Phase 2
Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal

August, 2012

Bermello Ajamil & Partners, Inc.

Prepared for:

TOWN OF BAR HARBOR

MAINE PORT AUTHORITY

CruiseMaine

PHASE 2

FEASIBILITY STUDY FOR THE ACQUISITION OF THE BAR HARBOR FERRY TERMINAL

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1 INTRODUCTION

The Town of Bar Harbor engaged Bermello Ajamil & Partners, Inc. (B&A) on behalf of the Town and the Maine Port Authority for this Phase 2 study to evaluate the feasibility of acquiring the Bar Harbor Ferry Terminal.

This study follows an initial limited assignment (Phase 1) which made an early determination of the financial feasibility of the ferry facility in order to assist the parties in making a decision as to whether the facility should be acquired or not.

Based on the results of the Phase 1 report, the parties agreed to the following steps:

- Continue with this Phase 2 of the assignment while simultaneously
- Opening discussions with the Canadian Government for the transfer of the Ferry Terminal to the State of Maine
- Agreed that the Maine Port Authority would be the most appropriate entity to enter into negotiations with the Canadian Government

Given the limited nature and the timeframe of the Phase 1, the purpose of this Phase 2 is to study in-depth a number of the issues and assumptions that were used in the initial work, confirm certain of the findings, obtain further input and conduct additional research to confirm the decision on whether or not to proceed with the acquisition of the terminal. Certain items that were included in the Phase 1 report, mainly the Ferry forecast and prognosis as well as the commercial development section of the report did not need further analysis. The Phase 1 report is included in the Appendix in this report for reference.

Among the new specific studies that are included as part of this Phase 2 work are:

- A cruise demand market study including discussion with major cruise lines operating in the region to determine interest in a cruise dock.

- Inspection of the premises to determine the structural condition of the pier to be able to confirm the general budgets for repair, replacement or new construction required. (No environmental testing, or detailed structural testing is included)
- Development of more detailed pier concepts
- Development of new construction budgets
- Update of financial forecasts for the facility
- Conducting further input gathering
- Development of certain graphics for presentation as to the visual impact of any construction
- Providing further discussion on implementation options

The Phase 2 work included numerous meetings and presentations with cruise lines, Maine Port Authority staff and Board, Town of Bar Harbor staff and Council, National Park Service, Chamber of Commerce, individuals interested in the subject, and included a Town Council meeting with public input and a special Open House at the Town to obtain input from citizens.

STRATEGIC ASSET

The parties have agreed that the facility is a great strategic asset. This is a facility that provides deep water berthing for larger ships. It has been in existence for over half a century and it is also a significant real estate asset, strategically located along the main highway leading to the central core of the Town of Bar Harbor.

- **Irreplaceability** - Due to the current financial situation as well as the significant environmental hurdles that need to be overcome in order to obtain permitting, this is a facility that cannot be easily replicated or built elsewhere.

- **Port-of entry status** – Bar Harbor is designated as a Class A Port of Entry by the United States Customs and Border Protection (CBP). A Class A facility allows entry into the United States by all aliens. There are only 327 such ports of entries in the US and only 16 in Maine. Such status has been critical for the ferry operation and for the visitation by cruise ships which are coming from abroad. Such a status requires the maintenance of a physical plant that has been approved by CBP, as is the case at the existing ferry terminal. Therefore this is a strategic asset of Bar Harbor and the State of Maine, one critical for current maritime activities.

Therefore, the parties have agreed that this facility should be viewed in this strategic context as part of making a determination on acquisition.

2 EXECUTIVE SUMMARY

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This Executive Summary provides a synopsis of the findings of this phase of the work.

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HISTORY

The current ferry terminal has a long history over its half a century of existence. The ferry terminal came about as a result of a competitive bid that the Town of Bar Harbor participated in during the 1950's when the Canadian government announced it wished to develop a maritime transportation ferry station between Nova Scotia and the United States.

The current site and location was chosen by the Town leadership and townspeople at the time. This process was full of discussion differing opinion over whether or not such a facility should be part of the Bar Harbor landscape. The decision was then made that such a service and facility would be of importance to Bar Harbor. The Town acquired the property and subsequently the Maine Port Authority invested $1 million in its development. Thereafter, the facility was built and the service commenced in 1954-55 with the introduction of the original M/V Bluenose ferry.

Initially, the ferry service was provided by a Crown Corporation of the Canadian government and eventually in 1980 the Canadian government decided to divest itself from the ferry operation and engaged Bay Ferries to operate the vessel between Bar Harbor and Yarmouth. Bay Ferries replaced the slower conventional car and truck carrying ferry service (the Bluenose) to the modern high-speed catamaran; the Cat in 2002. In 2006, the Cat expanded its route to not only service Bar Harbor and Yarmouth, but also including Portland several days a week.

Since its inception, the service has been relying on subsidies from both Provincial and Federal Canadian governments. Once the subsidy was discontinued, the catamaran ferry stopped operating and has since been sold and the facility has lain fallow.

Currently, the facility is controlled by Marine Atlantic and is paying its bills to maintain it in its current state.

CURRENT CONDITIONS

Currently the buildings, berths, piers, and paved areas at the Ferry terminal lie unused and are being minimally maintained by Marine Atlantic. The facility is still fully operational and if necessary can quickly be configured to receive ferries. The terminal building currently houses a CBP Port of Entry

facility which includes the latest in equipment for the search and interdiction of products that move across the border between Canada and the U.S.

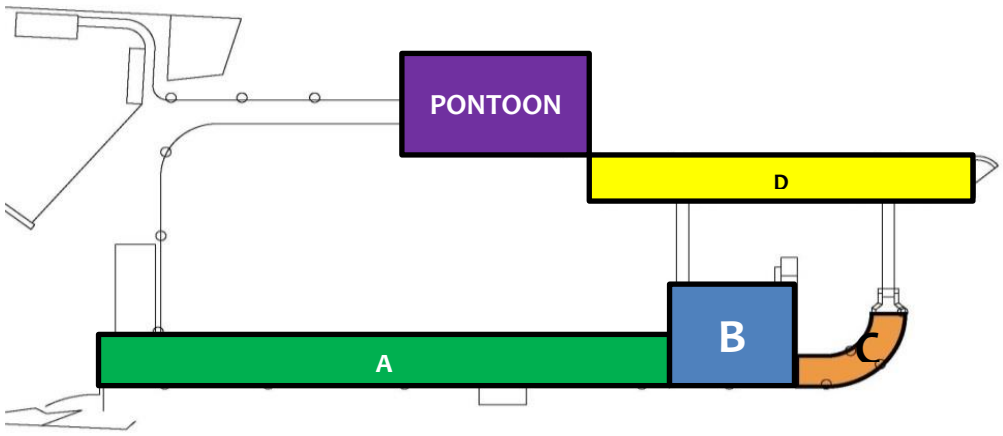
As with any other facility that remains unused for a number of years, deterioration quickly takes hold. A number of reports have been obtained that document the condition of the facility. The reports and visual inspection point out to maintenance that has been deferred. This deferred maintenance can be categorized into a number of major categories:

- **Condition of pavement** – The pavement has deteriorated and cracked in most places and will, in the near foreseeable future, need to be resurfaced in order to maintain its life.

- **Building** – The building, although fully operational, will require a number of mechanical and routine maintenance items such as painting, caulking, waterproofing, and improvements to the mechanical systems. Recently signs have been placed within the buildings indicating the presence of environmental contamination; this may require mitigation.

- **Docks** – The docks are the area where most of the deferred maintenance has taken place. The scope of rehabilitation of the existing substructures will ultimately depend on a detailed examination of each individual pile, bent by bent, and sector by sector. Inspections of the piers and docks have been categorized into the five sectors shown in Figure 2.1.

Figure 2.1 – Different sectors of the existing piers



In general, the scope of repairs may encompass the following:

- Sector A
  - This is a Sector that can be repaired and reused with a reasonable investment
  - Remove timber sheathing to inspect
  - Clean and recoat or repair as needed

- Sector B
  - This is a Sector that can be repaired and reused with a reasonable investment
  - Remove timber sheathing
  - Clean and repair as needed
  - Recoat piles or provided other protective measures

- Sector C
  - This Sector has sufficient damage, that the best solution would be to demolish and remove as part of the new pier extension

- Sector D
  - This Sector is one of the oldest and has the most deferred maintenance and damage. Since the plan does not call for immediate use for cruise operations, and since its eventual use as a ferry dock is not established until the type of ferry is actually determined (side loading vs. front loading), the strategy should be to wait until a use and design is established.
  - Deterioration is too extensive to economically repair
  - Will need to be demolished eventually

- Pontoon
  - Periodic maintenance may be required
  - It does require regular routine maintenance.

CRUISE PASSENGER FORECASTS

The summary of the findings of the cruise passenger market study are as follows:

- The assumptions made during Phase 1 of the report are valid. There is significant reason to believe that, if the pier is built, Bar Harbor will be able to attract ships that are currently bypassing the Town and can generate a net increase in passengers and calls in the general amounts as previously anticipated. Even utilizing the ECA reduced traffic model, there is still a potential upside of additional traffic to the town. The full range of passenger forecasts is shown in Figure 2.2.

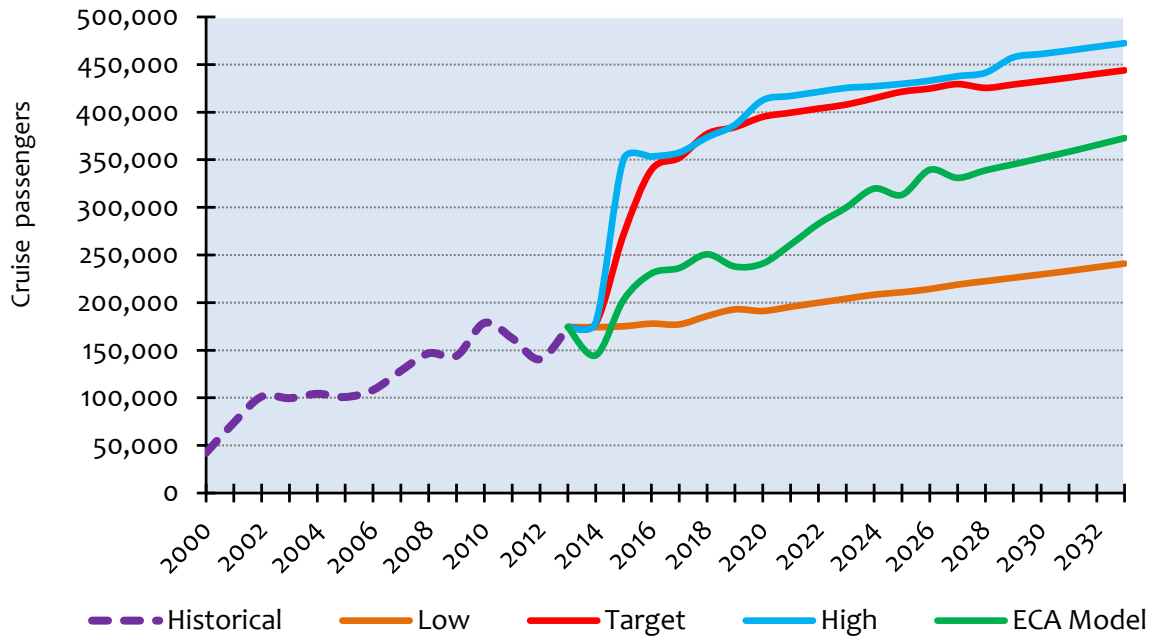
- The potential increased traffic initially will be predominately from a single line. This will make it somewhat more difficult to be able to negotiate the necessary income to pay for the investment and will also place investors at risk when traffic is generated by one company. However, over the years if the market and pier are successful, more and more traffic from other lines will arrive and will mitigate this risk.

- A pier in Bar Harbor offers a port that is closest to the homeports of either New York or Boston. This can generate significant savings to the lines in fuel costs. Nevertheless, the lines will be very sensitive to the tariff structure that is established for the pier.

- The Market Study also concluded that, if the town does not build the pier, the trends toward larger ships in the CNE market will continue and that those ships will most likely not call at

ports that do not have docks and require tendering. Therefore, at best there will be no growth in traffic; but more than likely there will be a steady decline of traffic over the years.

Figure 2.2 - Bar Harbor range of passenger projections

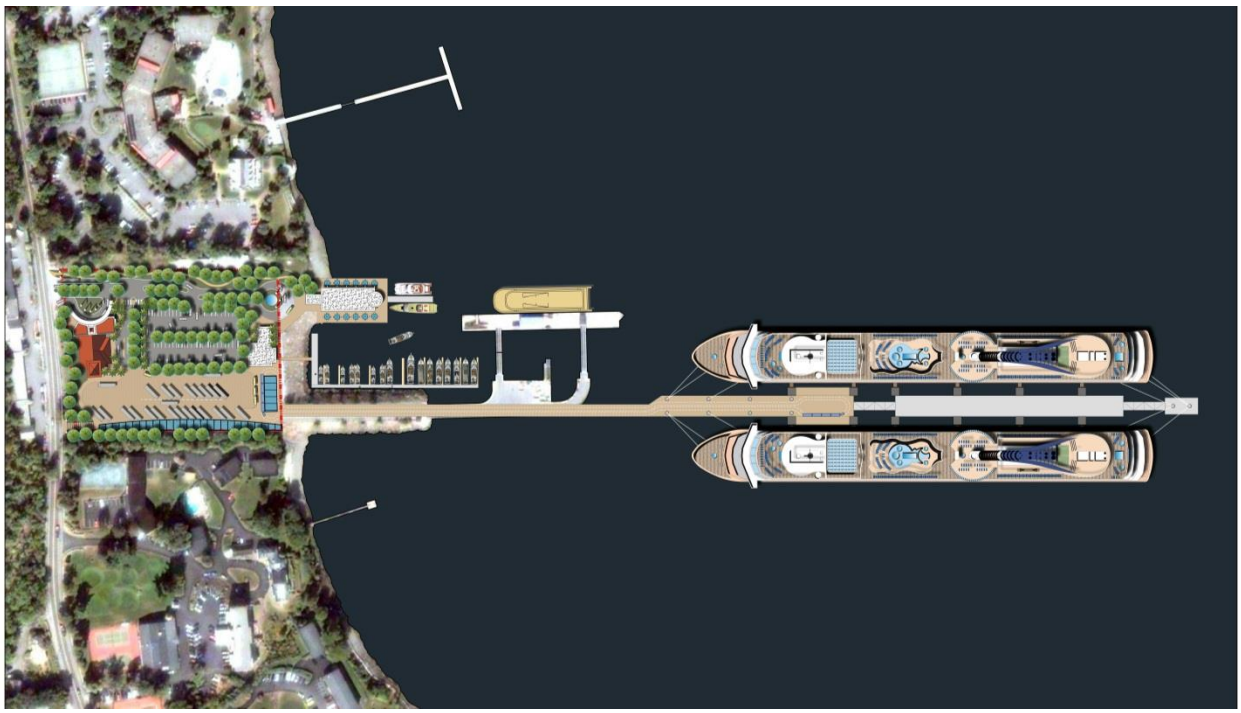


- The Market Study indicates that the overall number of passengers coming to Bar Harbor can increase significantly. The premise of this study was that growth would go to the pier while the town would maintain its current levels of traffic. The total amount of traffic that the town will then receive is as much a business as it is a policy decision by the community. The pier could easily work by moving the traffic from the town to the pier. Therefore the total amount of traffic which the Town is in a position to receive can be established as a matter of policy by the community similarly as it currently regulates maximum daily arrivals.

PIER PREFERRED CONCEPT

The proposed concept for a pier to service cruise ships is shown on Figure 2.3. The pier is approximately 60' in width in the central location where all the loading and offloading occurs and narrows down in the areas that would be mostly pedestrianized. The width is also controlled by the need to maintain separation between the overhangs that occur from each ship above the dock.

Figure 2.3 – Preferred concept



In the outermost sections of the pier where there is no need to reach alongside for loading doors, there are independent mooring and breasting dolphins with "catwalks" to allow line handling personnel to tie the ship. The concept includes two wider platforms that will allow small shuttles or rubber vehicle "trains" to run to the end of the pier and be able to transport passengers to the main transportation area.

GENERAL CONCEPT

The general concept for the upland development is shown in Figure 2.4 when the site is being used as a ground transportation area for cruise activities.

The overall plan indicates the new cruise pier on the south extension of the ferry pier, while preserving the ferry pier to the north.

Among the features of the plan are the following:

1. ***Ferry pier*** - Preservation of ferry pier for potential future use.

2. ***Cruise pier*** – construction of a new pier extension to deeper water where two cruise ships could be docked simultaneously on either side of the pier.

Figure 2.4 – Close-up of upland concept

3. ***Cruise terminal operations areas*** – an area immediately at the foot of the cruise pier would be rehabilitated to handle the transport and tour buses as well as providing space for marshaling for additional buses, public transport and it could also be an intermodal transportation center for the region.

4. ***New Terminal Arrivals building*** – If and when the old terminal building is demolished, a new terminal building would be needed which would include a new Customs and Border Protection (CBP) facility.

5. ***Movement between ship and landside*** – Because the walking distances from the ship to the tour buses is long, the concept includes areas for the use of small shuttles or rubber tired "trains" that can continuously cycle between the two points.

6. ***Marina and marine uses*** – the plan includes a marina that could be used for local boaters, fisherman, the National Park Service, water taxis, tour boats and as a mini multimodal center serving overall transport needs and joining water taxis to land transport.

7. ***Public access*** – the concept of linking the Route 3 proposed pedestrian trail through public access along the edges of the property would allow the public to reach to the water's edge.

8. ***Public uses*** – when there are no cruise ships or ferries, the public access could be managed to allow walking, viewing, fishing and other public activities.

9. ***Parking*** – part of the site, with or without the ferry, could be developed with significant amount of parking. This parking could be used as an arrivals area and visitor parking center allowing visitors to come to Bar Harbor to park and then take the public transport into the Town.

10. ***Tour/visitor/commercial development*** - This multipurpose building should include offices for activities related to the cruise and ferries, to National Park Service, to other visitor industry activities, and some small offices potentially supporting commercial activities.

11. ***Waterfront restaurant*** – the opportunity also exists to create a great restaurant and other activities more on the water's edge.

12. ***Reusability of the space*** –the space that is dedicated for bus and tour operations should be designed for reusability for public events such as concerts, open air markets, and other outdoor activities as shown in Figure 2.5.

Figure 2.5 – Alternate use for the upland site area for events

BUDGETS

Two cost estimates have been generated for the pier; the first is for the full plan and it is shown in Table 2.1, with a cost of the pier $21.3 million. The second estimate is shown in Table 2.2 and it is a

variant of the first concept that consists of a shorter pier structure, and longer trestle to the outer mooring points at a cost of $17.7 million.

Table 2.1 – Budget New double cruise ship pier				
Pier	76,500	SF	$220	$16,830,000
Mooring dolphins	1	EA	$1,500,000	$1,500,000
Dredging	0	CY	$20	$0
Fenders	12	EA	$50,000	$600,000
Bollards	20	EA	$12,500	$250,000
Trestle	800	SF	$200	$160,000
Subtotal				$19,340,000
Contingency		%	10%	$1,934,000
Total				$21,274,000

Table 2.2 – Smaller new double cruise ship pier (Variant)				
Pier	61,000	SF	$220	$13,420,000
Mooring dolphins	1	EA	$1,500,000	$1,500,000
Dredging	0	CY	$20	$0
Fenders	12	EA	$50,000	$600,000
Bollards	20	EA	$12,500	$250,000
Trestle	1,600	SF	$200	$320,000
Subtotal				$16,090,000
Contingency		%	10%	$1,609,000
Total				**$17,699,000**

For the uplands an initial budget has been established at $3.4 million to rehabilitate the existing pavement and site areas to get the cruise ship terminal working using the current terminal building, pavement, and utility systems. It is assumed that the property will be turned over by the Canadian Government free of any environmental issues and that the building does not require any major rehabilitation, mainly cleaning and signage.

SUMMARY OF PUBLIC INPUT

Overall, over the time that the study has been going on, the general response has been very favorable with certain underlying common concerns that are shared by most.

Of the formal responses that were received during the public meeting and open house 10 were positive, 6 provided general comments, and only 2 indicated concerns.

These comments can be categorized as follows:

- **Positives -** in general those individuals that concurred with the general plans provided the following major reasons:
    - Encouraged the acquisition of the terminal and preservation for marine use.
    - Would like to keep the terminal in public hands.
    - Like the concept of a mixed-use project involving open space and marinas.
    - Many liked the concept of moving ships away from the town.

- **Concerns**
    - There was one underlying concern that was expressed by both people that were in favor of the project and those that had some comments and that is the potential for overcrowding and congestion. Most people encouraged the development of a plan that would reduce congestion and overcrowding and discourage the concept of creating higher peak loads that could create further congestion.
    - Many people saw the positives of being able to have the larger ships being handled outside of the town keeping all of the bus staging and tour operations away from the current town pier, but on the other hand, were anxious to make sure that the traffic coming into town from the pier can then be handled in a more manageable way.

- **Negatives - T**he two comments that were received expressing concern over the project had to do with:
    - Increase of tourism into the town in general
    - Effects the pier would have on congestion.

Overall the public input process was good and provided some thoughtful discussion of the concept and the plan. In general, the following recommendations should be pursued if the project continues to move forward:

1. Develop a detailed congestion management plan consistent with the different cruise projections that are outlined in this report. This could involve management systems of buses and other means of transport between the Town and the pier as well as policies affecting the peaking that could occur considering both the use of the pier and the anchorage areas.
2. Develop the uplands in a way that maximizes public benefit by providing access and other opportunities consistent with the development of an approved ISPS Plan (security plan) for the cruise and ferry operations.
3. Develop the plan consistent with all environmental guidelines.
4. Develop a plan consistent with minimizing visual impacts to the area and generate additional views as requested by the adjacent property owner.

FINANCING THE INVESTMENT

This feasibility study prepared a financial model to evaluate the project. For this model it is assumed that the investment is being financed as a revenue bond issue that will provide as debt 100% of all the capital costs, soft costs, costs of issuances, and a certain amount of capitalized interest to cover the

shortfalls during the period of construction. The estimated annual payments based on 6% interest for 30 years are estimated at $2.0 million per year for both P&I.

When this annual payment is subtracted from the net operating revenues, we can then calculate the net-net revenues as shown in Figure 2.6.

The Figure shows that the early years need to be structured with a sound finance plan to be able to structure payments, capitalize interest payments, and defer certain cost to a period once the operation has started. In addition, the new growth scenario will not generate sufficient coverage in the early years.

Figure 2.6 – Net-net revenues after debt service

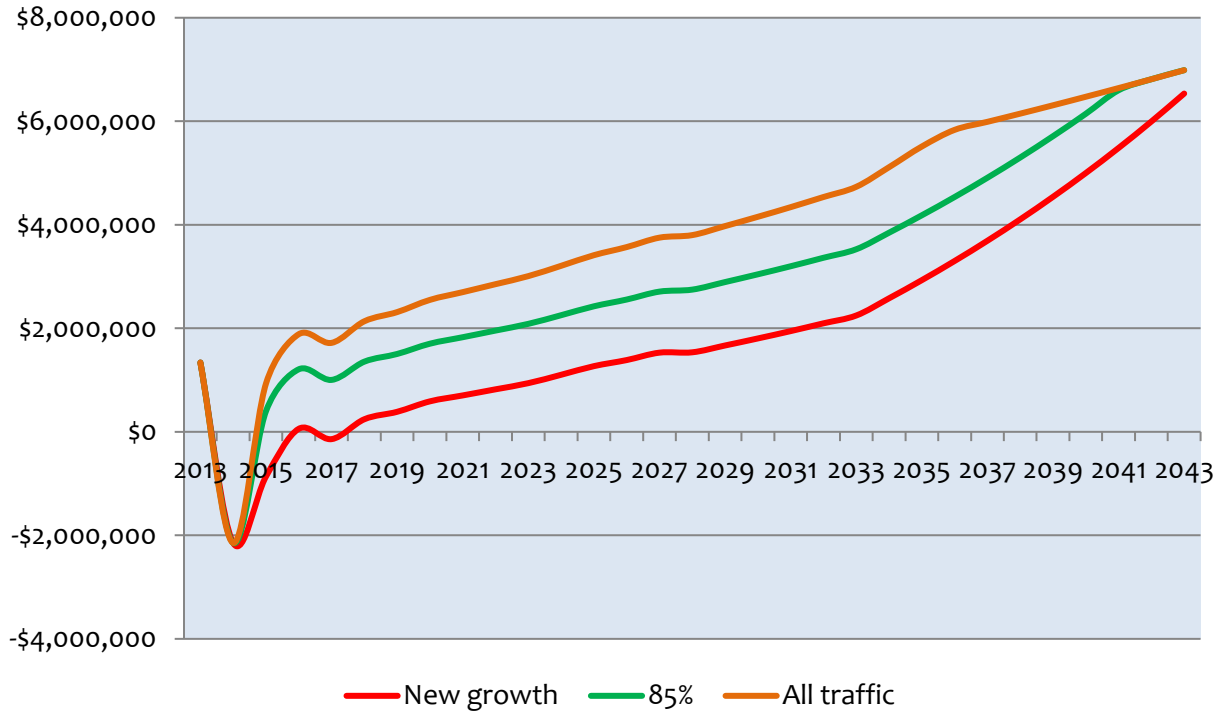


Table 2.3 shows the key financial indicators and sensitivity of the feasibility of the investment to the different levels of traffic and traffic split between the Town and the pier.

Table 2.3 – Sensitivity test of varying investment						
	Different scenarios					
	1	2	3	4	5	6
Investment	$24.7		$21.1		$24.7	
Traffic level	Target		Target		High	ECA
% split	New growth	All traffic	New growth	All traffic	New growth	All traffic
IRR	8.7%	13.1%	10.1%	14.9%	9.4%	9.8%
First year coverage	**0.59**	**1.51**	**0.72**	**1.79**	**1.12**	**1.05**

The plan, as shown, shows that the project can be feasible under certain scenarios. The next step is the development of a financial plan by an investment house that can look at the market studies, underlying factors of the industry, the forecast and vision, and begin to structure the debt and revenue stream to mitigate the periods of low coverage, and establish the appropriate levels of interest for a bond issue of this size. The financial plan will provide the basis for then moving forward with the financial program.

OPERATING MODEL OPTIONS FOR BAR HARBOR

The way that ports operate their cruise facilities are highly varied throughout the world and the United States. This is due to the organic nature of the growth of the cruise business where most ports adapted some form of their other operations to provide this service. These range from totally outsourcing all of the functions above to performing all functions in-house and or multiple combinations of the two.

Considering the nature of this terminal facility, there are two potential operating options that could be considered:

- **Self-perform** - Hire a facility manager that will then contract out specific issues such as maintenance, housekeeping, etc.

- **Management model** - Bid and outsource entire terminal operations to an entity. The management model is where the port will seek to privatize the different operations of the port as a way of reducing costs, controlling them better, and linking a level of service to a payment scheme through a contractual relationship.

The final decision on the operations does not need to be made at this point in time, but rather should be the source of further detailed evaluation and should be linked to the final finance plan and capabilities of the entity that will manage the asset.

IMPLEMENTATION

Implementation and execution of this project will require four distinct phases as it moves from idea to reality. Each phase requires a distinct set of strategic and operational skills. Continuity from phase to phase is also essential. The phases are listed below. Understanding the needs of each phase are critical:

- Planning stage
- Development stage
- Design and construction stage
- Operational stage

Currently the process needs to move from the current planning stage to the development stage. In determining how this process moves forward, although there is a great advantage in designating an entity that can carry the entire process from all stages from one to the other to provide continuity, it does not necessarily have to be the same.

NEXT STEPS

The key is to be able to move the project from its current planning stage to the next development stage. Major steps that need to be taken are as follows:

1. ***Finance plan*** - Engage a firm to develop a finance plan based on a revenue bond issue which will be linked to the net revenues generated by the facility. The finance plan needs to take into account the current market for tax exempt bonds in the U.S., the creditworthiness of the entity that will issue the bonds, the necessary coverage rates that will be required, and the need for any underlying credit enhancements for the bond issue, if any. The plan will also need to look at available mitigation and curing mechanisms that will be available to bond holders which will include issues such as diversion of traffic from the Town to the facility to increase revenue, increase tariffs, reduction of operating expenses, deferment of PILOT payments and others.

   This is a critical step as it will not only define the amount of funds that could be generated through this revenue bond mechanism, but will also provide significant input as to the quality of the entity that is required to issue and support the debt.

2. ***Cruise line engagement*** - Simultaneously with the above process, there might be a need to enter into more formal discussions with certain cruise lines to establish a Formal Use Agreement if they would be so inclined. The process of establishing preferential berthing agreements with cruise lines seeks to trade a commitment by the cruise lines to provide a certain level of passengers and revenues over a prescribed period of time in return for

assurances and having a berth preferentially available. These are very difficult agreements to obtain and are usually associated with facilities that have had significant traffic for a long period of time. In the case of Bar Harbor, the business plan is relying on its recent success and the future results that the cruise lines are expecting for 2013 and 2014. Therefore, these agreements might not be possible and will require serious negotiations. In addition, when cruise lines guarantee traffic, they also want a preferential rate associated with that traffic. In the case of Bar Harbor, we are seeking to establish a competitive rate for the use of the pier. Nevertheless, this process is one that needs to be considered during the development of the finance plan in order to bring revenues and capital sources together into one cohesive package.

3. ***Acquisition of facility*** - The third simultaneous element that needs to be done during the next phase is the completion of negotiations with the Canadian Government for the acquisition of the property and all the necessary legal and due diligence items that need to be completed in this terminal.

4. ***Program*** – Once the above three steps are nearing successful completion, the final major step that also needs to be accomplished is the development of the entire program from both a budgetary, schedule and implementation point of view to assure that the funds, which are being sought as part of the finance plan, are balanced with the programmatic needs of the project.

5. ***Traffic policy*** - One last final point that should be considered at a policy level is the underlying policy body that will govern the operation and finances of the Bar Harbor Ferry Terminal. Currently, the Maine Port Authority (MPA) is the entity that is moving the process forward during the initial phases of development. A discussion as to the operational policy board should be established; this should include the berthing policy including operation of the anchorage area, traffic limits, and congestion mitigation measures.

The above are the critical next steps in the process. During this time, decisions can be made as to further implementation strategies for the project which might include privatization of operational or investment strategies.

It is important to note that, as a state-wide port authority, the MPA provides guidance and direction to various facilities throughout the State. Representation of the Port Authority is from all over the state of Maine. Among the options available for future consideration is to continue with the same format and/or adjust or create a hybrid entity in which representation of the governing body includes members from the Bar Harbor community.

3 HISTORY

The current ferry terminal has a long history over its half a century of existence. The ferry terminal came about as a result of a competitive bid that the Town of Bar Harbor participated in during the 1950's when the Canadian government announced it wished to develop a maritime transportation ferry station between Nova Scotia and the United States.

The current site and location was chosen by the Town leadership and townspeople at the time. This process was full of discussion and differing opinions over whether or not such a facility should be part of the Bar Harbor landscape. The decision was then made that such a service and facility would be of importance to Bar Harbor. The Town acquired the property and subsequently the Maine Port Authority invested $1 million in its development. Thereafter, the facility was built and the service commenced in 1954-55 with the introduction of the original M/V Bluenose ferry.

Initially, the ferry service was provided by a Crown Corporation of the Canadian government and eventually in 1980 the Canadian government decided to divest itself from the ferry operation and engaged Bay Ferries to operate the vessel between Bar Harbor and Yarmouth. Bay ferries replaced the slower conventional car and truck carrying ferry service (the Bluenose) to the modern high-speed catamaran; the *Cat* in 2002. In 2006, the *Cat* expanded its route to not only service Bar Harbor and Yarmouth, but also including Portland several days a week.

Among some key milestone dates are:

- Digby – Saint John service is 175 years old
- Original operator was Canadian Pacific

- 1949; Canadian Authorities announce that Canada and Nova Scotia would share in a new ferry terminal in Yarmouth with service to a port in Maine
  - Bar Harbor lobbied for the designation and began to create enticements
  - The Town agreed to pay $15,000 for the site – (owned by Edward Stotesbury)
- 1953; opposition to the site, but Town Council proceeded
- 1953; Maine Legislature agreed to fund $1 million for the terminal to be owned by the Maine Port Authority (MPA) and leased to CNR. Town voted to transfer property to MPA
- 1955 – Bluenose christened
- Bar Harbor – Yarmouth service providers:
  - CN Marine (later renamed Marine Atlantic) and in
  - 1997 the service was transferred to Bay Ferries, Ltd.
- Initially there were lots of design and operational issues – and yet successful due to:
  - Fisheries business
  - Passengers
- 1969 – Yarmouth to Portland ferry starts
- 1980 – the original Bluenose replaced with the Jutlandica (later rechristened the Bluenose)
- 1998 - The *Cat* high-speed catamaran service is introduced
- 2010 – Services end

Since its inception, the service has been relying on subsidies from both Provincial and Federal Canadian governments. Once the subsidy was discontinued, the catamaran ferry stopped operating and has since been sold and the facility has lain fallow.

Currently, the facility is controlled by Marine Atlantic, the Crown Canadian Corporation that is the successor to CN Marine and is paying its bills to maintain it in its current state.

4 INFORMATION GATHERED AND APPROACH

In addition to the data gathered during Phase 1 additional information was collected in Phase 2 in order to complete the assignment. Among the data collected were:

- Town budgets
- Cruise schedules
- Town cruise budgets
- Property tax information / assessments
- Yarmouth Economic Impact Statement
- Original Deeds
- Basic plans of the facility
- Partial operating budget of the facility
- Cost to repair the facility
- Miscellaneous information
- Terminal condition reports
- Tariffs at adjacent ports
- Cost of tendering
- Cruise traffic throughout the region
- Ferry traffic assessments

Historical and current information was gathered including past schedules of the facility, cost of operating the facility, plans, economic impact statements, and condition reports.

One very important study that was collected independently was a report that forecasted future ferry traffic between Yarmouth and Maine and evaluated the feasibility of that service into the future.

INTERVIEWS AND PRESENTATIONS

In combination with the work performed in Phase 1, a series of interviews and presentations were held with elected officials, business people, representatives of the different industries and sponsors of the report. In some cases there were follow-up meetings between the two phases. In particular, discussions were held with:

- Staff of the Town of Bar Harbor
- Town Council of Bar Harbor
- Maine Port Authority
- CruiseMaineUSA

- Bar Harbor Chamber of Commerce
- National Park Service
- Current staff of the ferry terminal facility
- Representatives of:
    - Ocean Properties
    - Witham Family Properties
    - DownEast Transportation
    - The fishing industry
    - Hotel industry
    - Marine Atlantic
- Cruise Lines
    - Crystal
    - Silverseas
    - Carnival
    - Royal Caribbean
    - NCL
    - Princess
    - Holland America

In addition, presentations were made to the following bodies or groups:

- Town Council, Town of Bar Harbor
    - Including public comment
- Maine Port Authority Board
- Bar Harbor Chamber of Commerce
- Town Open House

The Appendix of this report contains the:

- Certain condition information provided by Marine Atlantic
- Comments received at the Open House.

MAJOR FINDINGS DURING DATA COLLECTION PHASE

The findings based on the data collected can be categorized in the following major themes:

1. This is a one-of-a-kind facility and it should be preserved. The parties should do whatever they can to acquire the facility.

2. The impact that ferry service has had on the Town and its businesses has evolved over time. Where once it was critically important to economic development of the Town, by the time that the ferry was cancelled it had a different type of impact on the community. Since the ferry has been discontinued, most businesses in the community have adapted and have thrived. Therefore, the impact of the loss of the ferry has not been as dramatic in Bar Harbor. In Yarmouth, on the other hand, the impact has been dramatic.

3. B&A received many suggestions for other uses of the property including a series of public uses such as museum, open space, and others. For purposes of this study, the analysis is concentrating on those which could generate revenue.

4. There was strong direction that whatever uses are considered on the property should not negatively impact the existing businesses in the Town. Therefore the study should not be relying on the relocation of an existing traffic or use in order to create revenue at the expense of those already in town.

5. Everyone felt that the acquisition of the ferry terminal should, in some way, become part of a strategy to resolve some of the congestion issues associated with cruise traffic and parking within the Town center.

USES CONSIDERED

During the Phase 1 Study the following public and private uses were discussed and considered in developing a financial model to determine if there is financial feasibility:

1. Preservation of a portion of the facility for the potential re- starting up of a new ferry service between Bar Harbor and Nova Scotia.

2. The construction of pier to attract cruise ships that are currently not calling in Bar Harbor due to the lack of a dock.

3. Some level of commercial development in the property which could be used to generate revenues to offset costs.

5 CURRENT CONDITIONS

Currently the buildings, berths, piers, and paved areas at the Ferry terminal lie unused and are being minimally maintained by Marine Atlantic. The facility is still fully operational and, if necessary, can quickly be configured to receive ferries. The terminal building currently houses a CBP Port of Entry facility which includes the latest in equipment for the search and interdiction of products that move across the border between Canada and the U.S.

As with any other facility that remains unused for a number of years, deterioration quickly takes hold. A number of reports have been obtained that document the condition of the facility. The reports and visual inspection point out to maintenance that has been deferred. This deferred maintenance can be categorized into a number of major areas:

- **Pavement** – The pavement has deteriorated and cracked in most places and will, in the near foreseeable future, need to be resurfaced in order to maintain its life.

- **Building** – The building, although fully operational, will require a number of mechanical and routine maintenance items such as painting, caulking, waterproofing, and improvements to the mechanical systems.

- **Docks** – The docks are the area where most of the deferred maintenance has taken place. Although a detailed evaluation was not done, a cursory view of the facility shows conditions that have been previously documented, mainly deterioration of the piles under the pier, are in need of attention. This will represent a significant cost.

- **Docking and floating equipment** – This is an area of the facility that, because of its more recent construction, seems to be in the best shape. Nevertheless it does require regular routine maintenance.

As is, the facility could begin operating with little difficulty immediately. However, most of these deferred maintenance items will need to be taken care of, particularly the condition of the piles.

Among the current costs of up keeping the facility are the following:

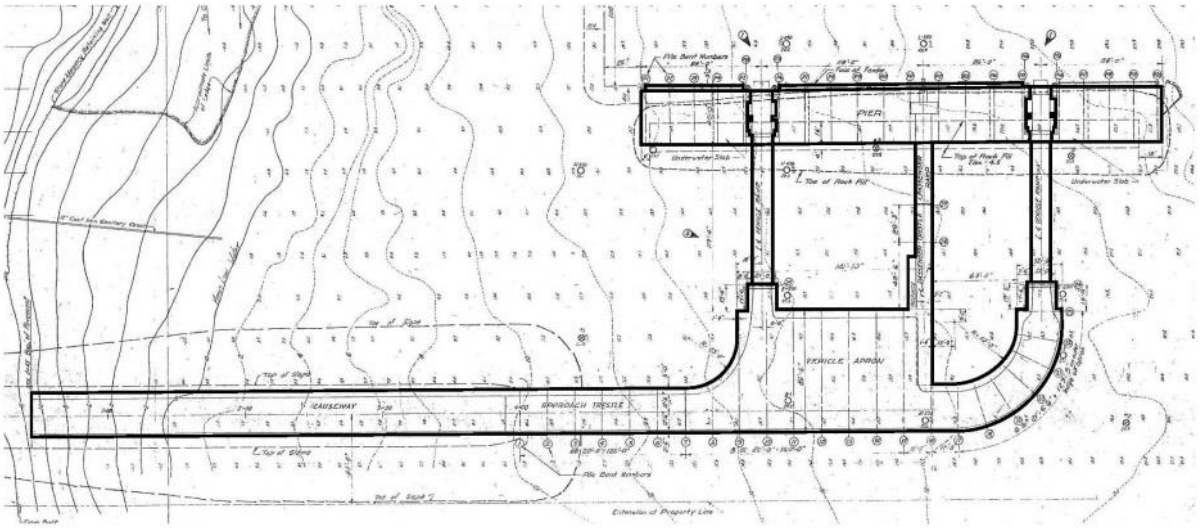
- Costing Marine-Atlantic between $150,000 to $250,000 per year
- Paying taxes to the Town of approximately $70,000 / yr.
- There was an estimate a cost of C$1 million to demolish the facility
- There was an estimate C$2 million in deferred maintenance in the buildings

The Canadian government estimated that the cost for the replacement of the facility would be over C$17 million. In a second report that was done for ACOA, a cost estimate of C$11.5 Million as deferred maintenance for both the Yarmouth and Bar Harbor facility was cited.

PIER INSPECTIONS

A survey was performed on the existing Ferry Terminal Pier (Figure 5.1) to inspect the general condition of the structure, determine the extent of deterioration and/or corrosion and assess the level of repair necessary to restore the structure to a functioning pier or for other uses. This inspection was further correlated with data collected from other surveys done by the current owner and the State of Maine.

Figure 5.1 – Pier structures



Corrosion

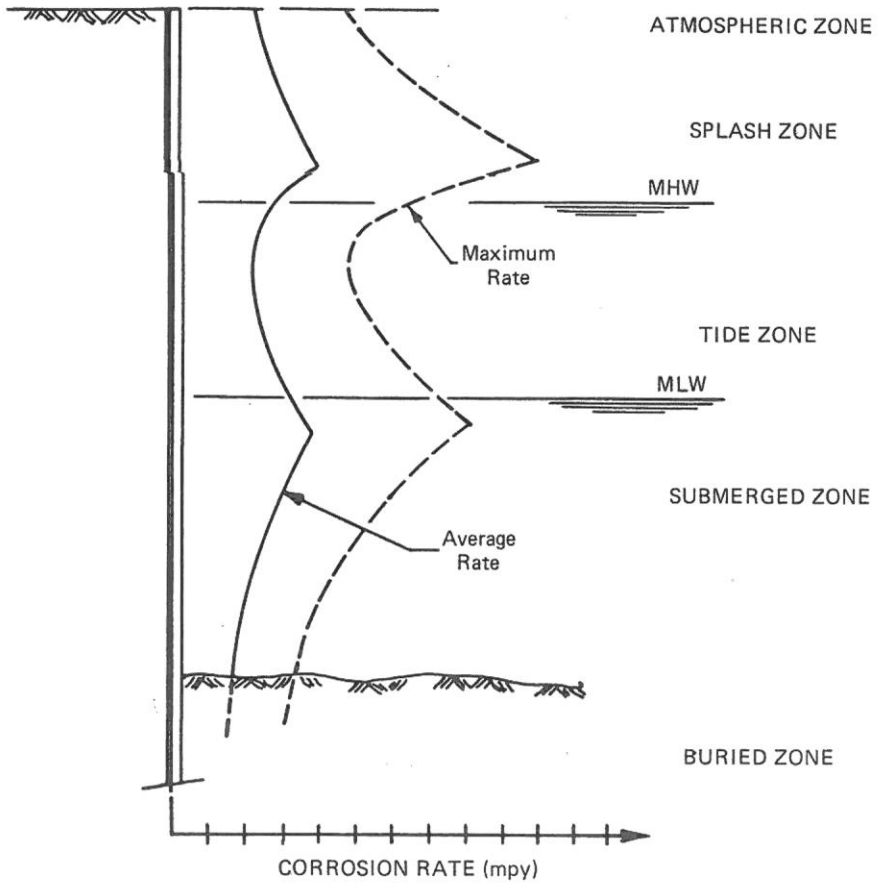
The substructure exhibited varying degrees of corrosion and structural deterioration. Corrosion of the structural components of the substructure, as expected, was observed and tended to be concentrated in both the splash zone and the tidal zone. A typical distribution of substructure corrosion is shown in Figure 5.2 below.

The corrosion observed in the splash zone ranged from light to moderate. The area of corrosion was typically located above the mean high water level (MHW). This type of corrosion is caused by intermittent wetting and drying. It tends to be more pronounced where a protective film of corrosion is continually or periodically washed away under wave or storm action.

The corrosion in the tidal zone ranged from light to severe. Tidal zone corrosion is typically located 1 to 2 ft. above the mean low water level (MLW). Corrosion in the tidal zone tends to be more pronounced in cold water regions with a high tidal range. It is more pronounced near or just above the mean low water level. It is principally caused by concentrations of dissolved oxygen in the water.

Cold water tends to have a high content of dissolved oxygen. It is this high concentration of dissolved oxygen (O_2) in the water that accelerates the oxidation-reduction chemical reaction.

Figure 5.2 – Major corrosion zones in a marine environment



The results of the survey are organized into four sectors. The sectors were determined either by a distinct change in geometry or structural components. The pier was divided into the following sectors:

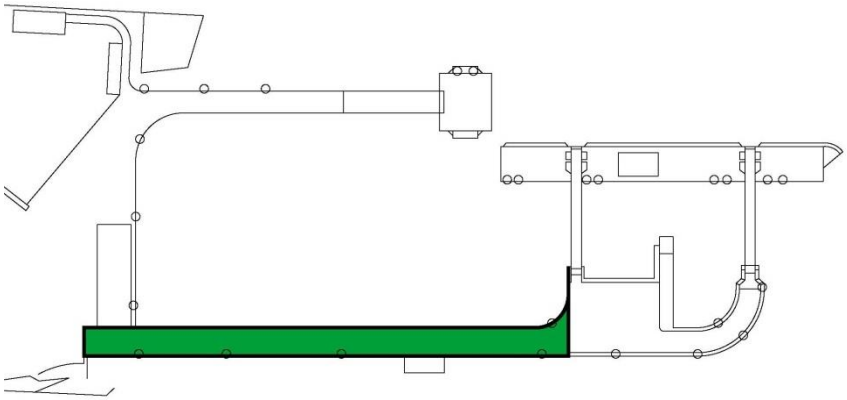
- Sector A – Approach Trestle
- Sector B – Vehicle Apron
- Sector C – Curved Ramp
- Sector D – Main pier
- Pontoon – the newer floating ro-ro platform built for the CAT High Speed ferry

The degree of corrosion in the tidal zone varies considerably by sector, ranging from light to moderate in Sectors A, B, and C and generally severe in Sector D.

SECTOR A - APPROACH TRESTLE

Sector A is composed of the approach trestle which begins near the shoreline and extends to the platform as shown in Figure 5.3 below.

Figure 5.3 – Sector A – Approach trestle



Superstructure

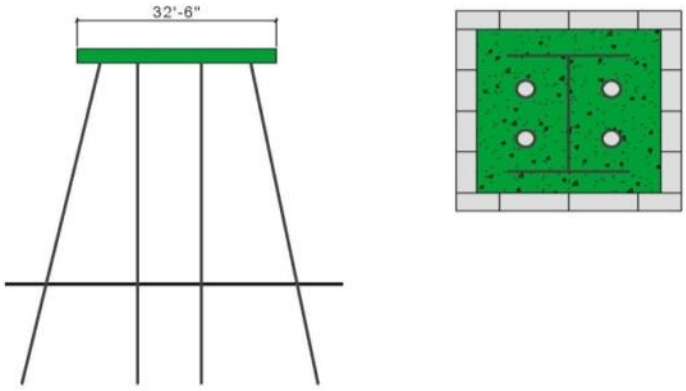
The superstructure is composed of a concrete slab on intermediate bents. The superstructure was observed to be in fairly good condition with only isolated areas of some deterioration (See Figure 5.4). The source of the deterioration appears to be as a result of freeze-thaw action on the concrete slab.

Figure 5.4 – Picture of underside of Approach Trestle

Substructure

The substructure, as shown in Figure 5.5 is composed of intermediate bents with 4 steel piles per bent and a reinforced concrete cap. The steel H-piles are designated as 14BP89 piles on the existing contract drawings which is consistent with the approximate field measurements of 14" for the flange and 14" for the web. The piles were observed to be encased in concrete above the mean low water line with an approximate thickness of 2" over the flanges. In addition, the concrete encased piles are covered with a timber sheath. The purpose of the timber sheath is surmised to be to prevent deterioration of the concrete encasement due to marine fouling.

Figure 5.5 – Cross section of Approach Trestle (Sector A)



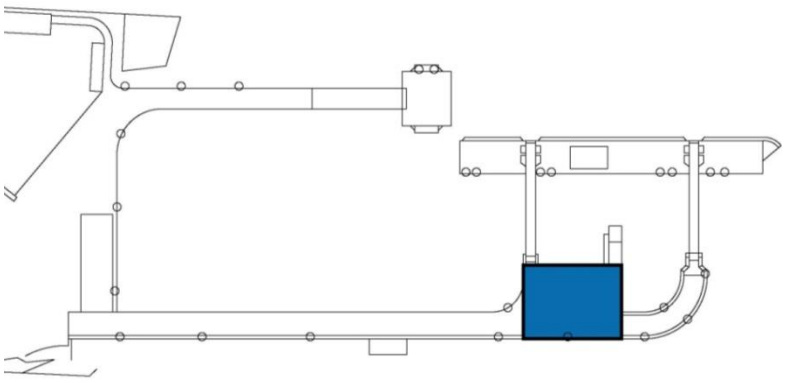
The majority of the piles had their timber sheaths in place. No corrosion was observed in the splash zone (Figure 5.6). Some marine fouling was observed on the timber sheath within the tidal zone.

Figure 5.6 – Picture of Sector A

SECTOR B – VEHICLE APRON

Sector B is composed of the central platform as shown in Figure 5.7 below. The platform looks like an area where vehicles would drive to and was used to provision the side loading ferry.

