ Report from the Assistant Port Director, Port Everglades, attachment emailed to FF30 (Sep. 2, 2020).

⁴⁰ Glenn Wiltshire, Port Everglades: Sailing Into the Future (Sep. 20, 2019), https://assets.simpleviewcms.com/simpleview/image/upload/v1/clients/ftlauderdale/port_everglades_07552000-6479-4304-9cc6-3698f092b39e.pdf (last visited Aug. 7, 2020).

⁴¹ Port Everglades, The Local and Regional Economic Impacts of Port Everglades Fiscal Year 2019 Final Report at 32 (April 2, 2020), https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/porteverglades/PEV_Impact_Report_FY19_update_final_040220_d30ba648-cdbe-4a88-a99a-d0943f4f0d52.pdf (last visited Aug. 7, 2020).

⁴² Press Release, Port Everglades, Port Everglades Tops World Record by 79 Passengers (Dec. 17, 2019), <https://www.porteverglades.net/articles/post/port-everglades-tops-world-record-by-79-passengers/> (last visited Aug. 7, 2020).

⁴³ Port Everglades, Cruising, <https://www.porteverglades.net/cruise/> (last visited Aug. 7, 2020).

Direct economic impact

The port brought in over \$167 million in revenue in 2018, and of that, 36% was from the cruise industry.⁴⁴

The cruise industry results in thousands of jobs, and millions in personal income and taxes, to the area. Direct jobs, as a result of the cruise industry, were 5,821 in 2018⁴⁵ and 5,967 in 2019.⁴⁶ Personal income from direct jobs in the cruise industry was over \$176 million in 2019, and state and local taxes from the cruise industry in 2019 were over \$68 million.⁴⁷

The hotel industry benefits from Port Everglades being one of the busiest cruise terminals. Based on a Port Everglades Passenger Cruise Survey as reported in Glenn Wiltshire, Port Everglades: Sailing Into the Future (Port Everglades Future Report) at 2 (Sep. 20, 2019),⁴⁸ 62% of passengers stayed at least one night before their cruise, with an average stay of 3.4 nights. According to the Port Everglades Future Report, 21% planned to stay after the cruise, averaging 2.1 nights. These passengers staying in the area before and/or after their cruise also ate at restaurants and many also took tours. These passengers spent an average of:

- \$210 per night on lodging,
- \$80 on pre-cruise land tours,
- \$133 on post-cruise land tours,
- \$84 on pre-cruise food and beverage,
- \$91 on post-cruise food and beverage, and
- \$114 per day on rental cars.

Indirect economic impact

The cruise industry has a huge indirect economic impact in the Fort Lauderdale area as well. The Port Everglades Future Report estimates that the cruise industry at Port Everglades brings in over \$2 billion in business activity. Overall, it is estimated that in 2018 the cruise industry from Port Everglades also results in:

- \$67 million in state and local taxes,
- \$172.8 million in local wages, and
- \$180.3 million in local purchases

In 2019 the port conducted its annual economic analysis entitled Port Everglades, The Local and Regional Economic Impacts of Port Everglades Fiscal Year 2019 Final Report (Port Everglades

⁴⁴ Glenn Wiltshire, Port Everglades: Sailing Into the Future (Sep. 20, 2019), https://assets.simpleviewcms.com/simpleview/image/upload/v1/clients/ftlauderdale/port_everglades_07552000-6479-4304-9cc6-3698f092b39e.pdf (last visited Aug. 7, 2020).

⁴⁵ *Id.*

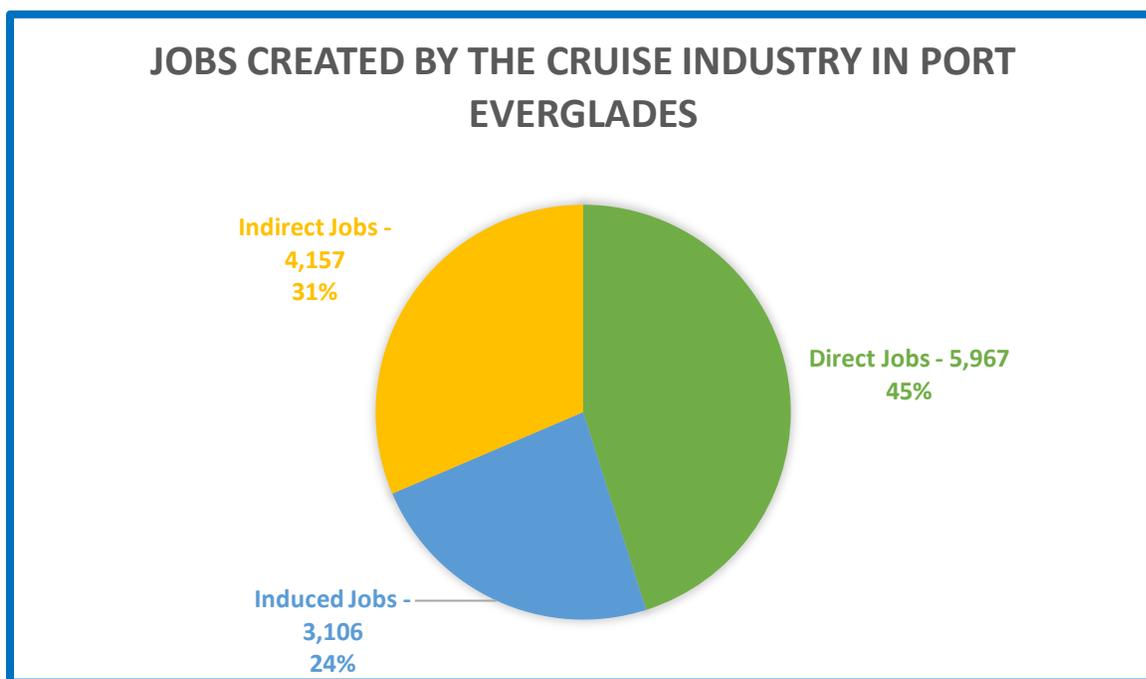
⁴⁶ Port Everglades, The Local and Regional Economic Impacts of Port Everglades Fiscal Year 2019 Final Report (April 2, 2020), https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/porteverglades/PEV_Impact_Report_FY19_update_final_040220_d30ba648-cdbe-4a88-a99a-d0943f4f0d52.pdf (last visited Aug. 7, 2020).

⁴⁷ *Id.*

⁴⁸ https://assets.simpleviewcms.com/simpleview/image/upload/v1/clients/ftlauderdale/port_everglades_07552000-6479-4304-9cc6-3698f092b39e.pdf (last visited Aug. 7, 2020).

FY 2019 Impact Report) at 4 (April 2, 2020).⁴⁹ This analysis revealed that in addition to an estimate of 5,967 direct jobs, there were also 3,106 induced jobs and 4,157 indirect jobs generated by the cruise industry at Port Everglades. Per the Port Everglades FY 2019 Impact Report, of those direct, induced, and indirect jobs, around 2,209 jobs are associated with the airport.

Jobs from the cruise industry mean personal income as a result of the cruise industry. The Port Everglades FY 2019 Impact Report explains that in addition to the over \$176 million in personal income from direct jobs, personal income from induced jobs and indirect jobs were over \$303 million and \$132 million, respectively.



