

Dear Sirs,

I operated a store, Invisible World, on South Franklin St. from 1985 to 2017. We closed the store in 2017 to focus on our online business.

What I most want to emphasize, and what the city has never understood, is that a *quantitative* increase in tourism always brings *qualitative* change.

In my 32 years in business, I saw South Franklin Street transformed from a small community of mostly local businesses to a tacky, deceptive tourist trap, largely populated by outsiders with no interest in our community. While I applaud the local businesses still making a living on lower South Franklin and the summer jobs they provide, it's not a place most locals ever want to set foot in. I don't want the rest of downtown become the same way.

This fall we saw an entire building (the Triangle Building) on Front Street emptied out by an out-of-town jewelry store owner who bought it and raised rents. Two Juneau institutions, Annie Kaill's and Hearthside Books, were pushed from their spaces as were other businesses.

I have seen this cycle before. At first, a quirky little store like Alaska Robotics or Kindred Post or Trickster is happy because they're getting more foot traffic. Sales are going up. Then, one day, their landlord tells them that a jewelry store has offered \$50,000 more per year for the space, and the little store has some serious choices to make. If their business is not optimized for the cruise ship crowd, with the appropriate trinkets and jewelry, or if they are not skillful at participating in the various payola schemes run by PPI and Destination Media, they may fail. Even if they survive, they may find themselves on a sort of treadmill where rising sales are eaten up by rising rent. I saw this happen to many South Franklin businesses. You can say "that's the Free Market," but in reality, it's difficult for local businesses to compete with multinational enterprises that can amortize their marketing costs over many stores and often use deceptive pricing and sales tactics foreign to locals. If you want to let the "Free Market" determine Juneau's future, with new berths and ever-more tourists, expect Front Street to look like lower South Franklin street in 5-10 years.

I live and work downtown, as I have for 35 years. I am fine with the tourist trap as it currently exists on lower South Franklin, and fine with tourists walking up the street to see our town and shop at local stores. I enjoy the tourists, and I can avoid going south of the library. However, I do not want to feel that my whole town has become a cruise line company town, where locals don't count and most storefronts are empty 7 months per year.

Here are some requests that I make regarding future tourism:

- 1) Make statutes that shape development north of the Marine View Apartments. These statutes might include requiring all business in that area to operate 12 months per year and limiting the number of jewelry stores allowed per block. Enforcement and meaningful fines will be necessary, as might additional measures.
- 2) Limit cruise ship capacity to where it was last season, or the season before. I believe that in our mature cruise ship market additional benefits will accrue proportionally to those who already enjoy them, while the impacts will be felt by the whole town. As more tourism brings in more

Outside businesses, local stores will not necessarily benefit, while I suspect that additional touring dollars will go primarily to those who already have solid relationships with the cruise lines.

- 3) Do not encourage, and, when possible, please impede, the building of a new dock at the property just purchased by NCL. A dock there will change the traffic patterns, bringing more tourist traffic to the downtown core and spreading the ugly aspects of cruise ship tourism as described above. Noisy polluting busses, Outside shops, increased float plane noise: all of this will further degrade quality of life downtown. Additionally, It will negatively impact existing businesses on lower South Franklin, because it will draw away foot traffic from the existing tourist zone, and reduce berthing revenues to local entities.
- 4) Increase the minimum threshold for tax breaks on jewelry purchases, and put extra enforcement on sales tax for out-of-state businesses.
- 5) Enforce the existing laws governing touts (“canvassing”) and signage.
- 6) Eliminate the PPI and Onboard Media programs. In these programs, select stores pay kickbacks to these intermediary companies, which in turn pay the cruise lines a percentage. In return for payments per visit or a percentage of sales, these stores are featured on a map and in a shopping talk, in which the implication is that these businesses are more honest than others, and have been endorsed by the cruise lines. This is a form of false advertising which tips the playing field toward those who are willing to hire these touts, and are most skillful in working with them. It negatively affects local businesses and smaller jewelry stores who may lack those skills, despite the “local business” section of the program.
- 7) Charge more for berthing and for services to the cruise ships. They’ve been clear that they don’t like taxes and they want to control how any taxes on them are spent. They just sued us and cost us a huge amount of money to defend ourselves. I suggest that by raising the price for berthing and water, we will get a fair return for the impacts that they cause while having complete freedom to spend it for Juneau’s benefit. Money should go into the general fund.
- 8) Require a minimum stay in port, or give berthing preference to boats that stay longer. This aspect is poorly understood by the City. The cruise lines get a critical part of their revenue from money spent on-board, as opposed to tickets, and when passengers have finite resources, as many do, money spent on shore become lost revenue. As such, over time they’ve shortened their port time and structured it so that the passenger spends less time on shore unless they are touring, preferably on a tour that the cruise line gets a cut of. (NCL is the most masterful at this, with “hot-berthing,” extra short stays that allow for little other than a tour). The cruise lines may claim other reasons for shortened stays, but the effect on shoreside businesses is the same; Longer stays will maximize money spent on shore, and those boats should get precedence.
- 9) Cruise lines should be pressured into using a cleaner fuel. I am concerned about their horrendous climate-destroying carbon footprint and pollution, caused partly because, other than Disney, they choose to increase their profits by burning cheap bunker oil. Carnival alone, in 2017, emitted 10 times more Sulphur Dioxide around European coasts than all 260,000,000 automobiles in Europe. Royal Caribbean emitted 4 times as much. How much do you think they are emitting here? It does not help that instead of emitting into the air, their scrubbers dump toxic waste into the ocean.

Cruise ship tourism paid for my house and I appreciate its positive economic impacts on myself and others. However, those benefits are increasingly focused on a few big players and on out-of-town

businesses. Rather than continue to encourage more cruise ship tourism, Juneau should leverage its assets to attract more independent tourism, which delivers far more dollars per person and spreads it out in a wider range, with far less impacts.

Thanks to all of you for your service in this committee. I greatly appreciate it. I am happy to provide more details to anyone who would like to call or write me.

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