Figure 5.7 – Sector B – Vehicle Apron



Superstructure

The superstructure is composed of a concrete slab on wider intermediate bents. The superstructure (see Figure 5.8) was observed to be in fairly good condition with no areas of observed spalling or corrosion staining.

Substructure

The substructure is composed of intermediate bents with 7 steel piles per bent and a reinforced concrete cap. The steel H-piles are designated as 14BP89 piles on the existing contract drawings which is consistent with the approximate field measurements of 14" for the flange and 14" for the web. The piles were observed to be originally encased in concrete above the mean low water line with an approximate thickness of 2" over the flanges. In addition, the concrete encased piles were covered with a timber sheath. The level of corrosion and deterioration within Sector B is more variable.

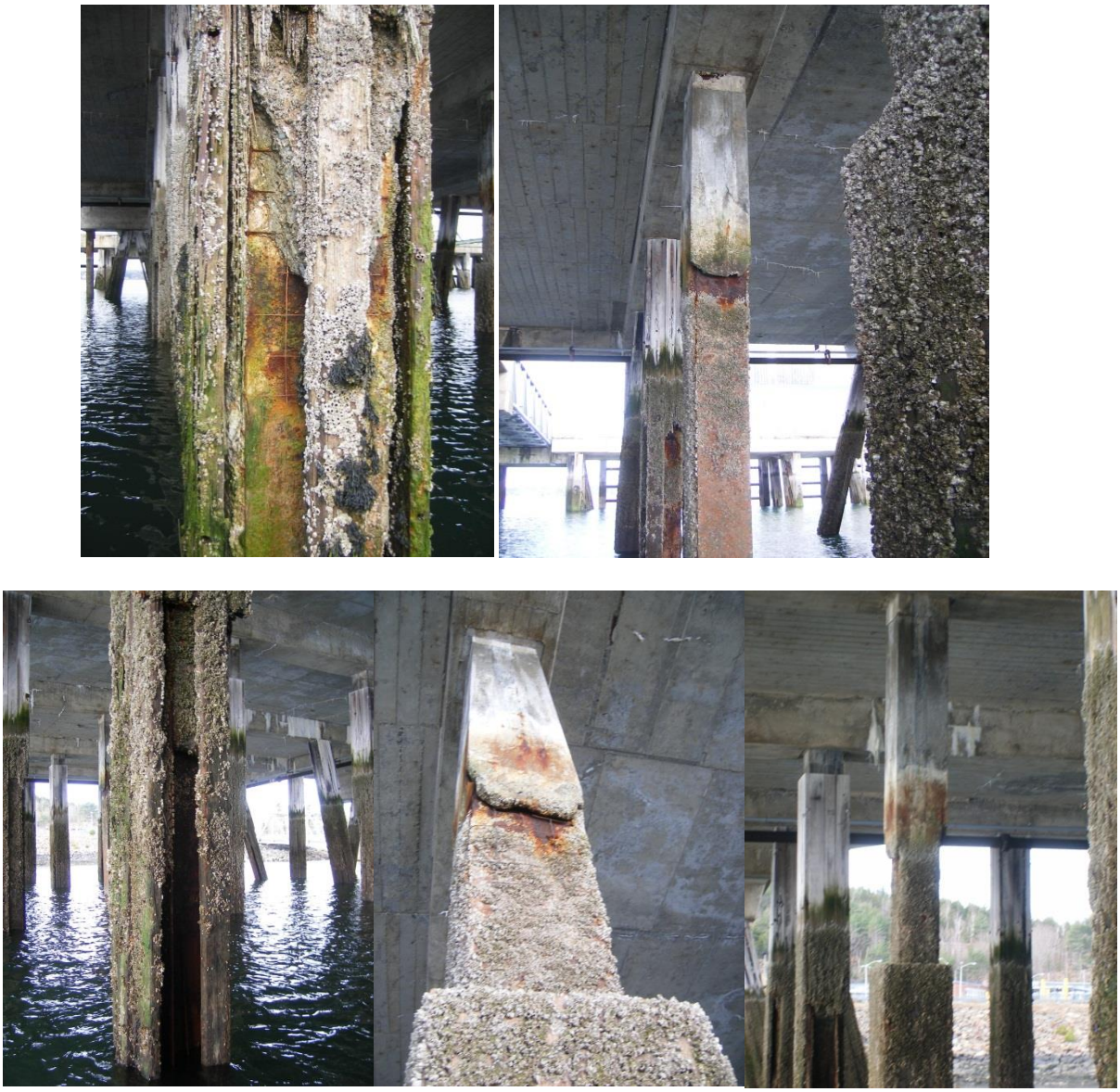
Figure 5.8 – Picture of underside of slab in Sector B

Heavy marine fouling on the timber sheaths was observed. Portions of the timber sheaths were missing from several piles.

Where the timber sheaths were missing, deterioration of the concrete encasement was observed, ranging from partial loss along the splash zone to complete loss along the tidal zone.

A series of pictures are shown in Figure 5.9 showing the varying conditions of the piles in this Sector

Figure 5.9 - Pictures of piles above low water



Within the tidal zone, some piles exhibited complete loss of the concrete encasement. Corrosion on the exposed steel piles ranged from light to moderate.

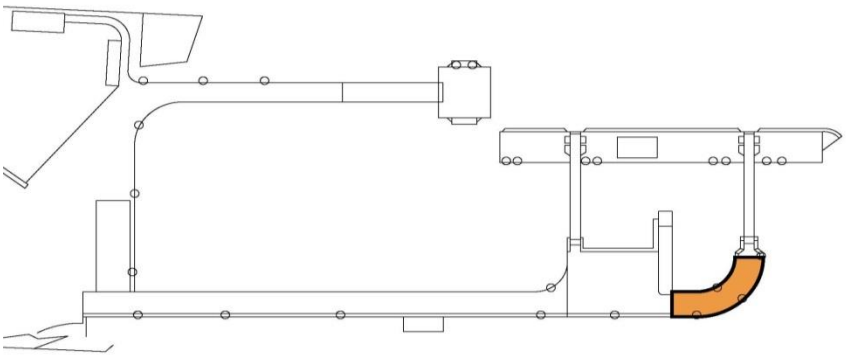
Picture 5.10 shows the totally exposed flange of the steel H-pile.

Figure 5.10 – Exposed flanges

SECTOR C – CURVED RAMP

Sector C, as shown in Figure 5.11 is the curved pier section at the outermost point in the pier. It is the most exposed area to the elements.

Figure 5.11 –Sector C – Curved pier



Superstructure

The superstructure is composed of a concrete slab on radial intermediate bents similar to the Sector A bents. The superstructure was observed to be in fairly good condition with no areas of observed spalling or corrosion staining. Pictures of the underside of the superstructure are shown in Figure 5.12.

Figure 5.12 – Pictures of Sector C

Where the timber sheaths were missing, deterioration of the concrete encasement was observed, ranging from partial loss to complete loss of the concrete cover over the flanges within the splash zone.

Substructure

The substructure is composed of intermediate bents with 4 steel piles per bent and a reinforced concrete cap. The steel H-piles are designated as 14BP89 piles on the existing contract drawings which is consistent with the approximate field measurements of 14" for the flange and 14" for the web. The piles were observed to be originally encased in concrete above the mean low water line with an approximate thickness of 2" over the flanges. In addition, the concrete encased piles were covered with a timber sheath. The level of corrosion and deterioration within Sector C is more concentrated in the splash zone.

Heavy marine fouling on the timber sheaths was observed. Portions of the timber sheaths were missing from several piles.

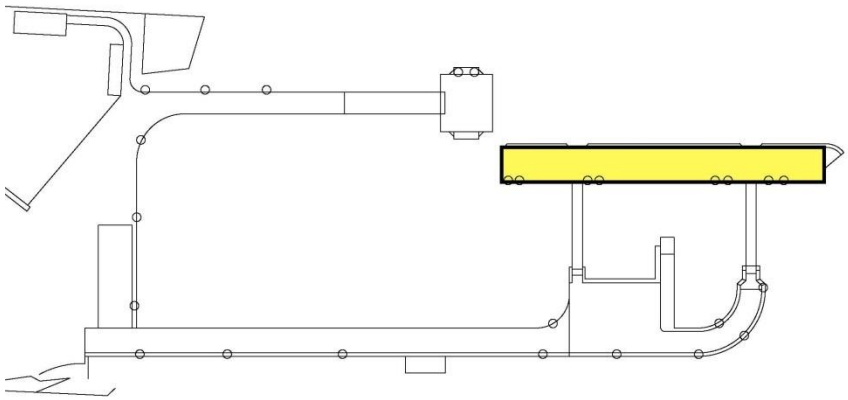
The exterior piles, apparently those most exposed to storm action, exhibited pronounced deterioration of the concrete cover and consequently of the pile flanges. In contrast to the other bents, deterioration and/or corrosion is more pronounced the in the upper reaches of the splash zone. Within this area, a number of piles are showing signs of scaling of the steel flanges. A series of pictures of these piles are shown in Figure5.13.

Figure 5.13 – Pictures of piles in Sector C

SECTOR D – MAIN PIER

Sector D is composed of the original loading pier built for the side loading ferry. It contains the side fenders for the pier as well as unused passenger gangway ramps enclosed within a wooden shed. The limits of Sector D are shown in Figure 5.14.

Figure 5.14 – Main Pier



Superstructure

The superstructure is composed of a thick concrete flat slab bearing directly on the piles. The superstructure was observed to be in fairly good condition with no areas of observed spalling or corrosion staining except where damaged due to fender impact. Figure 5.15 shows the underside of the main pier slab.

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Figure 5.15 – Underside of main pier

Substructure

The substructure is composed of intermediate bents with 6 or 9 steel piles per bent (see Figure 5.16). The steel H-piles are designated as 14BP89 piles on the existing contract drawings which is consistent with the approximate field measurements of 14" for the flange and 14" for the web. The piles were observed to be originally encased in concrete above the mean low water line with an approximate thickness of 2" over the flanges. In addition, the concrete encased piles were covered with a timber sheath. The level of corrosion and deterioration within Sector D is generally severe. Corrosion and deterioration was observed both in the splash zone and in the tidal zone.

Figure 5.16 – Piles underneath main pier

Corrosion of the exposed steel piles was most severe in the tidal zone with a concentration of corrosion just above the mean low water level.

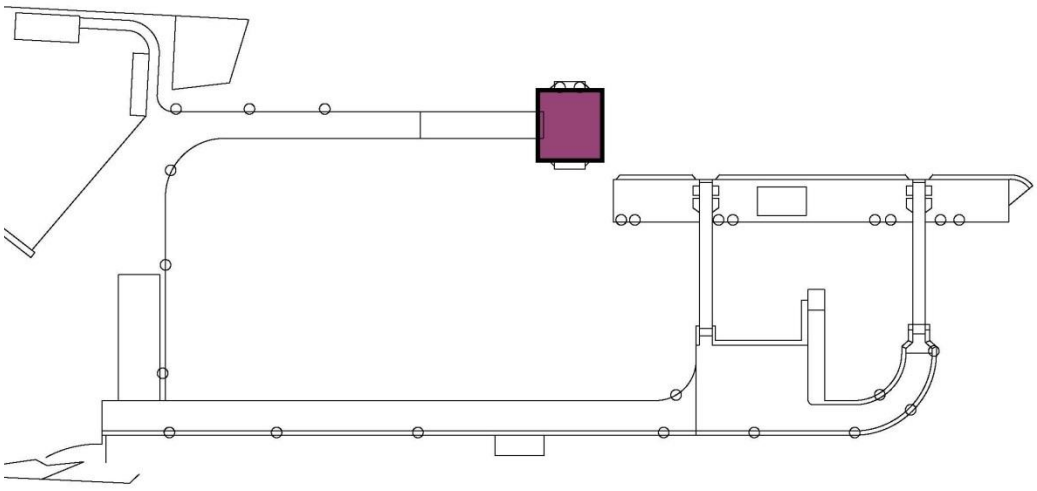
The degree of corrosion in the piles within the tidal zone ranged from flange feathering or flange loss to complete section loss. The full range of damage is shown in Figure 5.17. In one of the pictures it shows how the pile has totally failed and no longer provides any bearing capacity to the pier.

Figure 5.17 – Varying conditions of pile damage underneath Sector D

PONTOON

The pontoon is the floating platform (Figure 5.18) used to load the front-loading CAT Ferry. It is the newer construction of the facility. The pontoon, located adjacent to the pier, appears to be in fairly good condition.

Figure 5.18 - Pontoon



The guide structures consisting of large diameter pipe piles with a thick concrete tie cap had some light marine fouling on the piles but showed no signs of steel corrosion. Light pitting of the piles above the water line was noted. The structure is shown in Figure 5.19.

Figure 5.19 - Guide structure for pontoon (ro-ro platform)

SCOPE OF RECOMMENDED REPAIRS AND MAINTENANCE

The scope of rehabilitation of the existing substructures will ultimately depend on a detailed examination of each individual pile, bent by bent, and sector by sector. In general, the scope of repairs may encompass the following:

- **Sector A**
  - This is a Sector that can be repaired and reused with a reasonable investment
  - Remove timber sheathing to inspect
  - Clean and recoat or repair as needed

- **Sector B**
  - This is a Sector that can be repaired and reused with a reasonable investment
  - Remove timber sheathing
  - Clean and repair as needed
  - Recoat piles or provided other protective measures

- **Sector C**
  - This Sector has sufficient damage, that the best solution would be to demolish and remove as part of the new pier extension

- **Sector D**
  - This Sector is one of the oldest and has the most deferred maintenance and damage. Since the plan does not call for immediate use for ferry operations, and since its eventual use as a ferry dock is not established until the type of ferry is actually determined (side loading vs. front loading), the strategy should be to wait and avoid any expenditures until a use and design is established.

  - Deterioration is too extensive to economically repair
  - Will need to be demolished eventually

- **Pontoon**
  - Periodic maintenance may be required

6 CRUISE PASSENGER FORECASTS

RESULTS OF PHASE 1

During the Phase 1 study, an independent cruise market forecast or research was not done; rather an assumption was made about long-term growth rates for the industry and a "what-if" scenario was created for future business in Bar Harbor.

Since part of the original guidance or desires were that that the uses of the Ferry Terminal should have minimal impacts on the current business in Town, an analysis was done as to the potential revenues that could be received from the additional or "delta" of new cruise passengers over and above the passengers that were coming to the Town in 2011.

The conclusion of the Phase 1 study is that growth of the cruise sector represented the most viable means to create a revenue stream that would allow the terminal to remain a marine facility. This growth initially would most like result, not new traffic in the region, but from existing traffic that is by-passing Bar Harbor because of the lack of a pier. Based on these assumptions, financials were calculated that indicated that this would likely be the most viable revenue source for the terminal until and if ferry service commences again.

Because of the importance of these assumptions, the Phase 2 work included an in-depth analysis of these assumptions, the development of long-term cruise passenger forecasts and the testing of the theory that ships by-passing Bar Harbor would arrive if a pier was built. As part of this task, interviews were conducted with the major cruise lines in the region and others.

THE ROLE OF PORTS IN ITINERARY PLANNING

Cruise lines are focused on cruise itineraries that are easy to assemble and return a high profit. These are typically based upon consumer demand. The creation of cruise itineraries that fit within consumer vacation patterns is essential in defining the product and offering it to the consumer market interested in Canada & New England sailings. The deployment of cruise vessels closer to the home of cruise consumer groups allows the passenger to forego air travel and has significantly increased the number of passengers and ships in the region through the expansion of vessels based in New York and Boston. These ships have the ability to sail southward towards the Caribbean, East to Bermuda, or North to the CNE region.

Cruise lines mix homeports and ports-of-call that are known commodities to consumers in order to market a region and cruise successfully. What ports qualify as "marquee" or "new" is to a great degree

dependent upon the cruise brand and their targeted consumer group. Bar Harbor is a marquee port-of-call on the Canada & New England cruise itinerary patterns for all of the brands and consumer demographic groups sailing on the variety of itineraries in the region. Bar Harbor can offer an excellent alternative on a number of cruise patterns due to its value in terms of consumer interest and shore excursion revenue opportunities.

Lines will limit time in ports and yet expect to create value experiences. They will also specifically gauge speed and distances to reduce the operational costs in this area, specifically where low sulphur fuels are required due to environmental regulations. Within the CNE patterns, for ships by-passing Bar Harbor, adding the Town as part of the itinerary has the potential to reduce sailing distance and speed vs. these other regional ports. These patterns range from 3-day to more than 14-plus days on transatlantic cruises.

Cruise itinerary composition is an exercise in balance. Ports visited ideally need to offer a balance of shopping, natural, cultural and historical attractions coupled with periods at sea. Bar Harbor offers a destination that fits within the composition structure of an itinerary, offering access to the National Park, a quaint Town, shopping, and other tours. In addition, it is clear that many other types of tours can be offered if volumes increase and the demographic of passengers shifts.

However, a key missing component is the ability to dock cruise vessels; vessels that either do not have the ability to use tenders or desire not to call at a port where a dock is not available. Thus, the core issue of this market assessment is answering the question of what could be the potential traffic in Bar Harbor if berth(s) are available for large cruise ships at the ferry terminal. Locating the cruise ships at the ferry terminal also has the potential to alleviate some of the issues for the community and cruise passengers in the downtown area due overcrowding, traffic and coach movements, and other concerns.

Cruise lines prefer to utilize ports where they can control the costs and product offerings, such as their private island destinations by example. Additionally, strategic ports where they may have crafted an agreement that saves them on the cost of operations and / or improves passenger satisfaction are also ports where they tend to frequent. However, in both cases the passenger demand for these ports is a key and cannot be overlooked. Moving forward there will be more pressure on regions and ports to keep expenses low and regulatory issues in check. Bar Harbor will need to pay close attention to the cost associated with any pier development option as based upon cruise line interviews this element will be a significant factor in the weight placed upon the deployment of key vessels to Bar Harbor and the use of a new berth that may be placed at the ferry facility.

EMISSION CONTROL AREA (ECA)

Several cruise projections scenarios were formulated for Bar Harbor; the first anticipates that the cruise industry will continue to follow fundamental positive trends over the period while the second projection scenario took into account the impacts of the implementation of the North American Emission Control Area that will dictate the type and cost of fuel used by vessels in the Canada & New England (CNE) Region. This provides a "sensitivity" test to the overall potential for the region.

The International Maritime Organization (IMO) officially designated waters in North America and Europe as Emission Control Areas.

The agreements were struck by the IMO and incorporated into U.S. and Canadian law. In March 2010 IMO's Marine Environmental Protection Committee adopted a proposal from the USA and Canada for an ECA extending 200 nautical miles from both east and west coasts and around the islands of Hawaii.

The main directive of the ECA is the reduction of emissions predominately by requiring the use of low sulfur fuels. In 2015 a fuel sulfur standard of 0.1% sulfur (1,000 ppm) is expected to reduce PM and SOx emissions by more than 85%. In most cases, ships have the capability to store two or more fuels. To meet the 1,000 ppm fuel sulfur requirement, some vessels may need to be modified for additional distillate fuel storage capacity. As an alternative to using lower sulfur fuel, ship operators may choose to equip their vessels with exhaust gas cleaning devices ("scrubbers"). Vessels are required to burn LS 380 (1%) beginning in 2012 and MGO (0.5%) by 2015 within ECA. Based upon cruise line feedback, the assessment for the cruise region is that there will be the following impacts:

- It may shorten any shoulder seasonality of the region and reduce repositioning within the ECA
- It will also drive new itinerary developments within the area specifically looking to reduce fuel consumption through reduced distance between ports and reduced speeds.
- Ships might move to non-ECA regions

However, until the scope of the cost of fuel, compliance and the availability of fuel is fully known the implications will not be fully understood.

FORECAST METHODOLOGY

The forecast methods and various assumptions inherent in each projections scenario incorporate the best interpretation of demand and supply conditions in the marketplace during the period from 2013 through 2033. The projections are un-constrained in nature and do not take into account the potential berth capacity, utilization or other limiting factors of Bar Harbor, homeports or downstream ports.

Forecasts are generated with a combination of methodologies; some are more applicable for long-term forecasting, while others are more accurate in the mid-term. For this project, the combination is critical, as the terminal will require an immediate boost in traffic to generate revenues while at the same time this business needs to be sound enough to generate long-term growth to support any investment.

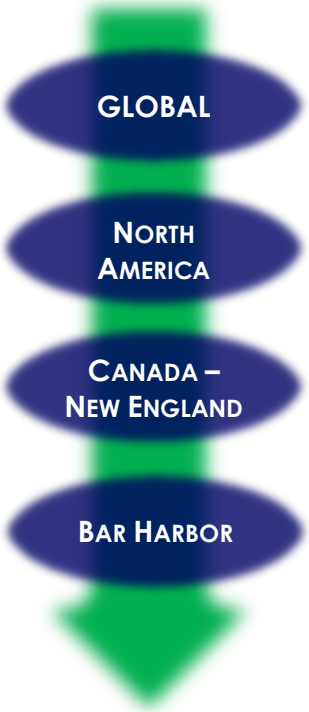
Our methodology considers the following:

- Understanding of Global forecasts
- Market capture of the Canada & New England region
- Market share of key market deployments
    - CNE, transatlantic, repositioning, world and coastal sailings.
- Market share to Bar Harbor
    - NYC and Boston homeport options
    - Expansion or contraction due to ECA and global position

- A new berth will be available in Bar Harbor from 2015 that can accept larger cruise vessels

LONG-TERM TRENDS

Long-term forecasts have been based on analysis of worldwide cruise growth and then establishing the market capture for the CNE region and then establishing a market capture for Bar Harbor.

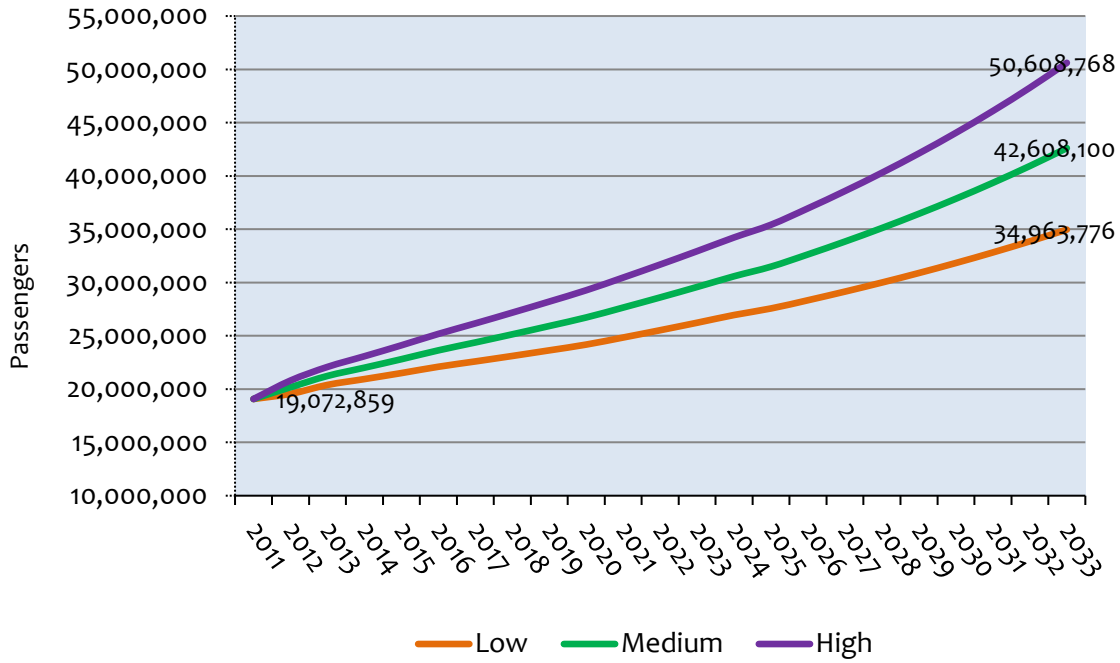


For purposes of sensitivity, all of the long-term projections have a high and low range which is predominately framed by the forecasts of new ships being built and entering the market. Ship capacity is the predominant factor driving worldwide cruise passengers, as the industry, and in particular the major companies that make up the vast majority of the industry, operate on 100% occupancy levels of ships. Therefore forecasting the overall fleet capacity is a key component of this analysis. Fleet capacity is driven by two major factors:

- ***Vessel retirement*** – vessels are removed from service on or about the 50 year life. Although they might be moving to different cruise lines through sales or reassignments, in general the capacity stays in the system until then. Since the majority of the modern cruise fleet was built after 1980's, the 50 year period marking the start of major capacity retirement will not take place until after 2030.
- ***New vessels*** - new vessel capacity is controlled by both the orders placed by cruise lines and the capacity of ship yards. Depending on the state of the economy, the controlling point swings from one to another. The 1990's was predominately controlled by shipyard capacity, reaching a peak of 14 ships delivered in one year, while since the beginning of the economic crisis in 2008, future orders are now constrained by the cruise line orders. However, even though the number of ships being delivered is down, the berth capacity of the smaller number of ships today rivals the capacity of the years with the largest amount of vessels.

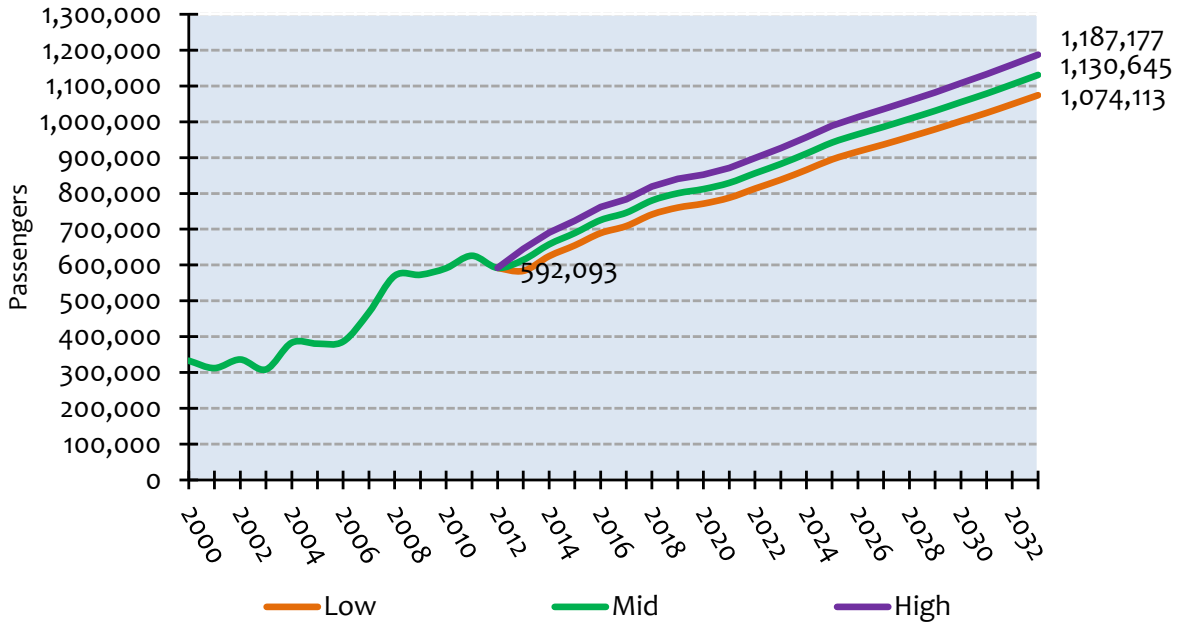
The worldwide forecast provides a range of growth based on a series of scenarios of orders and retirements which are shown in Figure 6.1.

Figure 6.1 – Worldwide cruise industry passenger forecasts



The market capture rates for the region and subsequently for Bar Harbor are based upon an examination of Bar Harbor's existing position in world and regional cruise deployments, levels and types of cruise operations, and overall traffic patterns based on the most probable range of passenger (first) and vessel (second) throughput. The assessment of the regional future trends for the Canada & New England region is shown in Figure 6.2.

Figure 6.2 - Canada & New England Region passenger projection



MID-TERM PROJECTIONS

Mid-term projections are driven predominately by the immediate needs of the cruise lines to maximize profit, strengths and weaknesses of the different markets, and operational needs of the lines. As such, one of the most reliable methodologies is to conduct in-depth interviews with cruise lines at both the itinerary planning, and strategic planning stage to determine their plans for the region and the potential for Bar Harbor.

Specifically the discussion placed into context the impact to future deployment opportunities taking into consideration the development of a pier for Bar Harbor and the ability of that development to draw existing traffic that is bypassing Bar Harbor currently, as well as the deployment of future ships to the region and Bar Harbor.

One of the key questions asked of the cruise line is the following: Does the implementation of ECA in 2015 provide any incentives for alternative deployments that may allow for increased or modified activity to Bar Harbor and the use of a berth?

The key cruise line feedback is primarily that of Carnival Cruise Lines. Carnival is the key target and if they are successful in the region and Bar Harbor they will not just move a few calls, but all of them for consistency.

Specific feedback from ***Carnival*** is as follows:

- There may be some potential with the NYC based Carnival Splendor that will be sailing mainly to the Caribbean and Bahamas, calls based upon timing and demand. Carnival Splendor will sail from NYC year-round from March 2013.

- Presently, Carnival has 26 calls in the region on the Carnival Glory from June to mid-October. These are 4 & 5-day patterns with Saint John & Halifax sailing from Boston and NYC (21 cruises). NYC also has a series of 7-day sailings (5 cruises). Based on 2013 success, Carnival would make Boston a full season of identical sailings (21 4 & 5-day and 5 7-day cruises) in 2014.

- Carnival desires to diversify the Canada & New England cruises and Bar Harbor fills this need. Thus, Bar Harbor has an opportunity to gain from 42 to 52 calls. There may be a handful of fall foliage cruises (4 to 6) that could also call in Bar Harbor.

- Carnival also stipulated that while they would consider the use of the new pier and redeployment of their vessels, this action was also based upon other factors such as the cost of using the pier.

Crystal Cruises also indicated that if they could develop more touring opportunities from Bar Harbor or had a reasonable incentive to overnight, they may consider this as well. But they would require a strong justification for doing so.

Silversea indicated that a dock would not necessarily affect their deployments to the region, specifically Bar Harbor. The anchorage works well for them as they are small. Their fear is that if larger ships come in and dock, that there would be a problem for the local infrastructure. By being an anchorage port, the

larger ships currently stay away, and this is good for their brand. They also indicated that if the market were stronger in Europe they may bypass CNE in 2015. However, overall the CNE region is a good market.

Other cruise line decision-makers that were contacted generally provided a viewpoint that they would continue to use Bar Harbor in the future for their regional deployments as most already use the port. Most of the cruise lines contacted already uses Bar Harbor in most of the CNE itineraries. It is a great port that delivers for their passengers. A berth option would certainly be a big plus for the overall product delivery for cruise line guests such as Crystal, Princess, Holland America Line, NCL and Royal Caribbean International and Celebrity Cruises amongst others.

All of the lines indicated that they would consider using a new Bar Harbor berth pending availability, cost and the balance of using tendering facilities.

Based upon feedback, if Bar Harbor were to develop a pier with an affordable rate structure, there is an opportunity to gain cruises in the following:

- North American brand-Transatlantic sailings moving through the region that typically call on St. John's / Halifax and then NYC. This will be a balance of consumer demand and speed and distance requirements.

- European brand-Transatlantic sailings doing similar itinerary patterns from the same ports and Greenland. There are approximately 4 to 8 of these sailings annually.

- Repositioning cruises along the coast at the beginning or end of the fall foliage cruise season. Typically, both Holland America Line and Princess Cruises are running past Bar Harbor from Quebec City. There are also approximately 4 to 6 of these sailings annually.

- NCL and a few other lines have some CNE sailings that opt for Portland as a Port-of-call. There are 4 to 8 sailings annually that could be intercepted. However, this is not preferred as this poaches from another Maine port.

BAR HARBOR FORECASTS

The forecasts are framed by blending the long-term and mid-term findings into a series of forecasts that are then used to yield a range for planning purposes. It is difficult to project the cruise lines' growth for a region or Port over the short-term (3 to 5 years) as for the most part lines themselves rarely know their deployment outside of this time period due to outside forces and market trends. However, this analysis does provide a perspective of the potential market over the period should all of the fundamentals be maintained in the industry and region over the period.

There are several factors that have been considered in contemplating the Bar Harbor projections. They include:

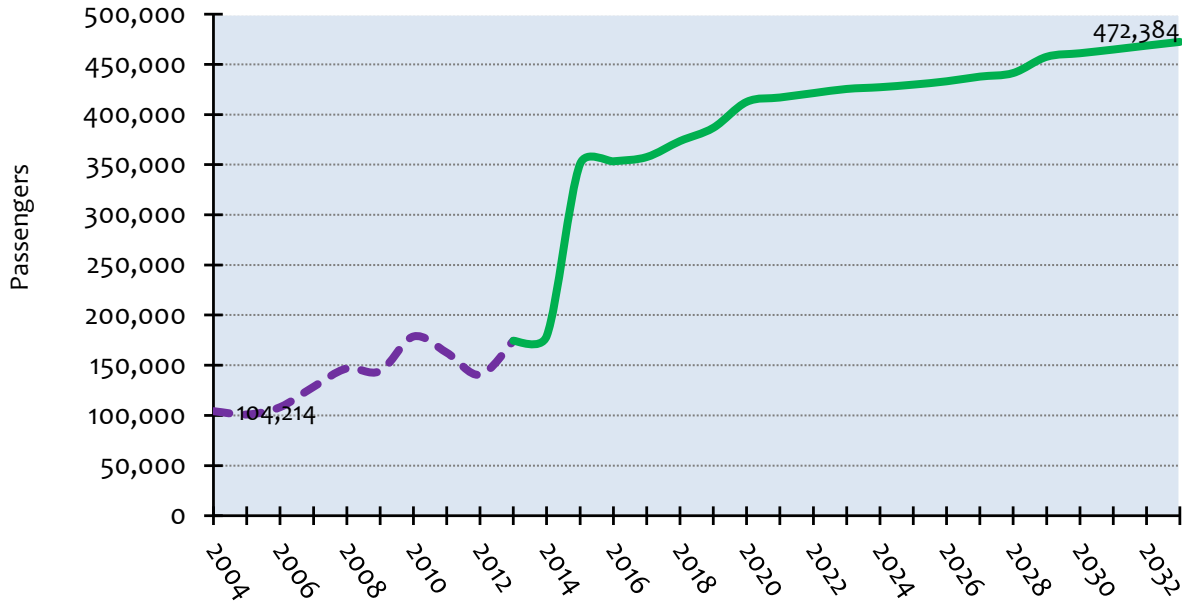
- How will regional competition and deployment affect Bar Harbor?
- Can we assume that cruise expansion will continue at a steady pace?
- In what manner will ECAs affect deployment trends?

Four different projections were analyzed for Bar Harbor. They include:

High forecast – See Figure 6.3 - Bar Harbor captures all of the traffic now by-passing the Town due to lack of a pier. These are primarily Carnival sailings from Boston and NYC (52 calls) plus growth from transatlantic cruises and repositioning sailings (mostly within the Carnival Corp. family). The following traffic was added to the current natural growth of Bar Harbor:

- Mid-Sized Vessel (1,258 pax, POC, 2 calls per year) 2024 - 2033
- Mid-Sized Vessel (1,258 pax, POC, 4 calls per year) 2015 - 2025
- Mid-Sized Vessel (1,258 pax, POC, 6 calls per year) 2020 - 2033
- Large Sized Vessel (2,100 pax, POC, 2 calls per year) None
- Large Sized Vessel (2,100 pax, POC, 4 calls per year) 2017 - 2033
- Large Sized Vessel (2,100 pax, POC, 6 calls per year) 2029 - 2033
- Large Sized Vessel (2500 pax, POC, 2 calls per year) 2014 - 2016
- Large Sized Vessel (2500 pax, POC, 4 calls per year) 2017 - 2033
- Large Sized Vessel (2500 pax, POC, 8 calls per year) 2020 - 2033
- X Large Vessel (3,100 pax, POC, 4 calls per year) 2015 - 2018
- X Large Vessel (3,100 pax, POC, 6 calls per year) 2019 - 2033
- X Large Vessel (3,100 pax, POC, 21 calls per year) 2015 - 2033
- X Large Vessel (3,100 pax, POC, 21 calls per year) 2015 - 2033
- Super Vessel (3,600 pax, POC, 2 calls per year) None
- Super Vessel (3,600 pax, POC, 4 calls per year) 2015 - 2017
- Super Vessel (3,600 pax, POC, 6 calls per year) 2018 - 2033

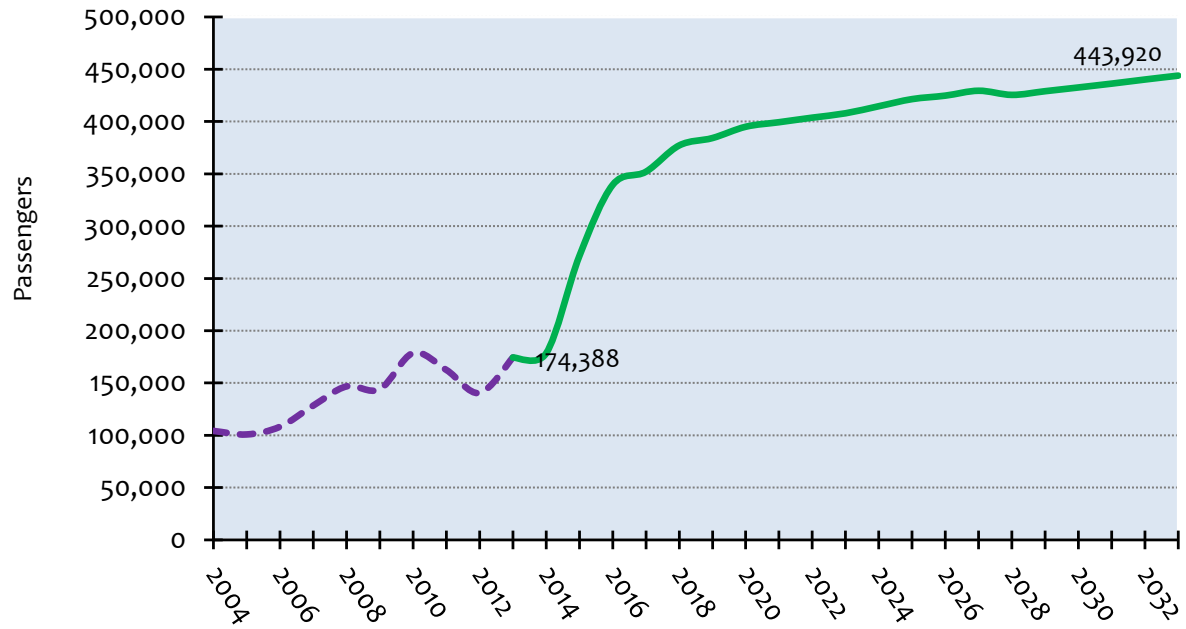
Figure 6.3 - High passenger projection



The annual growth is 8.5% with approximately 472,000 passengers in 2033 on 188 cruise calls. The average passenger load per vessel is 2,518.

Target forecast– See Figure 6.4 - Carnival tests the market in year one with 21 4 & 5-day calls and all 7-day CNE patterns. They then step in with both ships thereafter. Bar Harbor is also fairly successful intercepting traffic currently bypassing the port, such as transatlantic and repositioning sailings with ships already calling in Bar Harbor, but not on these few sailings.

Figure 6.4 - Target passenger projection



Vessels placed into the market in this scenario are as provided below:

- Mid-sized Vessel (1,258 pax, POC, 2 calls per year) 2015 - 2019
- Mid-sized Vessel (1,258 pax, POC, 4 calls per year) 2020 - 2023
- Mid-sized Vessel (1,258 pax, POC, 6 calls per year) 2024 - 2027
- Large Sized Vessel (2,100 pax, POC, 2 calls per year) 2014 - 2017
- Large Sized Vessel (2,100 pax, POC, 4 calls per year) 2018 - 2024
- Large Sized Vessel (2,100 pax, POC, 6 calls per year) 2025 - 2033
- Large Sized Vessel (2500 pax, POC, 2 calls per year) 2015 – 2017
- Large Sized Vessel (2500 pax, POC, 4 calls per year) 2018 - 2019
- Large Sized Vessel (2500 pax, POC, 8 calls per year) 2020 - 2033
- X Large Vessel (3,100 pax, POC, 4 calls per year) 2015 - 2016
- X Large Vessel (3,100 pax, POC, 6 calls per year) 2017 - 2033
- X Large Vessel (3,100 pax, POC, 21 calls per year) 2015 - 2033
- X Large Vessel (3,100 pax, POC, 21 calls per year) 2016 - 2033
- Super Vessel (3,600 pax, POC, 2 calls per year) 2015 - 2016
- Super Vessel (3,600 pax, POC, 4 calls per year) 2017
- Super Vessel (3,600 pax, POC, 6 calls per year) 2018 - 2033

The annual growth is 7.7% with approximately 443,000 passengers in 2033 on 172 cruise calls (3.5% growth). The average passenger load per vessel is 2,587.

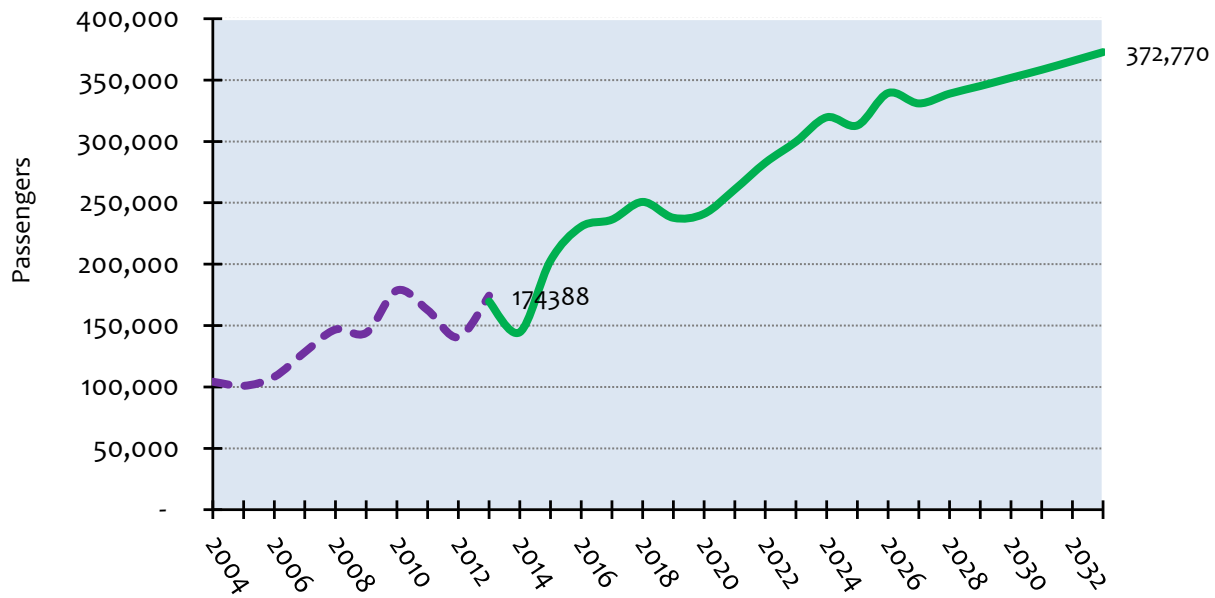
These two forecasts assume that Carnival will be successful in 2013 for both of the above projection models to work. There is not much of a difference between the Target and the High.

ECA Model forecast – see Figure 6.5 - Assumes that the cruise lines will place some larger new ships into the region to cut down on emissions as these newer vessels are more fuel efficient and they also provide a better economy of scale due to the passenger capacity and on-board revenue producing options. These ships will also be placed on itinerary patterns that have shorter sailing distances and lower speeds. This will assist Bar Harbor. However, there will be competition to place these ships in a number of regions in North America and Europe as the ECAS are rolled out through the next two years.

It is assumed that cruise calls will likely go down slightly as the cruise lines test the waters due to ECA and those larger ships will be the dominant vessel in the region moving forward.

Under this projection model cruise passenger throughput rises to 372,770 in 2033 on 145 vessel calls (2.2% growth). The passenger per call capacity is 2,570 in 2033 under this scenario. The annual passenger growth rate is 6.0% over the 20 year period from 2013 to 2033. See Figure 4 for the overall growth based upon the above scenario.

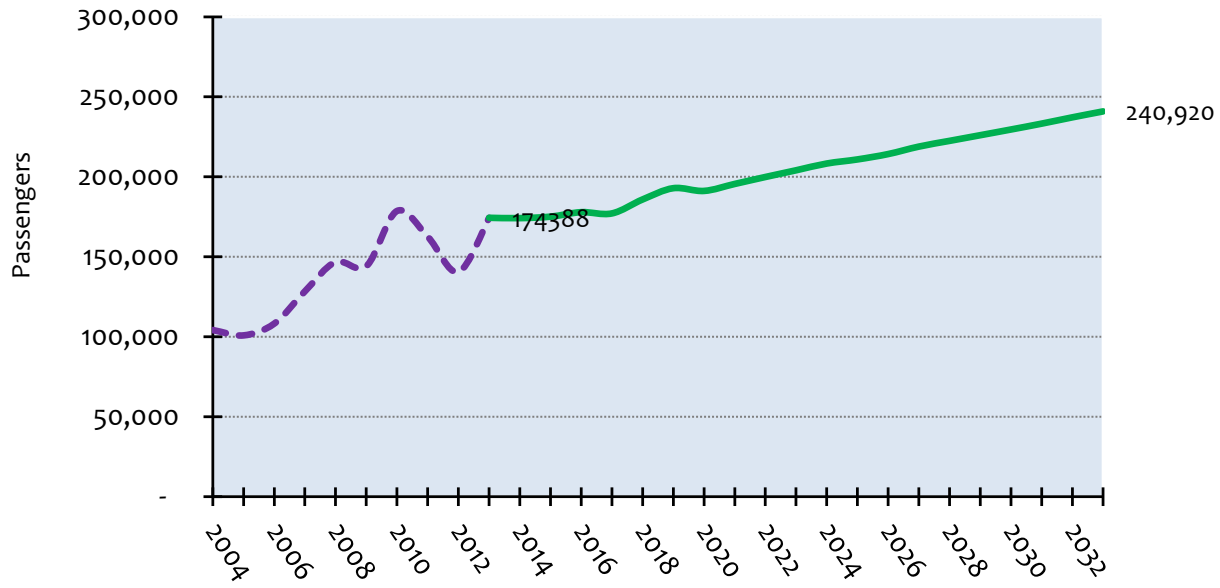
Figure 6.5 - ECA model passenger projection



Low forecast – see Figure6.6 - This projection assumes natural growth of the market based on historical long-term growth patterns and that no traffic is captured that is bypassing Bar Harbor today. This is not indicative of the market growth in the region due to the amount of traffic not calling in Bar Harbor due to the lack of a pier.

Under this projection model cruise passenger throughput rises to 240,920 in 2033 on 104 vessel calls (0.1% growth). The annual passenger growth rate is 1.9% over the 20 year period from 2013 to 2033.

Figure 6.6 - Low passenger projection

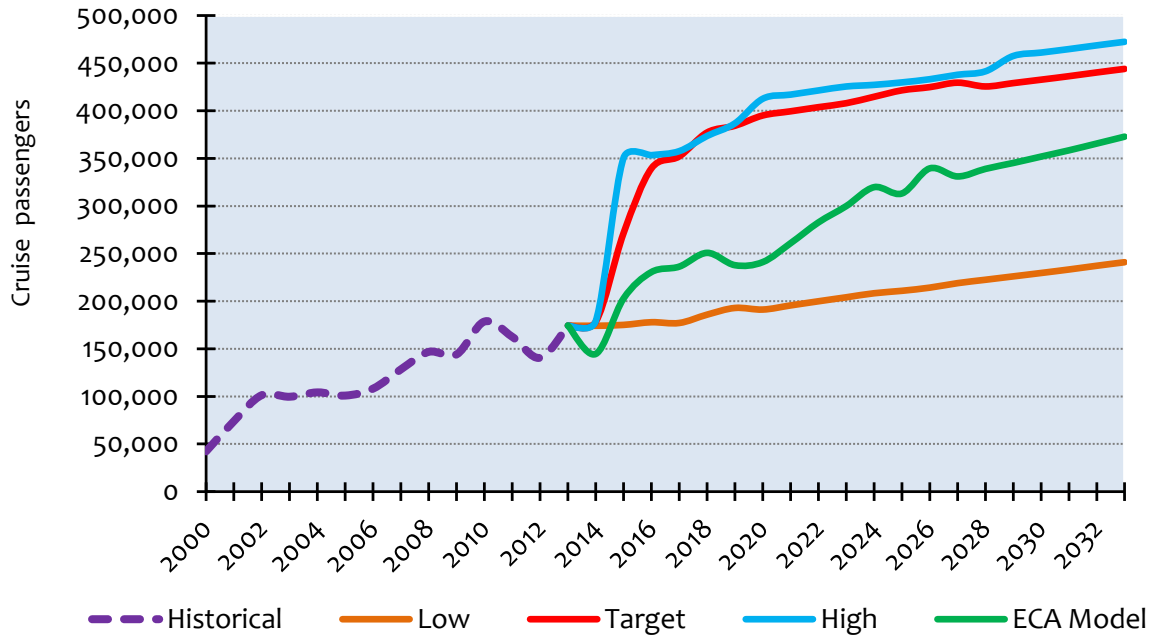


OVERALL PROJECTION RANGE

A projection range of all approaches is shown in Figure 6.7. The 2033 forecast ranges from 240,920 (Low), to 472,384 passengers (High).