Current status

Due to Port Everglades being a seasonal port, it collected around ¾ of its expected revenue from the cruise industry for FY 2020 by the time of the initial CDC’s No Sail Order. Report from the Assistant Port Director, Port Everglades to FF30 (Report from Port Everglades), emailed on Sep. 2, 2020. According to the Report from Port Everglades, for FY 2021, the port projects modest cruise revenues anticipating 30% capacity during December 2020-June 2021, and 50% capacity during July-September 2021. Port Everglades cargo, energy, and real estate/parking businesses remain fully operational.

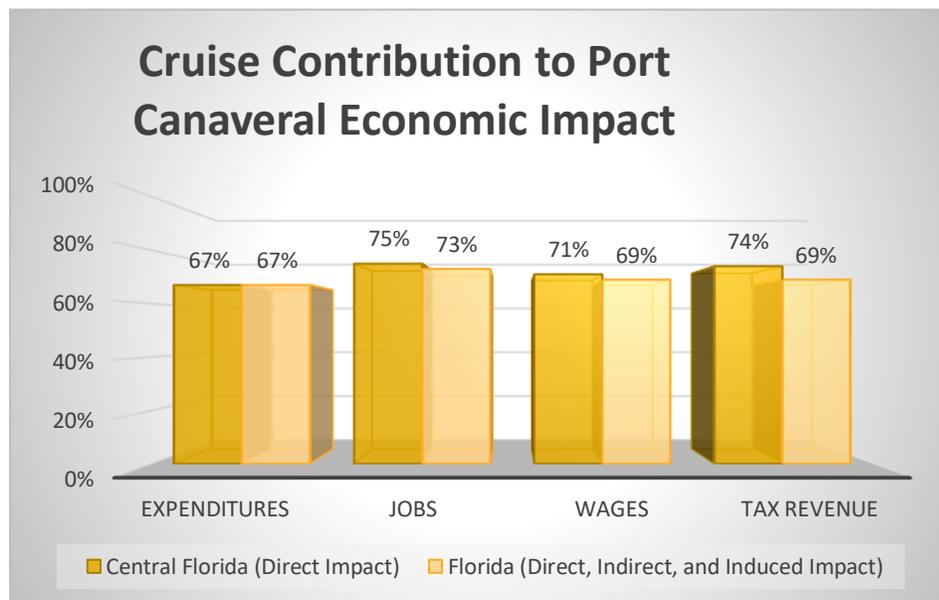
⁴⁹

https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/porteverglades/PEV_Impact_Report_FY19_update_final_040220_d30ba648-cdbe-4a88-a99a-d0943f4f0d52.pdf (last visited Aug. 7, 2020).

Preparing for reopening

According to the Report from Port Everglades, Port Everglades is working with government, customers, and stakeholder agencies like the U.S. Customs and Border Protection (CBP) and CLIA to ensure the safety and comfort of cruise passengers. Disinfecting cleanings will be constant during the embarkation and debarkation process, especially in locations where people may touch fixtures, railings, and buttons. Deep cleanings will need to be done after ships sail. Social distancing will apply to security screenings and boarding protocols and in terminal restrooms. The port anticipates that upon the resumption of cruising, passengers will be given assigned times to arrive at the terminal and that special outdoor areas may need to be configured to conduct temperature scans prior to the passengers entering the terminal for embarkation. Other possibilities include medical stations being set up inside the terminal where forms and waivers will be signed and submitted and fast test/rapid results Coronavirus tests, and plexiglass in the customer service area.

D. Port Canaveral



According to a Port Canaveral Economic Report released in September 2019).⁵⁰ Port Canaveral services the second largest number of passengers embarking on multi-day cruises in the United States. They report further that in 2018 over 2.1 million cruise passengers embarked on multi-day cruises and the port hosted

over 355,000 port-of-call passengers and 273,000 single-day cruise passengers. Port Canaveral relies heavily on the cruise industry. The Port Canaveral Economic Report explains that 78% of the Port Authority’s revenue comes from the cruise industry. The graph shows the percentage of which areas of economic impact of Port Canaveral come from the cruise industry.

⁵⁰Business Research & Economic Advisors, the Canaveral Port Authority, The Economic Contribution of Port Canaveral to Florida in 2018 (Port Canaveral Economic Report) at 3 (September 2019) <https://www.portcanaveral.com/PortCanaveral/media/Recreation/JPC/Port-Canaveral-2018-Economic-Impact-Analysis.pdf> (last visited Aug. 12, 2020).

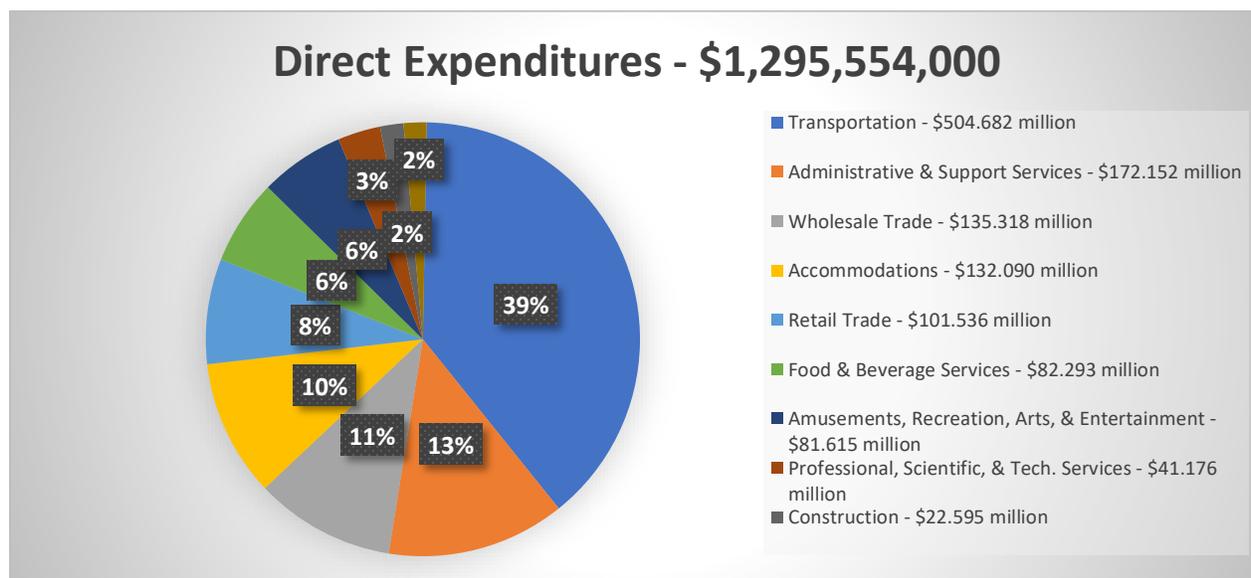
Port Canaveral has completed its largest construction project ever, a terminal new build that is planned to be the homeport to North America’s first liquified natural gas-powered cruise ship, Carnival Cruise Line’s *Mardi Gras*, starting in February 2021.^{51,52}

Direct economic impact

As shown in the previous chart, over half of the port’s total economic impact to the area comes from the cruise industry. According to Port Canaveral Economic Report, the cruise industry in Port Canaveral contributes:

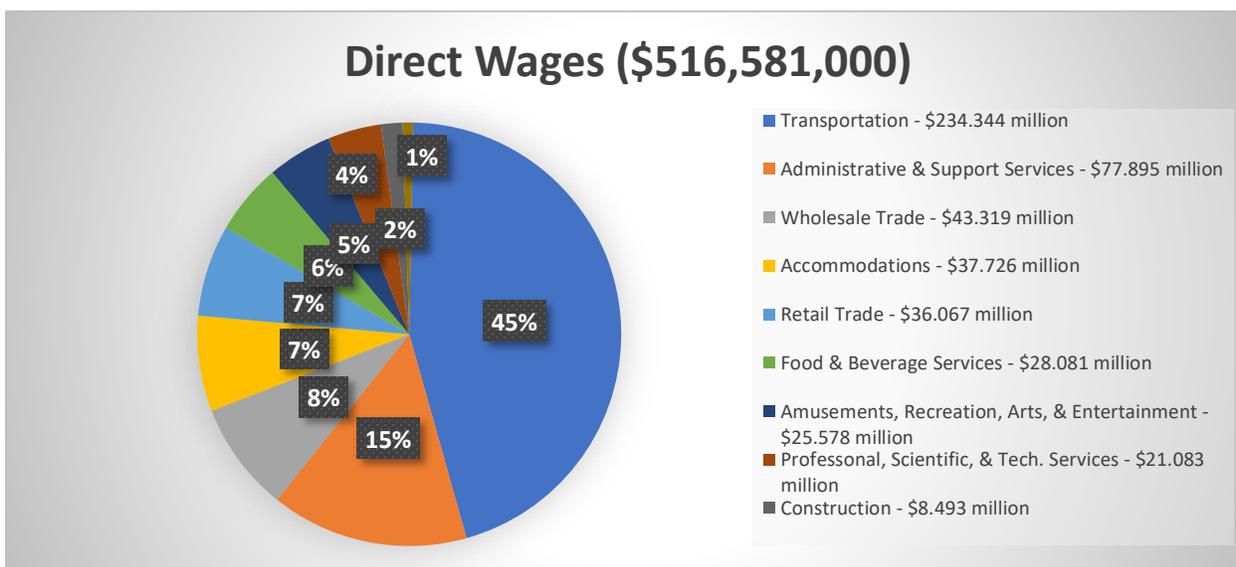
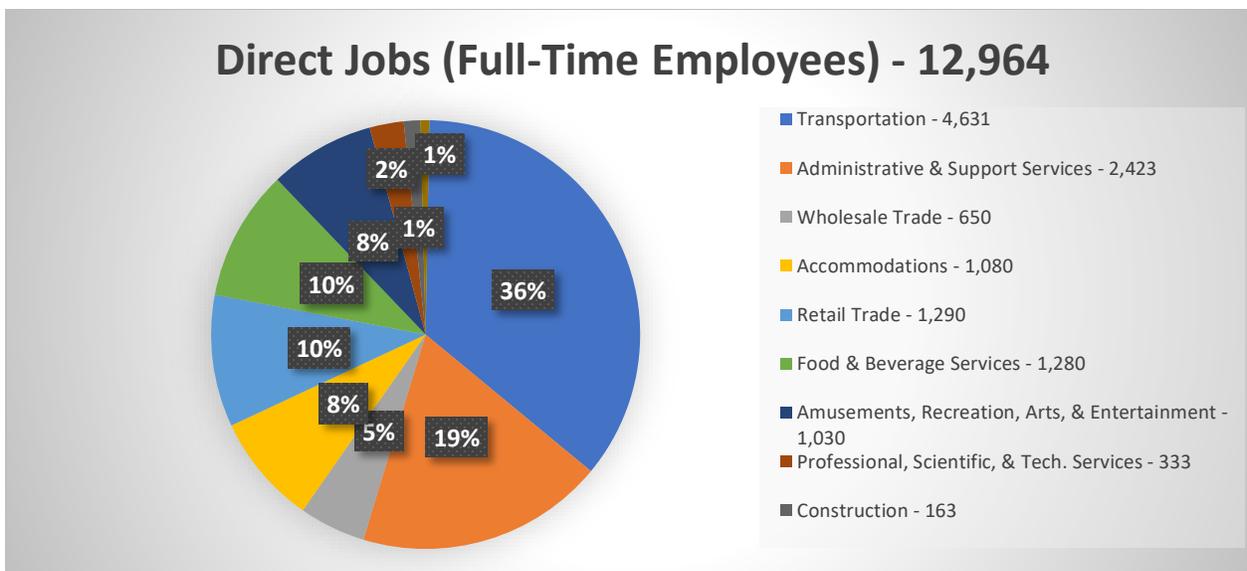
- \$1.295 billion in direct expenditures,
- 12,964 jobs,
- \$516 million in direct wages, and
- \$42 million in direct tax revenue.

As explained in the Port Canaveral Economic Report, industries benefitting from direct economic impact include accommodations; administrative & support services; amusement, recreation, arts & entertainment; food & beverage services; and transportation. Direct expenditures, jobs, and wages created in each sector are outlined in the following charts.



⁵¹ Port Canaveral, Port Canaveral Gateway to Central Florida 2019-2020 Port Directory, [https://www.portcanaveral.com/getattachment/Publications/Annual-Report-Directories/Annual-Report-Directories/Port-Canaveral-2019-2020-Directory-\(2\).pdf?lang=en-US](https://www.portcanaveral.com/getattachment/Publications/Annual-Report-Directories/Annual-Report-Directories/Port-Canaveral-2019-2020-Directory-(2).pdf?lang=en-US) (last visited Aug. 14, 2020).

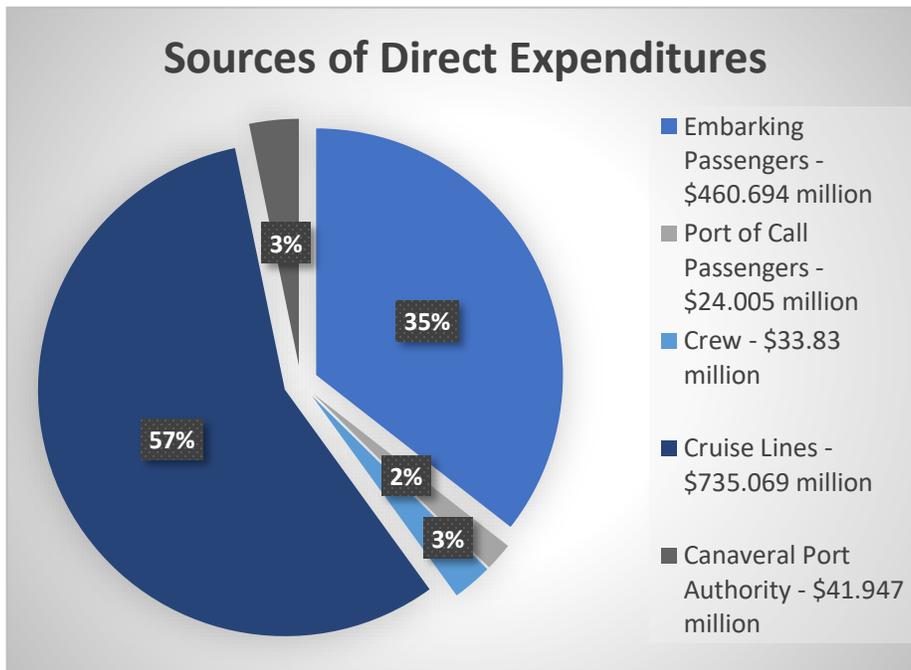
⁵² PR Newswire, Carnival Cruise Line Sets Ship Delivery Changes and Related Deployment Plans (July 6, 2020), <https://www.prnewswire.com/news-releases/carnival-cruise-line-sets-ship-delivery-changes-and-related-deployment-plans-301088807.html> (last visited Sep. 8, 2020).