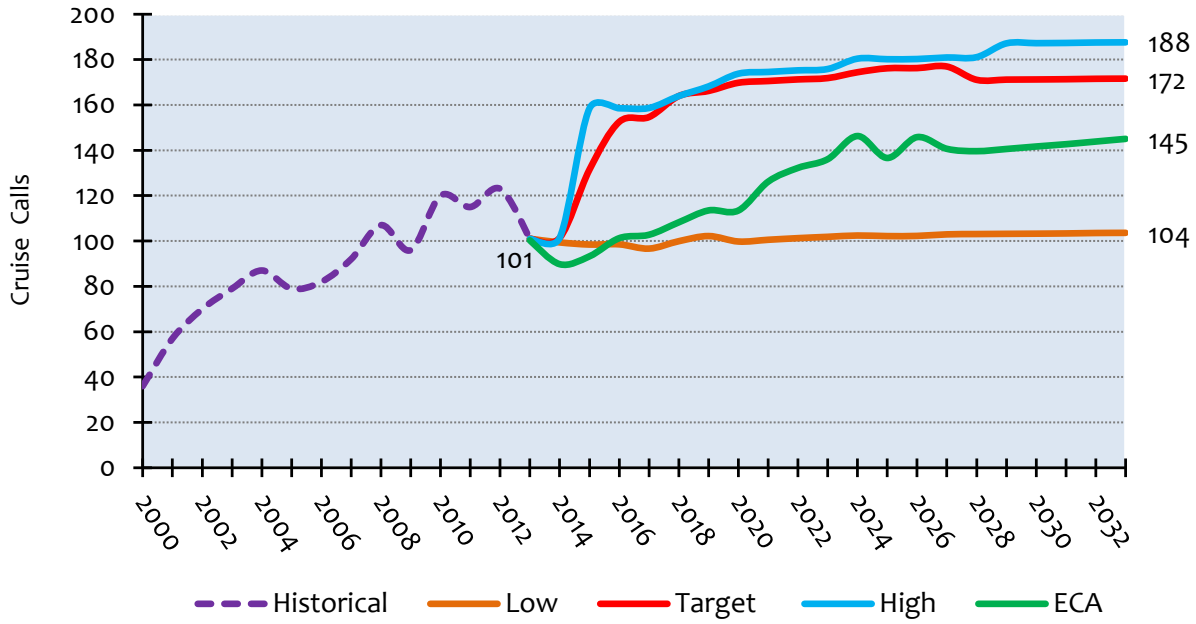
Based upon future new build trends of the industry and the deployment scenarios presented it is anticipated that the average number of passengers per sailing will grow from approximately 1,727 persons in 2013 to 2,587 passengers per sailing in 2033 for the Target projection. This is a projected growth rate of ship size of 2.5% per annum.

Figure 6.7 - Bar Harbor range of passenger projections



With the number of passengers per vessel Figure 6.8 illustrates the number of calls ranging from Low (104), ECA (145), Target (172) and High (188) calls in 2033.

Figure 6.8 - Bar Harbor cruise calls projection range



CONCLUSIONS

A summary of the findings of the market study are as follows:

- The assumptions made during Phase 1 of the report are valid. There is significant reason to believe that, if the pier is built, Bar Harbor will be able to attract ships that are currently bypassing the Town and can generate a net increase in passengers and calls in the general amounts as previously anticipated. Even utilizing the ECA reduced traffic model, there is still a potential upside of additional traffic to the town.

- The potential increased traffic initially will be predominately from a single line. This will make it somewhat more difficult to be able to negotiate the necessary income to be able to pay for the investment and will also place investors at risk when traffic is from one company. However, over the years if the market and pier are successful, more and more traffic from other lines will arrive and will mitigate this risk.

- A pier in Bar Harbor offers a port that is closest to the homeports of either New York or Boston. This can generate significant savings to the lines in fuel costs. Nevertheless, the lines will be very sensitive to the tariff structure that is established for the pier.

- The Market Study also concluded that, if the town does not build the pier, the trends toward larger ships in the CNE market will continue and that those ships will most likely not call at ports that do not have docks and require tendering. Therefore, at best there will be no growth in traffic; but more than likely there will be a steady decline of traffic over the years.

- The Market Study indicates that the overall number of passengers coming to Bar Harbor can increase significantly. The premise of this study was that growth would go to the pier while the town would maintain its current levels of traffic. The total amount of traffic that the town will then receive is as much a business as it is a policy decision by the community. The pier could easily work by moving the traffic from the town to the pier. Therefore the total amount of traffic which the Town is in a position to receive can be established as a matter of policy by the community similarly as it currently regulates maximum daily arrivals.

- Establishing the levels of traffic that a town could receive is more prudently done on a daily capacity and not necessarily the yearly capacity. If the Town can achieve a more balanced pattern of arrivals rather than heavier peaking, that would allow a rational mitigation technique to deal with congestion and crowding.

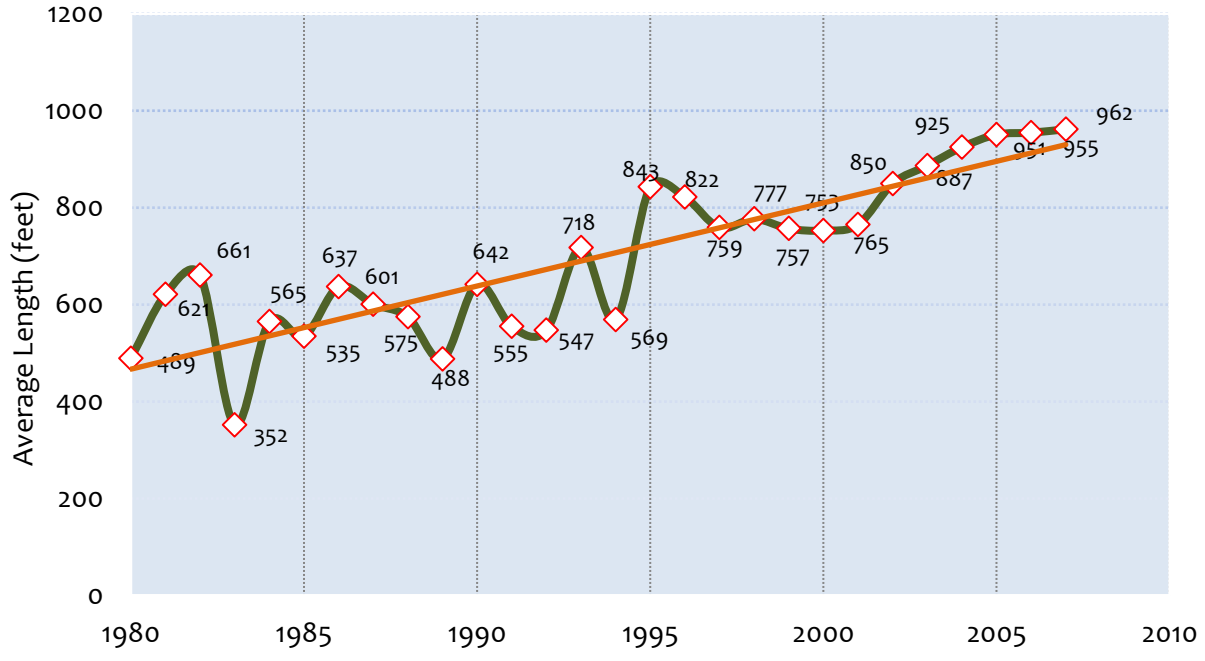
7 PIER CONCEPTS

In order to satisfy the potential business opportunities afforded by cruise ships, it is important that a pier be constructed that is capable of berthing the size and type of vessels that will be calling in this market in a port-of-call configuration. During port-of-calls, the vessels typically only discharge passengers and crew and are not in need of heavy equipment for ship servicing or any other major provisioning of the ship. As such, piers tend to be smaller and lighter to reflect that demand.

DESIGN SHIP

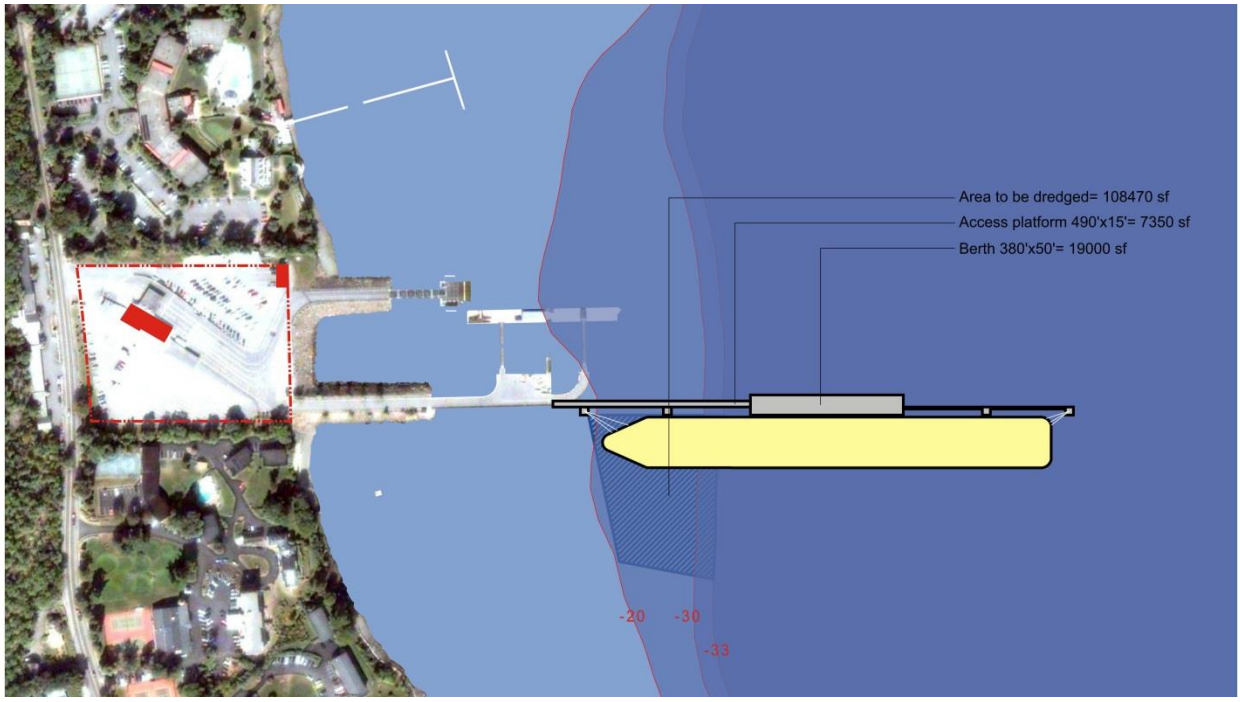
The design is based on the berth being able to handle all cruise ships up to 1,000 feet in length although, if needed, the pier could be adjusted for slightly longer lengths. However, considering the market that exists today and for the foreseeable future, this would be an appropriate length for the pier design. Figure 7.1 shows the average length (LOA) of cruise ships by year of construction. Although certain ships today exceed the 1,000 feet in length most of the ships in this market are at or under this length. If a longer pier is needed, that can be easily accommodated at the time of final design.

Figure 7.1 – Length of cruise ships by year of construction



During the Phase 1 Study, two concepts were developed locating the pier at the extension of the southernmost curved section of the extreme outer part of the existing ferry pier. During Phase 1, two concepts were presented shown in Figures 7.2 and 7.3.

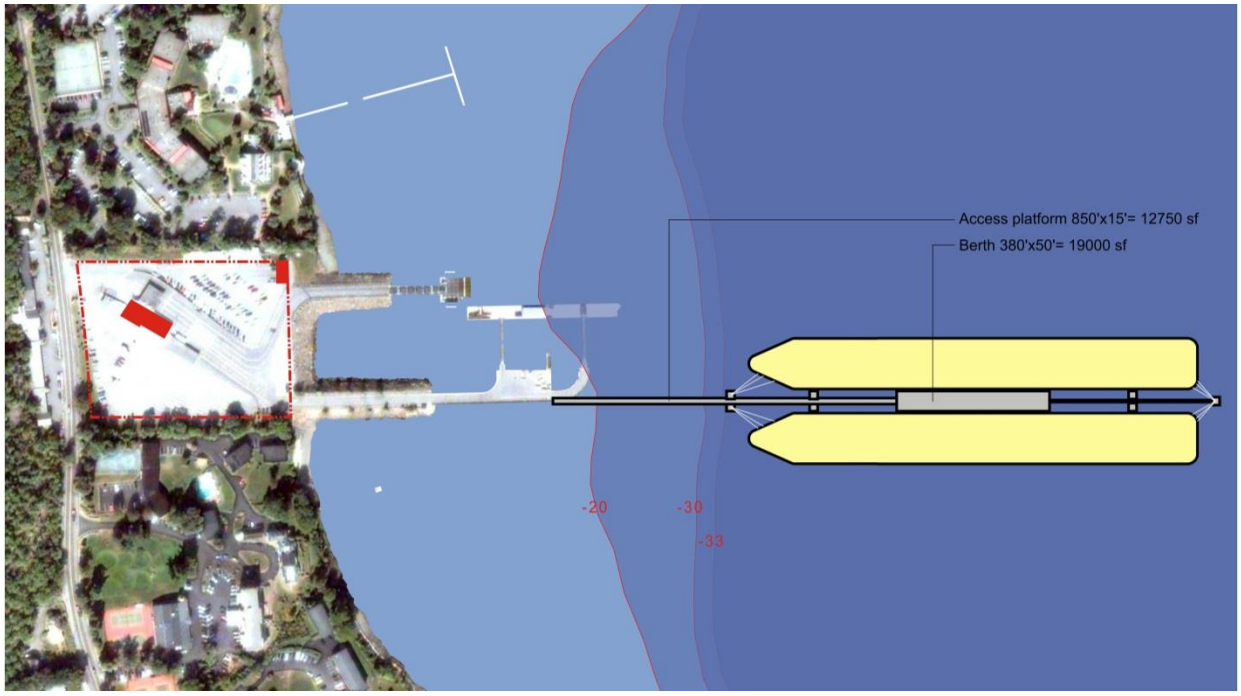
Figure 7.2 – Initial concept A for a near shore pier



The advantages of locating the pier at this location is that it could be built and cruise ships could operate while at the same time preserving the existing berth and pier for simultaneous use by a ferry. This will allow the facility to operate with the intended result generating revenue while preserving the ferry terminal.

One concept placed the pier near shore and would require dredging while in the second concept the pier was extended out to deep water so that no dredging would be required.

Figure 7.3 – Initial concept B – deep water pier



EVALUATION

A general cost estimate was developed and the concepts were discussed with the harbor pilots to obtain their feedback. In addition, during public meetings the discussion was held as to the two options. In general the findings were:

- The harbor pilots were satisfied that these configurations could work, although they have requested that certain weather equipment be placed at the pier in order to facilitate the docking maneuvers.
- From a navigation standpoint, the deep water pier will be better as it will be easier for the ships to operate in deep water than within a slip configuration in a dredged area.
- Although no environmental surveys were done of the dredged area, in general everyone preferred the no-dredging solution due to its simplicity and the reduction of environmental impacts.

Since the option with no dredging is the one that has the highest likelihood of being permitted, and the simplest one to predict in terms of its cost, (even though it is a slightly higher cost than the dredging option), for purposes of this planning study and feasibility, it was decided to proceed with the alternatives with the deep water extended pier.

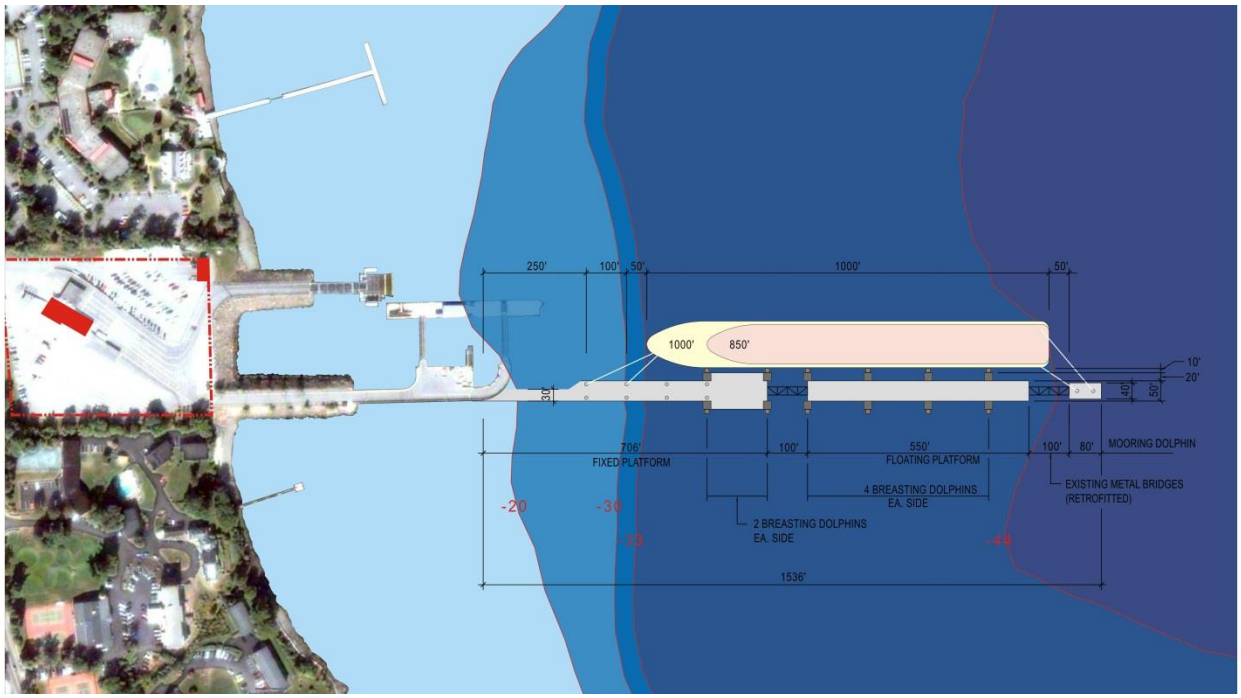
In the future, if the project proceeds further, one of the first tasks will be to confirm the decision in conjunction with the necessary environmental studies, bathymetry, and current studies and all of the other engineering that needs to go into the design of this pier.

FIXED VS. FLOATING PIERS

During this Phase 2, the main task was to be able to confirm the constructability and cost of the pier so that the estimates previously used could be used to determine feasibility. As such additional planning was performed to develop new construction estimates would be used as part of the financial model for the project.

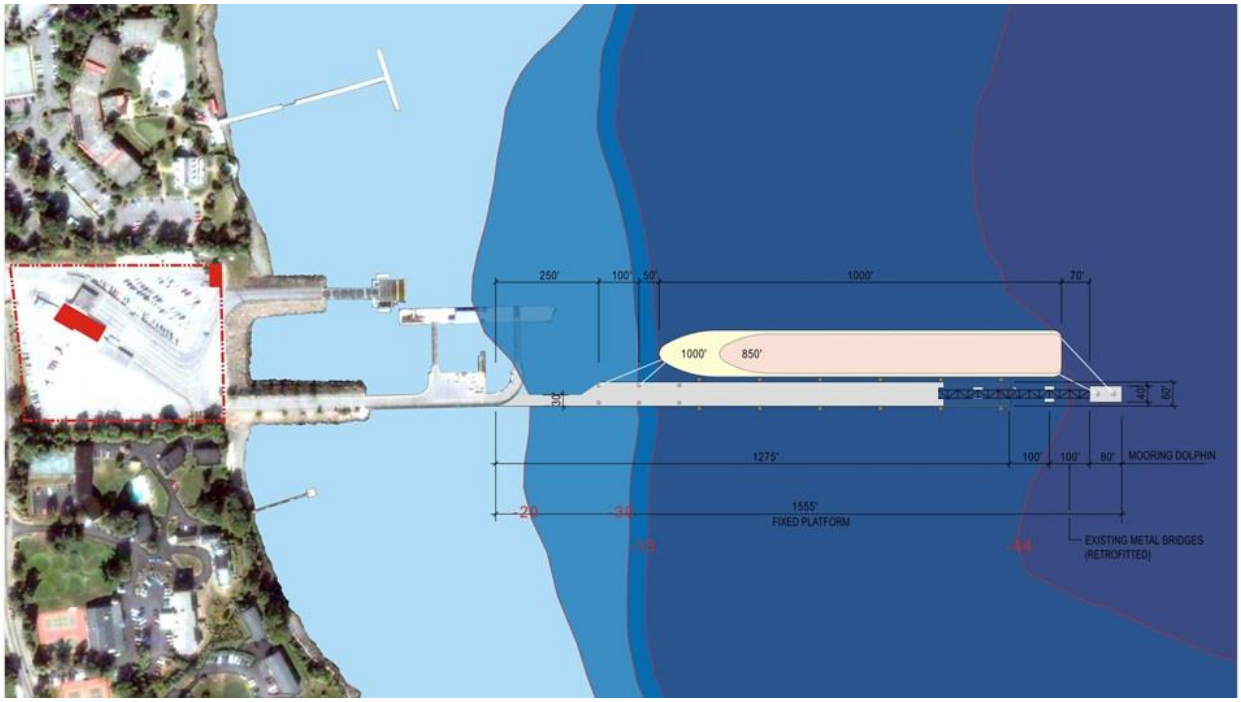
Two concepts of the extended deep water pier were developed: A floating pier concept as shown in Figure 7.4 and a fixed pier concept shown in Figure 7.5.

Figure 7.4 – Floating pier alternative



The floating pier consists of a fixed pier approach, and a central floating pontoon alongside the ship. The pontoon is connected to the fixed pier by a ramping trestle to allow for tidal variations. The pontoon is 60 feet wide to provide stability for those passengers walking on it. The advantage of a floating pier is that there will be no need for extensive gangway systems to be able to adjust for tidal range. The ships doors will always stay at the same elevation in relation to the pontoon, and once connected there will not be any need to adjust the connection. The disadvantage is that these systems are not very common in this area, most contractors are not familiar with their construction and will have a much higher operating and maintenance cost for the pontoons. These are very common in Alaska and areas with higher tidal ranges than Bar Harbor.

Figure 7.5 – Fixed pier alternative



A fixed pier, on the other hand, will require ramping for the gangway systems connecting the ship doors to the pier to allow passengers to disembark and embark at all tidal ranges. However, its main advantage is predictability in terms of cost and maintenance as well as being a more tried method of construction in the region.

PREFERRED CONCEPT

Based on the above, the decision was made to use the fixed pier and to develop an optimized design that would reduce cost by eliminating all unnecessary construction. The proposed concept for this feasibility is shown on Figure 7.6.

The optimized design adjusts the pier width as needed. The pier is approximately 60' in width in the central location where all the loading and offloading occurs and narrows down in the areas that would be mostly pedestrianized. The width is also controlled by the need to maintain separation between the overhangs that occur from each ship above the dock.

In the outermost sections of the pier where there is no need to reach alongside for loading doors, there are independent mooring and breasting dolphins with "catwalks" to allow line handling personnel to tie the ship. There is no need to extend the pier the entire length of the vessel.

The concept shown in Figure 7.6 creates two wider platforms that will allow small shuttles or rubber vehicle "trains" to run to the end of the pier and be able to transport passengers to the main transportation area. This will be a detail that will need further confirmation based on overall walking distances.

The final design will need to confirm all of the ship dimensions, pier dimensions, loading conditions, fenders and bollard systems required for the cruise lines. The final design of the rehabilitation of the section of the existing pier that will be reused will also need to be confirmed.

Figure 7.6 – Final concept

BUDGET

Two cost estimates have been generated; the first is for the full plan and it is shown in Table 7.1, with a cost of the pier $21.3 million.

Table 7.1 – Budget New double cruise ship pier				
Pier	76,500	SF	$220	$16,830,000
Mooring dolphins	1	EA	$1,500,000	$1,500,000
Dredging	0	CY	$20	$0
Fenders	12	EA	$50,000	$600,000
Bollards	20	EA	$12,500	$250,000
Trestle	800	SF	$200	$160,000
Subtotal				$19,340,000
Contingency		%	10%	$1,934,000
Total				$21,274,000

The second estimate is shown in Table 7.2 and it is a variant of the first concept that consists of a shorter pier structure, and longer trestle to the outer mooring points at a cost of $17.7 million. Although not preferred, it provides a cheaper solution as an alternative to consider when determining the feasibility of the project.

Table 7.2 – Smaller new double cruise ship pier (Variant)				
Pier	61,000	SF	$220	$13,420,000
Mooring dolphins	1	EA	$1,500,000	$1,500,000
Dredging	0	CY	$20	$0
Fenders	12	EA	$50,000	$600,000
Bollards	20	EA	$12,500	$250,000
Trestle	1,600	SF	$200	$320,000
Subtotal				$16,090,000
Contingency		%	10%	$1,609,000
Total				**$17,699,000**

VIEW FIELDS

One of the areas that there was a request to be studied is the visual impact of ships berthing at this location. Initially two particular angles were discussed, the views from on top of Acadia National Park and from the Town looking back. Subsequently the next door hotel property inquired about the views from the hotel itself.

It is important to note that the pier itself being only a few feet above the water will not create a major view impediment, and that the ship represents the actual view that most people will see. In this regard, it is important to note, that the ships are currently there, and as such the discussion is not whether a ship will be seen or not, but where. Figure 7.7 is a picture of the current ships at anchor and the visual impact that they provide to both the town and the Acadia National Park.

Figure 7.7 – Current views from the Town and Park

To provide a framework, renderings were generated with the proposed pier and ships alongside. The ships chosen are the largest ones that can be expected (1,000 feet long),

- ***Views from the road*** – renderings of the views from the road to the pier were not developed, as most of the views will be eventually blocked by any buildings, and landscaping along the road frontage.

- ***Views from the park*** – Figure 7.8 below shows the views of the pier from the first stopping point along the Acadia National Park entrance road above the pier. This is the closest location of the Park near the terminal, approximately 0.4 miles separating the two.

Figure 7.8 – Views of the pier and ship from Acadia National Park

- ***View from the Town*** – the closest point looking back to the terminal is at the foot of Bridge Street; this is shown in Figure 7.9. The distance between the edge of the shore and the pier is approximately 0.9 miles.

Figure 7.9 – Views of the pier and ship from Town

- **Views from Hulls Cove** – located less than two miles away, the ship appears in the horizon, although the pier itself will not be significant. This view is shown in Figure 7.10.

Figure 7.10 – Views from Hulls Cove

- **Views from the adjacent hotel** – Figure 7.11 shows the views from the shore of the hotel adjacent to the terminal.

Figure 7.11 – Views from adjacent property

8 UPLAND DEVELOPMENT OPTIONS

In the Phase 1 report, commercial development of certain parcels within the existing property was evaluated to determine the revenue potential. In that study which is found in the Appendix, a basic analysis was done sub-dividing the property into parcels defined by its past functional uses and topography to determine which one could create some opportunities for development.

The general conclusion of the Phase 1 study is that some commercial development is viable and could generate revenue for the project, but that it would not be a major source of revenue and, as such, should not be the main focus of the project. The plan also concluded that the basic opportunities are using the frontage parcels along Route 3. Proper development of the site along the frontage could also provide opportunities for beautification as well as controlling the views from the road through the property.

The basic premise of preserving the property for maritime use is to plan the uplands based on the following principles:

1. Provide for the operation of cruise pier and their attendant ground transportation operation.

2. Provide for the reservation of the pier and area for a ferry operation until such time as a determination is made as to whether the ferry will be restarted or not.

3. Incorporating opportunities for other uses and public access

Although development of a full master plan for the property was not part of the scope, it was felt that a concept should be developed to provide a vision of how the property could be developed to achieve these goals. A detailed master plan and property use will be subject to developing a full master plan of the property if the decision is made to go forward with the project.

SITE ANALYSIS

The site fronts Route 3 on the road leading to the Town of Bar Harbor and is approximately 190,000 square feet (4.3 acres). It is mostly comprised of paved areas which were used to stack vehicles waiting to board the vessel, an area for processing vehicles which were coming off the ferry and parking for visitors and customers. The site contains a small central building which was used as the terminal and currently houses the offices of the US Bureau of Customs and Border Protection (CBP). The site and the subdivided areas are shown in Figure 8.1.

Figure 8.1 – Aerial of existing site

The major features of the site are the following:

1. The ferry pier and loading facilities dominate the water's edge.

2. The site is surrounded on the remaining three sides by three different commercial hotel properties, all of which are surrounded by Acadia National Park.

3. The property across Route 3 rises steeply and views of the ferry terminal are possible along the Park's major roadway. The views from one of the stopping points along that road are shown in Figure 8.2.

4. Access to the site is located at the northernmost point where the current intersection exists. This is the best opportunity to provide a proper intersection with Route 3 as there is significant grade separation between the road and the site in other parts of the site not permitting access.

5. The proposed Route 3 redevelopment includes a major pedestrian trail. Opportunities exist to connect to the trail and provide access along the northern and southernmost property boundaries of the terminal. This would allow public access to the water and at the same time create a buffer with the two surrounding hotel properties.

Figure 8.2 – Views of the Ferry Terminal

6. The current terminal building is in the middle of the site and should be evaluated going forward. For purposes of this plan, it has been eliminated in order to free up the site. A picture of the building as seen from Route 3 is shown in Figure 8.2.

MAJOR GUIDING ELEMENTS OF THE CONCEPT

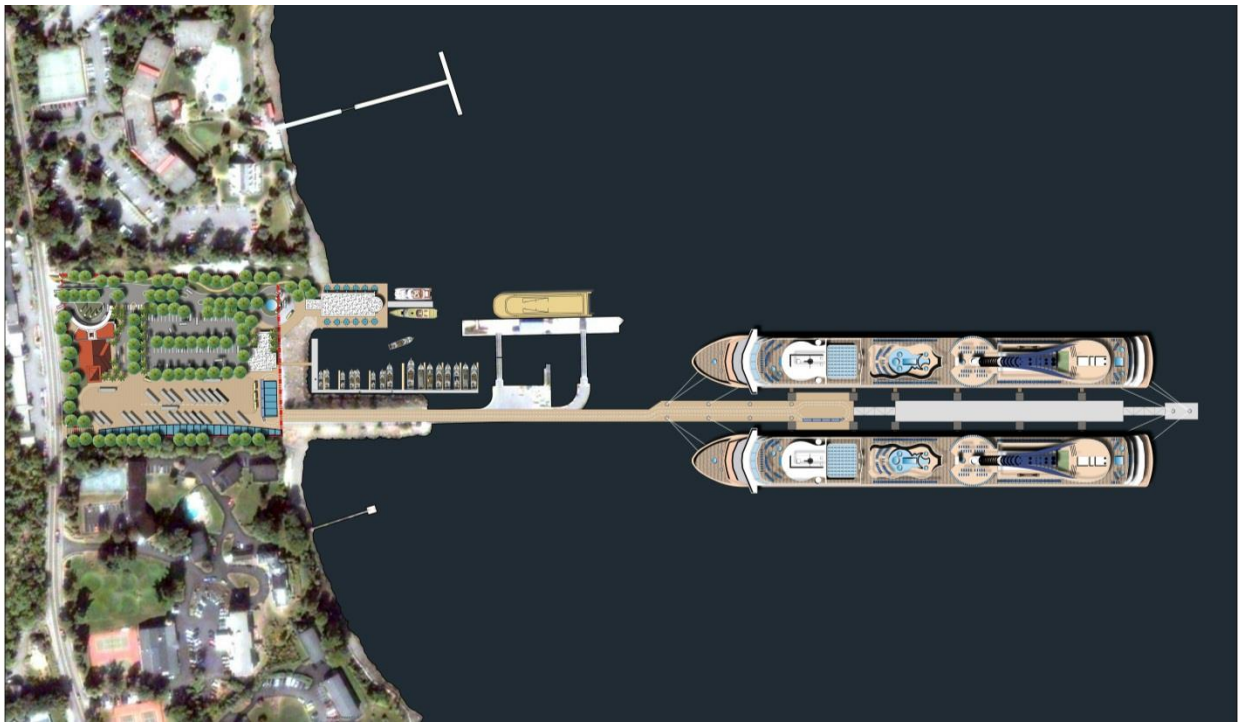
The major elements of the plan have been based on the following major principles:

- Preserve the facility for maritime use
  - Immediately as a cruise ship terminal
  - Preservation of the ferry installation until such time as a final determination can be made for the future of that business
- The property needs to be financially self-supporting and, as such, should include a strong mix of revenue generating uses.
- The facility should play a strong role in the economic fiber of the community and State.
- The plan should rely on as many diversified income streams as possible to provide for a sustainable plan.
- The facility should be "public" in nature and should where possible include public uses that are compatible with its maritime use.
- The plan has been guided by many of the public comments received during the study period.
- Provide flexible plan that would allow uses with and without ships in port.
- Be a good neighbor to the surrounding properties and the National Park
- Develop a plan that is self-containing so as to avoid having impacts on surrounding properties.
- Look for uses that can be of benefit to the Town and State.

GENERAL CONCEPT

The general concept (Figure 8.3) shows the totality of the site and pier. Figure 8.4 is a close-up of the uplands and show when they are being used as a ground transportation area for cruise activities.

Figure 8.3 – Illustrative overall plan



The overall plan indicates the new cruise pier on the south extension of the ferry pier, while preserving the ferry pier to the north. This is explained in more detail in Section 7 of this report.

Among the features of the plan are the following:

1. ***Ferry pier*** - Preservation of ferry pier for potential future use. Since it is not known what kind of ferry could be used (whether front-loading or side-loading), the entire facility will be preserved for a prescribed period of time. If a front-loading ferry is used, then the side-loading pier will need major demolition and replacement of the fenders so that the front-loading platform can then be reutilized. If a side-loading ferry is adopted, then the front ro-ro platform can be removed and the pier reconstructed for that configuration.

2. ***Cruise pier*** – construction of a new pier extension to deeper water where two cruise ships could be docked simultaneously on either side of the pier.

Figure 8.4 – Close-up of upland concept

3. ***Cruise terminal operations areas*** – an area immediately at the foot of the cruise pier would be rehabilitated to handle the transport and tour buses as well as providing space for marshaling for additional buses. This is an area that could also include public transport and other major transportation providers and when the facility does not have a cruise ship, it could also be an intermodal transportation center for the region.

4. ***New Terminal Arrivals building*** – If and when the old terminal building is demolished, a new terminal building would be needed which would include a new Customs and Border Protection (CBP) facility. The new facility should be near the foot of the pier as shown in Figure 8.4. This facility could operate any vessels that are coming from foreign ports while vessels that are coming from U.S. ports can bypass the facility altogether. By placing it near the pier, passengers can clear the formalities and be free to interact with the Town. The new facility could also incorporate a limited amount of security stations that could make it easier for passengers to embark and disembark the ships.

5. ***Movement between ship and landside*** – Because the pier will be located in deep water, the walking distances from the ship to the tour buses can be complicated for certain passengers. The plan will be to encourage pedestrian movement through the inclusion of weather protected covering and shade, maximize views to make the walk attractive and use surfaces conducive to walking. Nevertheless, there will be a need to provide a shuttle from the ship to the foot of the pier. The concept as shown includes areas for the use of small shuttles or rubber tired "trains" that can continuously cycle between the two points. The pier concept includes turn-around areas for these vehicles.

6. ***Marina and marine uses*** – the plan proposes the development of a marina in the currently empty water areas particularly those protected by the ferry terminal embankments. The marina could be used by local boaters, fishermen and during cruise ship operations for tour boats to be able to pick up/discharge customers. In particular, one area that has been mentioned numerous times is the use of the marina for water taxis to service the Acadia National Park. The marina, with its adjacent ground transportation area with parking and bus stops, can become a mini multimodal center serving overall transport needs and joining water taxis to land transport. This element will need to be operated to generate a revenue source to pay for its capital and operating costs.

7. ***Public access*** – the concept of linking the Route 3 proposed pedestrian trail through public access along the edges of the property would allow the public to reach to the water's edge. In addition, with the proper design, when there are no cruise ships or ferries in operation, a north/south connection between the two corridors can be included that would allow the public to circulate around the entire perimeter of the property along the water's edge.

8. ***Public uses*** – when there are no cruise ships or ferries, the public access could be managed to allow walking, viewing, fishing and other public activities.

9. ***Parking*** – part of the site, with or without the ferry, could be developed with significant amount of parking. This parking could be used as an arrivals area and visitor parking center allowing visitors to come to Bar Harbor to park and then take public transportion into the Town. This would relieve a significant amount of the parking and transportation problems within the Town just from vehicles and cars. Because of the topography of the site, a parking deck could also be built without visual impacts to the surrounding property. The deck could be used for additional parking and/or to provide for the joint operation of the ferry traffic and parking. The use of an arrivals intercept parking system is used in many sensitive tourist areas, where the community has reached the conclusion that both the resident and visitor experience can be enhanced by keeping cars out of the central part of the Town. Parking can also become a revenue source for the project.

10. ***Tour/visitor/commercial development*** - This multipurpose building should be located at the entrance of the site and should be planned as part of the entire arrival experience with plazas and public spaces. This would be envisioned as a low-rise type building with architecture depicting a welcoming experience into Bar Harbor and the Acadia National Park. Properly situated with the proper plaza, it could be a significant Welcome Center into Bar Harbor. The building should include offices for activities related to the cruise and ferries, to National Park Service, to other visitor industry activities, and some small offices potentially supporting commercial activities. The building should be developed as a for profit venture with sufficient rentable space to generate revenue.

11. ***Waterfront restaurant*** – the opportunity also exists to create a great restaurant and other activities more on the water's edge. This would be a limited use and could occupy any of the unused ferry space. This would be a for-profit venture to generate project revenue.

12. ***Reusability of the space*** – a significant amount of the space that is dedicated for bus and tour operations should be designed for reusability for public events such as concerts, open air markets, and other outdoor activities. With the proper pavement and utilities, this could be a very useful space for citizens. Figure 8.3 depicts the site being used as open air markets or a concert area. Since the site will have parking, the functionality is self-evident. These types of uses can also generate extra revenues for the overall project.

Figure 8.5 – Alternate use for the upland site area for events

COSTS

For this initial financial feasibility planning assignment, no specific cost estimates has been done for the revenue producing buildings or activities that could be placed in the future. These can be individually evaluated at a later date and can stand on their own merit. However, what is critical is to be able to start-up the initial cruise operations that will generate the funds for the acquisition and overall improvement of the property. In this regard, a budget has been established at $3.4 million to rehabilitate the existing pavement and site areas for use during cruise ship arrivals using the current terminal building, pavement and utility systems. It is assumed that the property will be turned over by the Canadian Government free of any environmental issues and that the building does not require any major rehabilitation, but rather mainly cleaning and signage.

9 SUMMARY OF PUBLIC INPUT

Over the course of the Phase 1 and Phase 2 studies a number of opportunities arose to obtain input both through interviews and discussions, over emails that were received in the office, at a public meeting that was held as part of the Town Council presentation and at a major public meeting was also held as a community "Open house" at the Town Hall.

The open house concept was developed in a way that allowed maximum interaction to occur in discussions with the general concept of the use of the facility as well as specific proposed concepts and ideas for the uplands, the marine side, and for general issues associated with traffic, etc. The meeting was publicized and provided an opportunity for further comments as the process has evolved.

The meeting provided for a formal process for people to register, provide comment cards, and subsequently a dedicated email address for receiving comments. The reference material of the public comment is included in Appendix A4 of this report.

SUMMARY OF PUBLIC INPUT

Table 9.1 below provides a general summary of the comments formerly received during this process. The Table categorizes the comments into three areas:

- Those that had general concerns
- Those that didn't express an opinion in favor or against but had a comment, and
- Those that expressed an opinion and were generally positive and provided comments.

Overall, over the time that the study has been going on, the general response has been very favorable with certain underlying common concerns that are shared by most.

Of the formal responses that were received during the open house 10 were positive, 6 provided general comments, and only 2 indicated concerns.

Table 9.1 – Summary of public input			
CONCERNS	NEUTRAL COMMENTS	POSITIVE	COMMENTS
			Great concept. All concerns can be addressed. Marina/public access selling point for concept.
			Views concept positively. Likes marina idea.
			Show that it can attract own segment of tourism without taking from the town. Suggestion to work with the Maine Economic Development Office.
			Concerned that the facility will double amount of bus traffic in the park. Incorporate into the project the funding of a transit system
			Suggestions on bus traffic options.
			Need to manage passenger traffic. Have the ships that visit today dock in the town and at the ferry terminal without increasing ship numbers.
			Likes the concept. Thinks it provides opportunities for longer visits from tourists. Likes multiuse concept and suggests fishing expeditions from ferry terminal. More secure facility in general for the industry.
			In favor of next steps and securing a business plan. Likes multiuse but concerned about passenger caps on town, park and residents.
			Concerned about logistics of bringing passengers into town and the park and the new transportation needs.
			Town should relocate municipal offices to ferry terminal and sell current facility. Keep local control of the facility.
			Impressed so many questions have already been addressed. Use propane or electric buses for transportation.
			Request for PowerPoint presentation
			Need a public boat ramp in the area
			Concerned about traffic on Route 3. Does not think increase in tourism is good.
			No comment
			Unorganized
			Suggestions for a link to the mooring system and real time wind monitoring. Suggests space for 2 tugs and prefers fixed pier. Prefers a system to inform on distance off pier.
			As annual visitors likes high speed ferry to various ports for day trips and as alternative transport to Route 1.
			Consider Whale Museum or Gulf of Maine Aquarium. Draw to area a land based activity to complement development.
			Likes proposals of marina, concert shell, additional bus parking and ease of docking for cruise ships. Concerns on environmental, visual and aesthetics and traffic impacts. Conflicting message delivered as to traffic impacts
			Avid cruisers, see benefits of docking to tendering and potential traffic relief from town congestion.

These comments can be categorized as follows:

- **Positives - i**n general those individuals that concurred with the general plans provided the following major reasons:
    - Encouraged the acquisition of the terminal and preservation for marine use.
    - Would like to keep the terminal in public hands.
    - Like the concept of a mixed-use project involving open space and marinas.
    - Many liked the concept of moving ships away from the town.

- **Concerns**
    - There was one underlying concern that was expressed by both people that were in favor of the project and those that had some comments and that is the potential for overcrowding and congestion. Most people encouraged the development of a plan that would reduce congestion and overcrowding and discourage the concept of creating higher peak loads that could create further congestion.
    - Many people saw the positives of being able to have the larger ships being handled outside of the town keeping all of the bus staging and tour operations away from the current town pier, but on the other hand, were anxious to make sure that the traffic coming into town from the pier can then be handled in a more manageable way.

- **Negatives - T**he two comments that were received expressing concern over the project had to do with:
    - Increase of tourism into the town in general
    - Effects the pier would have on congestion.

As a separate issue, during the meetings, images were shown as to what the pier with a ship would look like from different points. The owners of the hotel adjacent to the south of the terminal have requested that similar images be created from the view of the hotel balcony.

RECOMMENDATIONS

Overall the public input process was good and provided some thoughtful discussion of the concept and the plan. In general, the following recommendations should be pursued if the project continues to move forward:

1. Develop a detailed congestion management plan consistent with the different cruise projections that are outlined in this report. This could involve management systems of buses and other means of transport between the Town and the pier as well as policies affecting the peaking that could occur considering both the use of the pier and the anchorage areas.
2. Develop the uplands in a way that maximizes public benefit by providing access and other opportunities consistent with the development of an approved ISPS Plan (security plan) for the cruise and ferry operations.
3. Develop the plan consistent with all environmental guidelines.
4. Develop a plan consistent with minimizing visual impacts to the area and generate additional views as requested by the adjacent property owner.

10 FINANCIAL RESULTS

The main purpose of both the Phase 1 and 2 studies was to determine if there was a financially viable marine use for the Bar Harbor Ferry Terminal concerning its potential range of uses. Thus the focus was to determine the potential marine income that could be used to operate the facility without relying on the tax base.

During Phase 1, the major use identified was to initially operate as a cruise terminal while preserving the ferry operation for the future. If after a certain period of time the ferry is not restarted, then the balance of the project could be developed for other activities as shown in Section 8 of this report. Therefore the initial main revenue source will be those generated by the docking of cruise ships in the facility as well as a number of secondary revenues as a result of the cruise ships being handled at the terminal.

The financial model that was built during Phase 1 was recalibrated using the detailed market studies and budgets that were done in this Phase. The model utilizes the different projection levels that have been previously indicated, and can be run to evaluate with different levels of traffic splits between the pier and the Town. The results of the model are shown in detail in Appendix A5 of this report.

The financial model is based on the following major factors:

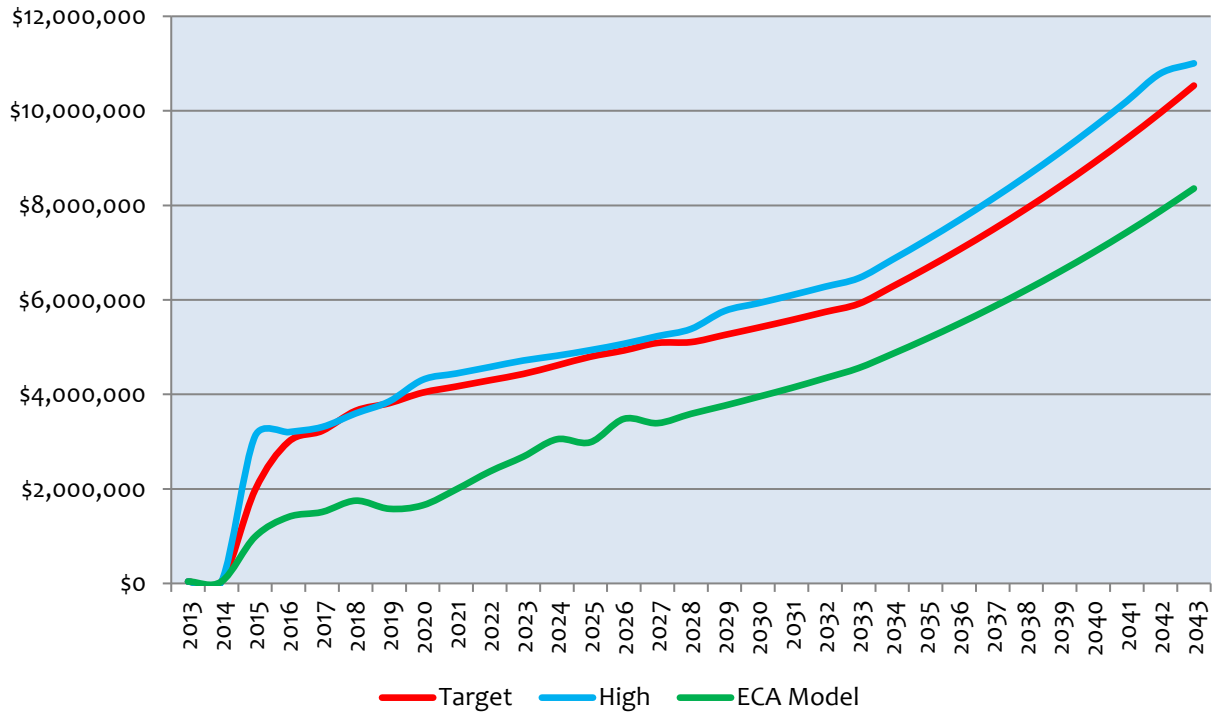
1. Calculations were done using the target projection, but also the model was subsequently run using the full range of the new projections (high to ECA) to determine the feasibility sensitivity with different levels of traffic fluctuations.
2. The net operating revenue of the facility is calculated from which to test the feasibility to pay for the amortization of the capital costs.
3. The model assumes that the first year of operations of the cruise facility will be in 2015 and it assumes that the terminal will be turned over to the Maine Port Authority (MPA) in 2013. From then on, the MPA assumes that all the costs.
4. The model assumes that the current levels of taxes that are paid to the Town are kept intact, even if it is owned by the Maine Port Authority and it substitutes a Payment In Lieu Of Taxes (PILOT) for an equal amount.
5. For planning purposes, no income has been included in the model for any commercial operations. It is quite likely that a certain amount of income can be derived immediately from the facility from certain uses but those have not been included until a more in-depth analysis can be made. This represents the most conservative approach.
6. The analysis was done using a unitary rate for a cruise passenger docking at the new pier of $11.00 per passenger. This amount was derived during the Phase 1 study and it is a

competitive and comparable tariff that is being charged by Portland to the south and by the Canadian ports of Saint John's and Halifax to the north.

Based on the above assumptions, detailed models have been run for the facility to establish gross and net operating revenues that are generated. For purposes of the analysis, the main forecast that was studied is the target passenger projection.

The gross revenues associated with cruise operations at the pier based on the traffic forecast is shown in Figure 10.1.