Part of the direct expenditures come directly from the cruise companies. Per the Port Canaveral Economic Report, the cruise companies' contribution to the total direct expenses include taxes and port fees, navigation services, and provisions/other supplies. These totaled \$735.1 million in 2018 and made up about 57% of direct expenditures related to the cruise industry at Port Canaveral. Additionally, the Canaveral Port Authority brings in over \$41 million in direct expenditures.

Other expenditures come from cruise passengers. Port Canaveral benefits from spending both from port-of-call passengers and passengers embarking/disembarking out of Port Canaveral. According to the Port Canaveral Economic Report, the average amount spent in the area by each port-of-call passenger is \$79.45, totaling \$24 million annually. Tours, attractions, and ground transportation benefit the most from port-of-call passenger spending. Around 70% of the \$24

million spent annually is on tours, attractions, and ground transportation. Other parts of the tourist industry benefit from passengers beginning and ending their cruise at Port Canaveral, such as the hotel and airline sectors. The Port Canaveral Economic Report estimates that almost half of passengers embarking on their cruise, or 49%, stay in paid accommodations, and averaged a 2.3-night stay. Around a third of embarking passengers flew to the area, spending an average of \$280 each on airfare. Overall, the average amount each embarking passenger spends in the area, whether or not they travelled by plane or stayed overnight, is \$227.21, totaling over \$460 million in direct expenditures annually.



Another source of direct expenditures are crew members. Per the Port Canaveral Economic Report in addition to passengers, an estimated 863,700 crew members on ships came through the port, 38% or 328,000 of crew members sailing into the port went ashore. Those who went ashore spent an average of \$103.10 each.⁵³ Most of the crew spending, or 83%, is on food and beverages, retail purchases, and ground transportation. This totals over \$33 million.

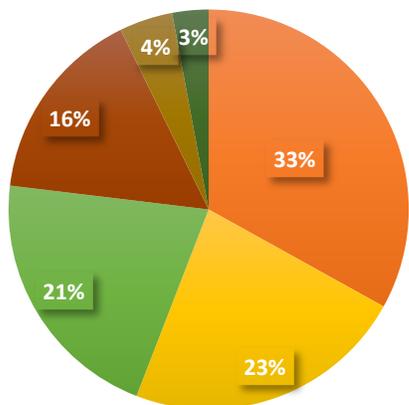
Indirect economic impact

According to the Port Canaveral Economic Report, in 2018, the cruise industry was responsible for the payment of \$74.2 million in state and local taxes.

When combined with indirect and induced economic impact, the total economic contribution to the state of Florida from Port Canaveral is over \$2.5 billion in expenditures, 23,745 jobs, and \$910 million in wages. Industry segment breakdown can be seen on the following charts.

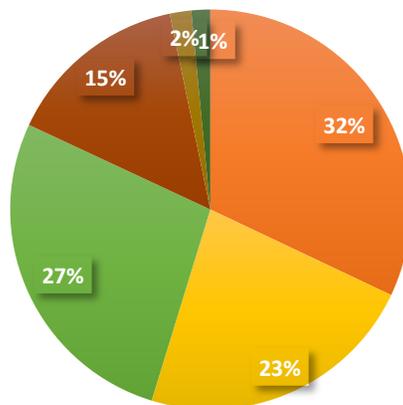
⁵³ Average is a result of 366 crew members surveyed, per the Port Canaveral Economic Report.

Total Economic Impact in Florida - \$2,587,372,000



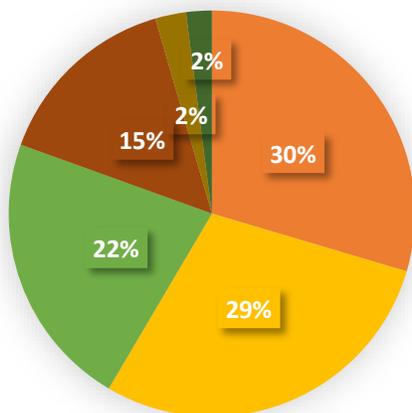
- Financial & Business Services - \$855.493 million
- Transportation - \$590.117 million
- Personal & Other Services - \$554.217 million
- Wholesale & Retail Trade - \$409.975 million
- Manufacturing - \$111.73 million
- Agriculture, Mining, Utilities, & Construction - \$75.84 million

Total Economic Impact in Florida - 23,745 Jobs



- Financial & Business Services - 7,609
- Transportation - 5,389
- Personal & Other Services - 6,461
- Wholesale & Retail Trade - 3,513
- Manufacturing - 411
- Agriculture, Mining, Utilities, & Construction - 362

Total Economic Impact to Florida - \$910,451,000 in Wages



- Financial & Business Services - \$269.392 million
- Transportation - \$262.958 million
- Personal & Other Services - \$200.581 million
- Wholesale & Retail Trade - \$136.505 million
- Manufacturing - \$22.356 million
- Agriculture, Mining, Utilities, & Construction - \$18.659 million

Current status

Since cruise sailings with passengers ended in March 2020, Port Canaveral has been supporting cruise ships sailing in and out of port for resupply and/or repatriating crew members.⁵⁴

As reported in The Maritime Executive, Port Canaveral Cutting 40% of Staff Due To COVID-19 Impact (The Article) (Jul. 30, 2020).⁵⁵ at the end of July 2020, the port would be reducing staffing by over 40%, or 115 of 268 total employees prior to COVID-19. Per the Article, this would include all areas of the port authority, not just those who work with the cruise industry. A new study discussed in The Article estimates that Port Canaveral may have a 79 percent loss of passengers, and that it will result in over \$1.7 billion lost in total expenditures throughout Florida. The report estimates that 16,000 jobs would be lost, resulting in over \$560 million in lost wages, and a \$46 million loss in state and local tax revenues.

Preparing for reopening

Port Canaveral is coordinating with the cruise lines to develop a comprehensive resumption strategy to restart passenger operations. Report from the Vice President, Government and Strategic Communications, Port Canaveral to FF30 (Report from Port Canaveral), emailed on Sept. 1, 2020. Per the Report from Port Canaveral, the port expects that cruising, when it resumes, will be very different.

The port's assumptions, according to the Report from Port Canaveral, include cruise guests driving to the port; shorter duration sailings (3- or 4-day voyages), and ships limiting capacity to 50 percent guest occupancy. Plans may be centered on redefining cruise passenger expectations and managing behaviors throughout the entire process - before, during and after the cruise.

Changes will also need to be made at the port. The Report from Port Canaveral explains port's resumption strategy. They include reducing terminal congestion, managing arrivals and departures, and employing preventive measures and enhanced protection systems in the Port's cruise terminals and surrounding guest congregating areas. Costs will be associated with these changes. Once new cruise protocols and procedures are fully defined and approved by the CDC and/or other regulatory or government oversight bodies, Port Canaveral will be able to fully estimate the costs and expenses for revamping port operations, and complete terminal modifications and enhancements necessary to meet new requirements.

E. The Port of Jacksonville (JAXPORT)

The Jacksonville Port Authority is an independent agency of the City of Jacksonville. Email from the Chief Financial Officer, Jacksonville Port Authority to FF30 (Email from JAXPORT), emailed on Aug. 31, 2020. According to the Email from JAXPORT, it is one of four of the largest independent authorities in the City along with The Jacksonville Electric Authority, The Jacksonville Transit Authority and the Jacksonville Aviation Authority. Each operates with its

⁵⁴ Port Canaveral, Adjusting Course: Moving Forward, (Jun. 2, 2020), <https://online.flippingbook.com/view/576558/2/> (last visited Aug. 14, 2020).

⁵⁵ <https://www.maritime-executive.com/article/port-canaveral-cutting-40-of-staff-due-to-covid-19-impact> (last visited Aug. 12, 2020).

own Board of Directors. In the case of the port authority, four of the seven-member board are appointed by the Mayor, and the other three are appointed by the Governor. Each board member serves a 4-year term and may be reappointed for one additional term.

JAXPORT is a diverse port that has significant cargo operations. Of the port's over \$67 million in total operating revenue in 2019, \$5.6 million came from the cruise industry.⁵⁶

JAXPORT is a homeport for one cruise vessel; it does not have ships visiting for in-transit port calls. According to the Jacksonville Port Authority, *The Local and Regional Economic Impacts of Cruise Service at JAXPORT* (JAXPORT Economic Report) at 1 (Jan. 10, 2019),⁵⁷ more than 2.2 million passengers have sailed from Jacksonville during the 15+ years of cruise service.⁵⁸

In FY 2019, the port had 76 cruise vessel calls with over 194,000 embarking passengers.⁵⁹ In the first nine months of the port's fiscal year (October 2019-June 2020), as a result of the COVID-19 pandemic, the port had only 32 vessel calls and just 75,000 embarking passengers.⁶⁰

Jacksonville is a drive-to-ship cruise market. Report from the Chief Financial Officer, Jacksonville Port Authority to FF30 (Report from JAXPORT), emailed on Aug. 31, 2020. According to the Report from JAXPORT, 70 million U.S. residents are within a day's drive of Jacksonville Port cruise terminal.

When Jacksonville hosted Superbowl XXXIX in 2005, five cruise ships came for about a week, providing additional lodging, restaurants, and entertainment for the city's visitors.⁶¹



Direct economic impact

In 2019, the researchers for the JAXPORT Economic Report looked into where JAXPORT cruise passengers were coming from. 900 passengers were surveyed during a two-month period. Most passengers are not from the immediate Jacksonville area. 75% of passengers live more than 150 miles from the county. Passengers came from four foreign countries, 40 states, and the District of Columbia. The two states with the highest number of surveyed passengers were Florida (26%) and Georgia (16%).

The hotel industry benefits from the cruise industry at JAXPORT in two ways. First, according to the JAXPORT Economic Report, around 30% of passengers stay at a hotel before or after

⁵⁶ Jacksonville Port Authority, Jacksonville Port Authority Annual Report 2018/2019, https://www.jaxport.com/wp-content/uploads/2020/04/Annual-report-2019_web_comp-1.pdf (last visited Aug. 15, 2020).

⁵⁷ https://www.jaxport.com/wp-content/uploads/2020/03/JAXPORT-Cruise-Impact-Report_FINAL.pdf (last visited Aug. 15, 2020).

⁵⁸ Report from the Chief Financial Officer, Jacksonville Port Authority, email attachment to FF30 (Aug. 31, 2020).

⁵⁹ Jacksonville Port Authority, Statistics, <https://www.jaxport.com/media/statistics/> (last visited Aug. 15, 2020).

⁶⁰ *Id.*

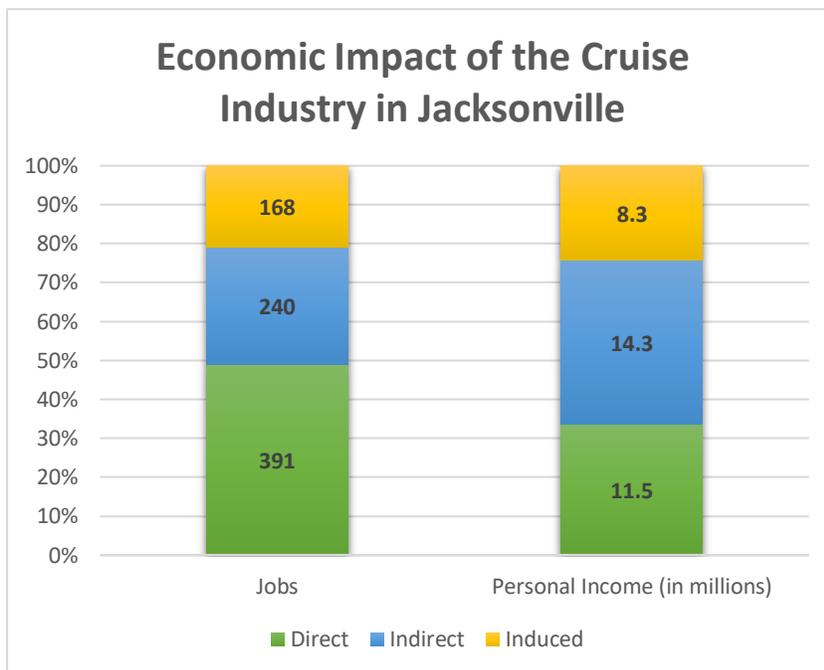
⁶¹ Jacksonville Port Authority, Cruise FAQ, <https://www.jaxport.com/cruise/cruise-faq/> (last visited Aug. 15, 2020).

their cruise. Second, as it is a homeport as opposed to an in-transit port, crew members may stay at local hotels in conjunction with crew rotation.

Being a homeport for one ship, the cruise industry has an economic impact on the community. According to the JAXPORT Economic Report, in 2019, the cruise industry was responsible for 391 direct jobs and \$11.5 million in personal income in the Jacksonville area.

Indirect economic impact

The JAXPORT Economic Report explains that when combining the 2019 direct, indirect, and induced economic impact, the cruise industry at JAXPORT was responsible for 799 jobs and \$34 million in personal income. The breakdown of direct, indirect, and induced jobs and personal income can be seen on the chart. , Additionally, the cruise industry brought in over \$134 million in business revenue for local companies supplying and servicing the cruise line and Jacksonville International Airport.



Finally, the cruise industry was responsible for \$3.1 million in local and state tax revenue in 2019.

Current status

As explained above, with the COVID-19 pandemic and the CDC’s No Sail Order in place, the port has had less than half the amount of vessel calls and approximately 50% of the passengers this fiscal year to date compared to the same period in FY 2019.^{62,63}

Preparing for reopening

According to the Report from JAXPORT, the port is working with CBP on terminal improvements to include safety measures and modifications to CBP’s primary and secondary inspection booths and examination areas. Some improvements include modifying and adjusting inspection stations to include clear barriers and spatial planning according to recommended CDC

⁶² Jacksonville Port Authority, Statistics, <https://www.jaxport.com/media/statistics/> (last visited Aug. 15, 2020).