Figure 10.1 – Gross revenues of terminal



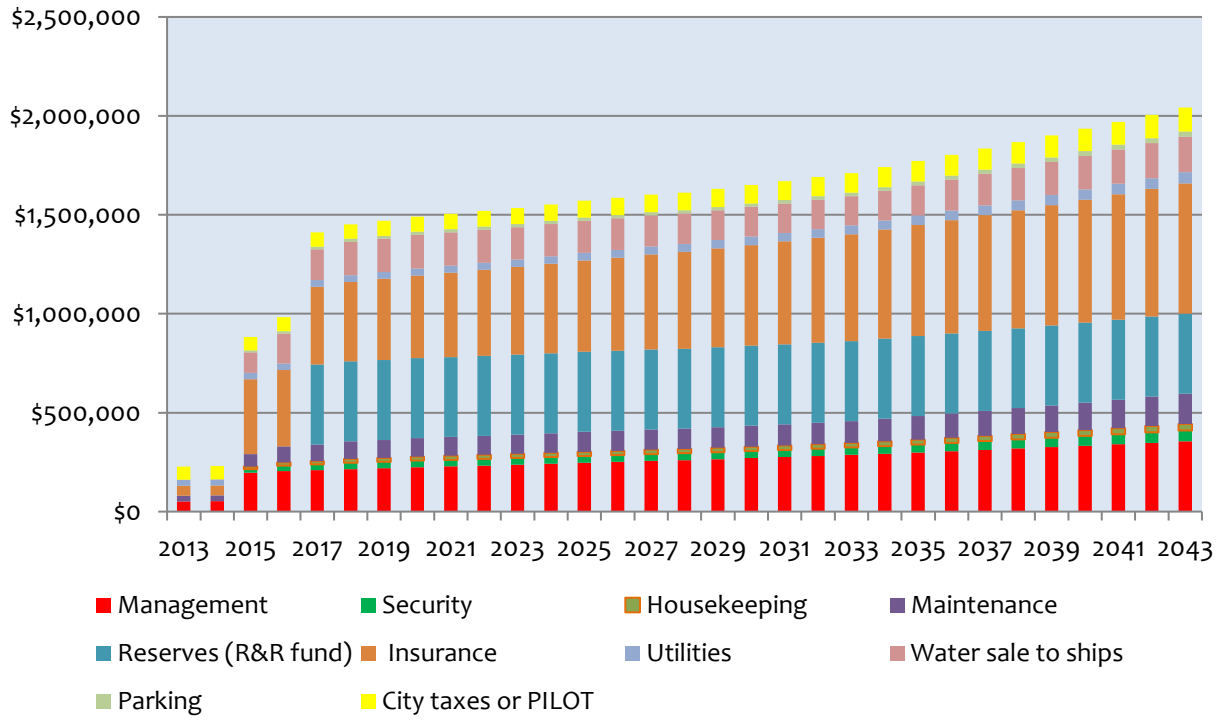
The operating expenses have been calculated by establishing individual budgets for each of the following components:

- ***Management*** – The amount of staff for managing the facility, coordinating its uses, marketing of the facility to cruise lines, coordinating ground transportation, and accounting, billing, auditing, and all other general costs.
- ***Security*** – Security of the facility which includes building security and perimeter security. It is anticipated that any security associated with the ship will be borne directly by the cruise lines and paid directly by them.
- ***Housekeeping*** – Housekeeping provides for janitorial services of the terminal before and after cruise activities.
- ***Maintenance*** – The routine maintenance is calculated and included in the expenses.

- ***Utilities*** – Utilities mainly consist of electricity and water for the building and the site. This does not include the water sales to the ships which are a separate line item.
- ***Water sale to ships*** – A line item is provided for selling water to the ships with a modest mark-up.
- ***Insurance*** – This accounts for the annual premiums for property, casualty, and third-party insurance.
- ***Parking*** – This includes the expenses associated with the collection of revenues.
- ***City taxes or PILOT*** – These charges are carried at the same rate as being paid today.
- ***Renewal and Replacement Fund*** - The model carries a reserve for the creation of a renewal and replacement fund to be created starting on the third year of operations. This fund has been calculated in order to create sufficient reserves over the life of the project and to be able to provide major maintenance to the pier, fenders, and the eventual replacement of major items. Although not necessarily a cash item from the start, it is sound financial practice to build-in the reserves that will then be available for reconstruction. Since the cruise terminal will be predominantly a brand new pier, these reserves will most likely not be used for quite a while.

The expenses are all shown on Figure 10.2.

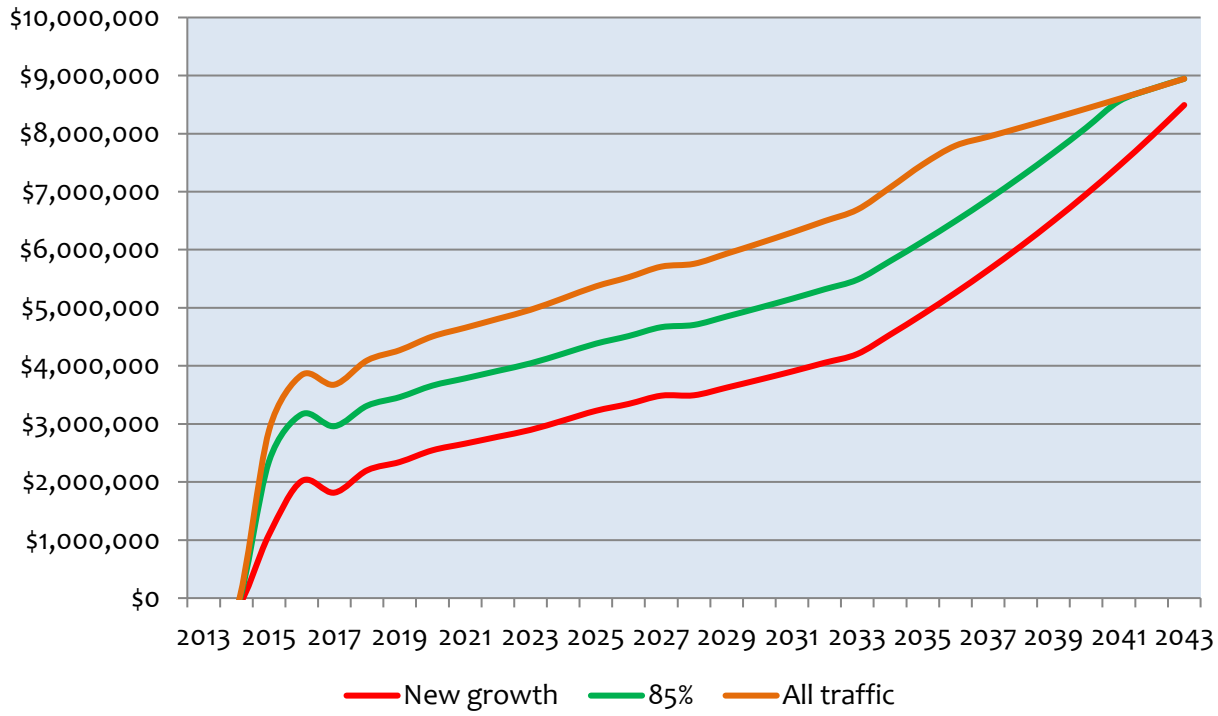
Figure 10.2 – Operating expenses



NET REVENUES

The net operating revenues are shown in Figure 10.3. This figure shows three levels of potential revenue depending on how that target traffic is split between ships that are anchored in Town and those that will not be coming to the new pier.

Figure 10.3 – Net operating income



The figure shows the net operating revenues under three different traffic split scenarios:

- New growth - All of the traffic is assigned to the pier.
- 85% - 85% of the total traffic is assigned to the pier and 15% stays in town
- All traffic -Finally the last titled "new growth" indicates that, only new traffic over and above the existing volumes goes to the pier.

This analysis is very important because any investor in the pier will want to have a fallback position in terms of curing any revenue deficiencies that might arise from revenue shortfalls. The simplest way is maintaining certain level of control of the assignment of traffic, and the creation of policies from a practical perspective to the investor.

FINANCING THE INVESTMENT

For this model, the investment is being financed as a revenue bond issue that will provide as debt 100% of all the capital costs, soft costs, costs of issuances, and a certain amount of capitalized interest to cover the shortfalls during the period of construction. The estimated annual payments based on 6% interest for 30 years is estimated at $2.0 million per year for both P&I.

When this annual payment is compared to the net revenues, we can then calculate the net-net revenues and the coverage that is provided to the annual payment. Coverage is being defined as the number of times over that net revenues are generated over what is needed to be paid to the bank.

Typically in bond issues, depending on the strength of the underlying credit the coverage can range from 1.5 to 2.0 or above. However, this will be determined by the finance plan.

Figure 10.4 shows the net-net revenues of the project after debt service. The Figure shows that the early years need to be structured with a sound finance plan to be able to structure payments, capitalize interest payments, and defer certain cost to a period once the operation has started. In addition, the new growth scenario will not generate sufficient coverage in the early years also.

Figure 10.4 – Net-net revenues after debt service

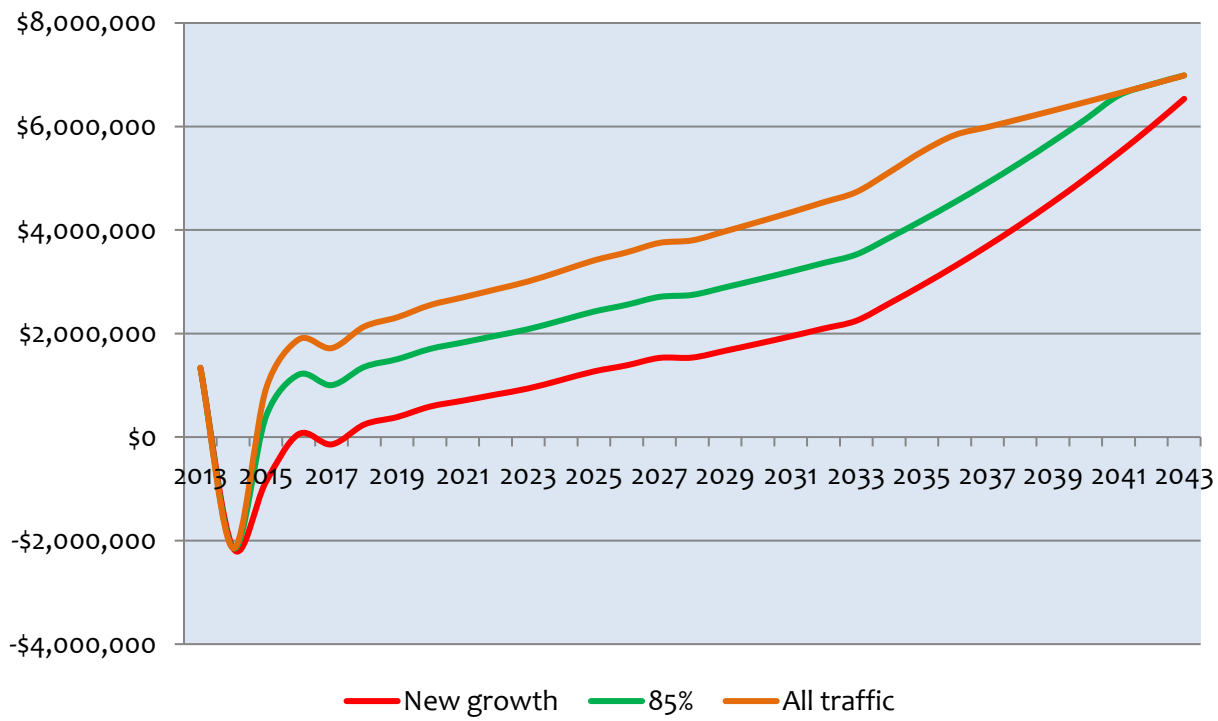
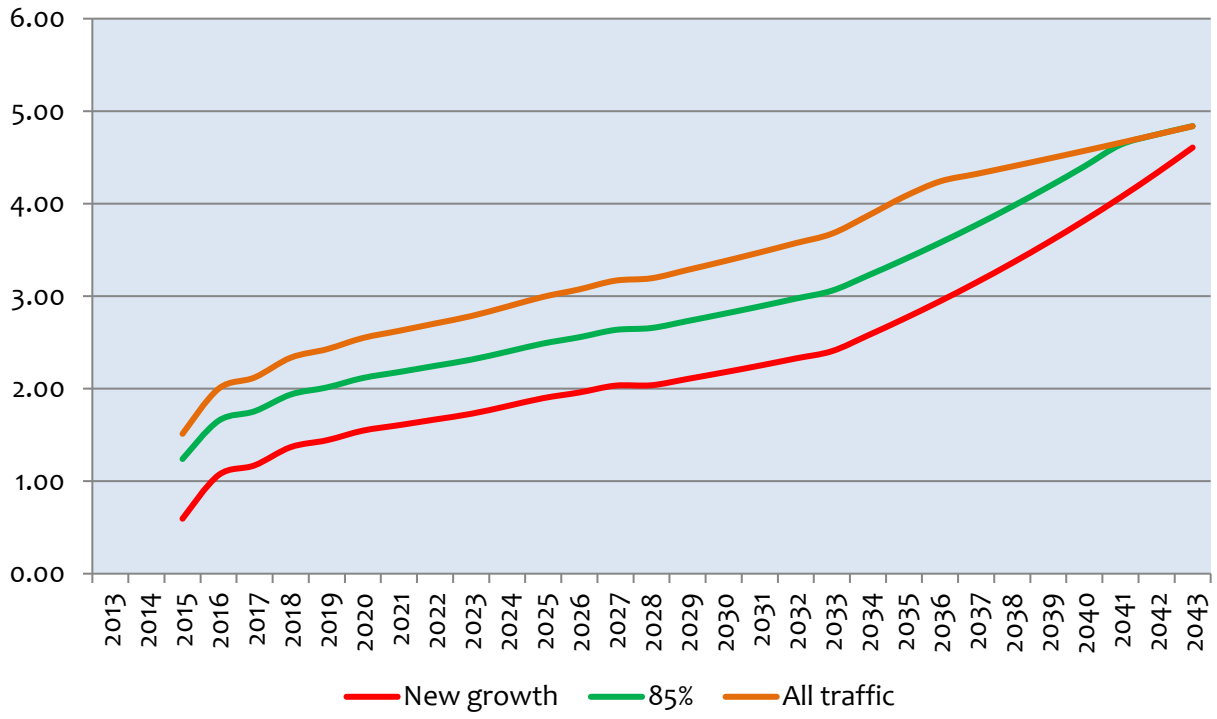


Figure 10.5 shows the coverage rates on the debt service. The table shows that, very quickly depending on the amount of traffic that is captured at the pier, coverage can exceed 1.5.

Figure 10.5 - Coverage on debt



Finally, as a summary of all of the factors, Table 10.1 shows the key financial indicators and sensitivity of the feasibility of the investment to the levels of traffic and traffic split.

For Options 1, 2, 5, and 6, it is assumed that the full investment of $24.7 million is made while in Options 3 and 4 the alternate pier design with a cost reduction has been made in the amount of investment to $21.1 million.

To study the sensitivity of the traffic Options 1, 2, 3, and 4, use the target projections; Option 5 uses the high projection while Option 6 uses the lower projection (ECA). Each one of these 1 and 2, 3 and 4, and 5 and 6, are done by showing the difference in revenue and coverage if the traffic is split purely upon all the new growth or all the traffic. The table then proceeds to show both the Internal Rate of Return (IRR) of the investment as well as the first year coverage for each of the options.

Table 10.1 – Sensitivity tests						
	Different scenarios					
	1	2	3	4	5	6
Investment	$24.7		$21.1		$24.7	
Traffic level	Target		Target		High	ECA
% split	New growth	All traffic	New growth	All traffic	New growth	All traffic
IRR	8.7%	13.1%	10.1%	14.9%	9.4%	9.8%
First year coverage	**0.59**	**1.51**	**0.72**	**1.79**	**1.12**	**1.05**

As can be seen, Options 1 and 3 that rely purely on initial growth will not have sufficient coverage in the initial years to meet its revenue needs while in Options 2 and 4 coverage is more robust.

CONCLUSIONS

The plan, as shown, shows that the project can be feasible under certain scenarios. The next step is the development of a financial plan by an investment house that can look at the market studies, underlying factors of the industry, the forecast and vision, and begin to structure the debt and revenue stream to mitigate the periods of low coverage, and establish the appropriate levels of interest for a bond issue of this size. The financial plan will provide the basis for then moving forward with the financial program.

11 IMPLEMENTATION OPTIONS

IMPLEMENTATION

Implementation and execution of this project will require four distinct phases as it moves from idea to reality. Each phase requires a distinct set of strategic and operational skills. Continuity from phase to phase is also essential. The phases are listed below. Understanding the needs and of each phase is critical:

- Planning stage
- Development stage
- Design and construction stage
- Operational stage

A discussion of each follows:

In determining how this process moves forward, although there is a great advantage in designating an entity that can carry the entire process from all stages from one to the other to provide continuity, it does not necessarily have to be the same. Therefore the discussion of this section will focus predominantly on decisions that have been made to date that support moving forward to the development phase.

PLANNING STAGE

This is the current phase of the work. During this phase, the idea is given shape and form, feasibility is tested, and the general intent and structure for the business is created. The conclusion of this phase leads to a decision to proceed or not. This phase is now being concluded. If the decision is made to proceed with the project, it then moves to the next phase of work.

This phase requires people and entities that are visionary and knowledgeable of the industry and communities and are able to put these pieces together. It also requires an investment of political and real capital. This phase has been led by a combination of the Town of Bar Harbor, the Maine Port Authority, CruiseMaineUSA and during Phase 1 the Bar Harbor Chamber of Commerce. The ability of these 4 entities to come together to test and promote the idea was critical in bringing the process to the current state. During this phase, it was also important to understand that, moving forward, a single entity needs to be able to proceed with the support of the others. The parties agreed that the Maine Port Authority (MPA) is the entity best suited for this next phase.

The planning phase consists of the activities that are underway right now. The major activities to date have been:

- Determining potential uses for the facility
- Determining potential feasibility for the facility
- Determining potential market for the facility
- Creating a preliminary business plan for the facility
- Obtaining authorization from the parties to proceed

DEVELOPMENT STAGE

This is the next stage of the project which consists of being able to acquire the property, raise the capital and develop a plan for construction and operations. The entity also needs the financial resources to be able to fund the development phase until such time as the capital is raised or the project begins to generate revenues.

The major strategic elements associated with this phase are:

- The ability to negotiate with the Canadian government for the acquisition of the terminal,
- The financial resources to fund the development phase
- The credibility and know-how to be able to raise the capital for the project.
- Development of an implementation and operation plan.
- Negotiate with users
- Develop management plan for the facility.

The next steps that are yet to be taken under the development phase are the following:

- Developing a finance plan for the facility.
- Entering into negotiations, if need be, with potential users and tenants to support the finance plan.
- Establishing budgets and approach for the next phase.

The options that were considered for the entity that should proceed with the development phase of the work were: the Maine Port Authority (MPA), the Town of Bar Harbor and/or a hybrid entity which has yet to be created.

The MPA has the maritime knowledge, backing of the State and stature necessary to move the project forward. Being a State agency, it is in the best position to negotiate with the Canadian government, to establish revenue bond capacity for the project, and has managed other port development programs.

The Town of Bar Harbor has indicated that, not being in the port or ferry business, it lacks the know-how, because of its size it is not in a credible position to be the entity responsible for any bonds and it is not in a position to negotiate with the Canadian government. As such the Town has voted to

allow the MPA to proceed with this next phase; the Town is paying for part of the work that has been done to date and it is working hand-in-hand with the MPA in developing the plan.

The MPA is in the best position now to contract and select an entity to develop the final finance plan for the facility. The finance plan will lead to the raising of the capital necessary to execute the project. This has to be done in conjunction with the acquisition of the terminal as well as the establishing of the final budgets for the implementation of the plan.

Although MPA is the entity selected to proceed, the participation of the Town moving forward is critical, as the issues associated with the final development plan and the creation of an overall management plan to deal with congestion and tourism capacity will require the Town's elected body to provide leadership and policy direction. The decisions to be made in this next phase need to balance the requirements to raise capital with those policies directions for growth and economic development for Bar Harbor.

At the end of this phase a decision should then be made as to the entity responsible for the last two phases of the work.

DESIGN AND CONSTRUCTION PHASE

The third phase of the project will be the planning, design and construction phase. Although this is the phase that will consume the most capital and manpower to execute, in this case, it should be the most straightforward phase and the most critical skills is to be able to achieve the project within a schedule and budgetary control. Many of these functions can be outsourced since this will be a one-time activity for which permanent staffing is not required. Of critical importance will be the planning phase in which the project then needs to cover all of the major activities of the business as well as respond to the needs of the local area.

OPERATION PHASE

The final operation phase begins once the project is built and operations commence. The entity that runs the terminal will be linked by to the previous phases by the financial commitments made to investors, to the community to execute the project in a manner consistent with the policies established and to be able to either provide the services or be able to contract a privatized operational model for the facility. This will be the subject of the previous Section of this report.

IMPLEMENTATION APPROACHES

There are three distinct models that can be chosen in general for implementing the plan, mostly driven by the need to raise capital. The three models are:

- **Sale of the terminal**

  The sale of the asset is easy to comprehend and requires no major explanation. The ramifications of a sale of a singular asset of the port or a community have serious implications in terms of its loss of control and aligning the goals and policies of the purchaser with those of the community and the port.

  However, in the case of the cruise facility in Bar Harbor, it is questionable that anyone would be willing to buy and invest for the creation of a pier in the facility purely for operating for cruise or ferries, and those that might have an interest will certainly imply that the uplands will be highly commercialized in order to generate sufficient revenues. The main reasons for this are:

  - The cruise business does not exist today at the facility so all revenues are based on future growth. Since the cruise business in the United States is, for all practical purposes, controlled by three companies and those three companies will more than likely not enter into any long-term commitment to support a long-term investment strategy by a third party, most private companies will not have the appetite or interest in a model which is based on future business growth. In fact some of the cruise lines, in many cases, believe that it is in the best interests for them to continue to work with the port authorities and not support such privatization.
  - The financials show that the yields during the early years are minimal until traffic growth is proven. This, combined with the significant capital investments that need to be made, does not provide an attractive or investment grade business proposition.
  - A purchaser would therefore have to either look for different sources of revenues, which would mean diversifying the uses of the property for other than cruise, and/or have some intrinsic belief that business is going to come back in the long-term and that they are willing to invest in that facility.
  - The conversion of the property, for private uses, although certainly viable, would have to be a decision that would require the change of the MPA approach and all of its implications associated with the Town development activities as those have already pretty well been discussed.

  So unless the port is willing to consider a major reconceptualization of the use of the property for other activities than cruise, the sale of the asset is not in the best interest of the MPA as it either will not yield any interest, will receive an incredibly low price, or will result in the loss of total control over this singular asset.

- **Lease of the terminal**

  Under a lease model, although in some ways similar to the purchase where the asset is turned over in its totality to a private company to operate and pay rent, the lease provides the port with a greater degree of control in managing the contract. However, in the case of the cruise facility, the underlying business principle already described in the sale section above prevails. Therefore the likelihood of somebody bidding and providing a reasonable lease payment based on an income stream which does not yet exist and is based on future

growth is suspect. In order for a lease to work, it would have to be long-term, usually in the excess of 10 years.

Another factor which affects the potential lease of property like this is the limited field of potential bidders of firms with experience in operating cruise facilities. In the case of the cruise facility, the MPA will be looking for a company that would be willing to pay the lease payment based on some future income stream. The universe of cruise terminal companies and they all have some common traits:

- Considering the global reach of the business, there are very few companies in the business of operating cruise facilities
- Most of the companies only operate the local terminal in their area of influence.
- Most of the companies are not in the business of guaranteeing income streams and taking the business risk, but rather are service-for-a-fee providers.
- Most companies are off-shoots of stevedoring companies which provide those services to the cruise lines.

Since these companies will not get long-term commitments from the cruise lines as they do not have a strategic alliance with any of the major lines, the companies are unlikely to provide such a bid in which they assume the business risk.

Based on experience, these companies are also less likely to take any risks associated with building or investments, and would not be interested in bidding on a project that requires them to be responsible for those undertakings.

As a matter of reference, during the last 18 months the owners of the new terminals both in Hong Kong and Singapore wanted to achieve a business model based on a lease of the terminals. Both of them went out with tender documents to gauge interest and both at the end vacated their bid efforts for this matter. Both have now issued agreements to operators based on a management model which is described below.

- **Management agreement of asset**

As opposed to a lease or sale model, the management model is where the port will seek to either operate the terminal itself, or privatize the different operations. In the case of a lease or a sale, a tender would be looking for a bidder that would be paying the port the highest, while in the case of a management agreement the port will be looking for a tender that would be charging the port the least within a set of specified parameters. The Management Model is further detailed in Section 11 of this report.

NEXT STEPS

The key is to be able to move the project from its current planning stage to the next development stage. Major steps that need to be taken are as follows:

1. ***Finance plan*** - Engage a firm to develop a finance plan based on a revenue bond issue which will be linked to the net revenues generated by the facility. The finance plan needs to take

into account the current market for tax exempt bonds in the U.S., the creditworthiness of the entity that will issue the bonds, the necessary coverage rates that will be required, and the need for any underlying credit enhancements for the bond issue, if any. The plan will also need to look at available mitigation and curing mechanisms that will be available to bond holders which will include issues such as diversion of traffic from the Town to the facility to increase revenue, increase tariffs, reduction of operating expenses, deferment of payment of PILOT payments and others.

This is a critical step as it will not only define the amount of funds that could be generated through this revenue bond mechanism, but will also provide significant input as to the quality of the entity that is required to issue and support the debt.

2. ***Cruise line engagement*** - Simultaneously with the above process, there might be a need to enter into more formal discussions with certain cruise lines to establish a Formal Use Agreement if they would be so inclined. The process of establishing preferential berthing agreements with cruise lines seeks to trade a commitment by the cruise lines to provide a certain level of passengers and revenues over a prescribed period of time in return for assurances and having a berth preferentially available. These are very difficult agreements to obtain and are usually associated with facilities that have had significant traffic for a long period of time. In the case of Bar Harbor, the business plan is relying on the recent success have hand and the future results that the cruise lines are expecting for 2013 and 2014. Therefore, these agreements might not be possible and will require serious negotiations. In addition, when cruise lines guarantee traffic, they also want a preferential rate associated with that traffic. In the case of Bar Harbor, we are seeking to establish a competitive rate for the use of the pier. Nevertheless, this process is one that needs to be considered during the development of the finance plan in order to bring revenues and capital sources together into one cohesive package.

3. ***Acquisition of facility*** - The third simultaneous element that needs to be done during the next phase is the completion of negotiations with the Canadian Government for the acquisition of the property and all the necessary legal and due diligence items that need to be completed in this terminal.

4. ***Program*** – Once the above three steps are nearing successful completion, the final major step that also needs to be accomplished is the development of the entire program from both a budgetary, schedule and implementation point of view to assure that the funds, which are being sought as part of the finance plan, are balanced with the programmatic needs of the project.

5. ***Traffic policy*** - One last final point that should be considered at a policy level is the underlying policy body that will govern the operation and finances of the Bar Harbor Ferry Terminal. Currently, the Maine Port Authority (MPA) is the entity that is moving the process forward during the initial phases of development. A discussion as to the operational policy board should be established this should include the berthing policy including operation of the anchorage area, traffic limits, and congestion mitigation measures.

The above are the critical next steps in the process. During this time, decisions can be made as to further implementation strategies for the project which might include privatization of operational or investment strategies.

It is important to note that, as a state-wide port authority, the MPA provides guidance and direction to various facilities throughout the State. Representation of the port authority is from all over the state of Maine. Among the options available for future consideration is to continue with the same format and/or adjust or create a hybrid entity in which representation of the governing body includes members from the Bar Harbor community.

12 MANAGEMENT AND OPERATIONAL OPTIONS

After the project is built and delivered, the final operational phase of the project commences. Because of the implications and permanency of how the facility will be operated, it is important to view these options in the context of its long-term impact and any approach must consider the evolution of the business and the needs of the community over time. Whatever mechanism is chosen needs to be able to respond to the correct needs of both the businesses and the area in a way that maximizes benefits for the State and for Bar Harbor.

In general, cruise terminals are very straightforward in their operations. Most of the functions having to do with the handling of passengers and tying of the ships are contracted out directly by the cruise lines to ground handling and stevedoring companies. Therefore, a terminal operator becomes more of a property manager with certain other responsibilities associated with berth scheduling, contractual relationships, and business development of the facility.

The major elements for terminal operations are the following:

SHIP SCHEDULING

This is a rather basic process that requires the port operator to receive berth requests and assign and confirm berths to a cruise line. The process of assigning berths, although simple in ports with few berths, is typically controlled by a policy usually dictated by the Port and is traditionally based on a prearranged agreement, preferential berthing request and/or a berthing policy. Berthing policies are typically dictated by a policy that provides the highest benefit to the Port and the community and may include some level of historical rights, first-come, first-served, or volume incentives giving first right to those customers bringing in the highest volumes. What is important in this context is that this policy be transparent so that cruise lines are not put-off by some perceived preferential treatment where none exists.

If the pier is built at the ferry terminal, there will be a need to develop a comprehensive overarching policy for berthing and anchoring that is in line with the needs of the investors and any future management policies established to control overcrowding. This policy should be established during the developmental phase.

BUSINESS DEVELOPMENT (MARKETING)

There is an obvious interest in having the terminal operator be part of the marketing team and/or even lead the marketing effort. Working within the CruiseMaineUSA regional marketing plan, it is the responsibility of the operator and the entity responsible for paying the debt to promote the use of the facility. However, for most ports, this function has been shared with the underlying entity that owns the facility as it has a vested interest in its success. In particular, what is very important is that, if a private terminal operator is chosen that is operating multiple terminals, the owner of the facility ensures itself that its best interests are being protected when the operator is marketing.

SECURITY

Security has become a much more complex process at terminals. It varies significantly from place to place to reflect local requirements as well as what has been negotiated with the lines. In some ports, the port and/or terminal operator provides all security including perimeter and building security, traffic operations and passenger security required to embark and debark the vessel. Security is predominately divided into three tasks:

- ***Building security*** – providing security to the site and building when not in use and perimeter security.

- ***Ship security*** – these are the security functions usually associated with the ISPS plan and includes passenger, luggage and ship stores clearance; access to restricted areas and may include control room functions

- ***Traffic control*** – these are a combination of security and traffic operations officers to make sure traffic flows are controlled and efficient.

In many ports these functions are split where the port provides the building and perimeter security and the cruise lines contract and pay for the security for ship operations. Likewise, the payment from the cruise lines for these services in some cases are included within the base tariff and in other cases, cruise lines might pay a separate fee and/or subcontract ship security themselves.

MAINTENANCE

Maintenance for a cruise terminal is typically no more than maintenance for a major facility. In fact, it is totally similar to the services a property manager would provide for a commercial property – with one exception: in commercial buildings maintenance is relatively easier to predict than in a marine environment with deteriorating piles, older buildings, and environmental and dredging issues.

For this reason, in evaluating the maintenance needs of a cruise pier and terminal they are usually divided into two distinct components:

- ***Routine Maintenance*** – these are usually identified as those predictable items that can be identified based on historical needs and proper building procedures and include items such as cleaning air-filters, flooring, FF&E, electrical inspections, bathroom repairs, etc.
- ***Major maintenance*** – these have to be individually identified for each terminal, but in the case of Bar Harbor, may include pier repairs, fenders, roofing, building envelope work, etc.

It is important to separate these two sub-functions as routine maintenance can be easily budgeted on a year-to-year basis while major maintenance might not.

HOUSEKEEPING

Housekeeping is a rather simple task that can be easily defined based on the usage of the facility and the level of cleanliness and target for its application. In most terminals, housekeeping is subcontracted to firms that provide those services at a cost variable based on demand and usage.

OPERATIONS

The operation of a cruise pier and terminal is not as complicated as it may seem. The typical operation consists of preparing the facility for use on a particular day and to make sure that the building is fully functional on the day of use. The actual operation of a terminal, such as passenger embarking, ship servicing and all the other functions that occur, are usually provided by the cruise line, ground handler or agent, and/or stevedoring company. Thus, the terminal operator becomes more of a facility manager ensuring that the facility is in order and all things in place.

The terminal operations side is predominately the coordination of all the providers and, in particular, coordination of the ground transportation area to ensure a seamless operation.

In some cases, the gangways are operated by the terminal operator; however, in many other facilities, such a function is passed onto others such as the stevedores.

PARKING

The functional aspects of operating a parking facility are no different than at any other parking lot. Predominately the major factor associated with operating such a facility is to maximize revenue at the least cost. As such in many ports, specialized companies usually provide this service. Because of the compact size of the Bar Harbor Terminal this is not feasible and parking can be operated as part of the whole.

EVENT MANAGEMENT

In cruise ports, due to the intermittent use of the facilities for cruise, the space and buildings can be rented and used for other functions in order to create a desired public use and a secondary income stream for the facility. Some facilities have specific elements built in to enable this alternate use.

These range from kitchens, break-out rooms, restaurants, etc. In the ones with more sophisticated programs, ports have usually brought in a third party to manage and market such business. In some, the terminal operator and the event planners are separate while in others they are one entity.

The current plan shows that the facility can be built in a way that allows use for other activities such as concerts, markets, and many other functions. Promoting this use is particularly important due to the fluctuations of the cruise business to create an alternate use for the facility that is countercyclical to the cruise activities and enhancing its public benefit.

OPERATING MODEL OPTIONS FOR BAR HARBOR

The way that ports operate their cruise facilities are highly varied throughout the world and the United States. This is due to the organic nature of the growth of the cruise business where most ports adapted some form of their other operations to provide this service. These range from totally outsourcing all of the functions above to performing all functions in-house and/or multiple combinations of the two.

Considering the nature of this terminal facility, there are two potential operating options that could be considered:

- **Self-perform** - Hire a facility manager that will then contract out specific issues such as maintenance, housekeeping, etc.

- **Management model** - Bid and outsource entire terminal operations to an entity.

  The management model is where the port will seek to privatize its different operations as a way of reducing costs, controlling them better, and linking a level of service to a payment scheme through a contractual relationship.

  With a management agreement, the port would still retain the ownership of the facility and would retain the overall responsibility for the business plan which would include the collection of income, marketing of the facility, and the paying of all the expenses as well as capital improvements. In return, the port would have a business partner that would work under a very tightly-controlled contractual relationship that would allow it to manage expenses without having the issue of having to deal with major staffing changes when the fluctuation in traffic occurs as it has over the past few years.

  The management agreements typically can also be structured on a shorter term basis purely dependent on the desire of the port as well as any requirement for the private operator to make an investment such as for equipment or start-up costs. Typically some ports have year-to-year management agreements while in others it is more customary to have 5-10 years terms with some ability to extend. The shorter the term, the more control the port has to use the extension as a management and an incentive tool to provide good operations.

  It is very important that the management agreement identify the key performance standards that any bidder has to abide by so that everyone can provide an equal bid to the port but, even more important, to clearly differentiate the services of a terminal operator versus other

services that cruise lines buy directly. Cruise lines encourage ports that they would like to have as many items which they are going to pay for directly under their control so they can use the power of the market to both control cost and make adjustments if quality were to go down. Therefore, it is important that the port follow this procedure in order to make this terminal as customer friendly as possible and to segregate terminal operations from the three major items that cruise lines would like to buy directly; those being stevedoring, ground handling and security.

Under a management agreement, there are a variety of functions that the port can choose to bid out – whether together or independently. Experience dictates that the more individual packages are issued, the more competition and less overhead that will be charged by terminal operators. However, it will then mean that the port will have to manage more agreements and become the regulator between the parties if one is not doing the job and is therefore impacting the other. Hence the best practice for the port is to choose a core set of functions which the terminal operator will be responsible for and which provides total control of the quality and cost of the facility, and then determine which, if any, of the components can be issued separately and which the port wishes to retain.

The final decision on the operations does not need to be made at this point in time, but rather should be the source of further detailed evaluation and should be linked to the final finance plan and capabilities of the entity that will manage the asset.

APPENDIX A1

PHASE 1 - FEASIBILITY STUDY FOR THE ACQUISITION OF THE BAR HARBOR FERRY TERMINAL

FEASIBILITY STUDY FOR THE ACQUISITION OF THE BAR HARBOR FERRY TERMINAL

FINAL PHASE 1 REPORT

Prepared for:

Town of Bar Harbor
Maine Port Authority
Bar Harbor Chamber of Commerce
Cruise Maine

Bermello, Ajamil & Partners, Inc.

January 16, 2012

Important notice

The data for this study was collected in November and December of 2011. No further data has been collected or updates have been performed since then.

This report is for information of the Clients only and should not be used, quoted or referred to, in whole or in part, without our prior written consent, except as provided for in our Agreement. This report shall not be used by third parties.

This study represents an initial 30 day review of potential uses and business possibilities for the site. No independent market studies have been confirmed of the underlying businesses or detailed cost estimates been done of any of the improvements to the detail necessary to finalize any business plan. As such, the report and its findings are not suitable for use in the financing or raising capital for this venture.

INDEX

1 INTRODUCTION

The Town of Bar Harbor engaged Bermello Ajamil & Partners, Inc. (B&A) on behalf of the Town, the Maine Port Authority, and the Bar Harbor Chamber of Commerce for Phase I of a proposal to evaluate the feasibility of acquiring the Bar Harbor Ferry Terminal.

This initial assignment is limited to making an early determination of the financial feasibility of the ferry facility in order to assist the parties in making a decision as to whether the facility should be acquired or not.

Subsequent phases of the proposal presented by B&A have not been authorized.

Given the limited nature and the timeframe in which this assignment was be completed, a number of the more detailed studies have been deferred until later pending the outcome of the decision on whether or not to proceed.

The parties understand that the current ferry facility has sat idle since the termination of ferry service between Yarmouth and Bar Harbor and that its current Canadian owner may wish to divest itself from the property. Should the parties have an interest in proceeding with the acquisition of the property, the next step would be to provide an expression of interest to the current owner in order to begin the process of negotiation for its acquisition.

STRATEGIC ASSET

The parties have agreed to proceed with this engagement because of the strategic nature of this asset. This is a facility that provides deep water berthing for larger ships. The facility has been in existence for over half a century. The facility is also a significant real estate asset, strategically located along the main highway leading to the central core of the Town of Bar Harbor.

- **Irreplaceability** - Due to the current financial situation as well as the significant environmental hurdles that need to be overcome in order to obtain permitting, this is a facility that cannot be easily replicated or built elsewhere.

- **Port-of entry status** – Bar Harbor is designated as a Class A Port of Entry by the United States Customs and Border Protection (CBP). A Class A facility allows entry into the United States by all aliens. There are only 327 such ports of entries in the US and only 16 in Maine. Such status has been critical for the ferry operation and for the visitation by cruise ships which are coming from abroad. Such a status requires the maintenance of a physical plant that has been approved by CBP, as is the case at the existing ferry terminal. Therefore this is a strategic asset of Bar Harbor and the State of Maine, one critical for current maritime activities.

Therefore, the parties have agreed that this facility should be viewed in this strategic context as part of making a determination on acquisition.

2 HISTORY

The current ferry terminal has a long history over its half a century of existence. The ferry terminal came about as a result of a competitive bid that the Town of Bar Harbor participated in during the 1950's when the Canadian government announced it wished to develop a maritime transportation ferry station between Nova Scotia and the United States.

The current site and location was chosen by the Town leadership and townspeople at the time. This process was full of discussion and differing opinions over whether or not such a facility should be part of the Bar Harbor landscape. The decision was then made that such a service and facility would be of importance to Bar Harbor. The Town acquired the property and subsequently the Maine Port Authority invested $1 million in its development. Thereafter, the facility was built and the service commenced in 1954-55 with the introduction of the original M/V Bluenose ferry.

Initially, the ferry service was provided by a Crown Corporation of the Canadian government and eventually in 1980 the Canadian government decided to divest itself from the ferry operation and engaged Bay Ferries to operate the vessel between Bar Harbor and Yarmouth. Bay ferries replaced the slower conventional car and truck carrying ferry service (the Bluenose) to the modern high-speed catamaran; the *Cat* in 2002. In 2006, the *Cat* expanded its route to not only service Bar Harbor and Yarmouth, but also including Portland several days a week.

Among some key milestone dates are:

- Digby – Saint John service is 175 years old
- Original operator was Canadian Pacific

- 1949; Canadian Authorities announce that Canada and Nova Scotia would share in a new ferry terminal in Yarmouth with service to a port in Maine
  - Bar Harbor lobbied for the designation and began to create enticements
  - The Town agreed to pay $15,000 for the site – (owned by Edward Stotesbury)
- 1953; opposition to the site, but Town Council proceeded
- 1953; Maine Legislature agreed to fund $1 million for the terminal to be owned by the Maine Port Authority (MPA) and leased to CNR. Town voted to transfer property to MPA
- 1955 – Bluenose christened
- Bar Harbor – Yarmouth service providers:
  - CN Marine (later renamed Marine Atlantic) and in
  - 1997 the service was transferred to Bay Ferries, Ltd.
- Initially there were lots of design and operational issues – and yet successful due to:
  - Fisheries business
  - Passengers
- 1969 – Yarmouth to Portland ferry starts
- 1980 – the original Bluenose replaced with the Jutlandica (later rechristened the Bluenose)
- 1998 - The *Cat* high-speed catamaran service is introduced
- 2010 – Services end

Since its inception, the service has been relying on subsidies from both Provincial and Federal Canadian governments. Once the subsidy was discontinued, the catamaran ferry stopped operating and has since been sold and the facility has lain fallow.

Currently, the facility is controlled by Marine Atlantic, the Crown Canadian Corporation that is the successor to CN Marine and is paying its bills to maintain it in its current state.

3 INFORMATION GATHERED AND APPROACH

Due to the limited nature of this engagement, as much data as was available was collected in order to complete the assignment. In many cases the data has not been independently verified. Among the data collected were:

- Town budgets
- Cruise schedules
- Town cruise budgets
- Property tax information / assessments
- Yarmouth Economic Impact Statement
- Original Deeds
- Basic plans of the facility
- Partial operating budget of the facility
- Cost to repair the facility
- Miscellaneous information
- Terminal condition reports
- Tariffs at adjacent ports
- Cost of tendering
- Cruise traffic throughout the region
- Ferry traffic assessments

Historical and current information was gathered including past schedules of the facility, cost of operating the facility, plans, economic impact statements, and condition reports.

One very important study that was collected independently was a report that forecasted future ferry traffic between Yarmouth and Maine and evaluated the feasibility of that service into the future.

INTERVIEWS AND PRESENTATIONS

As part of this initial phase, a series of interviews and presentations were held with elected officials, business people, representatives of the different industries, and sponsors of the report. In particular, discussions were held with:

- Staff of the Town of Bar Harbor
- Town Council of Bar Harbor
- Maine Port Authority
- Cruise Maine
- Chamber of Commerce

- National Park Service
- Current staff of the ferry terminal facility
- Representatives of:
    - Ocean Properties
    - DownEast Transportation
    - The fishing industry
    - Hotel industry
    - Marine Atlantic
    - Certain of the cruise lines now calling in the area.

MAJOR FINDINGS DURING DATA COLLECTION PHASE

The early major findings based on the data collected can be categorized in the following major themes:

1. This is a one-of-a-kind facility and it should be preserved. The parties should do whatever they can to acquire the facility.

2. The impact that ferry service has had on the Town and its businesses has evolved over time. Where once it was critically important to economic development of the Town, by the time that the ferry was cancelled it had a different type of impact on the community. Since the ferry has been discontinued, most businesses in the community have adapted and have thrived. Therefore, the impact of the loss of the ferry has not been as dramatic in Bar Harbor. In Yarmouth, on the other hand, the impact has been dramatic.

3. B&A received many suggestions for other uses of the property including a series of public uses such as museum, open space, and others. For purposes of this study, the analysis is concentrating on those which could generate revenue.

4. There was strong direction that whatever uses are considered on the property should not negatively impact the existing businesses in the Town. Therefore the study should not be relying on the relocation of an existing traffic or use in order to create revenue at the expense of those already in town.

5. Although not part of the study, everyone felt that the acquisition of the ferry terminal should, in some way, become part of a strategy to resolve some of the congestion issues associated with cruise traffic and parking within the Town center.

USES CONSIDERED

The goal of this initial study was not develop a definitive use or plan for the facility, but rather explore options for the facility and determine their financial viability in order to determine whether the facility could have a viable financial use.

As part of this initial Phase 1 Study, there are a number of public and private uses that were discussed and considered in developing a financial model to determine if there is financial feasibility. However, they could all be categorized into the following three major areas:

1. The re- starting up of a new ferry service between Bar Harbor and Nova Scotia.
2. The expansion of cruise traffic into the ferry terminal.
3. Some level of commercial development in the property which could be used to generate revenues to offset costs.

The study in general as described below looked at each use individually and/or a combination of any of the uses.

4 CURRENT CONDITIONS

The current condition of the facility is that the building, berths, piers, and paved areas lie unused. The facility is still fully operational if necessary and it is being minimally maintained by Marine Atlantic. The terminal building currently houses a CBP Port of Entry facility which includes the latest in equipment for the search and interdiction of products that move across the border between Canada and the U.S.

As with any other facility that remains unused for a number of years, deterioration quickly takes hold. A number of reports have been obtained that document the condition of the facility. The reports and visual inspection point out to maintenance that has been deferred. This deferred maintenance can be categorized into a number of major areas:

- **Pavement** – The pavement has deteriorated and cracked in most places and will, in the near foreseeable future, need to be resurfaced in order to maintain its life.

- **Building** – The building, although fully operational, will require a number of mechanical and routine maintenance items such as painting, caulking, waterproofing, and improvements to the mechanical systems.

- **Docks** – The docks are the area where most of the deferred maintenance has taken place. Although a detailed evaluation was not done, a cursory view of the facility shows conditions that have been previously documented, mainly deterioration of the piles under the pier, are in need of attention. This will represent a significant cost.

- **Docking and floating equipment** – This is an area of the facility that, because of its more recent construction, seems to be in the best shape. Nevertheless it does require regular routine maintenance.

As is, the facility could begin operating with little difficulty immediately. However, most of these deferred maintenance items will need to be taken care of, particularly the condition of the piles.

Among the current costs of up keeping the facility are the following:

- Costing Marine-Atlantic between $150,000 to $250,000 per year
- Paying taxes to the Town of approximately $70,000 / yr.
- There was an estimate a cost of C$1 million to demolish the facility
- There was an estimate C$2 million in deferred maintenance in the buildings

The Canadian government performed a cost estimate for the improvements however, as of the date of this report, that cost estimate has not been disclosed. In a second report that was done for ACOA, a cost estimate of C$11.5 Million as deferred maintenance for both the Yarmouth and Bar Harbor facility was cited.

For purposes of this study, Table 4.1 shows a very cursory cost estimate to provide a safe estimate for deferred maintenance of the facility (excluding the terminal building) of approximately US$5.62 million. When combined with the costs for capitalized interest and costs of raising the capital the total amount increases to US$6.2 million that need to be invested in the facility to rebuild the entire facility.

TABLE 4.1 – ROUGH ESTIMATE OF REPAIRS OF EXISTING FERRY INSTALLATIONS

	UNIT		UNIT COST	COST
SITE WORK	10,567	SF	$20	$211,340
PIER	39,759	SF	$100	$3,975,900
FENDERS	1	EA	$500,000	$500,000
BULKHEADS	0	LF	$500	$0
SUBTOTAL				$4,687,240
CONTINGENCY		%	20%	$937,448
TOTAL				$5,624,688

It is important to note that the entire amount does not need to be spent up front from the onset, but rather through a capital improvement program that can be implemented over a period of time. In addition, as a pure ferry facility, the piers were built when the ferry operating was a side loading vessel; subsequently the *Cat* was a bow loading ship. Depending on the characteristics of a future ferry ship, both the pier and or the float may not need to be rebuilt but rather only one of the two.

5 FERRY

A stand-alone ferry facility was the first preference for the use of the property that was reviewed. After all, this was what the facility has been used for. In order to determine the feasibility for the ferry, a number of studies and historical documents were reviewed.

HISTORICAL TRAFFIC

In the last decade, the ferry traffic between Canada and Maine reached its all-time high levels in 2002 as shown in Figure 5.1 below. The ferry service traffic has been in decline since then and until it ended in 2010.