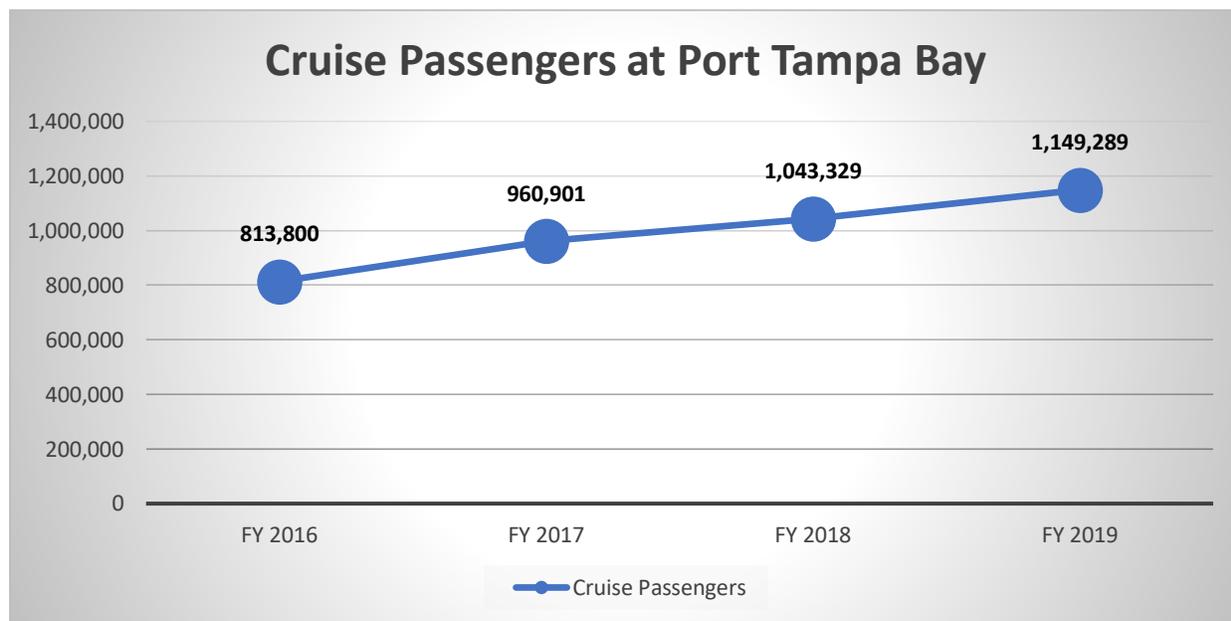
⁶³ Report from the Chief Financial Officer, Jacksonville Port Authority, email attachment to FF30 (Aug. 31, 2020).

guidelines. The port is implementing additional sanitizing protocols. These will be continuously performed with the appropriate disinfecting mists and agents throughout the cruise terminal.

F. The Port of Tampa Bay (Port Tampa Bay)

Port Tampa Bay is a diverse cargo port and is Florida’s largest port by tonnage and volume.⁶⁴ As a cruise port, it serves as the homeport for most of the major cruise lines.⁶⁵

The number of cruise passengers has been increasing over the past several years: 813,800 in FY 2016,⁶⁶ 960,901 in FY 2017, 1,043,329 in FY 2018,⁶⁷ and 1,149,289 in FY 2019,⁶⁸ as shown on the chart.



Direct economic impact

Port Tampa Bay has a positive impact on the local economy. According to a 2015 study as presented in a report entitled Port Tampa Bay, The Local and Regional Economic Impacts of

⁶⁴ Port Tampa Bay, About Port Tampa Bay, <https://www.porttb.com/about-port-tampa-bay> (last visited Aug. 16, 2020).

⁶⁵ Report from the Chief of Staff, Port Tampa Bay, email attachment to FF30 (Sep. 10, 2020).

⁶⁶ Port Tampa Bay, State of the Port 2017 Year in Review, Port Tampa Bay, <https://www.porttb.com/state-of-the-port?id=A0B1CD99-A015-4683-8F15-2E22C27BE4B6> (last visited Aug. 16, 2020).

⁶⁷ Port Tampa Bay, 2018 State of the Port Year in Review, <https://frontrunner-bucket.s3.amazonaws.com/F8DC7194-5056-907D-8D13-FD1C2D46C864.pdf> (last retrieved Aug. 16, 2020).

⁶⁸ Press Release, Port Tampa Bay, Port Tampa Bay Exceeds One Million Cruise Ship Passengers for Second Time in a Row (Nov 14, 2019), <https://www.porttb.com/posts?id=940929AF-8765-4122-B90B-A3348BADF392> (last visited Aug. 15, 2020).

Port Tampa Bay (Port Tampa Bay Economic Report) (Nov. 17, 2016),⁶⁹ the economic impact of the cruise industry accounts for 703 direct jobs and over \$18 million in direct personal income.

Each ship that makes its homeport Tampa adds to the economy. Another study “estimated that a 3,000-passenger ship generates an average of \$334,000 in passenger and crew onshore spending per call in a homeport city.”⁷⁰

“Port Tampa Bay and our cruise line partners helped put Tampa on the map as an attractive and convenient port for domestic and international passengers,’ said Port Tampa Bay President/CEO Paul Anderson. ‘We are so pleased to celebrate passing this milestone [of exceeding one million cruise ship passengers in a year] for the second time and are excited to welcome two new cruise lines for the 2020 season and introduce even more people to Tampa Bay.’”⁷¹

Indirect economic impact

The jobs the Port Tampa Bay cruise industry support go beyond direct jobs. The Port Tampa Bay Economic Report explains that in FY 2015, the cruise industry at Port Tampa Bay contributed a total of 1,541 jobs to the economy. In addition to the 703 direct jobs, the total also includes 350 induced jobs and 489 indirect jobs. The cruise industry contributed a total of over \$67 million in personal income; over \$18 million in direct personal income, over \$31 million in induced personal income, and over \$16 million in indirect personal income.

Per the Tampa Bay Economic Report, the cruise industry at the port provided for over:

- \$347 million in business services revenue,
- \$29 million in local purchases, and
- \$9 million in state and local taxes (direct, indirect, and induced).

Current status

In March 2020, as cruises were being cancelled, the port was entering their slow season for cruises.⁷² At the time, they were estimating a \$1.2 million loss in tourism dollars.⁷³

Preparing for reopening

In addition to other cleaning and sanitation practices being used, Port Tampa Bay is implementing a cleaning and sanitation antimicrobial product called mPact. Port Tampa Bay,

⁶⁹ <https://frontrunner-bucket.s3.amazonaws.com/19C50C62-5056-907D-8DA1-F2F8EC080E35.pdf> (last visited Aug. 15, 2020).

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² Brendan Ward, Tampa Bay Business Journal, Port Tampa Bay will lose \$1.2 million as three major cruise lines suspend all cruises (Mar. 16, 2020), <https://www.bizjournals.com/tampabay/news/2020/03/16/three-major-cruise-lines-out-port-tampa-bay.html> (last visited Aug. 15, 2020).