FIGURE 5.1 – HISTORICAL FERRY TRAFFIC

Although the ending of the service is totally connected to the elimination of the subsidy the operator was receiving, the decline is a combination of a number of issues which range from the economy, the imposition of travel documents of the United States, the cost of the facility, the cost of the ferry,

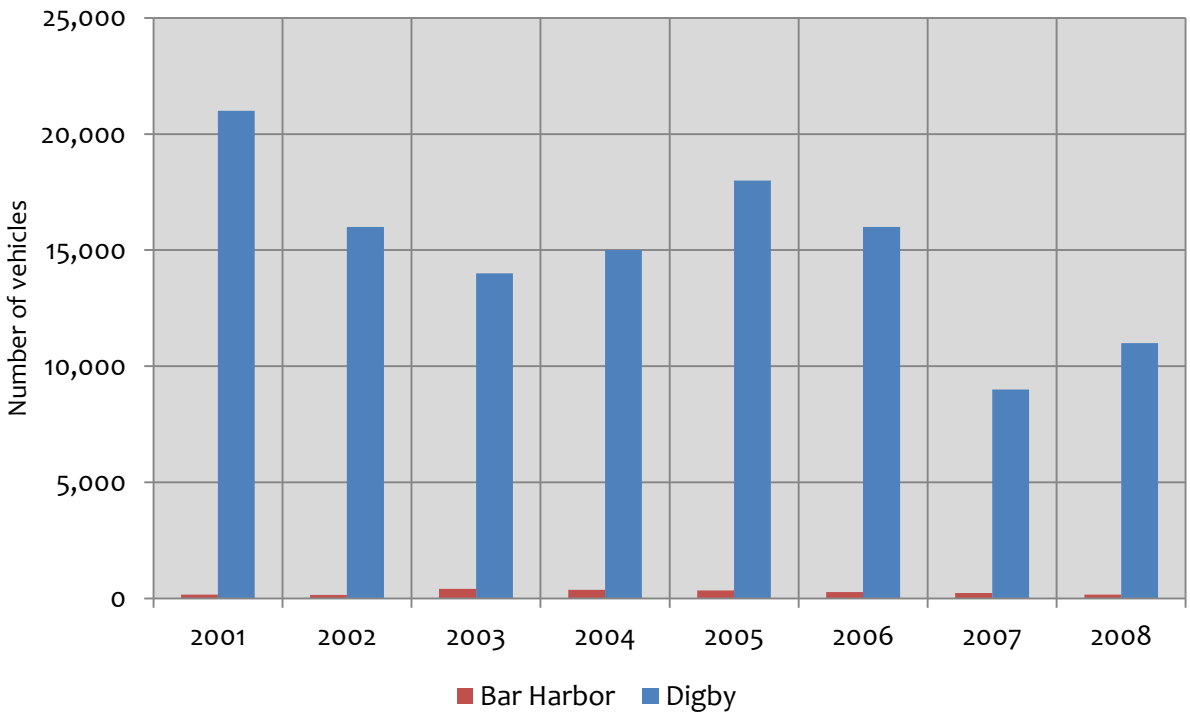
strength of the Canadian dollar, the actual ride in the ferry, the cost of a Canadian vacation, and the overall shifting patterns of traffic.

Pricing alone for the use of the *Cat* was expensive. The *Cat* prices before closing were the following:

- The fee per passenger was US$69 each way + US$10 security fee
- The fee per car US$115 each way + US$25 fuel surcharge
- The total for a couple return with car = US$596
- A family of four return with car = US$912

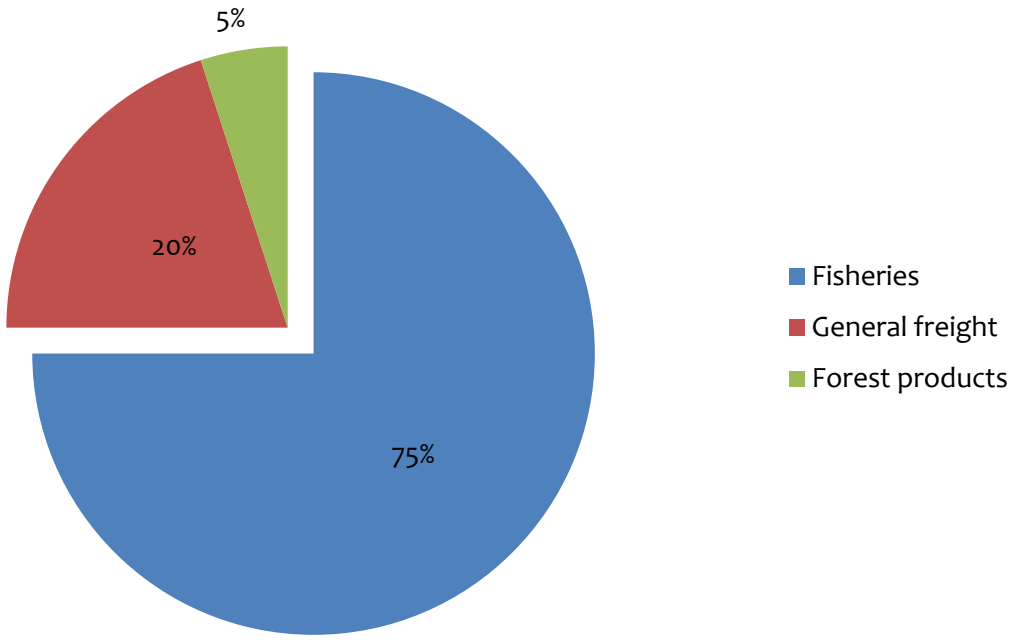
The *Cat* carried predominantly passengers and vehicles associated with tourism. As shown in Figure 5.2, most of the commercial traffic has shifted to the ferry operating from Digby to Saint John. This "all Canadian" ferry service pre-dated the Bar Harbor to Yarmouth service. The ability to carry commercial traffic significantly affects the economics and economic impact of that ferry versus one not carrying commercial traffic.

FIGURE 5.2 – HISTORICAL COMMERCIAL TRAFFIC BETWEEN CANADA AND THE UNITED STATES



According to a study done for Atlantic Canada Opportunities Agency (ACOA) in 2010, as shown in Figure 5.3, the predominance of the commercial traffic is fisheries. The lumber products, which at one time where a heavy contributor to the traffic, have been on a steady decline and are not expected to rebound even if the US economy returns with more demand for lumber products.

FIGURE 5.3 – COMMERCIAL FERRY TRAFFIC



FERRY PROJECTIONS

Ferry utilization projections done for the ACOA report looked at a series of options in both routing and type of equipment. The report studied 5 different routing options including:

- Reintroduction of the Bar Harbor-Yarmouth ferry alone
- Reintroduction of the Bar Harbor-Yarmouth ferry along with the Digby-Saint John ferry
- No Bar Harbor-Yarmouth ferry and only a Digby-Saint John ferry
- Alternating ferries between Yarmouth and Digby
- Short-sea shipping service from Nova Scotia to the United States

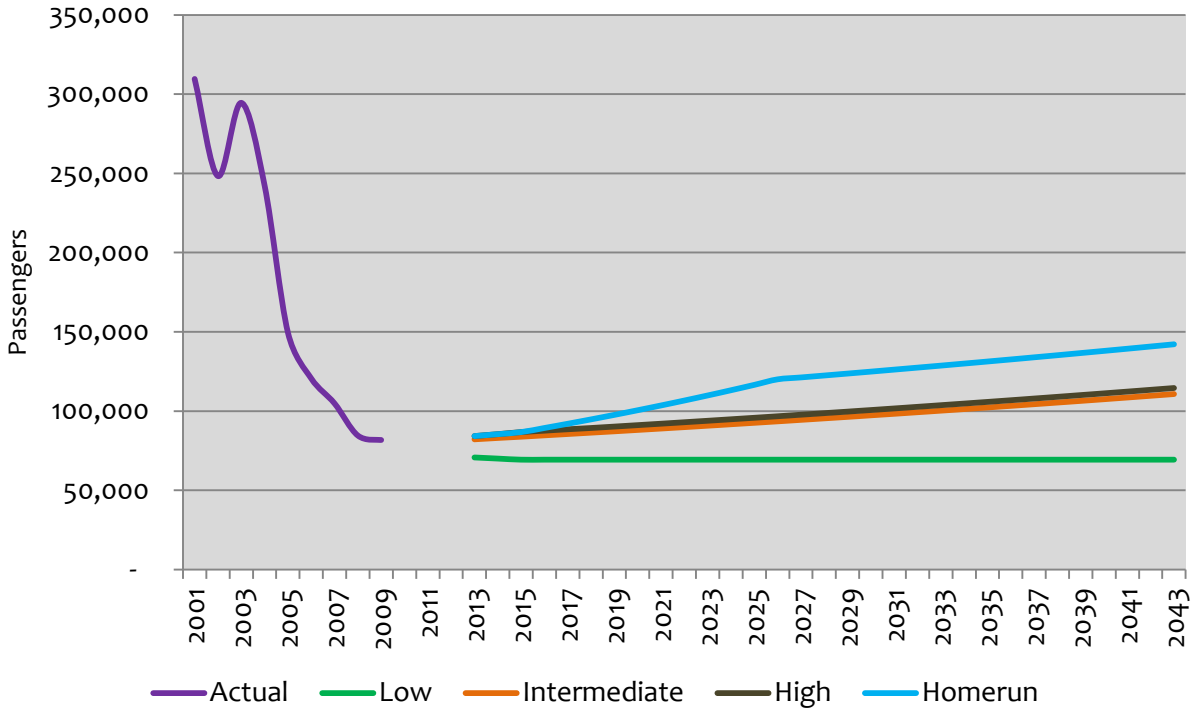
The study also looked at various ferry configurations including:

- High-speed CAT
- Traditional Roll-on/Roll-off/Passenger ship (ROPAX)

The results of the studies show that there were three levels of potential traffic as shown in Figure 5.4 below. In addition, for purposes of this study, a fourth level of traffic ("homerun") was studied to account for additional induced tourism traffic.

In addition, a fictitious scenario was run to determine what would be the income levels associated with the operation if the traffic rebounded to its former highs of 250,000 passengers for the year combined between both Portland and Bar Harbor.

FIGURE 5.4 – PROJECTED LEVELS OF FERRY PASSENGER TRAFFIC



The conclusions of the ACOA study indicated that:

- The levels of ferry traffic, if reintroduced, would never reach the high levels that the ferry carried at the beginning of the decade.
- All ferry routes required subsidy to operate and the Bar Harbor to Digby route required a much higher subsidy level than the Digby-Saint John route
- The benefit-cost ratio of each of the options showed:
    - Digby – Saint John 1.6
    - Bar Harbor – Yarmouth (high speed) – 0.6 to 1.0
- Commercial vehicles favor Digby-Saint John crossing
    - The *Cat* was not set up for commercial vehicles
    - Reliability
    - With the economic impact of fisheries in the Digby run, the benefit-cost ratio swung away from Bar Harbor
- The study did not clearly explain the tourism traffic
    - The impact of adding Portland to the Bay Ferries' traffic
    - Cannot account for implied demand created by the service

POTENTIAL BUSINESS PLAN

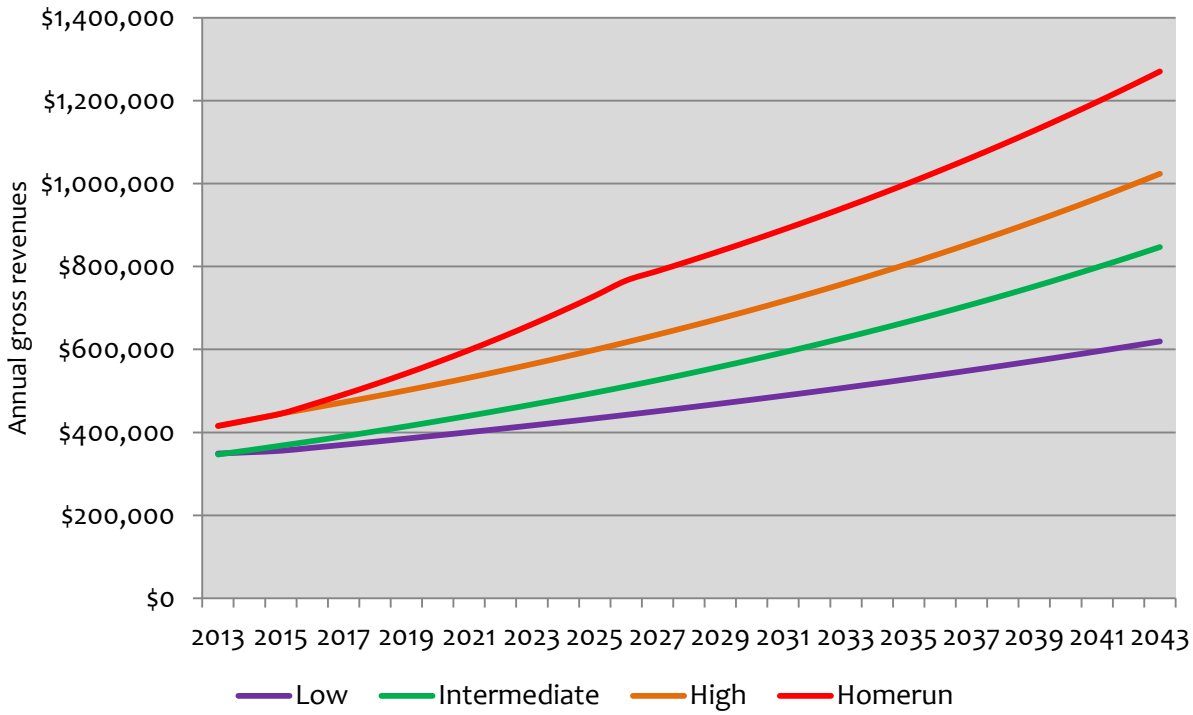
In order to determine the potential revenue associated with ferry operations at the facility, a financial model was constructed in which the ferry terminal would operate as an independent port facility charging for its use to the ferry. Rates were established using the existing competitive rates

that are currently being used in Portland and/or certain Canadian ports. These tariffs are typically charged on a "per passenger" and "per vehicle" basis as the traditional way of being able to obtain income from operations. The tariffs used mirror those in Portland as follows:

- Fee collected per passenger - US$2.50
- Fee collected per vehicle - US$5.00
- Fee collected per bus - US$20.00
- Parking - US$8.00 / day

Based on the use projections and tariffs, using a 2% per year escalator of the tariffs, the gross revenues from ferry operations are shown in Figure 5.5 below.

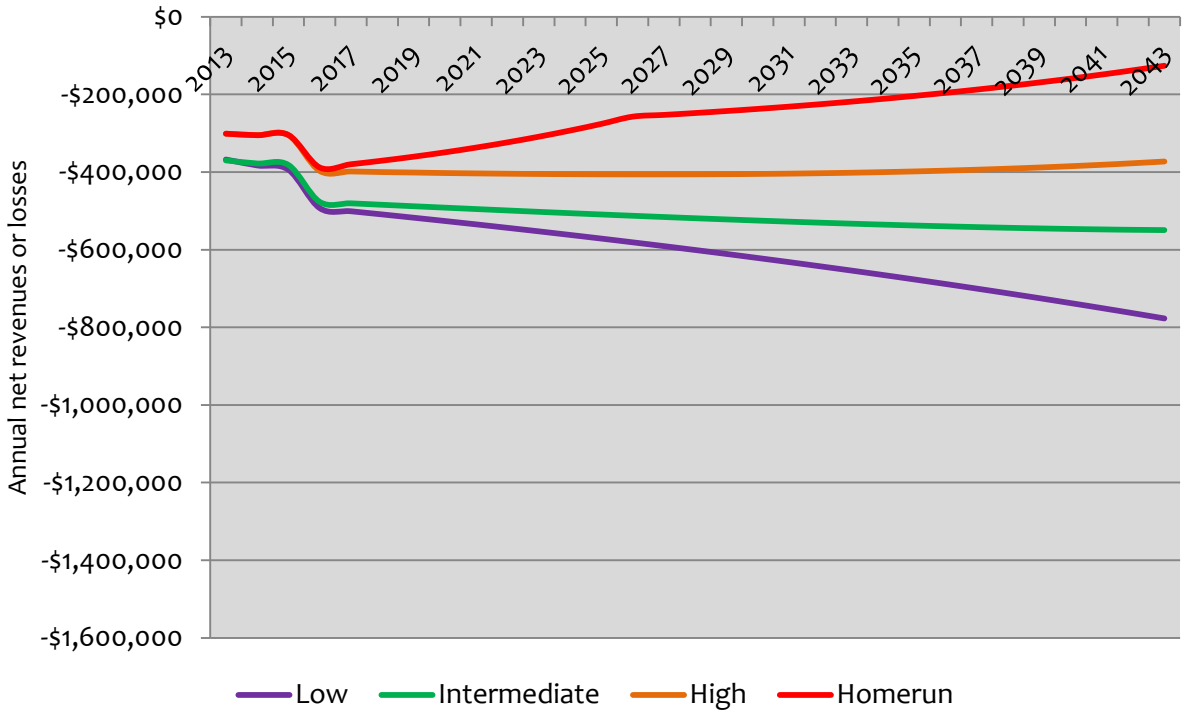
FIGURE 5.5 – ANNUAL GROSS REVENUES FROM FERRY OPERATIONS ONLY



Expenses for the facility were based on the actual expenses of operating the facility which B&A was able to obtain from the current operator. Those included all expenses associated with utilities, personnel, and maintenance. B&A established a level of additional costs associated with the new ownership which included costs for insurance. In all cases, the profit and loss statements include continuing the payment of taxes to the Town of Bar Harbor at the current levels. Expenses were also escalated at a rate of 2% per year.

Based on these revenues and expenses Figure 5.6 below shows the net operating revenues of the facility from ferry operations only before any repayment of capital expenses

FIGURE 5.6 – NET OPERATING RESULTS FROM FERRY OPERATIONS

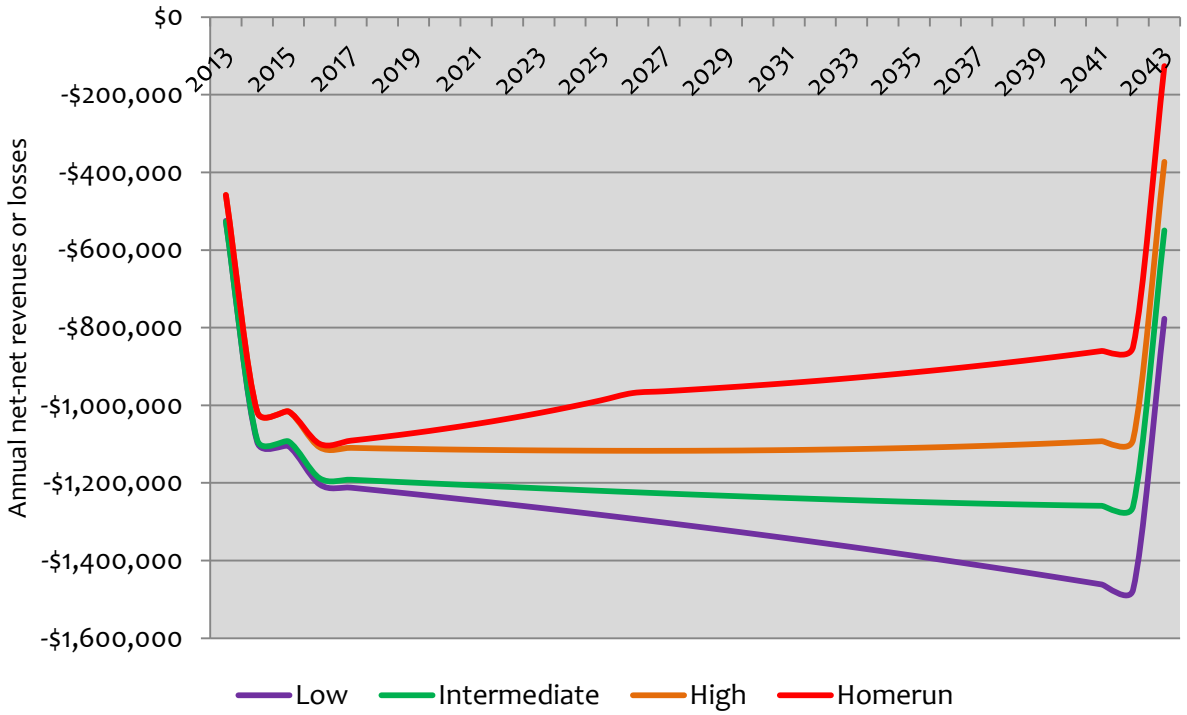


Since in order to operate the ferry terminal an investment will be needed, it was assumed that the repairs associated with the ferry terminal would be undertaken in the first year and would be financed using tax exempt bonds. This is the cheapest form of capital available today. The terms of such capital and assumptions used were as follows:

- 100% tax exempt debt
- 6% interest
- 30 years term
- 3% cost of sourcing debt
- Replacement and & Repair (R&R) reserve account at 1.5% of value of asset each year

Based on the above, the net-net revenues of the ferry operation by itself are shown in Figure 5.7 below.

FIGURE 5.7 – NET-NET RESULTS FROM FERRY OPERATION



CONCLUSIONS OF FINANCIAL RESULTS FROM FERRY OPERATIONS

The conclusion of the above analysis shows the following:

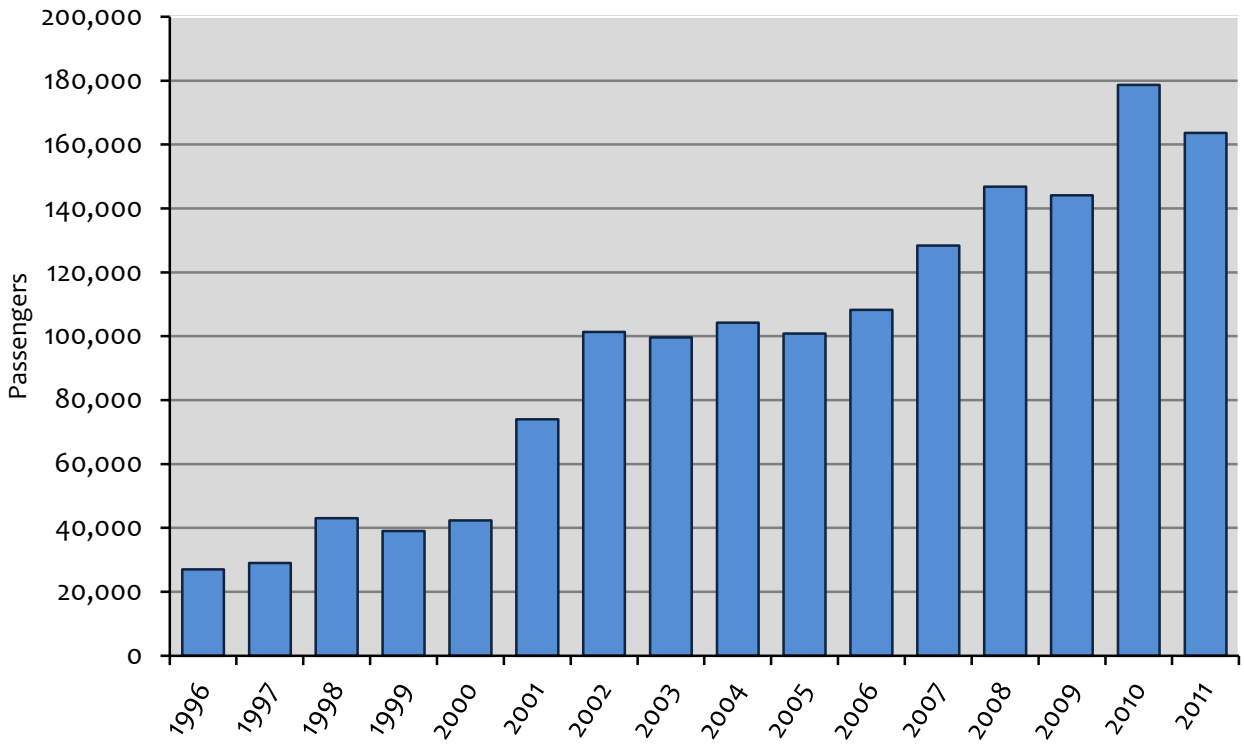
- As a stand-alone ferry facility, the facility will suffer operational losses throughout the 30 year projection period.
- The facility will not be generating sufficient revenues from operations to pay for its operating cost.
- Once the annual costs to pay for the debt associated with the capital and improvements needed to be made are added, the facility will be generating losses of over $1 million per year.
- Even if the traffic would rebound to all-time highs, the facility would still be generating significant losses.

As a stand-alone ferry facility, it is not a viable financial use. The facility would either need to have a mixed-use to generate additional revenues and/or reduce its operating cost by sharing some of the major fixed cost expenses.

6 CRUISE

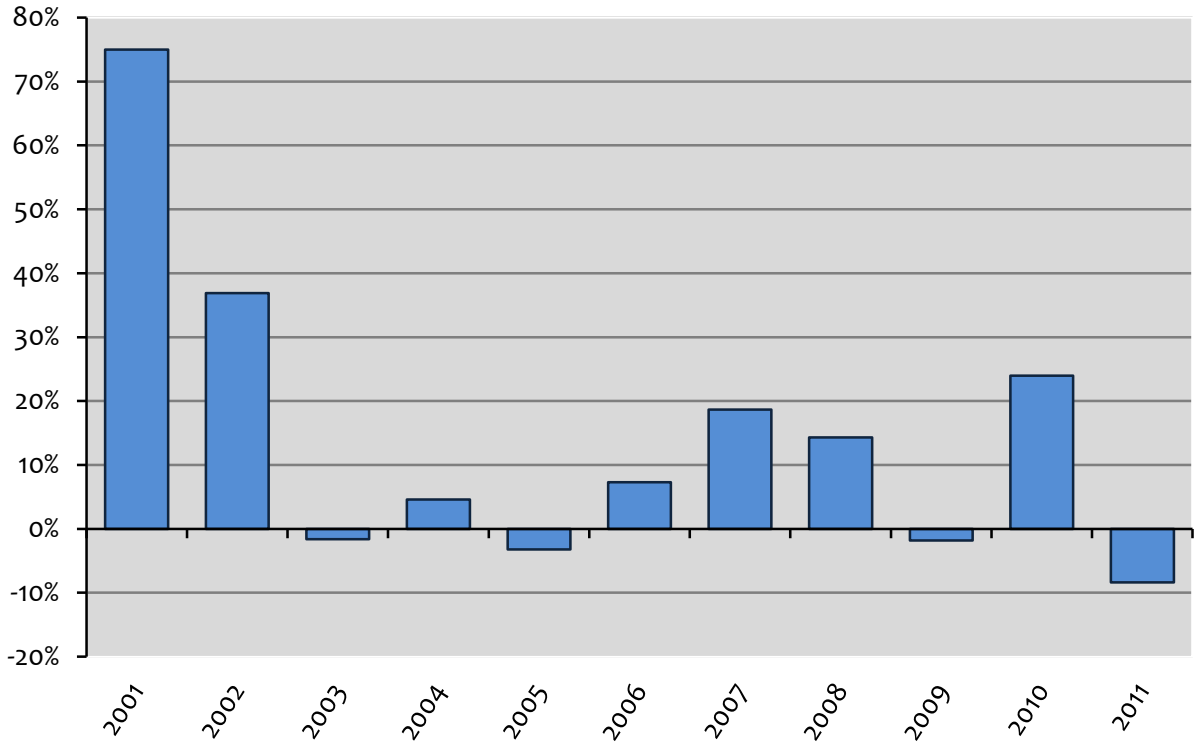
As opposed to ferry, which was a business that was steadily diminishing over the past decade, cruise has been the total opposite. The amount of revenue passengers reaching Bar Harbor has increased dramatically over the past decade reaching a maximum of 180,000 passengers during the 2010 season as shown in Figure 6.1. Revenue passengers are measured as the lower berth capacity of the ships calling in Bar Harbor. It does not necessarily mean that these passengers are disembarking.

FIGURE 6.1 – ANNUAL NUMBER OF REVENUE PASSENGERS IN BAR HARBOR



As shown in Figure 6.2, the annual growth rates have varied as ship deployment has varied, but over these last 10 years, the average annual cumulative rate growth has been 24% in Bar Harbor.

FIGURE 6.2 – ANNUAL REVENUE PASSENGER GROWTH RATE IN BAR HARBOR



Cruise has been a business that has been highly sought out by some while others see it as a business that is creating issues of congestion in Town. It is, however, one of the fastest growing tourism products in the entire world and one in which Bar Harbor has been able to compete very well during this timeframe.

ECONOMIC IMPACT

This study is not intended to measure the economic impact of cruise tourism; as such it has relied on other studies. The economic impact of cruise ship tourism on Bar Harbor and Maine are rather obvious as one witnesses the operations during days of arrivals. According to the latest figures provided by Cruise Line Industry International (CLIA), the cruise industry accounted for more than $36 million in direct spending on the State in 2010, an increase of 5% over 2009. The study also cited the generation of 692 jobs and wages of $21.2 million for Maine workers.

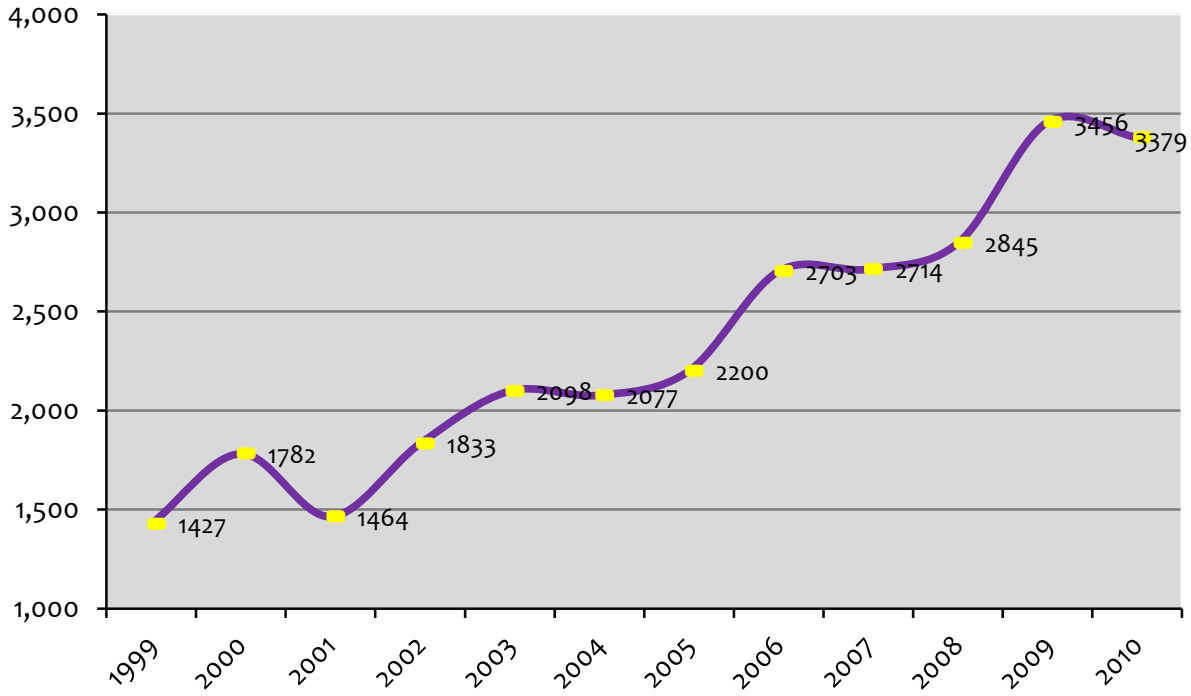
TENDERING

Because Bar Harbor does not have a pier, all cruise ships have to tender into a private facility adjacent to the town pier. The location where the tenders currently land is limited in size and in areas that are available for tour buses and dispersal of passengers and, as a result, it creates congestion in the Town. The Town has developed a series of policies including limiting the number of passengers on any given day to try to mitigate this issue.

One of the most important findings is that, as cruise ships have gotten bigger, their ability to tender has become more and more of a limiting factor. In fact the study showed that most ports now are doing away with tendering. Most cruise lines are requiring a pier if they are to visit a destination and most cruise lines are building piers at their own Company destinations.

The trend for bigger ship is undeniable. Figure 6.3 shows the average number of passengers on ships by year of construction. In the last decade the number of passengers in each ship has doubled.

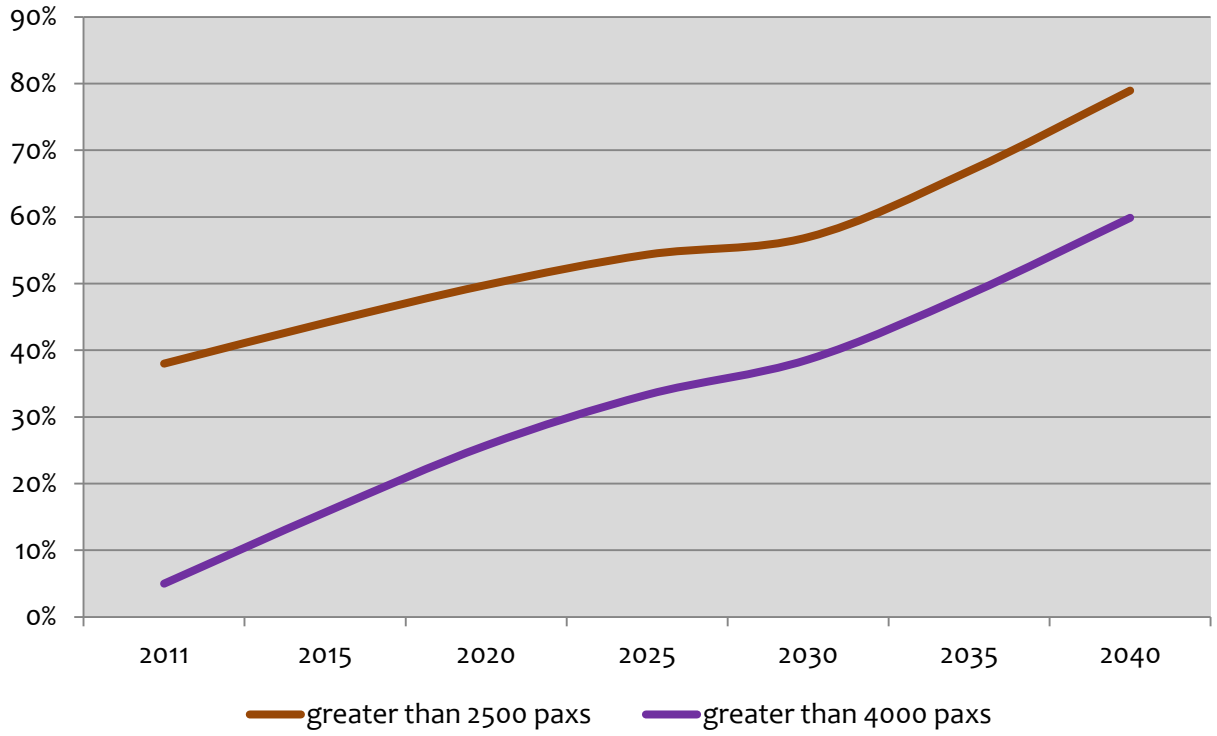
FIGURE 6.3 – NUMBER OF PASSENGERS PER CRUISE SHIP BY YEAR OF CONSTRUCTION



Tendering of passengers from a big ship results in passengers having to wait for long periods of time on the vessel and in long lines at the pier in order to board the ship. What this does is reduce the amount of time a passenger can stay in town and thus reduces the economic impact of that passenger by limiting the length, number, and types of tours. In addition, tendering discourages many passengers from actually getting off the ships.

When ships start to exceed the 2,500 passenger capacity, tendering starts to get complicated. Figure 6.4 shows the forecast of the percent of the entire cruise fleet that will exceed both the 2,500 passenger and 4,000 passenger capacities.

FIGURE 6.4 – FORECAST OF PERCENT OF TOTAL CRUISE FLEET BY SIZE

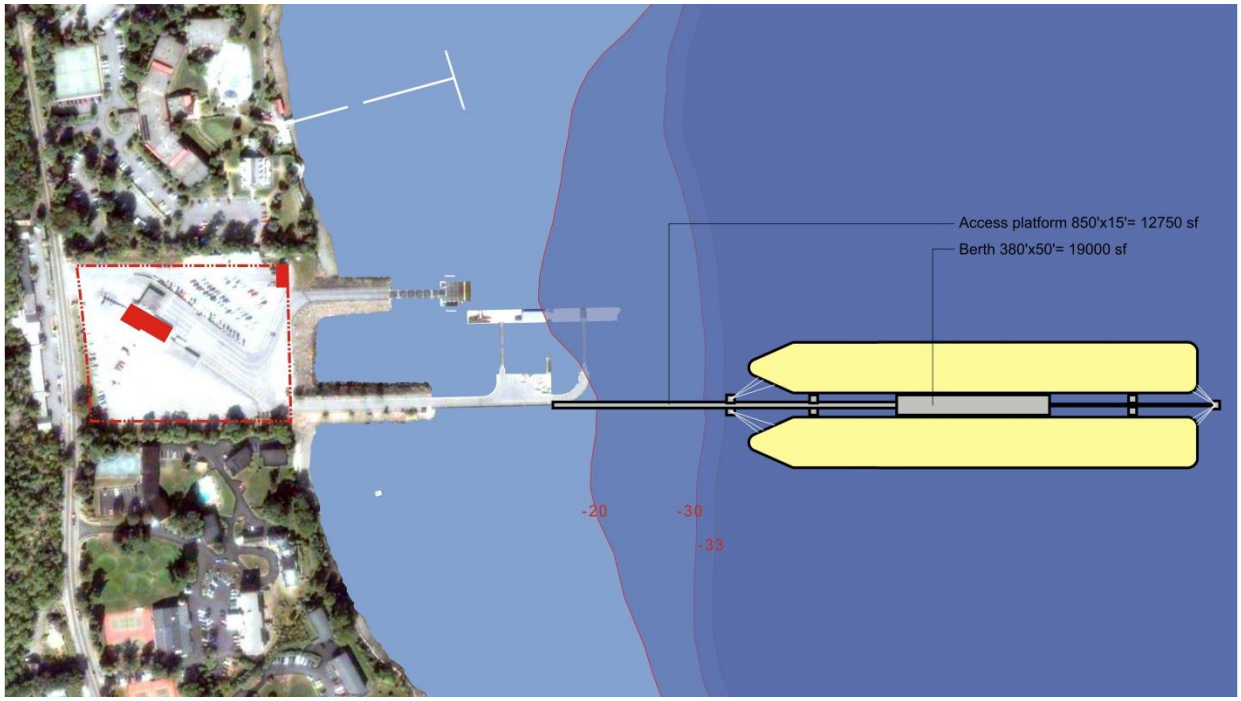


Tendering is also expensive; between the costs of either chartering a tender and / or operating the ships lifeboats as tenders and the landing fees for both the Town and the private operators, it is estimated that it is costing between US$13 to US$14 per revenue passenger.

As a result of the above, ports that rely on tendering are quickly building piers and those that are not, are losing traffic. In summary in the long-term, the concept of tendering as a strategy for the cruise industry in Bar Harbor is not a sustainable strategy.

Therefore, the idea of building a pier at the ferry terminal to be able to provide enhanced capability for a cruise ferry facility was developed. A very preliminary plan was developed and shown in Figure 6.5 below. An estimate of $16.7 million has been used to build this pier. It is important to note that this estimate has been created without a design, environmental studies, soils studies, or any other detailed analysis and, as such, it should be treated with preliminary nature of such a cost. One of the first things which should be accomplished is the development of a detailed plan and generation of a detailed cost estimate to further the feasibility of the plan.

FIGURE 6.5 – CONCEPT OF A PORT-OF-CALL PIER



TARIFFS

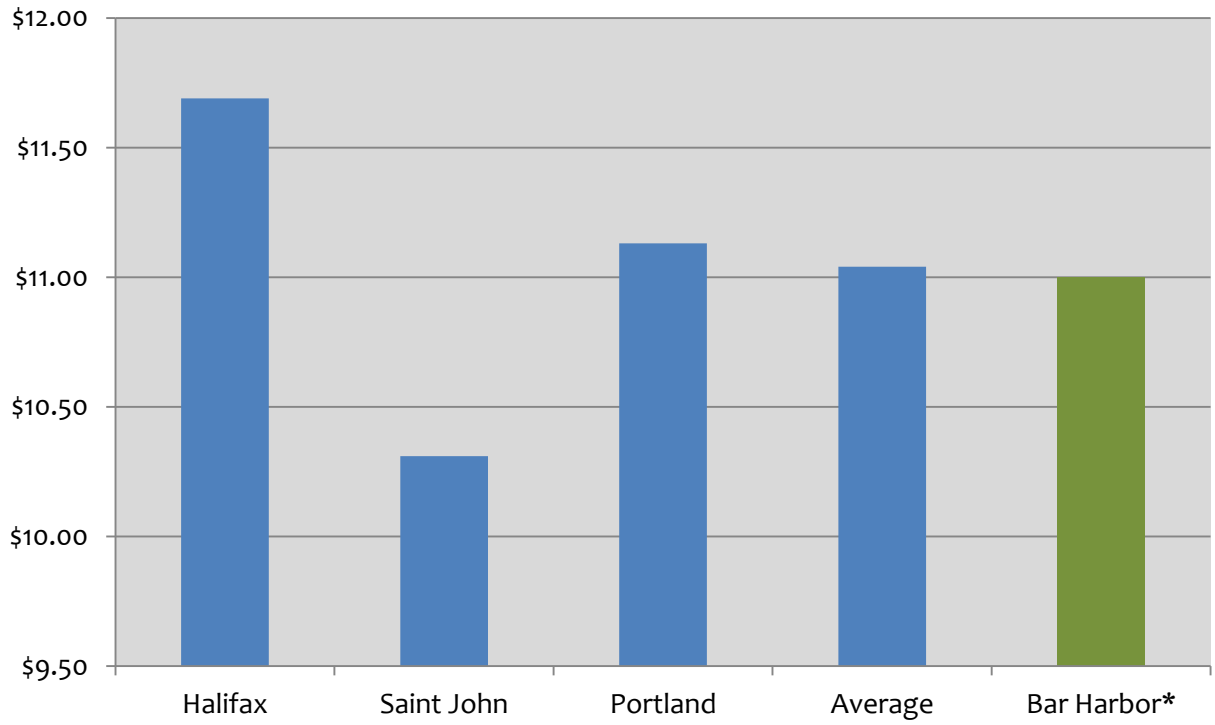
A series of assumptions were made to determine the potential income from cruise operations; among them were:

- If pier is built establish a new tariff structure
  - Based on a regional analysis
  - $11.00 per passenger
  - Miscellaneous charges
    - Gangway
    - Security
    - Sale of water
  - Nominal transportation charges
    - Tour buses
    - Water excursions
- Tender
  - Continue the $4.00 per passenger fee
  - Tour buses and water excursion fees
- All fees subject to 2% escalator

To establish the US$11 per passenger bundled rate, basic preliminary forecasts were done for the growth of this business and tariffs were established for how much could be charged for cruise ships on a pier and passengers landing there. Rather than having to develop fictitious tariffs, the study

looked at the current tariffs charged at nearby ports and created a very competitive tariff for any ships that are landing there. The comparison of an analysis of tariffs for cruise ship passengers alongside a pier is shown in Figure 6.6.

FIGURE 6.6 – AVERAGE RATE CHARGED BY REGIONAL PORTS PER PASSENGER AT A PIER

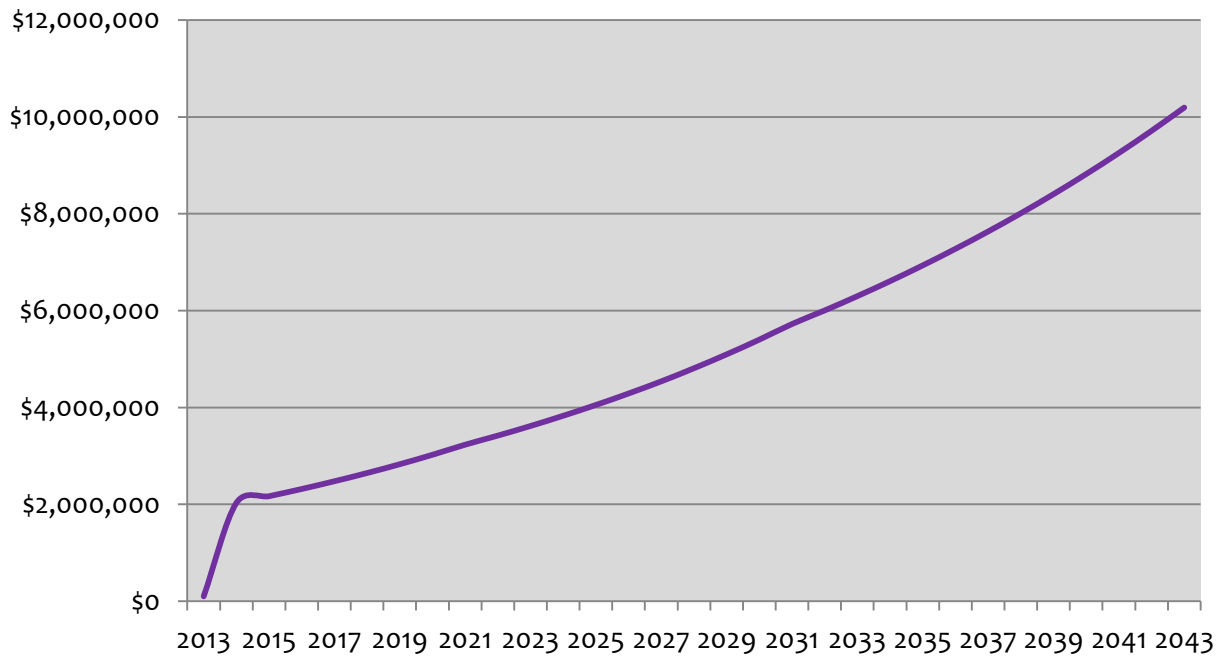


POTENTIAL BUSINESS PLAN

Based on the traffic and the tariffs, revenue and expense projections were done for the facility as well as carrying the expense of building a new pier.

The gross revenues for the pier operation are shown in Figure 6.7.

FIGURE 6.7 – GROSS REVENUES FROM CRUISE OPERATIONS ONLY

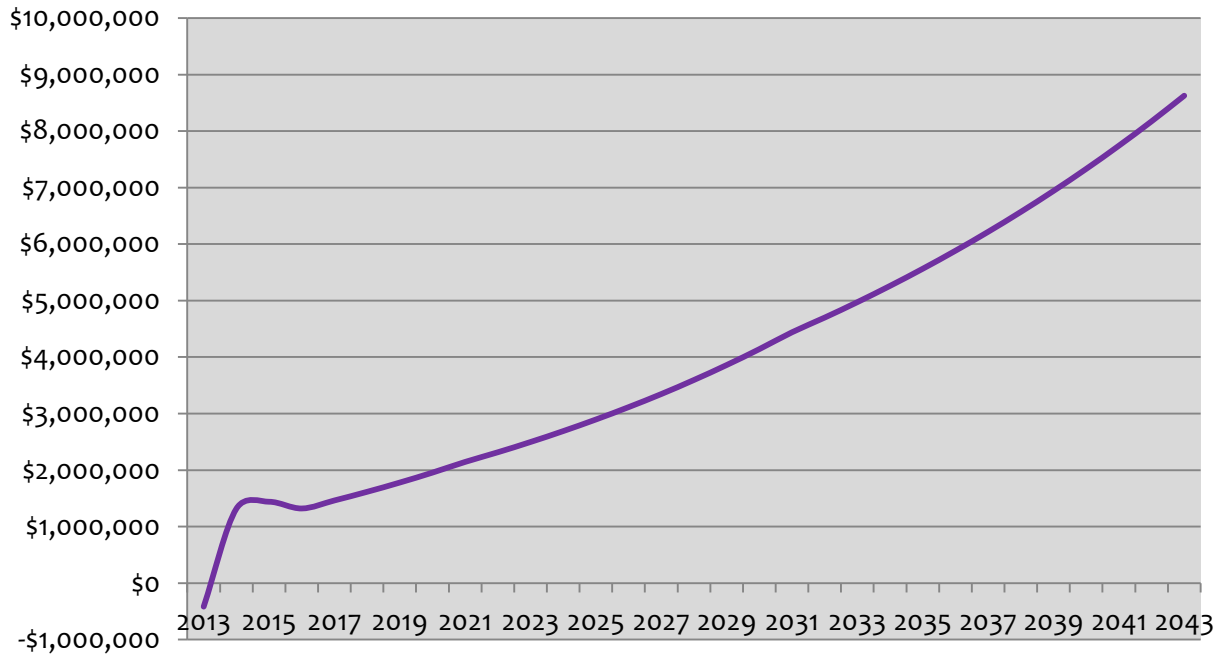


Expenses for the operation of the pier included the following assumptions:

- Used facility actual costs
- Created a staffing and facility operation model
  - Fixed costs +
  - Variable cost linked to hours used
- Included the continuation of current Town taxes as PILOT fees 1:1 using 9.65 mills
- Insurance = $250,000 / yr.
- Two operational schemes
  - Public Port Authority
    - All net income returns to the project
    - Personnel costs are increased
  - Lease model to private operator
    - Operator is allowed to keep a profit on gross revenues (set at 12%)
    - Operator has lower personnel costs

The net operating results of the analysis are shown on Figure 6.8. This analysis is based on a port authority model in which the authority is a non-operating port and the costs of operating the facility are limited to maintenance, security, and housekeeping. The rest of the costs are borne separately by the operator.