⁷³ *Id.*

Cruise Safety (Port Tampa Bay Website), <https://www.porttb.com/cruisesafety> (last visited Aug. 16, 2020). According to the Port Tampa Bay Website, the product kills bacteria and “has been lab-tested and is proven to be 99.99% effective in preventing the spread of COVID-19... Once the product is sprayed on, it bonds to the surface and retains its effectiveness for a minimum of 30 days...”⁷⁴ The port will use mPact “to clean and provide a protective barrier to all surfaces at our cruise terminals moving forward, including each upholstered chair. The high-touch areas will be treated after every cruise, and each terminal will be treated every 30 days.”⁷⁵

G. Port of Key West

Unlike other ports described in this report, the Port of Key West is solely a port of call, generally servicing ships going to the Caribbean or Bahamas. Florida Ports Council, Port of Key West (Florida Ports Council).⁷⁶ According to the Florida Ports Council, from 2018-2019, almost 400 ships carrying 910,000 passengers stopped in Key West. Total tourists visiting the Florida Keys and Key West in 2018, including non-cruise passengers, was around 5.13 million. Monroe County Tourism Development Council, 2018 Tourism in the Florida Keys & Key West: Stable Growth Despite Challenging Times (Florida Keys Tourism Report).⁷⁷

The Florida Ports Council explains that through cruise ships, “passengers are introduced to the unique charm of Key West without contributing vehicular traffic to the overburdened US-1 corridor.”⁷⁸

Though only a small portion of the tourist industry in Monroe County is from cruises, which Key West is a part of, the tourism industry in that area is a substantial part of the local economy. According to the Florida Keys Tourism Report, tourism in Monroe County provides for 44% of the jobs in the county. Key West makes up almost half, or 48%, of the county’s direct economic impact.

Direct economic impact

The almost 400 ships stopping in Key West result in an economic impact on the area. According to the Florida Ports Council, the port has an economic impact of over \$85 million each year, provides 1,250 jobs, and provides 15% of the city’s total tax revenue.

One source of economic impact is passenger spending. In 2018, cruise visitors spent an average of \$72 each, totaling over \$73 million in visitor spending.⁷⁹

⁷⁴ Port Tampa Bay, Cruise Safety, <https://www.porttb.com/cruisesafety> (last visited Aug. 16, 2020).

⁷⁵ *Id.*

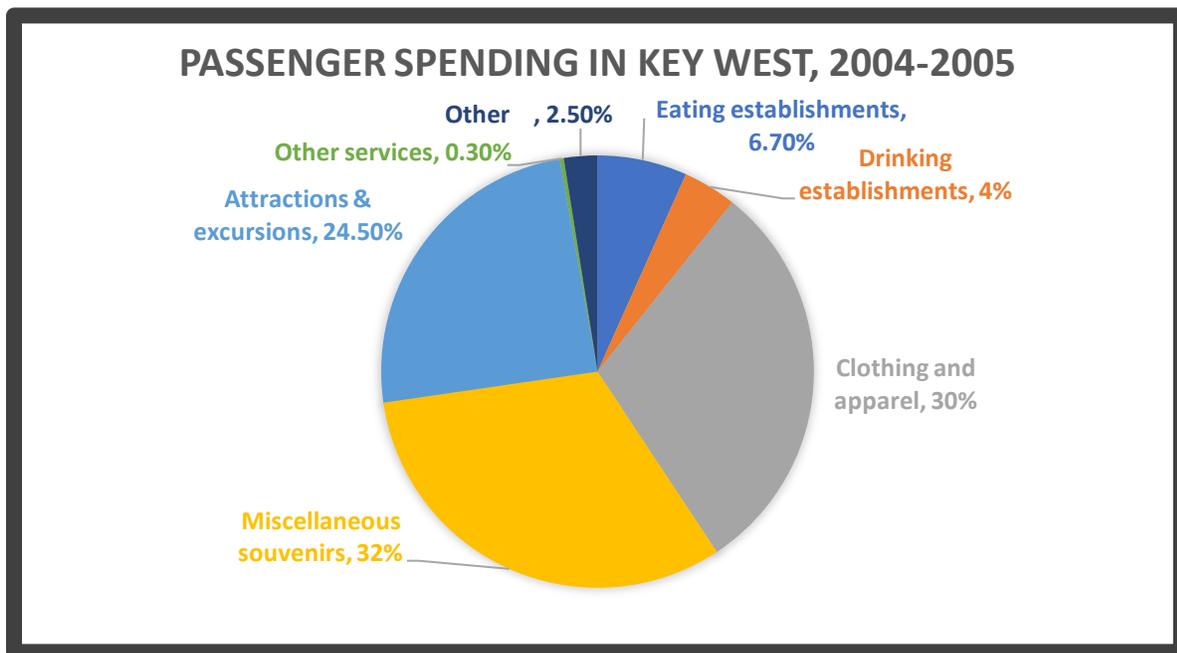
⁷⁶ <https://flaports.org/ports/port-of-key-west/> (last visited Aug. 14, 2020).

⁷⁷ <https://www.monroecounty-fl.gov/DocumentCenter/View/21667/Economic-Impact-of-Tourism-in-The-Florida-Keys-?bidId=> (last visited Aug. 14, 2020).

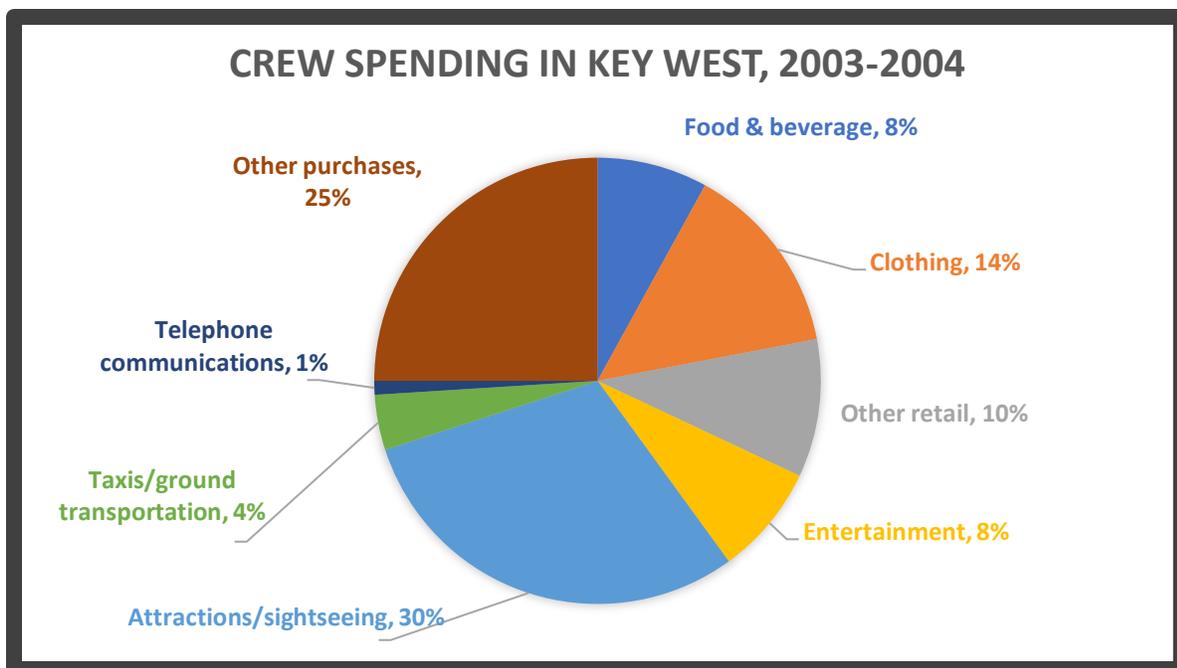
⁷⁸ Florida Ports Council, Port of Key West (Florida Ports Council), <https://flaports.org/ports/port-of-key-west/> (last visited Aug. 14, 2020).