FIGURE 6.8 – NET OPERATING REVENUE FROM CRUISE OPERATIONS ON A PIER

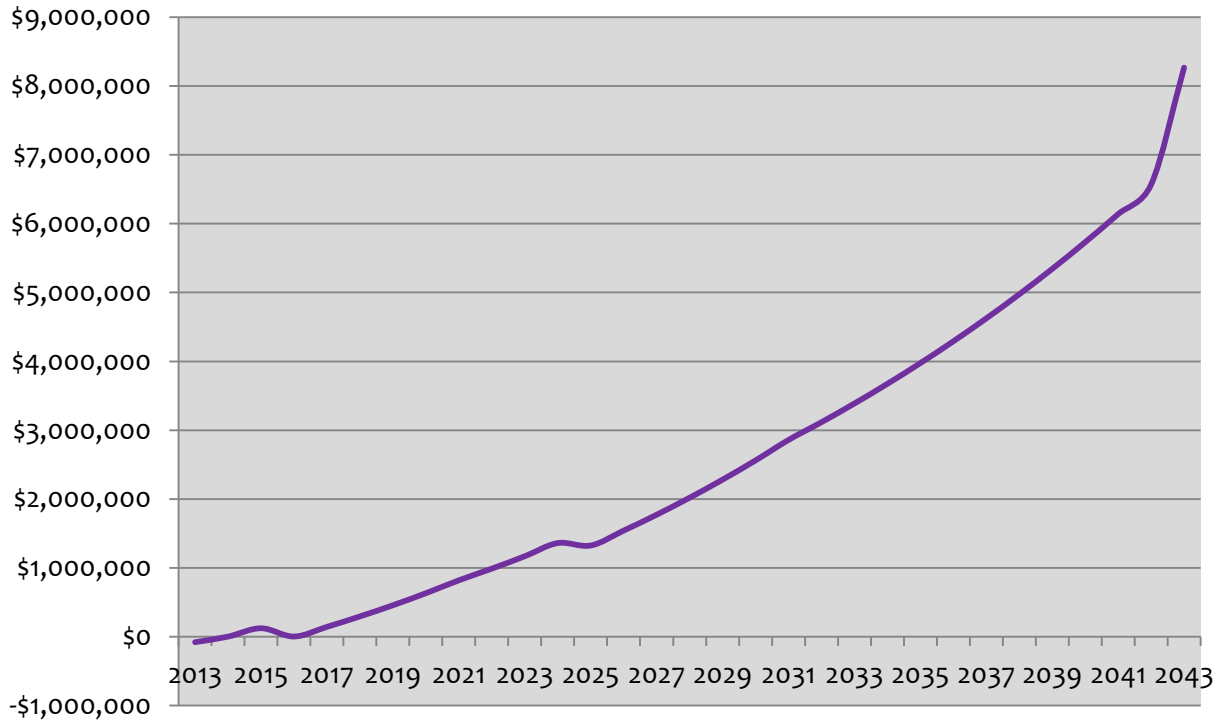


The capital program for the pier was assumed to be paid as follows:

- 100% tax exempt debt
- 6% interest
- 30 years
- 3% cost of sourcing debt
- Capitalized interest for the first 18 months
- R&R reserve account at 1.5% of value of asset each year

The net-net revenues of the operation after payment of debt are shown in Figure 6.9.

FIGURE 6.9 – NET-NET REVENUES FROM CRUISE OPERATIONS AFTER PAYMENT OF DEBT



CONCLUSIONS OF FINANCIAL RESULTS FROM CRUISE OPERATIONS

The analysis indicates that a cruise pier targeting only to capture traffic over and above what is expected to be carried in the Town in 2012 can provide a profitable operation which would not only pay the current taxes that the Town's collecting but also pay for the improvements, pay for the operating expenses, and yield a modest surplus revenue that can be used to make further improvements to the facility.

The analysis also yields the following:

- Price for property = $1.00
- Amount of public investment = $16.7 million
- IRR on public investment = 11.7%
- NPV of excess cash flows (30 yrs.) = $22.04 million
- NPV of PILOT fees to Town (30 yrs.) = $1.14 million
- Maximum deficit during early years = $78,000

More important, if this use is mixed with the ferry use, the two can physically coexist on site and the cruise operation will help defray some of the operating cost of the ferry facility and yield a profitable combined operation of both cruise and ferry.

7 COMMERCIAL DEVELOPMENT

Although the intent of obtaining the property is to create a maritime use for the facility, its real estate is nevertheless an important asset of the facility and the study looked at ways that some commercial development could coexist along with the maritime uses to help defray costs or generate additional income.

The model looked at subdividing the site into six distinct parcels, basically as established by today's uses. These are shown in Figure 7.1 below.

FIGURE 7.1 – SUBDIVISION OF PROPERTY

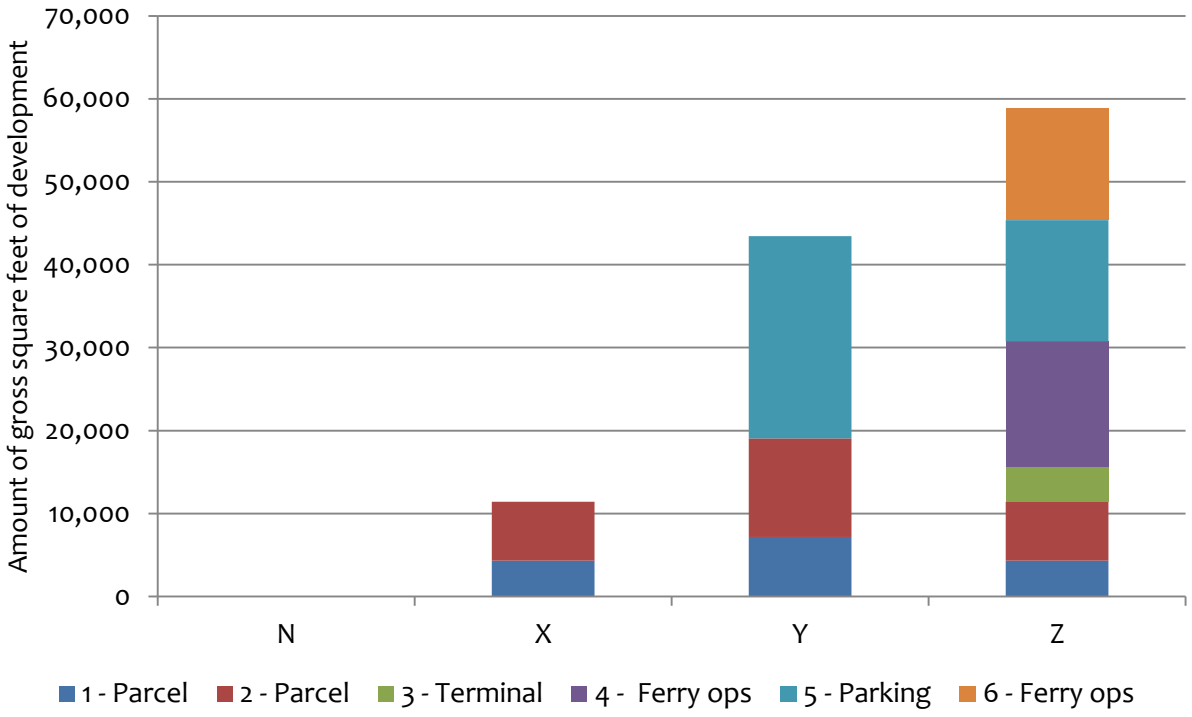
The model was run with different levels of development for each of the parcels which would range all the way from no development throughout the project to development of all the parcels.

The different options are outlined in Table 7.1.

Table 7.1 – Different options for use of property				
Lot	N	X	Y	Z
	No development	Frontage only	Frontage and parking areas	All development
1	NO	YES	YES	YES
2	NO	YES	YES	YES
3	NO	NO	NO	YES
4	NO	NO	NO	YES
5	NO	NO	YES	YES
6	NO	NO	NO	YES

The type and intensity of development was set at a level compatible with the surrounds and the general Bar Harbor area. The amount of gross square feet of construction is shown in Figure 7.2.

FIGURE 7.2 – AMOUNT OF SQUARE FEET OF DEVELOPMENT BY OPTIONS

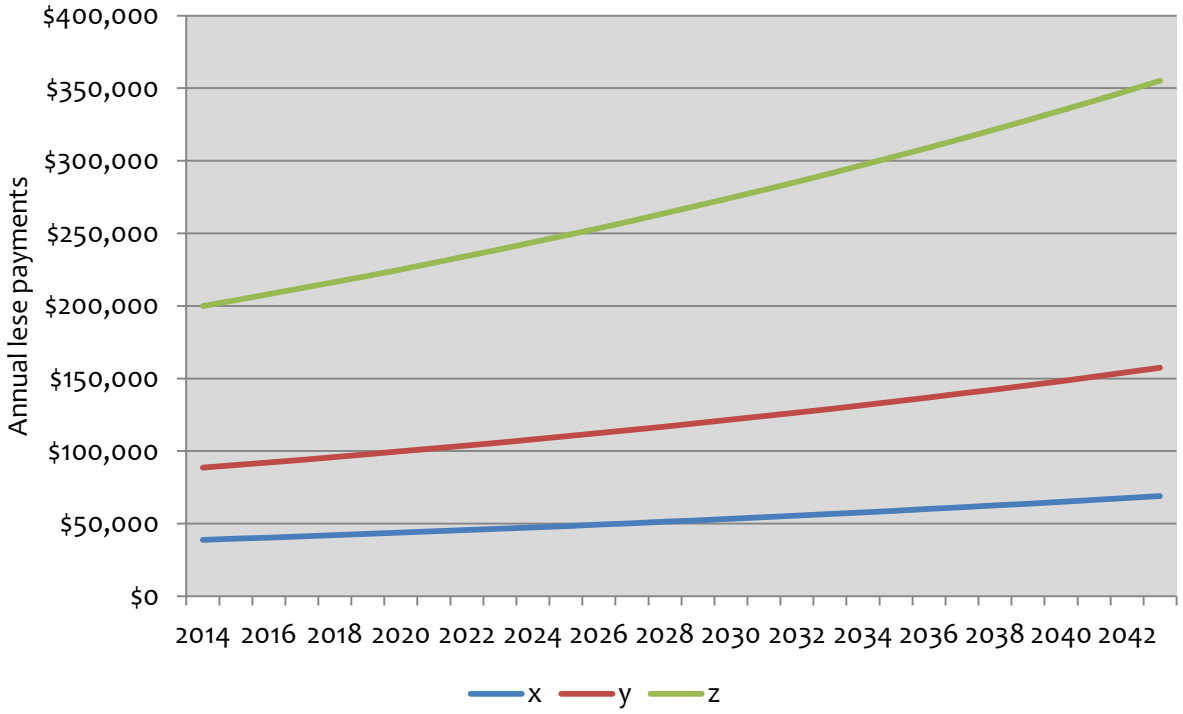


The two most promising schemes are X and Y which provide for development that can coexist with marine operations by only using the frontage parcels along the main highway for development, and/or taking the area that is currently used for parking and be able, in the future, to dedicate it for development along with parking. In both of these cases the model only viewed developing very modest levels of development with facilities, restaurants, and on-site parking.

All of these developments would be by a private company in which the entity that controls the ferry terminal would lease the property to the private developer.

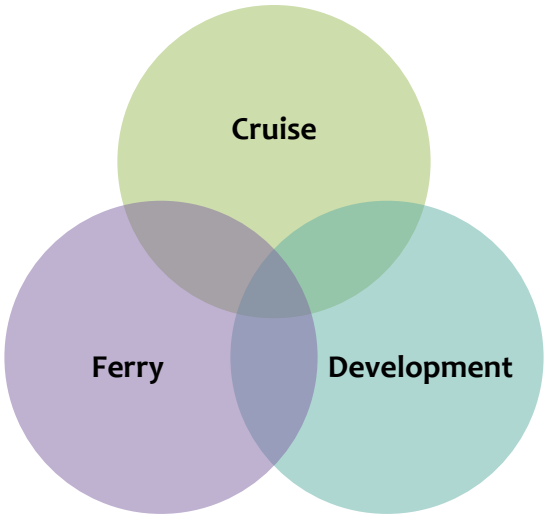
The amount of potential rent generated from leasing of the property is shown in Figure 7.3. The two most promising levels of development show that the facility could yield anywhere between $40,000 to $80,000 per year in rent once it the land is built-out and operating fully.

FIGURE 7.3 – POTENTIAL LEASE PAYMENTS



8 COMBINATION OF USES

After having evaluated each of the uses independently, a series of analyses were done combining the three uses with different levels of intensity yielding five different combinations of uses from different levels of ferry, cruise, and development.



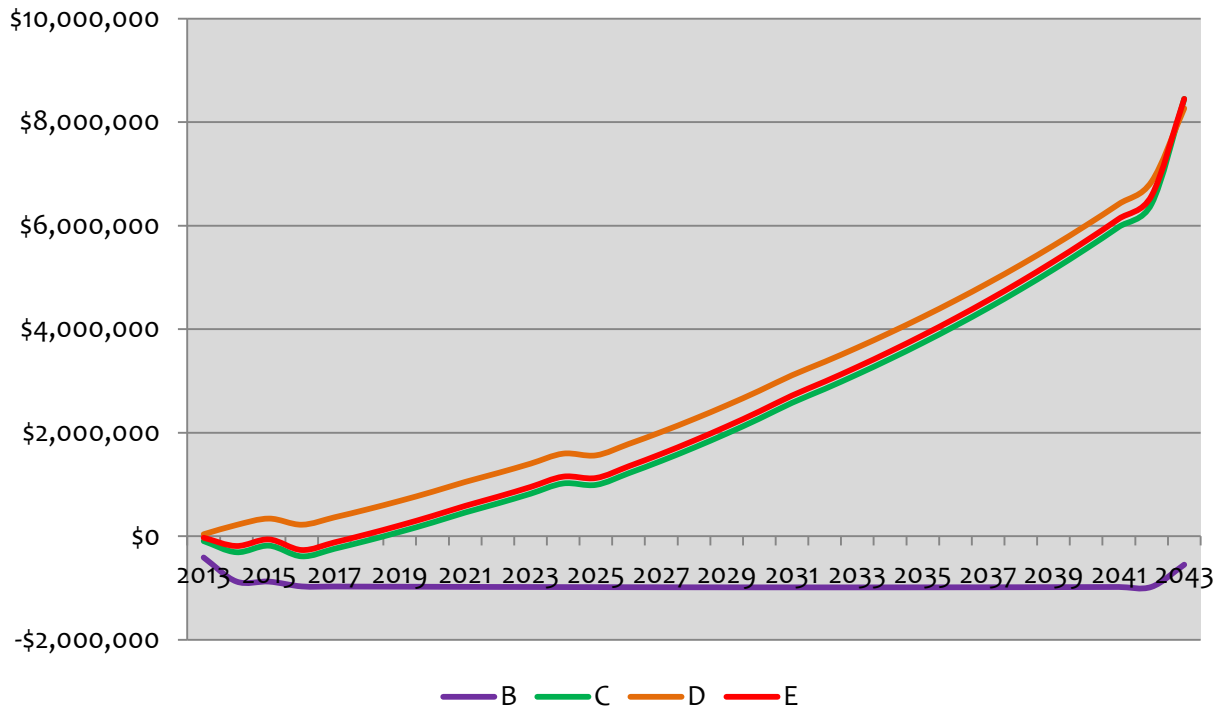
Five different combinations we evaluated as shown in Table 8.1 below.

Table 8.1 – Different combination of uses

	A	B	C	D	E
Ferries	None	Intermediate	Intermediate	None	High
Cruise	None	None	Pier	Pier	Pier
Development	All	Frontage + parking	Frontage	Frontage + parking	Frontage + parking

The combined net-net revenues of these five combinations are shown in Figure 8.1 below.

FIGURE 8.1 – NET-NET REVENUE OF COMBINATION OF USES



CONCLUSIONS OF COMBINED USES

The conclusions of these studies were as follows:

1. In any of the combination of uses, the ferry should be included as a primary use and at least preserve the site for a predetermined period of time until it is clear whether a ferry service will restart or not.

2. In addition, the preferred use included the development of a pier for cruise ships that could coexist at the same time that the ferry terminal is being developed.

3. The most profitable operation can include commercial development along the frontage parcels and the parking parcel being integrated with some level of development that would pay a rental fee for the use.

The model shows that these combinations of uses can yield sufficient revenues to pay taxes, operating costs, and capital expenses. The model also shows the first two or three years always at break-even or modest incomes. In a few scenarios, some early years show some slight deficits that will need to be structured properly in order to cover. Subsequently, by the 10th year, the property should be yielding a reasonable return and excess cash from operations.

9 RECOMMENDATIONS

Based on the detailed analysis that has been done, the preliminary findings and/or recommendations are:

1. The property can be acquired and maintained for maritime use.

2. With the right mix of uses the property can generate sufficient revenues to pay for all operating expenses and debt associated with future capital improvements.

3. The property can yield sufficient revenues to pay current Town taxes;

4. A detailed implementation plan has to be developed to confirm some of the model assumptions as to levels of traffic from the cruise and ferry business; however the assumptions made so far are relatively conservative and yield sufficient information to move forward to the next step;

5. The next significant step forward is to be able to acquire the property from the Canadian government.

6. It is recommended that a single entity be named by the parties as the entity responsible for moving this project forward and be able to negotiate its transfer. The entity that needs to move the project forward should be one that meets a series of criteria which are legislatively important. Such criteria include that the entity must be able to:

    a. Buy and own land
    b. Enter into contracts and leases
    c. Borrow money
    d. Enter into usage agreements;
    e. Enter into leases
    f. Set port tariffs
    g. Best suited to issue non-recourse revenue bonds
    h. Best suited to be able to negotiate with foreign governments.

Based on the discussions in Bar Harbor at different levels, it is apparent that the Maine Port Authority would be the best suited agency to move this project forward.

APPENDIX A2

PUBLIC INPUT INFORMATION

Public Invitation to
Ferry Terminal Open House
At Municipal Building

The Bar Harbor Town Council and the Maine Port Authority is holding this Open House on Thursday, May 31, from 5:00 to 7:00 p.m. in the Municipal Building, 93 Cottage Street, third floor, to allow for input that can be used to further guide the Bar Harbor Ferry Facility Feasibility study.

During the open house, members of the consulting team will divide into small subgroups to allow detailed interaction with members of the public. Comment cards and email will also be provided to obtain all comments.

Comments will be compiled and summarized as part of the Phase II report.

Bar Harbor Ferry Facility Feasibility Study Phase II

Notice of Public Meeting
(Open House Format)

May 31, 2012
5:00 – 7:00 pm

Town of Bar Harbor Municipal Building
Third Floor
93 Cottage Street
Bar Harbor, Maine 04609

Background

The existing ferry terminal that has historically served the Town of Bar Harbor has been shuttered since the ferry service to Nova Scotia was cancelled in 2010.

The facility is currently owned by the Government of Canada and it is being minimally maintained and they have indicated a desire to divest themselves of the asset. The facility today serves as the base for the United States Customs and Border Protection which provides the designation to Bar Harbor as a Class A port-of-entry into the United States. Such designation, if lost will seriously impact any passenger vessels arriving from foreign countries to the Town.

Late in 2011, a partnership between the Town of Bar Harbor, the Maine Port Authority, The Bar Harbor Chamber of Commerce, and CruiseMaine, USA undertook a very preliminary study (Phase I) to determine if there was a way of being able to maintain the facility for maritime use. The Study which was accepted by both the Town of Bar Harbor and the Maine Port Authority reviewed a multitude of uses and determined that a combination of uses could generate enough income to achieve the goal. As a result, the parties agreed to proceed with a more detailed feasibility study (Phase II) while simultaneously the Maine Port Authority would open negotiations with the Canadian Authorities for the property.

The Phase II study is predominately a financial study, but in its development assumptions will be made as to potential uses and costs for development of the property. The uses are predominately marine oriented that can generate revenues to allow for the operation of the property and the maintenance of the port-of-entry status.

Open house

Even though the detailed site planning is not part of this Phase II, the Town Council and the Maine Port Authority is holding this Open House to allow for input that can be used to further guide the study.

During the open house, members of the consulting team will divide into small subgroups to allow detailed interaction with members of the public. Comment cards and email will also be provided to obtain all comments.

Comments will be compiled and summarized as part of the Phase II report.

PUBLIC SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
Open House at Municipal Building
93 Cottage Street, Third Floor, Bar Harbor, Maine
May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Ivan Rasmussen	26 Greely Ave	669 2022		Alone Moose Gallery
KARA	13 Leonard Hill Rd	207 288 2132		NONE
Antonio Blasi	58 Point Rd	422 6854		Hancock Point Kayak Tours
LARRY SWEET	37 PO BOX Hulls Cove	4607548		RESIDENT
~~DANA~~ R				
John Kelly	ANP P.O. Box 177 Bar Harbor	~~288~~ - 8703	john_t_kelly@nps.gov	National Park Service
Heather Vaughan		8139920506	h.vaughan@na.internmuses.com	Internmuses
MORE	33rd Crooked Rd	288 5321		
ROB JORDAN	81 Ledgelawn BAR HARBOR	2	rjordan@gwi.net	
Patricia Samuel	GRAYCOTE INN 40 Holland Ave	288-3044	innkeepers@graycotein.com	ECon Dev. Task Force Town of B. H.

PUBLIC SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
Open House at Municipal Building
93 Cottage Street, Third Floor, Bar Harbor, Maine
May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Peter St Germain	865 State Hwy 3	266-4064	peterstgermain@yahoo.	B H Town Council
Stacey Smith	19 Strawberry Hill	288-4834	SS1@gwi.net	Chamber
Ken Smith	" "	288-4834	kssgmdi@gmail.com	
Dana Bowden	137 old Bar Harbor Rd	288-3491		Educational Media Coll
ANDREW COUCH	1 W WOODS RD	801-2583	acadiatours@hotmail.com	ACADIA NATIONAL PARK TOURS
TROY MACE	B.H.	460-1610		
GERRY BERLIN		288-0538	gerald berlin@gmail.com	
Andrew Kablinsky	846 Eagle Lake Rd	288-2286	info@downeast.com	
Marianne D'Barrack	15 Eagle Lake Rd	288-4217	no	Sea Coast Mission
Don Murphy Pat Murphy	POBox 859	288 5545	dbmurphy12@gmail.com	

PUBLIC SIGN-IN SHEET

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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
~~BOB LEVIN~~				
Dorrie & Michael LaBianca	14 Cottage St B.H	207 288 9584	info@Villageemporium.com	The Village Emporium
LINDA G. LYONS	134 WEST ST	207-288-9812	lgleroadrunner@.com	
Tom St. Germain	8 Eagle Lake Rd	288-0355	tomstgermain @hotmail.com	Jack Russell's, Inc.
Erich Albert	31 Pleasant St	288-5491		Town Council
Toby Stephenson	105 Eden St	801-5693	tstephenson @coa.edu	COA
Zack Klyver	Bar Harbor Wal Watch	288-2380	zackklyver@ yahoo.com	
Jai Higgins	Bar Harbor	288-9043	jaifire7@gmail.com	B.H. Fire Dept.
Brent Walton	Bar Harbor	288 3706	BWALTON@COA.EDU	COA
DAVE MORRISON	11	288-4906		

PUBLIC SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
Open House at Municipal Building
93 Cottage Street, Third Floor, Bar Harbor, Maine
May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Clare Bingham	6 Pleasant St Bar Harbor, ME	288-9227	Barharbortaxi@gmail.com	At Your Service
Sherry Rasmussen	PO Box 956	288-9428	gallery@finemainecrafts.com	Alone Moose Gallery Parking & Traffic Committee
Gary FRIEDMANN	7 PINE ST	5323	gary@garyfriedmann.com	
Bonnie Lyons	163 State Hwy 3	1172	bonnie.lyons@jax.org	—
Stephanie Clement	FOA, PO. Box 45 BH 04609	2883340	stephanie@friendsofacadia.org	Friends of Acadia
ED DAMM	24 LEDGELAWN AVE BH	288-5424	mail@bengsea.com	CITIZEN
JAKE JÄGER	59 Knox Rd	288-4324		—
Skip Strong	117 Clark Pt Rd Southwest Harbor	244-5879	PSTRONG@ROADRUNNER.COM	PENOBSCOT BAY PILOTS
Bob Collier				
Shaun Carter		288-0236		

PUBLIC SIGN-IN SHEET

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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
JEFF DOBBS	30 GREELEY		jdobbs@jeffdobbs.com	CITIZEN
ROBERT GARLAND	1269 STATE Hwy 102		rgarland@roadrunner.com	COUNCIL
Lynne Williams	13 Albert Mdw		Lwill@earthlink.net	Chair, Bar Harbor PL. Bd
Barbara Fenderson	243 Oak Hill Rd		bfenderson43@gmail.com	
Dick Gough	19 Mtn Mdw Dr		dick@barharbor.com	
MIKE SIKLOSI	53 RIDGEWAY DR B.H.		MSIKLOSI@AOL.com	NONE
Ellen Dohmen	11 Dorr Lane, BH			
STEVE BURNS	49 GREELEY BH			
Christopher Walsh	31 Gretas Lane		Cwalsh@barharbormaine.gov	B.H. Town Council
Meg + Homer	Woodbury RD			

PUBLIC SIGN-IN SHEET

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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Jane Disney	130 Indian Pt Rd	207-288-9436	jdisney@mdibl.org	
BOTS DEFOREST	PO BOX 415 SULLIVAN ME, 04664	207-610-3748	SOOTYTERN@MSN.COM.	
Tracy Haskell	PO BOX 37 Hulls Cove, ME 04644	2660-3540	tracy@peacefulpark.com	
BRIAN HUBBELL			BRIAN@HUBBELL2012.COM	
SHAUN K. FARRAR		610-3391	sfarrar@barharbormaine.gov	
Ray Kowsinoff			rekay@villkeva.com	

PUBLIC SIGN-IN SHEET

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Open House at Municipal Building
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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Anne Greenlee	24 Stony Brook Way Bar Harbor 04609		anne.greenlee@gmail.com	Jackson Lab
STEWART BRECHER	54 HANCOCK ST BARHARBOR 04609		stewart@sbrecher architects.com	

PUBLIC SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Ann Damon	24 Ledgelawn	288.5924	mail@songsea.com	—
Dan Poteet	54 Dorrance Park	3237	dpoteet@roadrunner.com	—
Sue Stanley	156 main St 25 High St	9442 2909	sagegrassgallery@gmail.com	

MEDIA SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
Open House at Municipal Building
93 Cottage Street, Third Floor, Bar Harbor, Maine
May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
Liz McMullan	PO Box 336 Hulls Cove ME 04644	288-2132	liz mcmullan@aim.com	
Dessa Dancy	59 Knox Road	288-4327	dessadancy@gmail.com	

MEDIA SIGN-IN SHEET

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
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May 31, 2012 – 5 p.m.

NAME (PLEASE PRINT)	ADDRESS	PHONE	E-MAIL	ORGANIZATION (IF ANY)
ROB LEVIN	310 MAIN ST. BAR HARBOR	288-0556	RLEVIN@MDISLANDER.COM	ISLANDER NEWSPAPER
~~Stephanie~~				

COMMENT CARD

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
Open House at Municipal Building
May 31, 2012 – 5 p.m.

☐ **Landside**
☐ **Marineside**
☑ **General**

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Please print your contact information below for the study record.

Name: ROB JORDAN

Organization (if any): _____

Address: 81 Ledgelawn Ave., BAR HARBOR 04609

Phone: _____ E-mail: rjordan@gwi.net

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

1. Brilliant concept!
2. I think that most concerns + issues can be addressed.
3. marina / Public access is a key selling point
4. "Local" park concessionaires should be provided access for park guided tours. (Buses + Trolleys)
5. Ferry to Nova Scotia would be expected.

THANK YOU

COMMENT CARD

Feasibility Study for the Acquisition of the Bar Harbor Ferry Terminal (Phase II)
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☐ Landside
☑ Marineside
☑ General

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Please print your contact information below for the study record.

Name: ROBERT GARLAND

Organization (if any): TOWN COUNCIL

Address: P.O. BOX 513 MT. DESERT, ME 04660

Phone: (207) 288-4230 E-mail: rgarland2@roadrunner.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

CONTINUE TO VIEW THE ENTIRE PROSPECT/CONCEPT W/ ENTHUSIASM

HAVE VY FEW CONCERNS (SEE LITTLE AS INSURMOUNTABLE)

VY MUCH LIKE THE INCLUSION OF A "MARINA" FOR SMALL BOATS

EARNESTLY HOPE THAT WE (AS A TOWN) CAN MAINTAIN THE LONG-TERM VIEW

THANK YOU

COMMENT CARD

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☐ **Marineside**
☐ **General**

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Please print your contact information below for the study record.

Name: Toby Stephenson

Organization (if any): Captain

Address: 105 Eden St.

Phone: 801-5693 E-mail: tstephenson@coa.edu

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

You listed numerous activity / business options to accompany a CS pier. Have you worked with the Maine State Planner or the Maine Economic Development Office to learn what businesses and activities are projected to be in need, and help build desirability in a community? Any businesses added need to ADD to tourism, not just shift from downtown to a new location. This needs to show it will grow sustainable tourism or it will fail.

THANK YOU

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☐ **Marineside**
☒ **General**

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Please print your contact information below for the study record.

Name: Stephanie Clement

Organization (if any): Friends of Acadia

Address: P.O. Box 45, Bar Harbor, ME 04609

Phone: 207-288-3340 E-mail: stephanie@friendsofacadia.org

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

1) I am still concerned that developing the ferry terminal into a cruise ship pier will double the amount of bus traffic in the park - particularly if people are able to stay in port longer and book twice the number of excursions. It may smooth the traffic somewhat, but I'm not convinced it won't add traffic to an already congested park.

2) Please incorporate into the business model the need to fund a transit system to take passengers to and from town. The Island Explorer, our public/private transit system is a willing participant, but doesn't have the capital or operating funds to run the service. We'd overwhelm the present buses that go by the ferry terminal.

3) Can the excursion operators charge the park entrance fee in addition to their own fees?

THANK YOU

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Please print your contact information below for the study record.

Name: DAVID Bowden

Organization (if any): _____

Address: P.O Box 54 SALISBURY COVE ME.

Phone: 288-3491 E-mail: _____

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

Mandory that the tour Bus drop passenger in 1 of 2 or 3 spot down town another smaller Bus would shuttle back to ferry terminal. The trolly type Bus could be used in town or off cruise ship's days

THANK YOU

COMMENT CARD

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Please print your contact information below for the study record.

Name: _____

Organization (if any): _____

Address: _____

Phone: _____ E-mail: _____

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

We need to manage the ship/people traffic we have now - not talk about increasing it.
Ships could dock where they do now & at the Ferry Terminal in addition without adding more (or larger) ships.

THANK YOU

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Please print your contact information below for the study record.

Name: Anne Damm

Organization (if any): citizen lived on the waterfront 47 West St 1983-2009

Address: 24 Ledgelawn Ave / Bar Harbor

Phone: (207) 288 5424 E-mail: maildsengsea.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

1. ~~If the~~ Really like the concept of having the cruise ships come to the ferry terminal instead of tendering. Have heard about many near accidents by inexperienced tender operators. Would increase the length of time passengers could go ashore instead of tendering.
2. Like concept of bringing ferry to Yarmouth back again but don't let it be like the Cat. Bad ride, "vomit comet".
3. Like multi use concept of the terminal - to be a public space in winter - would be great to have a lobster co-op, recreation site.
4. Like concept of possibly tour boats, charter ~~fishing~~ off part of the ferry terminal.

THANK YOU

5. Lots of opportunity for terrorism now - would be more secure ferry terminal. to process cruise ships at

COMMENT CARD

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Please print your contact information below for the study record.

Name: Anne Greenlee

Organization (if any): The Jackson Lab

Address: 24 Stony Brook Way Bar Harbor, ME 04609

Phone: 541 786 8077 E-mail: anne.greenlee@gmail.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

1) In favor of next steps - firming up business plan

2) I like the multi-uses - include BH residents - multi - diversity of activities
Land/water
cultural
port of entry

3) I am concerned about passenger caps ↑ and impacts on town & park & residents - Will there be limits on # of dockings/day y'alls 4-5 docking sites taken, then cap will be exceeded - residents & passengers QOL will ↓

4) It helped to visualize ship at ferry terminal - next time show 2 in harbor at once

5) Nicely organized - but breakout sessions needed a bit more direction

Thanks!

THANK YOU

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Please print your contact information below for the study record.

Name: MICHAEL P. SIKLOSI

Organization (if any): NONE

Address: 53 RIDGEWAY DR., BAR HARBOR, ME 04609

Phone: _____ E-mail: MSIKLOSI@AOL.COM

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

LOGISTICS OF HOW TO GET A VERY LARGE NUMBER OF PEOPLE FROM THE CRUISE SHIP OFF THE PIER PROPERTY FOR DISPERSION INTO TOWN OR ACADIA PARK NEEDS TO BE ADDRESSED. I SUSPECT THE CONVENIENCE OF NOT BEING TENDERED WILL CAUSE A HIGHER PERCENTAGE OF VISITORS TO LEAVE THE SHIP(S), AND THIS WILL REQUIRE A LOT OF TRANSPORTATION.

THANK YOU

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Please print your contact information below for the study record.

Name: Tom St. Germain

Organization (if any): Jack Russell's Steak House (across street from terminal)

Address: 8 Eagle Lake Rd, Bar Harbor

Phone: 266-1595 E-mail: tomstgermain@hotmail.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

Town should relocate its offices ~~to~~ to the terminal building and sell the municipal building on private market.

Roadside of ferry property ⇒ Parking Garage?

⇒ Explorer Stop?

Marina Access? ⇒ Commercial Leases

Waterside: Access for Bar Harbor Residents, both individual citizens & commercial interests (via leases)

⇒ Keep Local Control

⇒ CHARGE CUSTOMS FOR USE OF SPACE

THANK YOU

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Please print your contact information below for the study record.

Name: Barbara Fenderson

Organization (if any):

Address: 243 Oak Hill Rd.

Phone: 288-5178 E-mail: bfenderson43@gmail.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

I was very impressed that so many of the questions I have are already being addressed. The answers to the other questions cannot be answered at this time. Thank you

I'm sure I'll be in touch.

Barbara

All propane or electric busses, I trust!

THANK YOU

COMMENT CARD

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Please print your contact information below for the study record.

Name: _____

Organization (if any): _____

Address: _____

Phone: _____ E-mail: _____

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

Kaveh@mma.edu

Power Pantapy

Presentation

THANK YOU

COMMENT CARD

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Please print your contact information below for the study record.

Name: _____

Organization (if any): _____

Address: _____

Phone: _____ E-mail: _____

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

Need a boat ramp in public access area.

THANK YOU

COMMENT CARD

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Please print your contact information below for the study record.

Name: Enoch Albert

Organization (if any):

Address: 31 Pleasant St.

Phone: 2885491 E-mail: albertknopp04@yahoo.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

- Traffic on Rt 3, esp r/t JAX traffic
- Use for existing buildings? on site
- Will the business plan lead to increases in the Total # of visitors, eg increases during the "shoulder seasons"? when is enough, enough?
- Can ~~cruise~~ it from cruise ships be used to widen side walks to accomodate the people?

THANK YOU

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Please print your contact information below for the study record.

Name: Andrew Keltinsky

Organization (if any): Downeast Sailing Adventures

Address: 948 Eagle Lake Rd. Bar Harbor, ME 04609

Phone: 207-288-2216 E-mail: info@downeastsail.com

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

THANK YOU

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Please print your contact information below for the study record.

Name: _____

Organization (if any): _____

Address: _____

Phone: _____ E-mail: _____

PROVIDE COMMENTS ON THE REVERSE SIDE OF THIS CARD. THANK YOU FOR YOUR TIME.

PLEASE PRINT YOUR COMMENTS IN THE SPACE PROVIDED BELOW

I think this effort was unorganized.

THANK YOU

APPENDIX A3

REFERENCE MATERIAL

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY		FORECASTS		
			TC	OPERATOR			
1	Annual Inspection Program		1				
2	Restart inspection		2007-06-14				
3	Specialized inspection (surface)		2007-06-14				
4	Concrete deck repair on pile caps n° 1 to 2 for cracking and delamination			2	10.0k$		
5	Reconstruction of approach (Was $75K)			Hold			
6	Fendering (incl. demolition & installation)			2	500.0k$		
7	Steel structure repainting (pontoon, bridge, customs canopy)			2	200.0k$		
8	Replace existing handrails in the crew quarters			Done			
9	Grating on transfer bridge & pontoon to be secured by welding it to the stringers			1	5.0k$		
10	Repairs to passenger access building on dock (sliding door) (Was $5k)			Canceled			
11	Pile repairs			1	18.0k$		
12	Pile corrosion protection repair			1	150.0k$		
13	Replace pile corrosion protection			1	100.0k$		
14	Verify port side mooring bollard			1	10.0k$		
15	Timber wheelguard to be secured or reinstalled			2	2.0k$		
16	Cold planing, milling and resurfacing marshalling yards			Postponed to 2012/2013	910.0k$		
17	Replace existing electric distribution panel in the Terminal building			Done			
18	Provide supervisory fire alarm zones for sprinkler shut-off in crew accomodations building			1	3.0k$		
19	Check pipefitting for presence of asbestos and remove friable material in terminal building			1	5.0k$		
20	Mechanical upgrades - Crew accomodations			2	0.6k$		
21	Mechanical upgrades - Dock			2	22.0k$		
22	Shoreline protection (was $540k)			Postponed to 2011/2012			
23	Fender absorption units			3	92.0k$		
24	Install load limit signs for the Pony truss bridges (21.6 t. on 2 axles or 29.5 t. on 4 axles)			1	5.0k$		
25	Investigate the motion of the apron at the end of Pony truss bridges			2	0.5k$		
26	Investigate welds and possible cracks on the transfer bridge			1	5.0k$		
27	Install load limit signs for the transfer bridge (62.5 t. or CL-625)			1	2.5k$		

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY		FORECASTS		
			TC	OPERATOR	[redacted]		
28	Install a restricting sign for B-Train configuration vehicle	[redacted]		1	2.5k$		
29	Transfer bridge recoating			2	25.0k$		
30	Install new handrails around the inspection platform adjacent to the transfer bridge			1	5.0k$		
31	Re-establish integrity of the impressed current cathodic protection system on the pontoon			1	10.0k$		
32	Pontoon recoating			1	10.0k$		
33	Repainting of steel structure of the passenger access ramps			2	10.0k$		
34	Replace a small amount of wood siding on the sheltered passenger access ramp building (was $0.5k)			Postpone to 2010/2011	0.5k$		
35	Investigate the interface of the Pony truss bridge and the edge of the apron			1	10.0k$		
36	Install emergency lighting in the terminal building washrooms			1	0.6k$		
37	Provide heat detector for fire alarm in storage room of the terminal building			1	0.5k$		
38	Provide pull station for fire alarm at outside door closest to the ferry at the terminal building			1	0.5k$		
39	Install emergency lighting in the crew accomodation building washrooms			2	0.7k$		
40	Provide Exit light at corridor "L"			1	0.2k$		
41	Perform an indoor/outdoor lighting level measurement survey around the property			Done			
42	Install combustion air to furnace room in terminal building			1	1.0k$		
43	Install a new chimney serving the domestic hot water boiler in the Terminal building			1	1.2k$		
44	Install condensate traps on cooling coil drainage piping in the Terminal building			1	0.5k$		
45	Replace the pressure to reduce valve of the water service entry in the Terminal building			2	0.4k$		
46	Install combustion air to the boiler room in the Terminal building			2	2.5k$		
47	Replace sump pump discharge hose in the Terminal building			2	0.4k$		
48	Rewire heating/cooling control circuit in the Terminal building			2	0.2k$		
49	Repair/replace hot water mixing valve in the Terminal building			2	0.5k$		

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY		FORECASTS		
			TC	OPERATOR			
50	Relocate washroom exhaust grilles to dropped ceiling in the Terminal building			2	0.5k$		
51	Replace the pressure reducing valve of the water service entry in crew accomodation building			Canceled (Duplicate)			
52	Install supervisory switches on sprinkler valves in the crew accomodation building			Canceled (Duplicate)			
53	Remove redundant piping suspended below the dock			Canceled (Duplicate)			
54	Install permanent backflow prevention device on the dock			Canceled (Duplicate)			
55	Replace outdoor air controller, sensor and related components			2	???		
56	Investigate interior condition of chimney and line with stainless steel liner if required (Where ???)			2	???		
57	Investigate occasional roof leak at the S-E corner of the Terminal building			2	0.5k$		
58	Caulk and seal large cracks in the pavement all around the property			2	5.0k$		
59	Install sprinklers in the Terminal building			1	30.0k$		
60	Re-caulk the windows of the Terminal building			2	0.5k$		
61	Install sprinklers in the Crew accomodation building basement			1	5.0k$		
62	Install emergency lighting in the Crew accomodation building basement			1	0.5k$		
63	Connect the fire alarm system of the Crew accomodation building to the local fire department			1	0.5k$		
64	Install sprinklers in the Maritime Marine Services Building			1	10.0k$		
65	Install emergency lighting in the Maritime Marine Services Building			1	0.5k$		
66	Repair roof leaks on the Maritime Marine Services Building			2	5.0k$		
67	Investigate the strenght of 2 mooring bollards on the wharf that have missing anchor bolts			1	5.0k$		
68	Replace the rusted post of the fence along the S-E side of the property			3	5.0k$		
69	Paint touch-ups on Pony truss bridges to prevent corrosion			2	5.0k$		
70	Verify or install sacrificial anodes on the newest fendering panel that are corroding			2	10.0k$		

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY TC	OPERATOR	FORECASTS		
71	Verify and repair water infiltration inside some tanks of the floating pontoon			1	20.0k$		
72	Repair holes visible on the landward most tank of the floating pontoon			1	2.0k$		
73	Replace a missing axle between the car ramp and its apron			1	0.5k$		
74	Replace the walkway made of plywood on the car ramp by fixed anti-slip material			1	2.0k$		
75	Relocate the operation panel on the ramp to improve its access			1	2.0k$		
76	Improve the way a big electric conduit is held near the tranfer bridge abutment			1	0.2k$		
77	Replace the wooden planks used as an access platform to the apron hydraulic cylinders by a safer access platform with railings			1	10.0k$		
78	Repair or replace some heavily corroded parts of the grating on the car ramp			1	2.0k$		
79	Replace the mild steel hydraulic fitting used on hydraulic systems by stainless steel ones.			2	10.0k$		
80	Repatriate the missing apron for the old passenger access ramp.			2	2.0k$		
81	Replace the corroded lighting fixtures on the passenger access ramp.			2	0.5k$		
82	The old passenger access ramp will have to be deeply reviewed before being used again			3	10.0k$		
83	Repair or replace damaged gate at the bottom of the marshalling yard			2	1.0k$		
84	Repair a displaced fence post at the bottom of the marshalling yard			2	0.5k$		
85	Brush clean and paint many windows and door frames on the Terminal building			2	2.0k$		
86	Painting of pipe supports under the Customs canopy			2	0.5k$		
87	Replace the missing covers on 2 fluorescent lighting fixtures under the Customs canopy			2	0.2k$		
88	Repair or replace the elastomeric joint between the Terminal building and its surrounding walkway			2	1.0k$		
89	Remove an unused electric conduct with exposed wires on the Customs canopy			2	0.5k$		

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY		FORECASTS		
			TC	OPERATOR			
90	Review and repair 2 lighting poles in the front parking lot that are tilted			1	5.0k$		
91	Repair holes in the pavement over a trench between the tollbooths and a Terminal building entrance that represent a hazard for pedestrians.			1	0.5k$		
92	Remove 2 steel rods that protrude on top of timber pieces along the front parking lot as they represent a hazard for injuries			1	0.2k$		
93	Close monitoring of an apparent settlement at the N-E corner of the terminal building where the walkay moved down from 3" to 6"			3	0.5k$		
94	Repair some mid-tube of the fences that are not connected to their end fittings			3	0.5k$		
95	Repair the retaining wall at 6 locations mostly near its ends			1	10.0k$		
96	Repair or replace an electric conduct broken open along the West curb on the wharf			1	0.5k$		
97	Paint the stains left by previous roof leaks on the ceiling inside the Terminal building			2	1.0k$		
98	Display written operation procedure on each equipment on site			1	0.5k$		
99	Display a load limit for the passenger acces ramp			1	0.2k$		
100	Install stop signs on the gate restricting the access to the car ramp			1	0.2k$		
101	Install all other appropriate signage			1	5.0k$		
102	Repair or replace a damaged wooden stair on the north side of the Crew accomodation building			1	1.0k$		
103	Clear up the access to doors in the Crew accomodation building basement			1	0.1k$		
104	Replace heavily corroded electrical conduct supports near the car ramp abutment			2	0.5k$		
105	Replace a missing cover at the base of a lighting pole near the entrance of the approach to the car ramp			1	0.2k$		
106	Screw in and tighten a loose anchor bolt of a ladder on the wharf			1	0.1k$		
107	Repair mortar joints on many location on the Terminal building			2	1.0k$		
108	Repair a crack in the concrete of the lower wall of the Terminal building			2	0.5k$		

Bar Harbour (Action log) 2007-2008

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY TC	ACTION BY / PRIORITY OPERATOR	FORECASTS		
109	Repair or replace some steel beams heavily damaged by corrosion and even thron behing a fendering panel near the Passenger access ramp			2	20.0k$		
110	Install gauge isolator valves to be kept closed on each hydraulic pressure gauge to avoid an oil spill in case of a gauge fail			2	0.5k$		
111	Salvaging the broken drain pipe on the shore on the West side of the wharf			2	2.0k$		
112	Correct the too high height of the step before the Terminal building entrance under the Customs canopy			1	1.0k$		
113	Conduct a structural assessment to determine the residual structural value of the wharf		1			50.0k$	
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125							
				Priority 1	460.2k$	50.0k$	0.0k$
				Priority 2	845.0k$	0.0k$	0.0k$
				Priority 1+2	**1 305.2k$**	**50.0k$**	**0.0k$**
				Priority 3	108.0k$	0.0k$	0.0k$
				Total	**1 413.2k$**	**50.0k$**	**0.0k$**

Legend: **IRS :** Restart inspection
IREG : Regular inspection
IHIV : End-of-season or pre-winter inspection
ISPEC : Special (specific) inspection
UWI : UnderWater inspection

Updated: Febuary 26th, 2008

Bar Harbour (1-5 years)

ITEM N°	DESCRIPTION	ORIGIN	ACTION BY / PRIORITY		FORECASTS				
			TC	OPERATOR	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
1	Annual Inspection Program	[redacted]		1	15.0k$	15.0k$	15.0k$	15.0k$	15.0k$
2	Painting of the pedestrian canopy			3		5.0k$			
3	Cold planing, milling and resurfacing marshalling yards			3					910.0k$
4	Shoreline protection			3				540.0k$	
5	Replace a small amount of wood siding on the sheltered passenger access ramp building			3			0.5k$		
6	Feasability study to find the best way to repair or rebuild the wharf		1		50.0k$				
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52									
				Priority 1	65.0k$	15.0k$	15.0k$	15.0k$	15.0k$
				Priority 2	0.0k$	0.0k$	0.0k$	0.0k$	0.0k$
				Priority 1+2	65.0k$	15.0k$	15.0k$	15.0k$	15.0k$
				Priority 3	0.0k$	5.0k$	0.5k$	540.0k$	910.0k$
				Total	65.0k$	20.0k$	15.5k$	555.0k$	925.0k$

Legend of priorities:

1 Emergency, should be done

2 year

3 Recommanded, but can be postponed to the next financial year

Legend:

IRS : Restart inspection

IREG : Regular inspection

IHIV : End-of-season or pre-winter inspection

ISPEC : Special (specific) inspection

UWI : UnderWater inspection

Updated: Febuary 26th, 2008

Bar Harbour (6-10 years)

ITEM N°	DESCRIPTION	ACTION BY / PRIORITY ORIGIN	TC	OPERATOR	FORECASTS 2013-2014	2014-2015	2015-2015	2016-2017	2017-2018
1	Annual Inspection Program	[redacted]	1		20.0K$	20.0K$	20.0K$	20.0K$	20.0K$
2									
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Legend of priorities:				Priority 1	20.0k$	20.0k$	20.0k$	20.0k$	20.0k$
1	Emergency, should be done			Priority 2	0.0k$	0.0k$	0.0k$	0.0k$	0.0k$
2	year			Priority 1+2	20.0k$	20.0k$	20.0k$	20.0k$	20.0k$
3	Recommanded, but can be postponed to the next financial year			Priority 3	0.0k$	0.0k$	0.0k$	0.0k$	0.0k$
				Total	20.0k$	20.0k$	20.0k$	20.0k$	20.0k$

Legend:
IRS : Restart inspection
IREG : Regular inspection
IHIV : End-of-season or pre-winter inspection
ISPEC : Special (specific) inspection
UWI : Underwater inspection

Updated: Febuary 26th, 2008

Bar Harbour (11-15 years)

ITEM N°	DESCRIPTION	ACTION BY / PRIORITY ORIGIN	TC	OPERATOR	FORECASTS 2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
1	Annual Inspection Program	[redacted]	1		25.0K$	25.0K$	25.0K$	25.0K$	25.0K$
2									
3									
4									
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11									
12									
13									
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17									
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20									
				Priority 1	25.0k$	25.0k$	25.0k$	25.0k$	25.0k$
				Priority 2	0.0k$	0.0k$	0.0k$	0.0k$	0.0k$
				Priority 1+2	25.0k$	25.0k$	25.0k$	25.0k$	25.0k$
				Priority 3	0.0k$	0.0k$	0.0k$	0.0k$	0.0k$
				Total	25.0k$	25.0k$	25.0k$	25.0k$	25.0k$

Legend of priorities:

1 Emergency, should be done
2 year
3 Recommanded, but can be postponed to the next financial year

Legend:
IRS : Restart inspection
IREG : Regular inspection
IHIV : End-of-season or pre-winter inspection
ISPEC : Special (specific) inspection
UWI : Underwater inspection

Updated: Febuary 26th, 2008

BAR HARBOUR - REPLACEMENT COST ESTIMATE [1]

ITEM	DESCRIPTION	[redacted] (2001)	ESTIMATE (DOLLARS 2008)	PARAMETRIC ESTIMATE (DOLLARS 2008)
1. Marshalling Yards	Granular backfill materials	[redacted]	[redacted]	[redacted]
	Sub-base material			
	Base material			
	Asphalt			
	Fencing			
	Walkways			
	Lighting			
	Retaining walls			
2. Buildings	Terminal building			
	Tollbooths			
	Maritime Marine			
	Crew accommodation			
3. Berthing Facilities	Total pile lengths			
	Reinforced concrete			
	Scour protection			
	Fenders			
	Bollards			
	Guide rails			
	Pile corrosion protection			
4. Loading Facilities	Vehicle loading transfer bridges			
	Pontoons			
	Associated sub-structures			
	Passenger loading bridges			
5. Engineering and project management				
	SUB-TOTAL	$ 14,794,040.00	$ 17,974,710.00	$ 15,326,000.00
6. Contingency	15%	$ 2,219,100.00	$ 2,696,206.50	$2,298,900.00
	TOTAL	$ 17,013,100.00	$ 20,670,916.50	$ 17,624,900 (2) (3)

(1) Excluding the cost for the land and water lot.
(2) Excluding environmental charges and compensation for loss or fish habitat replacement.
(3) Including engineering and contingencies.