⁷⁹ Cruise Lines International Association, Comparative Visitor Economic Impacts for Key West, (Aug. 2020), <https://cruising.org/-/media/cli---visitor-spending-analysis---key-west> (last visited Aug. 16, 2020).

The City of Key West Naval Properties Local Redevelopment Authority conducted a study in 2005 entitled The Impacts of the Cruise Ship Industry on the Quality of Life in Key West (Quality of Life Impact Report), (revised Oct. 2005),⁸⁰ . which noted that during the 2003-2004 tourist season, an estimated that \$28.4 million was spent by cruise passengers, \$13.1 million was spent by crew members, and \$14 million was spent by cruise lines on local purchases, totaling \$55.6 million in direct expenditures. Spending breakdown of passenger and crew spending as outlined in the Quality of Life Impact Report can be found on the following charts.



⁸⁰ https://www.cityofkeywest-fl.gov/egov/docs/1156864276_445343.pdf (last visited Aug. 14, 2020).



According to the Quality of Life Impact Report, during fiscal year 2003-2004, cruise ship tourism accounted for 16.4% of the city’s revenue. Most of this came from disembarkation and docking fees and utilities.

Indirect economic impact

The Quality of Life Impact Report, from 2005, estimated that indirect economic impact from the cruise industry totaled over \$33 million, and resulted in 324 jobs.

In a 2020 report, it was estimated that cruise visitor spending supports 800 total jobs (including direct, indirect, and induced) and 1 in 20 jobs in the area are supported by cruise visitor spending.⁸¹

Current status

No cruise ships are currently calling on Key West or are berthed at the port.⁸²

Preparing for reopening

The cruise industry in Key West could be changing. A referendum has been added to the ballot in Key West with three amendments that would limit the size of ships, passengers disembarking each day, and give preference to those with good environmental and health practices.⁸³

⁸¹ Cruise Lines International Association, Comparative Visitor Economic Impacts for Key West, (Aug. 2020), <https://cruising.org/-/media/clia---visitor-spending-analysis---key-west> (last visited Aug. 16, 2020).

⁸² Report from Port and Marine Services Director, Port of Key West, email to FF30 (Sep. 2, 2020).

⁸³ Cruise Industry News, Key West Could Ban Big Cruise Ships (Jul. 12, 2020), <https://www.cruiseindustrynews.com/cruise-news/23213-key-west-could-ban-big-cruise-ships.html> (last visited Aug. 15, 2020).

An organization called the Key West Committee for Cleaner Safer Ships is heading up this effort. Per their website, the three ballot titles to be voted on are

- 1) “Limiting persons disembarking from cruise ships to a total of 1,500 persons per day;”
- 2) “Prohibiting cruise ships with a capacity of 1,300 or more persons from disembarking;”
and
- 3) “To give priority to cruise lines with the best environmental and health records;”⁸⁴

The organization’s website contains a link to two case studies, one labeled “Case Study #2: Small Cruise Ships (It’s not a ban)”⁸⁵ This case study explains benefits of small cruise ships to Key West.⁸⁶ It lists a number of cruise ships that would be small enough to dock and disembark if these amendments pass. The ships are from Azamara, Silversea, Princess, Seabourn, Oceania, Regent Seven Seas, Phoenix, Fred. Olsen, Hapag Lloyd, Star Clippers Cruises, Sage Cruises, SeaDream, Windstar, and Hurtigruten.⁸⁷

IV. Conclusion

The six-month economic impact to the Florida cruise industry, and its supporting industries, is devastating. The horizon is still hazy, as it is unclear whether CDC will extend its No Sail Order past September, when people will be comfortable sailing again, or when the cruise industry will be back to 2019 levels.]

CLIA estimates that from the end of March until June of this year, there has been a loss of

- \$1.57 billion in direct expenditures,
- 27,893 jobs, and
- \$1.45 billion in wages.⁸⁸

As of August, another study estimates that Florida will lose 4.9 million cruise passengers this year.⁸⁹

The estimated loss for Florida through 2020 of both cargo and cruise combined is \$22 billion and the loss of 169,000 jobs.⁹⁰

⁸⁴ Key West Committee for Cleaner, Safer Ships, Ballot Language, <https://www.safercleanerships.com/ballot-language> (last visited Aug. 15, 2020).

⁸⁵ Key West Committee for Cleaner, Safer Ships, Get the Facts, <https://www.safercleanerships.com/getthefacts> (last visited Aug. 15, 2020).

⁸⁶ Key West Committee for Cleaner, Safer Ships, Case Study on Limiting Cruise Ships in Key West, <https://static1.squarespace.com/static/5eb2ca1c6ef3bc37557e468f/t/5ef0aeb7b2f7643f149d6547/1592831672637/20-0620-Small-Ships-Case-Study.pdf> (last visited Aug. 15, 2020).

⁸⁷ *Id.*

⁸⁸ Cruise Lines International Association, Estimated Economic Impact of Cruise Suspensions Florida, attachment to FF30 (Jul. 16, 2020).

⁸⁹ Florida Ports Council, Economic Impacts of COVID-19 on Florida Ports and the State’s Economy (Aug. 2020), <http://scdn.flaports.org/wp-content/uploads/Economic-Impact-of-COVID-on-FlaPorts-2020-v5-web.pdf> (last visited Aug. 17, 2020).

⁹⁰ *Id.*

During the brief to DHS Acting Secretary Wolf on September 9, 2020, one cruise executive stressed that it was their desire that the Federal No Sail Order either expire as scheduled on September 30, 2020, or only be extended no more than 30 days. Another cruise executive explained that the cruise industry will not automatically restart when the CDC's No Sail Order ends; time will be needed to reposition and resupply ships. Generally, participants agreed that the cruise industry needs to be restarted in a way that builds confidence among consumers.

Since the initiation of this Fact Finding, there have been several pieces of proposed legislation by various members of Congress designed to assist the nation's ports and the cruise industry in adjusting to the negative effects of the current pandemic. Similarly, certain state and local executive and legislative offices have begun to examine the economic losses experienced due to the inability of the cruise lines to operate and are searching for solutions. This report, being specific to the State of Florida, is designed simply to provide an overview as to the financial impact being experienced by the state due to the termination 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 other authorities in doing what is necessary to relaunch the cruise industry in a responsible and timely manner. As Fact Finding Officer, Commissioner Sola is exploring options to achieve this goal. Such recommendations may include proposals designed to enhance communication between affected parties, such as a federally created national advisory panel comprised of industry leaders and governmental officials of sufficient rank to ensure a reasoned and coordinated response to matters such as the current pandemic. Other possible suggestions may include the creation of local or regional fusion groups designed to bring governmental health, and regulatory decision-makers together with ports and shipping interests during health crises. These or alternative solutions shall be presented to the Commission for possible action in the final fact finding report.