APPENDIX A4

PRESS DURING THE STUDY

Bangor Daily News

Founded in 1889

TOM GROENING
EDITORIAL PAGE EDITOR

RICHARD DUDMAN
SENIOR CONTRIBUTING EDITOR

P.O. Box 1329, Bangor, Maine 04402-1329
Tel. 990-8000, fax 941-9476, email address letters@bangordailynews.com

SAILING DOWN FROM BOSTON

Wouldn't it be great if we Mainers and our summer residents and tourists could take a boat between Bar Harbor and Boston, as in the old days, instead of fighting traffic on I-95 or squeezing into a bus or an airplane?

That was part of a strategic plan by the Maine Department of Transportation a dozen years ago. This "grand plan," as some called it, looked toward high-speed passenger vessels that would connect Bar Harbor, Rockland, Boothbay Harbor and Portland, with Boston as a possible extension. That was in the time of the Cat, the catamaran that took the place of the old, slower Bluenose ferry and carried passengers, cars and trucks between Bar Harbor and Yarmouth, Nova Scotia.

The Cat service ended in December 2009 after Nova Scotia halted its annual subsidy. The Cat now is said to be operating in China, and the Bar Harbor terminal stands empty.

The Canadian owner of the terminal, Marine Atlantic, wants to sell the 4.5-acre waterfront property soon, perhaps by the end of this year. Unless some marine use for the terminal can be found, chances are that the terminal will wind up as the site of another big Bar Harbor hotel and the vital waterfront access will be lost.

So state, town and business officials have ordered a $32,400 study on possible uses for the terminal. They hired the Miami-based firm Bermello Ajami & Partners Inc., which developed a cruise ship industry destination plan five years ago and thus knows the territory. The study should provide the basis for a proposal to Marine Atlantic.

The Boston plan is worth reviving and expanding, possibly to include freight and automotive transportation as well as passengers. The old plan called for a 120-foot high-speed catamaran passenger-only ferry, although a private operator might decide to carry cars.

As in the grand version, a new strategic plan should integrate ocean transportation into an intermodal system linking ferries, rail service, airports and bus lines. Boat travel may once again become part of the visiting tourists' experience and offer Mainers and summer residents a variety of transportation services.

But such transportation services must focus on where the people are. The Bar Harbor to Yarmouth ferry failed because the market was too small. Providing ferry service from Boston to Maine makes much more sense.

Preserving the terminal site is an urgent concern of the Department of Transportation, which similarly holds onto most of the unused railroad rights of way, says John Melrose, who was transportation commissioner at the time of the old strategic plan. He observed that no one knows what the transportation needs will be 20 years from now.

This is a time to think big. It doesn't have to be just a dream to imagine boarding a boat in Bar Harbor or Boston, eating a fine dinner, sleeping in a cozy stateroom, and departing at the other end after a hearty breakfast.

Dreams sometimes come true if they are based on reality, not just wishful thinking.

Mount Desert Islander

Maine's Best Weekly

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Your Locally Owned Community Newspaper

Bring on Ellsworth!

SECTION 1

Page 8

ImproVision

SECTION 2

Page 1

Your New Home

SECTION 2

Page 11-14

Early Deadlines

The *Mount Desert Islander* will be closed on President's Day, Monday, Feb. 20. All editorial and advertising deadlines advance.

Classified Ads are due by noon on Friday, Feb. 17.

Submissions for the Arts section are needed by noon on Thursday, Feb. 16.

The real estate and auto advertising deadline is 5 p.m. on Wednesday, Feb. 15.

Almanac

21 | 14 | 7 | Mar. 1

FEBRUARY MOONS

BAR HARBOR TIDES

Date	HI	Lo
Feb. 9	11:27 a.m.	5:18 a.m.
	11:53 p.m.	5:44 p.m.
Feb. 10		6:02 a.m.
	12:12 p.m.	6:26 p.m.
Feb. 11	12:37 a.m.	6:50 a.m.
	12:59 p.m.	7:12 p.m.
Feb. 12	1:24 a.m.	7:41 a.m.
	1:51 p.m.	8:02 p.m.
Feb. 13	2:16 a.m.	8:37 a.m.
	2:47 p.m.	8:56 p.m.
Feb. 14	3:12 a.m.	9:38 a.m.
	3:48 p.m.	9:57 p.m.
Feb. 15	4:14 a.m.	10:45 a.m.
	4:56 p.m.	11:04 p.m.

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Cruise ship berth option explored

By Robert Levin
rlevin@mdislander.com

BAR HARBOR — Officials are pursuing plans to transform the international ferry terminal on Eden Street into a fully equipped cruise ship facility.

Following a closed-door discussion Tuesday, town councilors voted 7-0 to fund the second phase of a study exploring the best path forward for bringing cruise ships to the terminal. The $171,000 cost of the study will be split by the town and the Maine Port Authority (MPA), with the town funding $85,500.

The majority of the money for the town's share will come out of cruise ship passenger fee revenue.

MPA directors decided to partner with Bar Harbor on the study following

see **TERMINAL** page 5

ISLANDER PHOTO COURTESY OF WINSTON SHAW

SLIP SLIDING AWAY ... *While ice on area ponds and lakes has been less than stellar this winter, a young skater enjoys a fast tow from a cyclist with studded tires at Eagle Lake in Acadia National Park on Sunday.*

MDI students beat state test averages

By Dick Broom
dbroom@mdislander.com

BAR HARBOR — As they did last year, elementary school students in the Mount Desert Island Regional School System (MDIRSS) have, as a group, scored higher than the state average on standardized tests of proficiency in reading, math and writing.

Results of the New England Common Assessment Program (NECAP) tests that students took in October 2011 were released Feb. 1 by the Maine Department of Education. The annual tests are designed to gauge how well students in grades three through eight are doing in reading and math. Students in grades five and eight are given

see **SCORES** page 12

ISLANDER PHOTO BY DICK BROOM

BIG DIG ... *A public works crew backfills a trench after replacing a water line beneath Pleasant Street in Bar Harbor that ruptured early Saturday morning, flooding at least one basement and causing water service in the neighborhood to be shut off for several hours. Approximately 40 homes were affected.*

Acadia generates $400 million

By Robert Levin
rlevin@mdislander.com

ACADIA NAT'L PARK — Tourism here accounted for nearly $400 million in local economic activity during the 2010 season, according to a report issued recently by the National Park Service.

A total of 2.5 million tourists visited ANP in 2010, directly spending $186,282,000 within a 60-mile radius of the park, according to the Economic Benefits to Local Communities from National Park Visitation and Payroll report. Direct spending rose 15 percent, from $161,489,000 in 2009.

The numbers highlight just how important Acadia is to the region, and should provide incentives for park officials and local governments to continue to foster good relations with each other, park superintendent Sheridan Steele told the *Islander*.

"The most important point is that Acadia National Park is an economic engine that drives a big part of the economy in the state of Maine, and everybody in the region should be concerned with protecting the asset that brings people here," he said.

The equivalent of 3,147 local jobs were supported by park tourism, representing a labor income of $80 million and value added spending of $131 million, according to the report. Just five other parks, including behemoths like Grand Canyon and Yellowstone parks, support more community jobs than Acadia.

While Acadia ranks among the five smallest national parks in terms of size, it is one of the 10 most visited in the country, Mr. Steele said. Tourists, he continued, return time and again not just because of what they find inside of the park's boundaries, but because of the unique quality of the people and the towns that exist around the park. Even the relative lack of national chain stores and eateries here has a positive effect, he said.

Keeping MDI-area towns scenic and unique is an important part of the park's future here, Mr. Steele said. Local zoning should be carefully aimed to allow measured growth while protecting the natural beauty of the area outside of the park's boundaries.

"It's hundreds, if not thousands of little decisions that take place over time that can have a negative effect," he said.

Park planner John Kelly agreed, saying that the "slow

see **TOURISM** page 5

New public works director hired

By Dick Broom
dbroom@mdislander.com

SOUTHWEST HARBOR — The former owner of a heavy construction company in Florida is the new public works director here.

David Corrigan started work Monday. He succeeds Patricia Biegler, who resigned last October to accept a public works job in Georgia.

Mr. Corrigan operated Corrigan Construction in Stuart, Fla., for 28 years. The company, which his three sons now operate, handles municipal, state and federal infrastructure projects such as roads and bridges.

A few years ago, Mr. Corrigan and his wife Betsy built a house in Bar Harbor, where she was born and raised. It became their year-round home last summer, when she accepted a job as nurse educator at Mount Desert Island Hospital.

David Corrigan

Mr. Corrigan said that after leaving his business and moving to MDI, it didn't take him long to get bored and start thinking about going back to work.

He has never worked in the public sector, but his experience as a public works contractor should be an asset, he said

"It will help me make sure bids come in on budget because I know what the pricing should be," he said. "I've worked hand-in-hand with cities, towns and states, so I know how they work.

"It's a little bit of a challenge," he said of his new job, "but nothing that's insurmountable."

"He's a leader, from everything I can tell," town manager Don Lagrange said. "He brings a lot to the table. He's had the experience of working with municipal governments, and I think he can help this town go forward with the massive projects it has to do."

Mr. Lagrange said the details of Mr. Corrigan's compensation are still being worked out, but his salary and stipends will total "close to $60,000."

southwestharbor.fenceviewer.com

Flemings bows out

By Robert Levin
rlevin@mdislander.com

BAR HARBOR — State Rep. Elsie Flemings will not run for a third term in the Maine House of Representatives this year.

Ms. Flemings, a Democrat, said late Wednesday morning that despite her love of the work, recent changes in her personal life have led her to step back from public service for the immediate future.

Rep. Elsie Flemings

"It has been an honor to serve the community, but I have had a number of family changes, and there are some significant family obligations that I have to attend to," Ms. Flemings said. "It's certainly a difficult decision to make, but family comes first right now."

Bar Harbor Town Councilor Paul Paradis is running as a Republican for the District 35 seat held by Rep. Flemings.

GOP faithful turn out for caucuses

By Dick Broom
dbroom@mdislander.com

MOUNT DESERT — About 55 Republicans from the four Mount Desert Island towns, the Cranberry Isles and Swans Island gathered for their biennial party caucuses Feb. 4, at the Somesville Fire Station.

They elected delegates to the state GOP convention in May and listened to calls for support from the party's candidates for the state Legislature.

Each caucus conducted a presidential preference straw poll, but the results are being withheld until state party officials announce the statewide tally this Saturday. Most municipal caucuses will have been held by then.

Bar Harbor town councilor Paul Paradis, who is running for the state House of Representatives, told caucus participants, "I feel that the future of Maine resides in the success of business and hard work and not through government handouts and programs.

"I believe state government should not create jobs, but instead create an environment where we can create jobs and where hard work and entrepreneurship pay off so that our kids can stay here and have a future here," Mr. Paradis said.

He is a candidate for House District 35, which includes Bar Harbor, Southwest Harbor, Cranberry Isles and part of

see **CAUCUS** page 5

ISLANDER PHOTO BY EMERSON WHITNEY

MAINE MADE ... *Gov. Paul LePage poses for photos on the deck of* Courtship, *the first $2.2 million Talaria 48 model built by Hinckley Yachts. The launch party was Feb. 1 at the Hinckley boatyard in Southwest Harbor. Gov. LePage is pictured with Mike Arieta, left, executive vice president and general manager at Hinckley Yachts, and James McManus, Hinckley CEO. See story on page 5 of section 2 and more photos online at www.fenceviewer.com.*

POLICE/4: *Drivers get traffic tickets*

Richard Burne, 48, of Bar Harbor, was arrested Feb. 3 on the Crooked Road on a charge of operating while under the influence (OUI).

Devin Clark, 23, of Ellsworth, was arrested Monday on Eden Street on a charge of operating after suspension.

James C. McDonald, 36, of Penobscot, was summonsed Saturday on Route 102 on a charge of possession of a useable amount of marijuana.

Tony McKim, 44, of Trenton, was summonsed Jan. 31 on Route 102 on a charge of improper passing.

Andrew Sullivan, 25, was summonsed Monday on Stephens Lane on charges of failure to provide proof of insurance, failure to maintain a current state inspection sticker, and operating with an expired registration.

Taylor Kelley, 23, of Bar Harbor, was summonsed Saturday on Route 3 on charges of operating with an expired license and failure to provide proof of insurance, and was warned for an expired registration.

Firefighters responded Saturday to a chimney fire at the home of Andre Lozano on High Street. Sparks and embers were shooting out of the chimney when firefighters arrived, assistant fire chief Matt Bartlett said. The fire was close to the bottom of the chimney and firefighters were able to douse it through the fireplace, he said.

Margaret Parsons, 50, of Bar Harbor, was summonsed Sunday on Route 3 on a charge of failure to maintain a current state inspection sticker.

A man complained Monday that a loose dog had jumped on his car and scratched the paint. Police advised him to contact the owner of the dog.

Acadia National Park

Timothy Grant, 53, of Ellsworth, was summonsed by park rangers in January for having an illegal campfire in the park at Lower Hadlock Pond. While ice fishermen are allowed to build fires on the ice on ponds larger than 10 acres that are under state jurisdiction under the Great Ponds Act, Mr. Grant's fire was on the shore.

Rangers also reminded park visitors that only dead and down wood can be used and that only a hand saw can be used to cut up the wood.

Indictment issued in sex assault

By Mark Good
mgood@mdislander.com

ELLSWORTH — A Blue Hill man accused of sexually assaulting a girlfriend in that town and in Bar Harbor is among the 12 people indicted last week by a Hancock County grand jury.

Forrest Wardwell, 24, was indicted Feb. 2 on single counts of class B unlawful sexual contact, class C unlawful sexual contact, domestic violence assault, criminal threatening with a dangerous weapon, operating beyond license conditions and violating bail conditions.

The criminal threatening charge stems from an incident in which he is accused of threatening his girlfriend at his home in Blue Hill, said assistant district attorney Mary Kellett.

The other charges follow incidents in Bar Harbor, where the girlfriend was living, Ms. Kellett said.

A 911 phone call on Dec. 17 alerted Bar Harbor police to a situation at a Roberts Avenue apartment. The caller said a woman was heard screaming and a suspicious noise heard on the stairs of the building.

According to the police report, officers arrived at the scene to find an intoxicated Mr. Wardwell wearing a torn shirt. He had facial wounds that appeared to be the result of someone defending themselves. Mr. Wardwell reportedly told police that he and the woman were having sex and not fighting. Police later seized a 12-guage shotgun from the back seat of Mr. Wardwell's vehicle.

A Tremont man with a history of drunk driving convictions was indicted on single counts of aggravated habitual offender status, operating under the influence (OUI) and operating after revocation (OAR).

The charges against Darrell Thurston, 41, involve a Dec. 17 stop by Bar Harbor police in which the Tremont man was charged with OUI. His blood alcohol level at the time allegedly was .19, more than twice the legal limit, Ms. Kellett said.

A habitual offender charge is levied when a person is convicted of three qualifying charges within a five-year period. In Mr. Thurston's case, he had two previous OUI convictions and three OAR convictions, Ms. Kellett said.

Also among those indicted last week are: James Farley, 24, Southwest Harbor, unlawful possession of scheduled drugs; Kristen Stager, 49, Bar Harbor, theft by unauthorized taking; and Brandon Pinkham, 29, Bar Harbor, two counts of receiving stolen property.

CAUCUS/1: *GOP Confab*

Mount Desert.

Sen. Brian Langley of Ellsworth, whose district includes MDI and who is running for a second term, also asked caucus participants for their support and stressed the importance of keeping a Republican majority in the Legislature.

When he asked if anyone in the audience had questions, there was only one: Where does he stand on same-sex marriage?

Sen. Langley said he voted against a same-sex marriage bill when he served in the Maine House and that he hasn't changed his mind.

"I support traditional marriage," he said.

But he noted that the issue might not come before the Legislature again because supporters of same-sex marriage have submitted petitions calling for a statewide referendum on the question in November.

mountdesert.fenceviewer.com

TOURISM/1: *Acadia draws millions*

creep" of change, while inevitable, should be aligned as best as possible with the bigger picture that will continue to work to everyone's benefit. "Growth and development can happen very well outside of the park. It's just how it happens," he said.

The issue is important for the enjoyment of those who come back for multiple visits, Mr. Steele said, who see not just Acadia but Mount Desert Island and the Downeast corner of Maine as a tranquil escape from the pressures of modern life. The psychological benefits of such an experience represent a major part of the national park system's purpose, he said.

"Where everything else in society is changing so rapidly, the national parks are kind of a solid Rock of Gibraltar that you can stand on," he said.

Visitor spending is estimated in the Economic Benefits report using data on the number of recreational visits and overnight stays to the parks. Lodgings and restaurants account for the most spending, with entertainment coming in third. Spending averages cover all trip expenses within 60 miles of the park.

acadianationalpark.fenceviewer.com

TERMINAL/1: *Next phase study funded*

a Jan. 24 meeting in Augusta at which they were joined by town manager Dana Reed, town council chairman Ruth Eveland, town councilor Paul Paradis and Bar Harbor Chamber of Commerce executive director Chris Fogg.

The MPA agreed that gaining ownership of the ferry terminal property from the Canadian government is an important step worth pursuing, and agreed to spearhead this effort as was recommended in the first phase of the terminal study released this winter. MPA and town officials agree, however, that which entity should eventually own the property remains undecided.

"You made a compelling case for the port authority to explore the acquisition of the Bar Harbor ferry terminal," MPA executive director John Henshaw wrote to councilors on Jan. 30. "Having found the preservation of maritime uses at the site to be in the best interest of the State of Maine, the MPA is prepared to make a conditional expression of interest in the facility to Marine Atlantic, its owner."

The phase-two study funded by councilors on Tuesday will be conducted by Bermello, Ajamil & Partners, Inc. (B&A), a maritime and cruise industry consulting agency that completed phase one of the study in January of this year.

Phase one found that even at an estimated cost of $16.7 million, a cruise ship pier at the ferry terminal would be a profitable operation. The second phase of the study will contain detailed facility and business plans, including a 15-year market projection and financial models.

The third phase of the study would provide town and MPA officials with a plan for executing the project, at an additional $58,000. Funding has not yet been appropriated for phase three.

The ferry terminal has been idle since the fall of 2009, when the Canadian government revoked what had become a $6 million annual subsidy to keep *The CAT* high-speed ferry running between Bar Harbor and Yarmouth, Nova Scotia. *The CAT* was sold after the ferry service operator, Bay Ferries, indicated the company no longer wanted to service the route.

While the terminal has gathered an estimated $6.2 million in deferred maintenance costs, it would be well worth the expense to bring it up to decent condition, the phase one study states, because it basically is irreplaceable as an asset.

The town's share of phase two of the B&A study will be funded with $60,500 from cruise ship funds and $25,000 from a land acquisition account maintained under the town's capital improvement program.

"This, I believe, is an appropriate use of the remaining taxpayer monies in the land acquisition account as this acquisition certainly has benefits for the entire community and would show a commitment of the taxpayers for this project," finance director Stan Harmon wrote in a recent memo to Mr. Reed.

B&A also conducted a cruise ship study for the town several years ago, which led to higher passenger fees that have funded numerous projects here.

barharbor.fenceviewer.com

Town of Bar Harbor — **INVITATION TO BID**

The Bar Harbor Public Works Department is now accepting sealed bids from the public to purchase the following vehicle: 1989 International Navistar, having 183,374 miles, cab and chassis are inspected, AS IS/WHERE IS.

Bids need to be received by 2:00 PM, Thursday, February 23, 2012. The bids will be opened publicly at that time. The bid MUST BE IN A SEALED ENVELOPE PROMINENTLY MARKED IN RED with the vehicle written on the front. Bids can be sent to:

Bar Harbor Highway Division
135 Ledgelawn Avenue
Bar Harbor, ME 04609

The vehicle will be sold to the highest bidder in AS IS/WHERE IS condition. The successful bidder must make full payment and remove the vehicle from Town premises within 14 days from award of the bid.

The vehicle can be viewed at the Bar Harbor Highway Division garage at 135 Ledgelawn Avenue; photographs are posted on the municipal website at www.barharbormaine.gov. Any questions regarding this vehicle, contact the Highway Division at 288-4681.

Town of MOUNT DESERT

Sidewalk Reconstruction Informational Meetings

DATE CORRECTION

There will be two informational meetings conducted to present the proposed design of the Town of Mount Desert's sidewalk reconstruction project. The project is in response to citizen requests and was approved at the May 2011 town meeting. The overall project has been divided into two separate projects, and will be bid and constructed as such. One project includes the work in Somesville; the second, the work in Northeast Harbor and Seal Harbor. Representatives of the Town and the engineers will be in attendance to present the project, to answer questions and to collect citizen input. The two meetings will be held as follows:

- 6:00 PM, Wednesday, February 8, 2012 at the Meeting Room, Town Hall, Northeast Harbor
- 6:00 PM, Wednesday, February 15, 2012 at the Somesville Fire Station meeting room (date changed from Thursday, February 9th)

In the meantime, please contact Tony Smith at 276-5743 or director@mtdesert.org with questions or comments. We hope to see you at one of the informational meetings.

Mount Desert Islander

Maine and New England's Best Weekly

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Help Wanted. 82 Jobs Inside

An Artistic Legacy

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JUNE MOONS

BAR HARBOR TIDES

Date	Hi	Lo
June 7	1:13 a.m.	7:40 a.m.
	1:53 p.m.	7:58 p.m.
June 8	2:08 a.m.	8:33 a.m.
	2:48 p.m.	8:54 p.m.
June 9	3:04 a.m.	9:28 a.m.
	3:43 p.m.	9:53 p.m.
June 10	4:01 a.m.	10:22 a.m.
	4:39 p.m.	10:52 p.m.
June 11	4:59 a.m.	11:17 a.m.
	5:34 p.m.	11:51 p.m.
June 12	5:58 a.m.	
	6:29 p.m.	12:12 p.m.
June 13	6:56 a.m.	12:49 a.m.
	7:22 p.m.	1:06 p.m..

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Ferry site could be maritime hub

By Robert Levin
rlevin@mdislander.com

BAR HARBOR — Potential new uses for the idle international ferry terminal on Eden Street, including a combination cruise ship pier and public marina, were illustrated in detail May 31 at a workshop held by the professional consultants hired to study the property.

Nearly 70 people turned out for the meeting. Luis Ajamil, president of Bermello Ajamil & Partners, began with a presentation of the situation, dating from the first Bluenose ferry from Nova Scotia in 1955 through the end of the high-speed service aboard the Cat

see **FERRY** page 12

ISLANDER PHOTO BY MARK GOOD

GOOD SAVE ... *Quick action Sunday night by Trenton firefighters kept a barn fire from damaging a home at the corner of the Oak Point Road and Goose Cove Road. Crews arrived to find a two-story barn engulfed in flames around 7 p.m. The home on the property is only three feet away. It suffered only minor exterior damage. Firefighters cleared the scene around 2:15 a.m. The property is unoccupied and for sale. Chief Richard Gray was unsure who owns the property. The cause of the blaze is under investigation by the state fire marshal's office.*

Cop biter arrested

By Mark Good
mgood@mdislander.com

SOUTHWEST HARBOR — Police here hope the recent arrests of two residents on drug charges will squelch the supply of heroin on Mount Desert Island.

Robert Goodwin, 42, was arrested May 22 on a bail violation. He later was charged with aggravated trafficking in scheduled drugs and possession of scheduled drugs, according to a press release from Darrell Crandall, division commander of the Maine Drug Enforcement Agency (MDEA).

Alfred Lanpher

Mr. Goodwin was living in a trailer on Cedar Lane. On May 31, Southwest Harbor police went to an adjacent trailer and arrested Alfred Lanpher, 43, on a warrant charging him with unlawful furnishing of scheduled drugs and unlawful possession of scheduled drugs.

Mr. Lanpher allegedly assaulted Lieutenant Mike Miller while being taken into custody. "He bit him on the hand," Chief David Chapais said.

Mr. Lanpher later was charged with assaulting a police officer and disorderly conduct.

see **DRUGS** page 2

ISLANDER PHOTO COURTESY OF JEANETTE STOUT

ACADIA IDLE ... *A white-tailed deer pauses among the spring lupines in a field on Bar Island in Acadia National Park.*

School consolidation on hold

By Mark Good
mgood@mdislander.com

TREMONT — Any consolidation between the Tremont Consolidated School and the Pemetic Elementary School in Southwest Harbor is off the table, at least for now.

The Tremont School Committee voted 4-0 May 31 to take no further action on consolidation efforts at this time. The move follows several years of discussing consolidation of the two K-8 schools and, more recently, straw polls held last month in both towns to gauge public support of the issue.

Three options went before voters in the straw poll. In Tremont, voters heavily favored leaving the two schools as they are now. That option gained 151 votes.

An option to create a cooperative school structure and send younger students to Tremont and older students to Pemetic received 84 votes. The option to close the Tremont school and send all students to Pemetic was the least popular, gaining 64 votes.

The meeting began with a discussion of how to interpret the vote, which school superintendent Rob Liebow said could be seen "through two lenses."

One view would be to consider the option of leaving the schools as they are as the will of the voters. The option received 67 more votes than the split-school option, which received the second most number of votes.

Another way to look at the results would be to add the two votes favoring some kind of consolidation together. With the combined 148 votes, the option of keeping things the same could be seen as winning by only a 3-vote margin.

That view rankled at least one member of the public.

"Don't change the numbers to make what you want of the numbers," Stewart Murphy said.

Mr. Murphy pointed out that the possibility of consoli-

see **SCHOOL** page 12

Primary voting set for Tuesday

By Steve Fuller
news@mdislander.com

AUGUSTA — On Tuesday, June 12, Maine voters who are registered as either Democrats or Republicans will head to the polls to pick their party's candidates for county, state and federal offices.

Unenrolled voters also will have issues to vote on. In some towns, voters will be electing municipal officials, and in many communities voters will be asked to weigh in on the school budget. See related stories.

While 10 candidates fight it out at the state level for the opportunity to succeed Olympia Snowe in the United States Senate, it's a quieter political season on the local front.

In the U.S. Senate race, Republican candidates include Maine Attorney General William Schneider, State Treasurer Bruce Poliquin, Secretary of

see **PRIMARY** page 12

MDI High Graduation is Sunday

BAR HARBOR — Mount Desert Island High School's Class of 2012 will take to the stage at 2 p.m. Sunday during the institution's 44th annual commencement exercises.

This year's commencement speakers are Islesford author and artist Ashley Bryan and outgoing school superintendent Rob Liebow.

The 108 graduates also will hear from class salutatorian Adam Perruzzi and valedictorian Paige Speight.

Class of 2012 officers include Mia-Cara Musetti, president; Sophia Krevans, vice president; Marisa Prestinari, secretary, and Lily Horton, treasurer. Marshalls for graduation will be Emily Dunbar and Skyler Graves.

Awards and scholarships will be presented during a special ceremony at the school beginning at 7:30 p.m. Thursday, June 7.

Condos, artisans' colony urged for revitalization

By Dick Broom
dbroom@mdislander.com

MOUNT DESERT — Condominiums overlooking the marina, an artisans' "colony" on Main Street and an advisory service for business start-ups.

Those are among the smorgasbord of recommendations by a panel of land use and economic development professionals for reviving Northeast Harbor as a vibrant, year-round community.

The eight-member panel, assembled by the nonprofit Urban Land Institute at the request of the town's revitalization committee, spent all day Monday in Northeast Harbor. They took a walking tour of the downtown area and interviewed a number of business and civic leaders. Then they spent the afternoon developing their recommendations, which they presented at the board of selectmen's meeting Monday night.

Panel members observed that the large municipal parking lot next to the Town Hall is a poor use of prime real estate. They proposed relocating the parking lot and building condominiums with harbor views on that one-acre site.

"It's obviously a phenomenal site from a market standpoint," said panel member Barry Abramson, who is president of a real estate development consulting firm in Newton, Mass. "You could potentially, without much or maybe any subsidy, provide housing that would be attractive to a higher end year-round resident. There probably is a target market of doctors and scientists at Jackson Lab and the hospital or possibly others who might find that very appealing."

He said such a development might provide "some profit for the town that it could use to build workforce housing elsewhere."

Panel member Victor Karen, who heads a real estate development firm in Dorchester, Mass., said that if the town wants housing that is affordable for young, working families, it needs apartments. He said apartments should be built by private developers

see **REVITALIZE** page 9

ISLANDER PHOTO COURTESY OF FOA

ACADIA CONNECTION ... *Friends of Acadia (FOA) celebrated National Trails Day on Saturday, June 2, with events highlighting two new community trails. In the morning was the dedication of the Duck Brook Connector Trail, linking Eden Street in Bar Harbor with the Duck Brook area. In the afternoon FOA hosted a volunteer trail-building project on the Trenton Community Trail at the Acadia Gateway Center. Cutting the ribbon at the Duck Brook Connector Trail dedication above, are, from left, April Mims from the National Parks Conservation Association, Bethany Reese from the Acadia Inn, Acadia superintendent Sheridan Steele, and FOA President David MacDonald.*

GET OUT AND VOTE

Mount Desert Island voters will go to the polls on Tuesday, June 12 in statewide primary elections.

Several local questions are also up for consideration.

Bar Harbor – Municipal Auditorium – 8 a.m. to 8 p.m.

Great Cranberry Island – Community Center – 10 a.m. to 8 p.m.

Islesford – Neighborhood House – 10 a.m. to 8 p.m.

Mount Desert – Somesville Firestation – 8 a.m. to 8 p.m.

Southwest Harbor – Firestation – 8:30 a.m. to 8 p.m.

Swans Island – Town Office – 10 a.m. to 8 p.m.

Tremont – Town Office 8 a.m. to 8 p.m.

Trenton – Town Office – 8 a.m. to 8 p.m.

PRIMARY/1: *Vote is set for Tuesday*

State Charlie Summers, Rep. Debra Plowman, Rick Bennett and Scott D'Amboise.

Democrats seeking their party's nod for the senate race include Matthew Dunlap, Cynthia Dill, Jon Hinck and Ben Pollard.

Of the 13 seats in the Maine Legislature that include Hancock County communities, only five have primary contests (each involving two candidates).

Three county offices will be voted on, and there is one primary contest for a county commissioner's seat.

There are no primary contests in the districts that include towns from Mount Desert Island. Likewise there are no primary contests in Senate District 28, which encompasses most of Hancock County. There are no primary contests for either register of probate or county commissioner from District 3 (Mount Desert Island and adjacent communities).

news.fenceviewer.com

IMAGE COURTESY OF BERMELLO AJAMIL PARTNERS

Consultants displayed this vision of the possible development of the Eden Street ferry terminal in Bar Harbor at a meeting last week. It includes parking for more than 100 vehicles, ample tour bus space, a public access marina, ferry terminal space, a cruise ship docking pier and even a stage area for outdoor events.

SCHOOL/1: *Consolidation dead for now*

dation was having a negative effect on the school's staff, leaving them uncertain as to the future.

"We need to tell the teachers they don't need to go somewhere else," he said.

Mr. Liebow said his interpretation is that there was no clear direction from voters.

More than 60 percent of the voters would have to favor either consolidation or keeping the schools as they are for a mandate to exist, he said.

"In your town, you didn't have that," Mr. Liebow said. "I think you had 50-50."

Resident Christine Mild offered her opinion.

"I think that 150 people voting to keep the school open means we're doing something right," she said.

FERRY/1: *Consultants unveil sophisticated plan*

in 2010. High-resolution images of what the property could look like under what B&A says would be a sustainable business model covered the walls of much of the upstairs of the municipal building.

Within that vision, a quarter-mile cruise ship pier shares space with a public marina. Cruise passenger tour buses have their own lot in which to maneuver, and more than 100 town parking spaces are included with a band shell available for concerts, among other things.

"The end result in this… is that this is a viable business model," Mr. Ajamil said. Docking would be retained should a ferry return, he said. But a ferry would never bring in enough money as a standalone venture, once the investment is made to bring the property back to good condition.

"If you had the best year, it would still be a money loser in the range of millions of dollars," Mr. Ajamil said of a ferry. "It has to be part of something else that generates money."

Based on B&A's initial business study of the property, which set the economic case for a cruise terminal, the Maine Port Authority began negotiations this spring with Canadian owners Marine Atlantic for a lease and purchase option. This would give the town time to move through the study process with B&A, port authority officials said.

B&A is nearing completion of phase 2, which is to include a detailed facility plan and business plan. Public comment is essential at this point, Mr. Ajamil said, available by e-mail at ferryterminal@bermelloajamil.com or by fax at 305-860-3759. Comments will be received until June 15.

The Bar Harbor Ferry Terminal Feasibility Study presentation is available online at barharbormaine.gov. Town cruise ship funds, the port authority, and Cruise Maine, an industry organization, funded the report.

The case for building a cruise terminal is two-fold, Mr. Ajamil said. Economically, it presents a viable way to keep the property in maritime use by employing a resource already present in the town, while alleviating the downtown of much of the related ground congestion. Secondly, a cruise terminal would serve to maintain the cruise business here. In today's market, he said, cruise ships do not want to tender their passengers, and the liners are beginning to avoid ports where they must do so.

Cruise ships would make money for the property whether current levels from downtown are transferred or new traffic was brought in, the report concludes.

"One of the things you have to keep in mind is, if you don't do this, the Canadian government will sell it," Mr. Ajamil said. "And with hotels on three sides, you can imagine what it would become."

LETTERS/11: *Our readers write!*

Take your food home with you; don't leave it to be thrown away and wasted. Take just a minute to find neat ideas and ways to keep your food fresh, and know how to store food to the best of your ability. By doing just these few things, you could be saving both money and some food along the way.

There are many people who want to make a difference when it comes to food waste, and I met one of them recently at the Holy Redeemer Church in Bar Harbor. Chris Brown, a local farmer, chose to use the food that would be thrown away from the grocery stores, and repurpose it into soups and other meals that will be used to feed the hungry or people who just want to come to meet neighbors and have a fun time. It's about creating that community where people know they can come, have a good time, and eat good food.

What most people don't realize is that on Mount Desert Island and in our area alone, there are at least 130 families who come into the food pantry each month because they can't afford to buy food for themselves. Some reasons are the bad economy and the high prices. The Bar Harbor Food Pantry is always looking for donations.

Now, take a look at what has just been put on the plate before you: wasting food is costing us money, and hunger takes place in every community. If we all took a part in making our community a better place, we could start the change in our country as well.

Flannery Dillon
Bar Harbor

Maritime

Shorts

Frenchboro ferry funds

WASHINGTON, D.C. — U.S. Senator Susan Collins, Ranking Member of the Senate Transportation Appropriations Subcommittee, today announced that the U.S. Department of Transportation (DOT) will award $2.4 million in federal funding to the Maine Department of Transportation for ferry service improvements in Maine.

The grants include $1.2 million to the Maine State Ferry Service to help cover the cost, design and complete construction of a new ferry berthing system, transfer bridge, fender system and supports for the pier for the Frenchboro Ferry. That ferry runs several times a week between Frenchboro and Bass Harbor on Mount Desert Island.

The remaining $1.2 million will go to the Casco Bay Island Transit District in Portland to help cover the cost of engineering and construction of a new passenger ferry, the *M/V Wabanaki*.

U.S. DOT's Ferry Boat Discretionary Program provides special funding for the construction of ferry boats and ferry terminal facilities.

Morris Memorial

MOUNT DESERT — In conjunction with the 40th anniversary celebration of Morris Yachts, the company is slated to host the fourth annual Tom Morris Memorial Regatta as a fund-raiser for the MDICSC and Northeast Harbor Sailing School (NEHSS) scholarship programs. The race will be held on Sunday, Aug. 5, as one of the most anticipated races of the season.

The competition memorializes Tom Morris, the founder of Morris Yachts, which was originally located in Southwest Harbor beginning in 1972. The company now operates facilities in Northeast Harbor, Trenton and Bass Harbor, and a sales office in Newport, R.I. The company is now headed by Mr. Morris' son, Cuyler. Tom Morris passed away from cancer in 2008.

Contact Glenn Squires, director, Mount Desert Island Community Sailing Center, at 207-244-7905. E-mail: info@mdisailing.org.

SWH Fleet

SOUTHWEST HARBOR — The Southwest Harbor Fleet's race set for Wednesday, Aug. 8, will be the picnic race, club officials announced this week.

A fleet tea set for Friday, Aug. 3, will be hosted by Melissa and Scott Hirsh on Manset Road. On Friday, Aug. 10, tea will be hosted by Mary Anna Fox and Kristen Hutchins at Mary Anna's home in West Tremont.

For more information, contact Steve Homer at 244-3794.

Hotel sports new dock facility

By Blake Davis
Special to the *Islander*

BAR HARBOR — A sturdy new pier and float system constructed for the Atlantic Oceanside Hotel and Conference Center, finished this May, is garnering attention from passing boaters.

An extra-wide aluminum ramp and teak detailing caught the experienced eye of Wesley Shaw, water taxi operator and marina manager, as he happened to pass by it.

"When I came up to that pier, it was breathtaking to see something that solid and structural," he said. "It is nice that for once someone is doing it right around here." Mr. Shaw is also the former Winter Harbor harbor master.

Dede Naigle, interim manager at the hotel, said the old pier and ramp needed to be upgraded for a while, especially to allow larger boats to

see **PIER** page 9

A file photo shows the Marine Atlantic Ferry Terminal in Eden Street in Bar Harbor during the heyday of runs by the Bluenose *Ferry. Several petitions in Atlantic Canada are seeking resumption of service between Maine and Yarmouth Nova Scotia.*

MDI Sailing Center offers beginners class

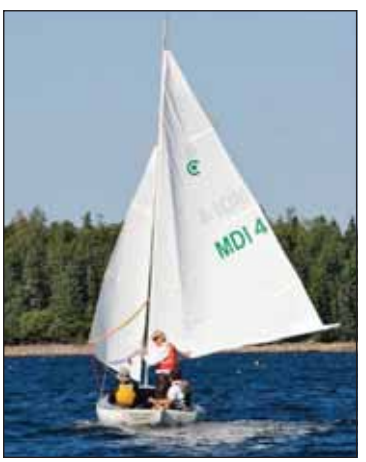
SOUTHWEST HARBOR — The Mount Desert Island Community Sailing Center is offering adults who want to get out on the water a chance to acquire elementary sailing skills.

Located on the Clark Point Road, MDICS will offer an Adult Beginner Sailing Course starting next week and continuing through the end of August. Sessions are scheduled for every Tuesday and Thursday, Aug. 7 through Aug. 23. Classes meet at 4:15 p.m., "rain or shine" and last for about two hours.

A student who feels ready may take the helmsman certification exam at any time during the course and, with a passing grade, will be allowed to enter into the center's other adult boat use programs for the remainder of the 2012 sailing season for an additional $25 membership fee.

Head instructor for the beginner program is Captain Peter Welles. A former naval aviator and airline pilot, Welles has spent a lifetime sailing and has worked as a mission boat captain for the Anglican Church, a yacht delivery skipper and a private captain.

Cost for the beginner program is $200. Registration material is available on the center's website at mdisailing.org or by calling 244-7905.



ISLANDER PHOTO COURTESY OF WELLS BACON

Pete Welles, head instructor for the Mount Desert Island Community Sailing Center's beginners course coaches a pair of novices on the art of handling a Cape Cod Bullseye sloop.

Thousands support int'l ferry service

By Robert Levin
rlevin@mdislander.com

> *"I have four grandchildren growing up in a dying town."*
> – Patrick McDonald

BAR HARBOR — Nearly 2,000 people have signed an online petition asking the Canadian government to reinstate a year-round ferry service between Nova Scotia and New England.

The petition is the fourth in recent years to address the subject. The oldest, which was launched in 2009 just after the high-speed *CAT* ferry stopped running between Bar Harbor and Yarmouth, Nova Scotia, has collected more than 4,000 signatures.

Patrick McDonald, whose recently-launched "Restore the Nova Scotia to USA Ferry Service" petition can be found online at change.org, said that he started the project for his family in Nova Scotia after watching the economy there go sour following the *CAT's* departure.

Mr. McDonald, who lives in England, has been visiting Nova Scotia since his son immigrated there in 2007.

"I come here every year, and every year I notice a decline in the area, in the whole of the province. Businesses are closing at a tremendous rate, up and down the length and breadth of the province," Mr. McDonald said. "My son moved to an economy that was vibrant, and he had prospects. Since the ferry stopped running two years after his arrival, those prospects have diminished and the economy is in dire straits. I have four grandchildren growing up in a dying town."

The petition, launched at the end of July, is gathering more than 500 signatures a week. In September, Mr. McDonald plans to deliver the document to Canadian Premier Darrell Dexter and Prime Minister Stephen Harper.

The *CAT* ferry ran between Yarmouth, Nova Scotia and Bar Harbor, Maine between 1997 and 2009. At the end of the 2009 season, the boat's owner, Bay Ferries, announced they would shutter the service, citing the loss of a multi-million dollar subsidy from the Canadian government.

Both ports have been without an international ferry service for three years running, the longest stretch since the original *Bluenose* ferry began service between the U.S. and Canada in 1955.

Others also have visited online to petition Canadian leaders to reinstate the service. A petition on petitionsite.com, sponsored by a group called The Yarmouth Ferry… The Real Truth, has gathered more than 1,000 signatures. Harold Nesbitt, a motorcycle rider from Nova Scotia, began a petition earlier this spring after hearing complaints from many of his fellow bikers. He has collected more than 250 signatures.

A fourth petition, sponsored by the Town of Yarmouth, was launched in 2009 and continues to collect signatures. 4,021 people have pledged their support for the service.

An international ferry is vital to the economy of Nova Scotia, the petition states. The loss of the ferry, it was predicted, would "result in province-wide job loss, a weakened economy and a reduction of Nova Scotia's ability to compete in the global tourism industry. Tourism in Nova Scotia accounted for $1.3 billion in revenues in 2008, and contributed nearly $204 million in tax revenues. It is one of the largest industries in the world, and Nova Scotia needs to be able to compete."

A Canadian group formed to study the issue is the Nova Scotia International Ferry Partnership. The collection of business executives and industry leaders hopes to convince the Canadian government that there is a cost-effective way to reinstate a ferry service. Among the work being studied by the group is a 2011 report by Halifax-based consulting firm Gardner Pinfold. The report concludes that a business case can be made for a new ferry, possibly to Bar Harbor or to Portland. The termination of the ferry took $16.3 million in direct expenditures from the Nova Scotia economy and the equivalent of 260 full-time jobs, the report states.

Bar Harbor officials have taken their own steps to ensure that the international ferry terminal property on Eden Street remains a vital maritime port facility. Bar Harbor Chamber of Commerce director Chris Fogg said that he applauds the efforts and believes they are worthwhile.

"To keep that facility with a marine use is really important overall to the economy in Bar Harbor. And, there is widespread support to keep it," Mr. Fogg said.

In 2010, the zoning of the property was changed to actually allow the commercial and maritime use that is there. The property, and that of several hotels around it, had been zoned residential up until that time, placing all of the current business, including the ferry terminal, as non-conforming, grandfathered uses.

Following the zoning change, discussions with state officials became more frequent, resulting in a partnership between the town, the chamber of commerce here, the Maine Port Authority and Cruise Maine, a cruise industry organization, to pay for a study by maritime experts Bermello Ajamil and Partners on how best to proceed with the property.

The study, which is now in its second phase, initially showed that a sound business case could be made for converting the property into a cruise ship terminal, while also maintaining space for a ferry, should one start running again.

Based on that premise, the Maine Port Authority negotiated with the property owner, Marine Atlantic, an arm of the Canadian government, for a purchase option. The option is meant to provide time for the study to play out and for local and state leaders to come to some decision as to how to proceed.

While the loss of the ferry may have led to greater economic harm in Nova Scotia than here, restoring the service certainly would benefit the town, Mr. Fogg said.

"The ferry has always been an attraction here, and three years later, we still get questions about the *CAT*. We would love to have the ferry service back," he said.

Mount Desert Islander

Maine and New England's Best Weekly

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Your Locally Owned Community Newspaper

Inside! Where To Eat, Shop and Have Fun

Car Guys
SECTION 2
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Classified

Help Wanted.
79 Jobs In This Issue
SECTION 2
Pages 8-12

Home Sweet Home
SECTION 3
Pages 7-10

Ferry terminal reuse numbers look good

By Robert Levin
rlevin@mdislander.com

BAR HARBOR — Developing a cruise ship pier at the site of the international ferry terminal on Eden Street would create a major new revenue stream while causing a marked decrease in traffic downtown, town councilors were told Tuesday.

Maritime consultant Luis Ajamil, reporting on the just-completed second phase of a study on the property, said that a detailed analysis of the numbers makes a very real case for moving the project forward.

"The rewards are very large in the end," he said. "It is definitely a long-term sustainable business plan."

Mr. Ajamil and his company, Bermello Ajamil & Partners, have been looking at possibilities for the property since engaged in the fall of 2011 by the town, the chamber of commerce, the Maine Port Authority (MPA) and Cruise Maine, a cruise tourism group. The property has sat idle since the Canadian-owned *CAT* ferry stopped running in 2010.

Based on the group's findings so far,

see **TERMINAL** page 14

Dead whale raises stink

Neighbors object to compost site

ISLANDER PHOTO BY BLAKE DAVIS

Victoria Slocombe, 6, from Fairfax, Vermont, uses a clothespin to block out the stench while checking out the sperm whale necropsy on the beach in Hulls Cove in Bar Harbor on Monday. She came with her mom, Mary McQuillen, and her sister, Madeline Slocombe, to "see something cool."

By Dick Broom
dbroom@mdislander.com

BAR HARBOR — A plan to compost the remains of a young sperm whale on the Peggy Rockefeller Farms property on Crooked Road in Bar Harbor raised a stink among some residents of that area over the weekend.

Because of their objections, officials at College of the Atlantic (COA), which owns the farm property, decided to dispose of the whale elsewhere.

The 50-foot adult male whale was discovered floating off Schoodic Point on Aug. 14.

Scientists at Allied Whale, the marine mammal research group at COA, performed a necropsy on the animal on Monday. Because of the degree of decomposition, the necropsy is unlikely to reveal the cause of death, according to Allied Whale director

see **STINK** page 14

Woman trapped on tidal mud flat rescued

By Mark Good
mgood@mdislander.com

SOUTHWEST HARBOR — A local woman found herself in a sticky situation Monday while she was walking her dog on tidal mud flats off Harbor Avenue.

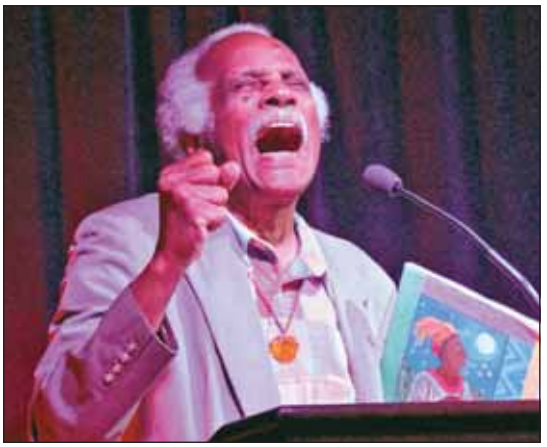
The woman, who was not identified, was about 300 feet from the shore when she became stuck knee-deep in the mud. As she struggled unsuccessfully to extricate herself, she repeatedly declined aid from bystanders who saw her predicament. Finally, one of the bystanders called Southwest Harbor's emergency dispatch and the fire department was called out.

Chief Sam Chisholm was the first to arrive, followed by two of the department's engine companies. Pulling on his boots and turnout gear, he ventured onto the mud.

"It was just like quicksand out there," he said.

He soon realized that he would sink deeply into the mud unless he kept moving. Even then, the short walk was arduous.

see **MUD** page 4



ISLANDER PHOTO BY ROBERT LEVIN

POETIC JUSTICE ... *Isleford's Ashley Bryan leads a recitation of poems by Langston Hughes and others during a speech accepting the 2012* Sunbeam *Award from the Maine Sea Coast Mission at its annual gala at the Bar Harbor Club on Friday. See related story inside and an online gallery of photos at www.fenceviewer.com.*

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Women's Health Center attracts major donors

By Robert Levin
rlevin@mdislander.com

BAR HARBOR — Construction of Mount Desert Island Hospital's (MDIH) new Women's Health Center will begin as soon as next January, hospital officials announced Tuesday. Thanks to major gifts from two prominent MDI summer families, funding for the $1.7-million project is now complete, four months ahead of schedule.

The Lisa Stewart Women's Health Center is named after Lisa Stewart, a long-time summer resident who passed away in 2010 at the age of 52. Funding for construction will be provided in part by the Stewart family of Mount Desert, and Dick and Noelle Wolf, also of Mount Desert.

"The Stewarts' support will strengthen women's health throughout our community… and serve as a permanent tribute to Lisa's memory," hospital president and CEO Art Blank said at a press conference outside of the current Women's Health Center on Wayman Lane.

Dick Wolf

"The hospital has an incredible future."
– Dick Wolf

Mr. Wolf is the creator and executive producer of "Law & Order," the longest running crime series in the history of American broadcast television. The highly successful brand has spawned "Law & Order: Special Victims Unit," "Law & Order: Criminal Intent," "Crime & Punishment" and "Law & Order: Trial by Jury."

At the press conference Tuesday, Mr. Wolf spoke of the value of high quality health care and the importance of MDIH to residents, summer visitors and tourists to the island. With five children, his philanthropy is "completely self-serving," he said, because he is motivated by them to help create the best medical system possible here.

Over more than 50 years visiting the island, Mr. Wolf has seen MDIH evolve into a facility offering "world class care," he said. The creation of the new health center will only add to that distinction.

"The hospital has an incredible future," Mr. Wolf said. "The focus is on the future and this is really a major first step toward that future that is going to benefit all of us," he said.

The Lisa Stewart Women's Health Center will be built on

see **HOSPITAL** page 11

Bush named new principal

By Mark Good
mgood@mdislander.com

TREMONT — School officials didn't have to look far in filling the vacant principal's slot at the Tremont Consolidated School.

Pam Bush, who has been an assistant principal at Mount Desert Island High School, was chosen for the position in a unanimous vote at an Aug. 16 meeting of the Tremont School Committee.

There were 17 applicants for the job, according to school system superintendent Howard Colter. Ms. Bush was the "hands-down choice" of the search committee formed to find a new principal, he said.

Ms. Bush has a one-year contract for which she will be paid $84,068.

"I'm really so excited," she said during an interview Monday. "I can't believe it. It's exactly what I wanted."

Pam Bush

Ms. Bush had applied for the principal's job in Tremont two years ago. Deborah Metzler was hired instead. The position opened again after Ms. Metzler abruptly resigned on July 19.

A resident of Somesville, Ms. Bush has extensive experience as both a teacher and administrator. She has taught English language arts and served as librarian at schools in Carmel, Milford, Southwest Harbor, Northeast Harbor and in Oregon. She became assistant principal at MDI High School in the fall of 2003, where she was in charge of the freshman and sophomore classes.

Her longest stint as a teacher – 13 years – was at Caravel Middle School in Carmel. It was there that she was encouraged to get a master's degree in educational leadership, which she earned in 2002 at the University of Maine in Orono. While earning her degree, she worked as an assistant principal at the school.

Ms. Bush grew up in Northeast Harbor, attended the K-8 school there and later graduated from MDI High School.

see **PRINCIPAL** page 11

ISLANDER PHOTO BY ROBERT LEVIN

FRESH CATCH ... *Cees Tesselar, left, of the cruise ship* Masdaam *helps take delivery of 2,000 pounds of fresh Maine lobster on Friday, the first time that a cruise ship has purchased such a large amount here. Nick Tracy hands over boxes from the roof of* Poseidon, *a boat owned by Warren Pettigrow of the Trenton Bridge Lobster Pound. Mr. Pettigrow is one of the main lobster dealers working in the Bar Harbor market. Also aboard were town councilor Paul Paradis and Cruise Maine's Amy Powers, both of whom were instrumental in arranging the deal. See photo online at www.fenceviewer.com.*

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Almanac

17 9 2 24
AUGUST MOONS

BAR HARBOR TIDES

Date	Hi	Lo
Aug. 23	3:17 a.m.	9:26 a.m.
	3:41 p.m.	10:05 p.m.
Aug. 24	4:15 a.m.	10:23 a.m.
	4:40 p.m.	11:08 p.m.
Aug. 25	3:17 a.m.	9:26 a.m.
	5:44 p.m.	
Aug. 26	6:27 a.m.	12:15 a.m.
	6:51 p.m.	12:34 p.m.
Aug. 27	7:35 a.m.	1:23 a.m.
	7:58 p.m.	1:42 p.m.
Aug. 28	8:39 a.m.	2:27 a.m.
	9:00 p.m.	2:46 p.m.
Aug. 29	9:37 a.m.	3:25 a.m.
	9:56 p.m.	3:44 p.m.

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STINK/1: *Whale carcass smell concerns neighbors*

Dr. Sean Todd. But he said it was a valuable educational experience for the COA students who took part, and the whale's skeleton would be articulated (reassembled) for exhibition in a museum.

Dr. Todd said the whale, which he estimated had been dead for about two weeks, showed no signs of serious external injury.

"That means that if there is any evidence of cause of death, it's going to be internal," he said. "And with the blubber acting as a heat jacket, everything inside is essentially cooked. So, two weeks gone, it's very unlikely we're going to find enough to do a detailed scientific analysis that allows us to say definitively what killed this whale."

He said it could be months before the results of the tissue analysis are known.

Allied Whale's research vessel, *Osprey*, towed the animal to a mooring in Frenchman Bay off the Eden Street campus a few hours after it was first spotted by fishermen. On Monday morning, it was towed to the beach at the former Park Entrance Motel property in Hulls Cove, where the necropsy was performed. The property is owned by Ocean Properties.

Dr. Todd said the whale appeared to be a young adult, about 15 years old. Based on its size, he said it probably weighed around 100,000 pounds, with the head accounting for nearly one-third of that weight.

Sperm whales are the largest toothed animals on the planet, with mature adult males exceeding 60 feet in length. They are named for the spermaceti organ in their head, which contains high-quality oil that made the species a prime target of whale hunters in the 18th and 19th centuries. Dr. Todd said the spermaceti organ, alone, could weigh as much as 20,000 pounds.

Heavy equipment was needed to move and disassemble the massive carcass. Several area businesses donated equipment or services including BCM Construction in Northeast Harbor and Hamilton Marine in Southwest Harbor.

Following the dissection on the beach, the whale's remains were transported to private property on Mount Desert Island, where the soft tissue is being composted and bones buried. Dr. Todd declined to disclose the exact location, saying, "We're concerned about the security of the carcass and maintaining the scientific integrity of the project."

In 10-15 weeks, after bacteria have thoroughly cleaned the whale's bones, they will be dug up, cataloged and stored for articulation in the future.

COA had initially planned to compost the whale's soft tissue and bury the bones on its farm property on Crooked Road. Last Friday, COA president Darron Collins sent a letter to residents of the area informing them of that plan.

"The process will take place in an existing composting building on the farm in the center of the property, not along a road," he said. "Because it has a roof and a concrete pad, soils and groundwater will be protected from leaching."

Based on the experience of the Allied Whale staff, Dr. Collins said, "We know that offensive smells or disturbance by scavengers will be negligible."

However, some residents of the area were not reassured, and they contacted COA officials to protest the composting plan. Harry Owen, who owns the "Stone Barn" property at the intersection of Crooked Road and Norway Drive, called the Bar Harbor Police Department on Saturday to complain that a whale carcass was to be brought to neighboring property on Monday.

Dr. Collins said Monday that the neighbors' concerns were based on the misconception that the composting process would produce highly offensive odors.

"But it is a reasonable thing for your mind to jump to," he said. "I determined that it wasn't worth risking our relationship with our neighbors. So, we decided to seek alternative methods of burial."

Dr. Todd said, "I can vouch that the [composting] process is environmentally safe, clean and surprisingly odor-free. Whatever kind of manure you use in the process, that's what it smells like. The bones of the animal are entirely buried, so there is no smell that comes from that."

Dr. Todd said it is unusual for sperm whales to be found near the coast, because they typically hunt in much deeper water. There has been speculation that sperm whales have been attracted by the abundance of squid, their favorite food, in Maine's coastal waters this summer. That is a possibility, Dr. Todd said. But he noted that the crews of local whale-watch vessels have not reported an increase in sperm whale sightings.

He said the whale's skeleton would be articulated once the COA-owned Bar Harbor Whale Museum, which is currently without a home, finds a new one. The museum was previously located in a building on West Street in Bar Harbor, which the owner, Ocean Properties, allowed COA to use rent-free. That building was torn down last year to make room for construction of the West Street Hotel.

Dr. Todd said COA is seeking donors to help pay for articulation of the whale skeleton and the purchase of a new building in Bar Harbor for the museum.

He said more than 50 volunteers were involved in Monday's necropsy operation, which began early in the morning and ended with the removal of the whale's remains and cleanup of the beach around 10 p.m. Motorists driving by the location and patrons of the nearby U.S. Post Office reported being able to smell the rotting carcass during the day Monday.

Many of the volunteers helping with the necropsy were COA graduate and undergraduate students. "It's a wonderful lesson," Dr. Todd said. "The college is known for turning out really great marine scientists. Among the students [involved in the necropsy] are future scientists and managers who will be looking after our oceans in the decades to come."

ISLANDER PHOTO BY DICK BROOM

Crews and volunteers with Allied Whale of College of the Atlantic in Bar Harbor work to remove nearly 50 tons of rotting tissue from a dead sperm whale on a beach in Hulls Cove on Monday.

barharbor.fenceviewer.com

TERMINAL/1: *Financial outlook bright*

MPA officials have been negotiating with Canadian officials for ownership of the property. MPA is now trying to gain a period of due diligence, Mr. Ajamil said, during which they and the town could work out a number of details and possibly move forward with purchase and redevelopment of the property.

Councilor Paul Paradis, who has been working directly with Mr. Ajamil and the MPA, said Tuesday that all indications from MPA officials are that they are ready to pursue the project aggressively.

The fact that the potential for redevelopment of the terminal is being raised at the same time as a potential rebuild of Route 3 in the same area is a blessing, he said, because of the intersection of a number of state agencies and likely physical changes.

"It's a huge opportunity that a year earlier we wouldn't have had, a year later we won't have," he said.

Plans now propose a 1,500-foot pier off the end of a renovated ferry terminal. The facility would extend far enough that no dredging would be required, and two of the biggest cruise ships in the world could tie up at the same time.

On the land side, there would be ample room for a parking deck tucked into the topography of the site, tour bus staging, and commercial development. A public marina also would be incorporated. The total cost of the project is now estimated at $24.7 million.

Financial models put bonding for the project in a very good light, Mr. Ajamil said. The development would pay for itself within several years and would have the potential of being a big money maker, he said.

MPA officials have taken the reins for now, because they are the agency most able to do so, he said, but that is all up to adjustment in the future. A memorandum of understanding between the town and the MPA is suggested as a next step.

Bringing cruise tour operations out to the terminal would bring "a huge improvement" to the congestion situation downtown, Mr. Ajamil said. Further changes would occur if town officials were to consider using additional parking at the site for tourists and then having them shuttled into town, he said.

Space would be reserved for any future ferry operations.

The case for the terminal envisions an increase in cruise ship visits during the summer, on days when there are now typically none in town. The study takes into account scenarios where the current tender business is left to downtown and new business created at the terminal, or where all business is switched to the terminal. In both cases, Mr. Ajamil said, the project would make financial sense.

Cruise lines are in major support of the project, he said.

ISLANDER PHOTO COURTESY OF B&A

A proposed cruise ship pier on the site of the international ferry terminal on Eden Street is envisioned as seen from the Atlantic Oceanside Hotel, next door.

APPENDIX A5

FINANCIAL MODEL

Bar Harbor Ferry Terminal
Project feasibility Phase 2 Study - work in process
v4.0.06.10.12
Bermello, Ajamil & Partners, Inc. 8/12/2012
Financials

NEW GROWTH	NPV	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Income																																	
Ferry income																																	
Passengers			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Vehicles			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Motor coaches			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income - ferry			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cruise income																																	
Passengers - port-of-call at pier			$0	$0	$1,536,645	$2,360,013	$2,557,393	$2,913,780	$3,059,323	$3,257,112	$3,378,395	$3,503,172	$3,629,350	$3,794,266	$3,964,701	$4,091,462	$4,241,267	$4,267,363	$4,406,068	$4,549,145	$4,697,742	$4,854,721	$5,012,638	$5,334,926	$5,674,895	$6,033,467	$6,411,611	$6,810,346	$7,230,744	$7,673,929	$8,141,086	$8,633,458	$9,152,352
Passengers - port-of-call tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security			$0	$0	$144,138	$214,922	$226,114	$250,120	$254,965	$263,543	$265,394	$267,181	$268,742	$272,770	$276,721	$277,251	$279,031	$275,243	$278,617	$282,024	$285,526	$289,282	$292,835	$305,552	$318,650	$332,141	$346,037	$360,350	$375,092	$390,277	$405,917	$422,026	$438,619
Gangway rental			$0	$0	$36,034	$53,731	$56,528	$62,530	$63,741	$65,886	$66,349	$66,795	$67,185	$68,193	$69,180	$69,313	$69,758	$68,811	$69,654	$70,506	$71,382	$72,320	$73,209	$76,388	$79,662	$83,035	$86,509	$90,088	$93,773	$97,569	$101,479	$105,507	$109,655
Tour bus fee			$0	$0	$8,731	$13,409	$14,531	$16,556	$17,383	$18,506	$19,195	$19,904	$20,621	$21,558	$22,527	$23,247	$24,098	$24,246	$25,034	$25,847	$26,692	$27,584	$28,481	$30,312	$32,244	$34,281	$36,430	$38,695	$41,084	$43,602	$46,256	$49,054	$52,002
Excursion vessels			$0	$0	$698	$1,073	$1,162	$1,324	$1,391	$1,481	$1,481	$1,536	$1,592	$1,650	$1,725	$1,802	$1,860	$1,928	$1,940	$2,003	$2,068	$2,135	$2,207	$2,278	$2,425	$2,579	$2,742	$2,914	$3,096	$3,287	$3,488	$3,700	$3,924	$4,160
Sale of water			$0	$0	$121,223	$177,210	$182,782	$198,224	$198,101	$200,751	$198,197	$195,619	$192,904	$191,957	$190,919	$187,534	$185,037	$178,946	$177,588	$176,235	$174,925	$173,750	$172,436	$176,396	$180,351	$184,301	$188,246	$192,189	$196,129	$200,067	$204,005	$207,942	$211,880
Miscellaneous			$0	$0	$76,832	$118,001	$127,870	$145,689	$152,966	$162,856	$168,920	$175,159	$181,467	$189,713	$198,235	$204,573	$212,063	$213,368	$220,303	$227,457	$234,887	$242,736	$250,632	$266,746	$283,745	$301,673	$320,581	$340,517	$361,537	$383,696	$407,054	$431,673	$457,618
Subtotal income - cruise			$0	$0	$1,924,302	$2,938,359	$3,166,380	$3,588,224	$3,747,869	$3,970,134	$4,097,985	$4,229,423	$4,361,919	$4,540,182	$4,724,084	$4,855,240	$5,013,183	$5,029,917	$5,179,269	$5,333,282	$5,493,289	$5,662,600	$5,832,508	$6,192,745	$6,572,126	$6,971,641	$7,392,329	$7,835,281	$8,301,646	$8,792,629	$9,309,498	$9,853,584	$10,426,286
Real estate income																																	
Lease payment for developable property			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income rents			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Parking (maritime)			$0	$0	$11,531	$17,194	$18,089	$20,010	$20,397	$21,083	$21,232	$21,374	$21,499	$21,822	$22,138	$22,180	$22,323	$22,019	$22,289	$22,562	$22,842	$23,143	$23,427	$24,444	$25,492	$26,571	$27,683	$28,828	$30,007	$31,222	$32,473	$33,762	$35,090
Parking (Town)			$40,000	$40,800	$41,616	$42,448	$43,297	$44,163	$45,046	$45,947	$46,866	$47,804	$48,760	$49,735	$50,730	$51,744	$52,779	$53,835	$54,911	$56,010	$57,130	$58,272	$59,438	$60,627	$61,839	$63,076	$64,337	$65,624	$66,937	$68,275	$69,641	$71,034	$72,454
Miscellaneous																																	
Net income			$40,000	$40,800	$1,977,449	$2,998,001	$3,227,766	$3,652,397	$3,813,313	$4,037,165	$4,166,083	$4,298,601	$4,432,178	$4,611,738	$4,796,952	$4,929,164	$5,088,285	$5,105,771	$5,256,469	$5,411,854	$5,573,261	$5,744,015	$5,915,373	$6,277,816	$6,659,457	$7,061,288	$7,484,349	$7,929,733	$8,398,590	$8,892,127	$9,411,612	$9,958,380	$10,533,830
Expenses																																	
Maritime expenses																																	
Management			$52,040	$52,081	$196,964	$205,204	$209,745	$215,174	$219,467	$224,077	$228,342	$232,686	$237,100	$241,756	$246,496	$251,109	$255,893	$260,417	$265,491	$270,663	$275,941	$281,336	$286,821	$292,992	$299,295	$305,732	$312,306	$319,020	$325,878	$332,882	$340,036	$347,343	$354,806
Security			$0	$0	$18,260	$27,227	$28,645	$31,686	$32,300	$33,386	$33,621	$33,847	$34,045	$34,555	$35,056	$35,123	$35,348	$34,869	$35,296	$35,728	$36,171	$36,647	$37,097	$38,708	$40,367	$42,077	$43,837	$45,650	$47,518	$49,441	$51,423	$53,463	$55,565
Housekeeping			$0	$0	$11,807	$16,511	$17,278	$18,857	$19,224	$19,829	$20,009	$20,186	$20,351	$20,672	$20,990	$21,093	$21,277	$21,109	$21,396	$21,687	$21,985	$22,301	$22,605	$23,492	$24,405	$25,344	$26,310	$27,304	$28,328	$29,381	$30,465	$31,580	$32,728
Maintenance			$28,415	$29,563	$64,231	$80,569	$83,709	$89,703	$91,462	$94,062	$95,185	$96,308	$97,396	$99,045	$100,693	$101,597	$102,794	$102,773	$104,356	$105,963	$107,609	$109,327	$111,019	$114,760	$118,604	$122,555	$126,614	$130,785	$135,071	$139,476	$144,002	$148,654	$153,434
Reserves (R&R fund)			$0	$0	$0	$0	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164
Insurance			$50,000	$50,000	$378,341	$385,908	$393,626	$401,499	$409,529	$417,719	$426,074	$434,595	$443,287	$452,153	$461,196	$470,420	$479,828	$489,425	$499,213	$509,197	$519,381	$529,769	$540,364	$551,172	$562,195	$573,439	$584,908	$596,606	$608,538	$620,709	$633,123	$645,785	$658,701
Utilities			$29,949	$31,159	$31,782	$32,418	$33,066	$33,728	$34,402	$35,090	$35,792	$36,508	$37,238	$37,983	$38,743	$39,517	$40,308	$41,114	$41,936	$42,775	$43,631	$44,503	$45,393	$46,301	$47,227	$48,172	$49,135	$50,118	$51,120	$52,142	$53,185	$54,249	$55,334
Water sale to ships			$0	$0	$103,040	$150,629	$155,365	$168,490	$168,386	$170,638	$168,468	$166,276	$163,968	$163,163	$162,281	$159,404	$157,281	$152,104	$150,950	$149,800	$148,686	$147,688	$146,570	$149,937	$153,298	$156,656	$160,009	$163,361	$166,710	$170,057	$173,404	$176,751	$180,098
Parking			$0	$0	$9,426	$13,056	$13,666	$14,927	$15,217	$15,698	$15,839	$15,977	$16,105	$16,359	$16,610	$16,688	$16,831	$16,693	$16,919	$17,148	$17,382	$17,631	$17,870	$18,575	$19,301	$20,047	$20,816	$21,607	$22,421	$23,259	$24,121	$25,008	$25,921
Subtotal maritime expenses			$160,404	$162,803	$813,851	$911,521	$1,339,263	$1,378,227	$1,394,151	$1,414,664	$1,427,493	$1,440,547	$1,453,653	$1,469,850	$1,486,227	$1,499,115	$1,513,724	$1,522,667	$1,539,721	$1,557,124	$1,574,949	$1,593,365	$1,611,905	$1,640,101	$1,668,856	$1,698,183	$1,728,098	$1,758,614	$1,789,746	$1,821,510	$1,853,922	$1,886,997	$1,920,752
EBITAD			-$120,404	-$122,003	$1,163,598	$2,086,479	$1,888,503	$2,274,170	$2,419,162	$2,622,501	$2,738,590	$2,858,054	$2,978,525	$3,141,888	$3,310,724	$3,430,049	$3,574,560	$3,583,104	$3,716,749	$3,854,730	$3,998,311	$4,150,649	$4,303,468	$4,637,715	$4,990,601	$5,363,105	$5,756,251	$6,171,119	$6,608,844	$7,070,616	$7,557,690	$8,071,383	$8,613,078
Non operating expenses																																	
City taxes or PILOT	$1,159,074		$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570
Rent payments																																	
Operator profit			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal non-operating expenses			$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570
Income before taxes and depreciation		-$26,944,235	**-$186,968**	**-$189,898**	**$1,094,345**	**$2,015,842**	**$1,816,453**	**$2,200,679**	**$2,344,201**	**$2,546,041**	**$2,660,601**	**$2,778,504**	**$2,897,385**	**$3,059,125**	**$3,226,306**	**$3,343,942**	**$3,486,731**	**$3,493,519**	**$3,625,372**	**$3,761,525**	**$3,903,243**	**$4,053,679**	**$4,204,559**	**$4,536,827**	**$4,887,696**	**$5,258,141**	**$5,649,188**	**$6,061,915**	**$6,497,455**	**$6,957,000**	**$7,441,802**	**$7,953,177**	**$8,492,508**
Debt payments																																	
Site improvements			$0	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056
Ferry terminal			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cruise tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pier			$0	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413
Total debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469
Capitalized interest																																	
Site improvements			$210,412																														
Ferry terminal			$0																														
Cruise tender			$0																														
Pier			$1,314,733																														
Total captilalized interest			$1,525,145	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$62,671,960																																
Net net after debt payments	$16,052,148		$1,338,178	-$2,147,367	-$863,124	$58,372	-$141,016	$243,209	$386,732	$588,571	$703,132	$821,035	$939,916	$1,101,656	$1,268,837	$1,386,473	$1,529,262	$1,536,049	$1,667,902	$1,804,056	$1,945,773	$2,096,210	$2,247,089	$2,579,358	$2,930,227	$3,300,672	$3,691,719	$4,104,446	$4,539,986	$4,999,531	$5,484,333	$5,995,707	$6,535,039
Carryover of surplus/(deficit)			$1,338,178	$1,338,178	$0	$0	$0	$0	$0	$0	$0	$166,687																					
Cumulative revenues				-$809,189	-$1,672,313	-$1,613,941	-$1,754,957	-$1,511,748	-$1,125,016	-$536,445	$166,687	$987,722	$1,927,638	$3,029,293	$4,298,130	$5,684,603	$7,213,865	$8,749,914	$10,417,816	$12,221,872	$14,167,645	$16,263,855	$18,510,944	$21,090,302	$24,020,528	$27,321,200	$31,012,919	$35,117,365	$39,657,351	$44,656,882	$50,141,214	$56,136,921	$62,671,960
Maximum deficit	-$1,754,957																															
IRR on public investment	**8.7%**																																
Coverage of debt payments																																	
Net revenues (before taxes, reserves)			-$120,404	-$122,003	$1,163,598	$2,086,479	$2,292,667	$2,678,334	$2,823,326	$3,026,664	$3,142,754	$3,262,217	$3,382,689	$3,546,052	$3,714,888	$3,834,213	$3,978,724	$3,987,268	$4,120,912	$4,258,893	$4,402,475	$4,554,813	$4,707,632	$5,041,878	$5,394,765	$5,767,268	$6,160,415	$6,575,283	$7,013,007	$7,474,780	$7,961,854	$8,475,546	$9,017,242
Debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469
Coverage on operating revenue				0.59	1.07	1.17	1.37	1.44	1.55	1.61	1.67	1.73	1.81	1.90	1.96	2.03	2.04	2.11	2.18	2.25	2.33	2.40	2.58	2.76	2.95	3.15	3.36	3.58	3.82	4.07	4.33	4.61
Target coverage	1.25																																
Required net revenues			$0	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837
Shortfall			$1,338,178	-$2,568,840	-$1,283,239	-$360,357	-$154,170	$231,497	$376,489	$579,828	$695,917	$815,380	$935,852	$1,099,215	$1,268,051	$1,387,376	$1,531,887	$1,540,431	$1,674,075	$1,812,056	$1,955,638	$2,107,976	$2,260,795	$2,595,042	$2,947,928	$3,320,432	$3,713,578	$4,128,446	$4,566,170	$5,027,943	$5,515,017	$6,028,709	$6,570,405
Reserves required for coverage shortfall			-$4,366,606																														
Net revenues including carryover			$1,338,178	$1,216,175	$1,163,598	$2,086,479	$2,292,667	$2,678,334	$2,823,326	$3,026,664	$3,142,754	$3,428,904	$3,382,689	$3,546,052	$3,714,888	$3,834,213	$3,978,724	$3,987,268	$4,120,912	$4,258,893	$4,402,475	$4,554,813	$4,707,632	$5,041,878	$5,394,765	$5,767,268	$6,160,415	$6,575,283	$7,013,007	$7,474,780	$7,961,854	$8,475,546	$9,017,242
Coverage				0.59	1.07	1.17	1.37	1.44	1.55	1.61	1.75	1.73	1.81	1.90	1.96	2.03	2.04	2.11	2.18	2.25	2.33	2.40	2.58	2.76	2.95	3.15	3.36	3.58	3.82	4.07	4.33	4.61
Shortfall			$1,338,178	-$1,230,662	-$1,283,239	-$360,357	-$154,170	$231,497	$376,489	$579,828	$695,917	$982,067	$935,852	$1,099,215	$1,268,051	$1,387,376	$1,531,887	$1,540,431	$1,674,075	$1,812,056	$1,955,638	$2,107,976	$2,260,795	$2,595,042	$2,947,928	$3,320,432	$3,713,578	$4,128,446	$4,566,170	$5,027,943	$5,515,017	$6,028,709	$6,570,405
Reserves required for coverage shortfall			-$3,028,428																														

Bar Harbor Ferry Terminal
Project feasibility Phase 2 Study - work in process
v4.0.06.10.12
Bermello, Ajamil & Partners, Inc. 8/12/2012
Financials

100% CAPTURE	NPV	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Income																																	
Ferry income																																	
Passengers			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Vehicles			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Motor coaches			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income - ferry			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cruise income																																	
Passengers - port-of-call at pier			$0	$0	$3,107,400	$3,962,184	$4,191,606	$4,580,678	$4,759,559	$4,991,353	$5,147,320	$5,307,476	$5,469,740	$5,671,464	$5,879,443	$6,044,499	$6,233,365	$6,299,302	$6,478,646	$6,663,174	$6,854,053	$7,054,158	$7,256,063	$7,623,220	$8,008,955	$8,326,028	$8,492,549	$8,662,400	$8,835,648	$9,012,361	$9,192,608	$9,376,460	$9,563,989
Passengers - port-of-call tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security			$0	$0	$291,475	$360,829	$370,604	$393,208	$396,663	$403,865	$404,354	$404,792	$405,017	$407,722	$410,363	$409,595	$410,091	$406,303	$409,677	$413,084	$416,586	$420,341	$423,894	$436,611	$449,709	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346
Gangway rental			$0	$0	$72,869	$90,207	$92,651	$98,302	$99,166	$100,966	$101,089	$101,198	$101,254	$101,931	$102,591	$102,399	$102,523	$101,576	$102,419	$103,271	$104,146	$105,085	$105,974	$109,153	$112,427	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587
Tour bus fee			$0	$0	$17,656	$22,512	$23,816	$26,027	$27,043	$28,360	$29,246	$30,156	$31,078	$32,224	$33,406	$34,344	$35,417	$35,791	$36,810	$37,859	$38,943	$40,080	$41,228	$43,314	$45,505	$47,307	$48,253	$49,218	$50,203	$51,207	$52,231	$53,275	$54,341	
Excursion vessels			$0	$0	$1,412	$1,801	$1,905	$2,082	$2,163	$2,269	$2,340	$2,412	$2,486	$2,578	$2,672	$2,747	$2,833	$2,863	$2,945	$3,029	$3,115	$3,206	$3,298	$3,465	$3,640	$3,785	$3,860	$3,937	$4,016	$4,097	$4,178	$4,262	$4,347	
Sale of water			$0	$0	$245,137	$297,515	$299,583	$311,623	$308,197	$307,640	$301,973	$296,373	$290,723	$286,926	$283,122	$277,052	$271,948	$264,153	$261,124	$258,133	$255,217	$252,468	$249,610	$252,057	$254,528	$254,330	$249,343	$244,454	$239,661	$234,962	$230,355	$225,838	$221,410	
Miscellaneous			$0	$0	$155,370	$198,109	$209,580	$229,034	$237,978	$249,568	$257,366	$265,374	$273,487	$283,573	$293,972	$302,225	$311,668	$314,965	$323,932	$333,159	$342,703	$352,708	$362,803	$381,161	$400,448	$416,301	$424,627	$433,120	$441,782	$450,618	$459,630	$468,823	$478,199	
Subtotal income - cruise			$0	$0	$3,891,319	$4,933,157	$5,189,746	$5,640,954	$5,830,769	$6,084,021	$6,243,688	$6,407,781	$6,573,785	$6,786,418	$7,005,569	$7,172,861	$7,367,845	$7,424,953	$7,615,554	$7,811,708	$8,014,763	$8,228,047	$8,442,870	$8,848,981	$9,275,213	$9,620,684	$9,791,566	$9,966,062	$10,144,243	$10,326,176	$10,511,935	$10,701,591	$10,895,219	
Real estate income																																	
Lease payment for developable property			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income rents			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Parking (maritime)			$0	$0	$23,318	$28,866	$29,648	$31,457	$31,733	$32,309	$32,348	$32,383	$32,401	$32,618	$32,829	$32,768	$32,807	$32,504	$32,774	$33,047	$33,327	$33,627	$33,912	$34,929	$35,977	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	
Parking (Town)			$40,000	$40,800	$41,616	$42,448	$43,297	$44,163	$45,046	$45,947	$46,866	$47,804	$48,760	$49,735	$50,730	$51,744	$52,779	$53,835	$54,911	$56,010	$57,130	$58,272	$59,438	$60,627	$61,839	$63,076	$64,337	$65,624	$66,937	$68,275	$69,641	$71,034	$72,454	
Miscellaneous																																	
Net income			$40,000	$40,800	$3,956,253	$5,004,472	$5,262,692	$5,716,574	$5,907,549	$6,162,278	$6,322,903	$6,487,968	$6,654,946	$6,868,771	$7,089,127	$7,257,373	$7,453,431	$7,511,292	$7,703,240	$7,900,765	$8,105,220	$8,319,946	$8,536,219	$8,944,536	$9,373,029	$9,720,428	$9,892,571	$10,068,354	$10,247,847	$10,431,119	$10,618,244	$10,809,293	$11,004,341	
Expenses																																	
Maritime expenses																																	
Management			$52,040	$52,081	$206,296	$214,446	$218,897	$224,237	$228,443	$232,965	$237,144	$241,402	$245,732	$250,304	$254,961	$259,492	$264,194	$268,719	$273,792	$278,965	$284,243	$289,638	$295,123	$301,294	$307,596	$313,726	$319,420	$325,227	$331,151	$337,194	$343,357	$349,643	$356,055	
Security			$0	$0	$36,925	$45,711	$46,949	$49,813	$50,250	$51,163	$51,225	$51,280	$51,309	$51,651	$51,986	$51,889	$51,951	$51,472	$51,899	$52,331	$52,774	$53,250	$53,700	$55,311	$56,970	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	
Housekeeping			$0	$0	$21,139	$25,753	$26,430	$27,921	$28,200	$28,717	$28,811	$28,903	$28,982	$29,220	$29,455	$29,476	$29,578	$29,410	$29,697	$29,988	$30,286	$30,602	$30,907	$31,794	$32,706	$33,338	$33,424	$33,511	$33,601	$33,692	$33,786	$33,881	$33,978	
Maintenance			$28,415	$29,563	$96,895	$112,916	$115,742	$121,424	$122,875	$125,171	$125,992	$126,816	$127,607	$128,963	$130,320	$130,937	$131,850	$131,828	$133,412	$135,019	$136,664	$138,382	$140,074	$143,815	$147,660	$150,534	$151,512	$152,510	$153,528	$154,566	$155,625	$156,706	$157,807	
Reserves (R&R fund)			$0	$0	$0	$0	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	
Insurance			$50,000	$50,000	$378,341	$385,908	$393,626	$401,499	$409,529	$417,719	$426,074	$434,595	$443,287	$452,153	$461,196	$470,420	$479,828	$489,425	$499,213	$509,197	$519,381	$529,769	$540,364	$551,172	$562,195	$573,439	$584,908	$596,606	$608,538	$620,709	$633,123	$645,785	$658,701	
Utilities			$29,949	$31,159	$31,782	$32,418	$33,066	$33,728	$34,402	$35,090	$35,792	$36,508	$37,238	$37,983	$38,743	$39,517	$40,308	$41,114	$41,936	$42,775	$43,631	$44,503	$45,393	$46,301	$47,227	$48,172	$49,135	$50,118	$51,120	$52,142	$53,185	$54,249	$55,334	
Water sale to ships			$0	$0	$208,366	$252,888	$254,646	$264,879	$261,968	$261,494	$256,677	$251,917	$247,114	$243,887	$240,654	$235,494	$231,156	$224,530	$221,955	$219,413	$216,934	$214,598	$212,169	$214,249	$216,349	$216,181	$211,942	$207,786	$203,712	$199,717	$195,801	$191,962	$188,198	
Parking			$0	$0	$16,892	$20,449	$20,988	$22,177	$22,398	$22,808	$22,880	$22,950	$23,010	$23,197	$23,382	$23,394	$23,472	$23,334	$23,560	$23,789	$24,023	$24,272	$24,511	$25,216	$25,942	$26,443	$26,507	$26,573	$26,640	$26,708	$26,778	$26,849	$26,921	
Subtotal maritime expenses			$160,404	$162,803	$996,638	$1,090,489	$1,514,507	$1,549,842	$1,562,228	$1,579,292	$1,588,758	$1,598,534	$1,608,443	$1,621,523	$1,634,860	$1,644,783	$1,656,501	$1,663,995	$1,679,628	$1,695,640	$1,712,100	$1,729,178	$1,746,405	$1,773,315	$1,800,809	$1,824,059	$1,839,075	$1,854,559	$1,870,518	$1,886,957	$1,903,883	$1,921,303	$1,939,223	
EBITAD			-$120,404	-$122,003	$2,959,615	$3,913,984	$3,748,185	$4,166,732	$4,345,321	$4,582,986	$4,734,145	$4,889,434	$5,046,503	$5,247,248	$5,454,267	$5,612,590	$5,796,930	$5,847,297	$6,023,611	$6,205,125	$6,393,120	$6,590,769	$6,789,814	$7,171,221	$7,572,220	$7,896,369	$8,053,496	$8,213,795	$8,377,329	$8,544,163	$8,714,361	$8,887,990	$9,065,118	
Non operating expenses																																	
City taxes or PILOT	$1,159,074		$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570	
Rent payments																																	
Operator profit			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal non-operating expenses			$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570	
Income before taxes and depreciation		-$26,944,235	**-$186,968**	**-$189,898**	**$2,890,363**	**$3,843,346**	**$3,676,135**	**$4,093,241**	**$4,270,360**	**$4,506,525**	**$4,656,155**	**$4,809,884**	**$4,965,362**	**$5,164,485**	**$5,369,849**	**$5,526,483**	**$5,709,101**	**$5,757,712**	**$5,932,234**	**$6,111,920**	**$6,298,051**	**$6,493,799**	**$6,690,905**	**$7,070,333**	**$7,469,315**	**$7,791,405**	**$7,946,433**	**$8,104,591**	**$8,265,941**	**$8,430,547**	**$8,598,472**	**$8,769,784**	**$8,944,548**	
Debt payments																																	
Site improvements			$0	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	
Ferry terminal			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Cruise tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Pier			$0	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	
Total debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	
Capitalized interest																																	
Site improvements			$210,412																														
Ferry terminal			$0																														
Cruise tender			$0																														
Pier			$1,314,733																														
Total captilalized interest			$1,525,145	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$120,581,479																																
Net net after debt payments	$40,520,240		$1,338,178	-$2,147,367	$932,893	$1,885,877	$1,718,665	$2,135,771	$2,312,891	$2,549,056	$2,698,686	$2,852,415	$3,007,893	$3,207,016	$3,412,379	$3,569,014	$3,751,632	$3,800,242	$3,974,765	$4,154,451	$4,340,582	$4,536,329	$4,733,435	$5,112,864	$5,511,845	$5,833,936	$5,988,964	$6,147,122	$6,308,472	$6,473,077	$6,641,003	$6,812,314	$6,987,079	
Carryover of surplus/(deficit)			$1,338,178	$1,338,178	$0	$123,704	$2,009,581	$3,728,246	$5,864,018	$8,176,908	$10,725,964	$13,424,650																						
Cumulative revenues				-$809,189	$123,704	$2,009,581	$3,728,246	$5,864,018	$8,176,908	$10,725,964	$13,424,650	$16,277,065	$19,284,958	$22,491,974	$25,904,353	$29,473,367	$33,224,999	$37,025,241	$41,000,006	$45,154,457	$49,495,038	$54,031,368	$58,764,803	$63,877,667	$69,389,512	$75,223,448	$81,212,412	$87,359,534	$93,668,005	$100,141,083	$106,782,085	$113,594,400	$120,581,479	
Maximum deficit	-$809,189																																
IRR on public investment	**13.1%**																																
Coverage of debt payments																																	
Net revenues (before taxes, reserves)			-$120,404	-$122,003	$2,959,615	$3,913,984	$4,152,348	$4,570,896	$4,749,484	$4,987,149	$5,138,308	$5,293,597	$5,450,666	$5,651,412	$5,858,431	$6,016,754	$6,201,094	$6,251,460	$6,427,775	$6,609,288	$6,797,283	$6,994,932	$7,193,978	$7,575,385	$7,976,384	$8,300,533	$8,457,659	$8,617,959	$8,781,493	$8,948,326	$9,118,524	$9,292,153	$9,469,282	
Debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	
Coverage on operating revenue					1.51	2.00	2.12	2.34	2.43	2.55	2.62	2.70	2.78	2.89	2.99	3.07	3.17	3.19	3.28	3.38	3.47	3.57	3.68	3.87	4.07	4.24	4.32	4.40	4.49	4.57	4.66	4.75	4.84	
Target coverage	1.25																																
Required net revenues			$0	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	
Shortfall			$1,338,178	-$2,568,840	$512,779	$1,467,147	$1,705,512	$2,124,059	$2,302,648	$2,540,313	$2,691,471	$2,846,761	$3,003,830	$3,204,575	$3,411,594	$3,569,917	$3,754,257	$3,804,624	$3,980,938	$4,162,452	$4,350,447	$4,548,095	$4,747,141	$5,128,548	$5,529,547	$5,853,696	$6,010,823	$6,171,122	$6,334,656	$6,501,489	$6,671,687	$6,845,317	$7,022,445	
Reserves required for coverage shortfall			-$2,568,840																														
Net revenues including carryover			$1,338,178	$1,216,175	$2,959,615	$4,037,688	$6,161,929	$8,299,142	$10,613,502	$13,164,057	$15,864,272	$18,718,247	$5,450,666	$5,651,412	$5,858,431	$6,016,754	$6,201,094	$6,251,460	$6,427,775	$6,609,288	$6,797,283	$6,994,932	$7,193,978	$7,575,385	$7,976,384	$8,300,533	$8,457,659	$8,617,959	$8,781,493	$8,948,326	$9,118,524	$9,292,153	$9,469,282	
Coverage					1.51	2.06	3.15	4.24	5.42	6.73	8.10	9.56	2.78	2.89	2.99	3.07	3.17	3.19	3.28	3.38	3.47	3.57	3.68	3.87	4.07	4.24	4.32	4.40	4.49	4.57	4.66	4.75	4.84	
Shortfall			$1,338,178	-$1,230,662	$512,779	$1,590,851	$3,715,093	$5,852,305	$8,166,665	$10,717,221	$13,417,436	$16,271,411	$3,003,830	$3,204,575	$3,411,594	$3,569,917	$3,754,257	$3,804,624	$3,980,938	$4,162,452	$4,350,447	$4,548,095	$4,747,141	$5,128,548	$5,529,547	$5,853,696	$6,010,823	$6,171,122	$6,334,656	$6,501,489	$6,671,687	$6,845,317	$7,022,445	
Reserves required for coverage shortfall			-$1,230,662																														

Bar Harbor Ferry Terminal
Project feasibility Phase 2 Study - work in process
v4.0.06.10.12
Bermello, Ajamil & Partners, Inc. 8/12/2012
Financials

85% CAPTURE	NPV	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Income																																	
Ferry income																																	
Passengers			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Vehicles			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Motor coaches			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income - ferry			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cruise income																																	
Passengers - port-of-call at pier			$0	$0	$3,107,400	$3,962,184	$4,191,606	$4,580,678	$4,759,559	$4,991,353	$5,147,320	$5,307,476	$5,469,740	$5,671,464	$5,879,443	$6,044,499	$6,233,365	$6,299,302	$6,478,646	$6,663,174	$6,854,053	$7,054,158	$7,256,063	$7,623,220	$8,008,955	$8,326,028	$8,492,549	$8,662,400	$8,835,648	$9,012,361	$9,192,608	$9,376,460	$9,563,989
Passengers - port-of-call tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security			$0	$0	$291,475	$360,829	$370,604	$393,208	$396,663	$403,865	$404,354	$404,792	$405,017	$407,722	$410,363	$409,595	$410,091	$406,303	$409,677	$413,084	$416,586	$420,341	$423,894	$436,611	$449,709	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346	$458,346
Gangway rental			$0	$0	$72,869	$90,207	$92,651	$98,302	$99,166	$100,966	$101,089	$101,198	$101,254	$101,931	$102,591	$102,399	$102,523	$101,576	$102,419	$103,271	$104,146	$105,085	$105,974	$109,153	$112,427	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587	$114,587
Tour bus fee			$0	$0	$17,656	$22,512	$23,816	$26,027	$27,043	$28,360	$29,246	$30,156	$31,078	$32,224	$33,406	$34,344	$35,417	$35,791	$36,810	$37,859	$38,943	$40,080	$41,228	$43,314	$45,505	$47,307	$48,253	$49,218	$50,203	$51,207	$52,231	$53,275	$54,341
Excursion vessels			$0	$0	$1,412	$1,801	$1,905	$2,082	$2,163	$2,269	$2,340	$2,412	$2,486	$2,578	$2,672	$2,747	$2,833	$2,863	$2,945	$3,029	$3,115	$3,206	$3,298	$3,465	$3,640	$3,785	$3,860	$3,937	$4,016	$4,097	$4,178	$4,262	$4,347
Sale of water			$0	$0	$245,137	$297,515	$299,583	$311,623	$308,197	$307,640	$301,973	$296,373	$290,723	$286,926	$283,122	$277,052	$271,948	$264,153	$261,124	$258,133	$255,217	$252,468	$249,610	$252,057	$254,528	$254,330	$249,343	$244,454	$239,661	$234,962	$230,355	$225,838	$221,410
Miscellaneous			$0	$0	$155,370	$198,109	$209,580	$229,034	$237,978	$249,568	$257,366	$265,374	$273,487	$283,573	$293,972	$302,225	$311,668	$314,965	$323,932	$333,159	$342,703	$352,708	$362,803	$381,161	$400,448	$416,301	$424,627	$433,120	$441,782	$450,618	$459,630	$468,823	$478,199
Subtotal income - cruise			$0	$0	$3,891,319	$4,933,157	$5,189,746	$5,640,954	$5,830,769	$6,084,021	$6,243,688	$6,407,781	$6,573,785	$6,786,418	$7,005,569	$7,172,861	$7,367,845	$7,424,953	$7,615,554	$7,811,708	$8,014,763	$8,228,047	$8,442,870	$8,848,981	$9,275,213	$9,620,684	$9,791,566	$9,966,062	$10,144,243	$10,326,176	$10,511,935	$10,701,591	$10,895,219
Real estate income																																	
Lease payment for developable property			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal income rents			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Parking (maritime)			$0	$0	$23,318	$28,866	$29,648	$31,457	$31,733	$32,309	$32,348	$32,383	$32,401	$32,618	$32,829	$32,768	$32,807	$32,504	$32,774	$33,047	$33,327	$33,627	$33,912	$34,929	$35,977	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668	$36,668
Parking (Town)			$40,000	$40,800	$41,616	$42,448	$43,297	$44,163	$45,046	$45,947	$46,866	$47,804	$48,760	$49,735	$50,730	$51,744	$52,779	$53,835	$54,911	$56,010	$57,130	$58,272	$59,438	$60,627	$61,839	$63,076	$64,337	$65,624	$66,937	$68,275	$69,641	$71,034	$72,454
Miscellaneous																																	
Net income			$40,000	$40,800	$3,956,253	$5,004,472	$5,262,692	$5,716,574	$5,907,549	$6,162,278	$6,322,903	$6,487,968	$6,654,946	$6,868,771	$7,089,127	$7,257,373	$7,453,431	$7,511,292	$7,703,240	$7,900,765	$8,105,220	$8,319,946	$8,536,219	$8,944,536	$9,373,029	$9,720,428	$9,892,571	$10,068,354	$10,247,847	$10,431,119	$10,618,244	$10,809,293	$11,004,341
Expenses																																	
Maritime expenses																																	
Management			$52,040	$52,081	$206,296	$214,446	$218,897	$224,237	$228,443	$232,965	$237,144	$241,402	$245,732	$250,304	$254,961	$259,492	$264,194	$268,719	$273,792	$278,965	$284,243	$289,638	$295,123	$301,294	$307,596	$313,726	$319,420	$325,227	$331,151	$337,194	$343,357	$349,643	$356,055
Security			$0	$0	$36,925	$45,711	$46,949	$49,813	$50,250	$51,163	$51,225	$51,280	$51,309	$51,651	$51,986	$51,889	$51,951	$51,472	$51,899	$52,331	$52,774	$53,250	$53,700	$55,311	$56,970	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065	$58,065
Housekeeping			$0	$0	$21,139	$25,753	$26,430	$27,921	$28,200	$28,717	$28,811	$28,903	$28,982	$29,220	$29,455	$29,476	$29,578	$29,410	$29,697	$29,988	$30,286	$30,602	$30,907	$31,794	$32,706	$33,338	$33,424	$33,511	$33,601	$33,692	$33,786	$33,881	$33,978
Maintenance			$28,415	$29,563	$96,895	$112,916	$115,742	$121,424	$122,875	$125,171	$125,992	$126,816	$127,607	$128,963	$130,320	$130,937	$131,850	$131,828	$133,412	$135,019	$136,664	$138,382	$140,074	$143,815	$147,660	$150,534	$151,512	$152,510	$153,528	$154,566	$155,625	$156,706	$157,807
Reserves (R&R fund)			$0	$0	$0	$0	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164	$404,164
Insurance			$50,000	$50,000	$378,341	$385,908	$393,626	$401,499	$409,529	$417,719	$426,074	$434,595	$443,287	$452,153	$461,196	$470,420	$479,828	$489,425	$499,213	$509,197	$519,381	$529,769	$540,364	$551,172	$562,195	$573,439	$584,908	$596,606	$608,538	$620,709	$633,123	$645,785	$658,701
Utilities			$29,949	$31,159	$31,782	$32,418	$33,066	$33,728	$34,402	$35,090	$35,792	$36,508	$37,238	$37,983	$38,743	$39,517	$40,308	$41,114	$41,936	$42,775	$43,631	$44,503	$45,393	$46,301	$47,227	$48,172	$49,135	$50,118	$51,120	$52,142	$53,185	$54,249	$55,334
Water sale to ships			$0	$0	$208,366	$252,888	$254,646	$264,879	$261,968	$261,494	$256,677	$251,917	$247,114	$243,887	$240,654	$235,494	$231,156	$224,530	$221,955	$219,413	$216,934	$214,598	$212,169	$214,249	$216,349	$216,181	$211,942	$207,786	$203,712	$199,717	$195,801	$191,962	$188,198
Parking			$0	$0	$16,892	$20,449	$20,988	$22,177	$22,398	$22,808	$22,880	$22,950	$23,010	$23,197	$23,382	$23,394	$23,472	$23,334	$23,560	$23,789	$24,023	$24,272	$24,511	$25,216	$25,942	$26,443	$26,507	$26,573	$26,640	$26,708	$26,778	$26,849	$26,921
Subtotal maritime expenses			$160,404	$162,803	$996,638	$1,090,489	$1,514,507	$1,549,842	$1,562,228	$1,579,292	$1,588,758	$1,598,534	$1,608,443	$1,621,523	$1,634,860	$1,644,783	$1,656,501	$1,663,995	$1,679,628	$1,695,640	$1,712,100	$1,729,178	$1,746,405	$1,773,315	$1,800,809	$1,824,059	$1,839,075	$1,854,559	$1,870,518	$1,886,957	$1,903,883	$1,921,303	$1,939,223
EBITAD			-$120,404	-$122,003	$2,959,615	$3,913,984	$3,748,185	$4,166,732	$4,345,321	$4,582,986	$4,734,145	$4,889,434	$5,046,503	$5,247,248	$5,454,267	$5,612,590	$5,796,930	$5,847,297	$6,023,611	$6,205,125	$6,393,120	$6,590,769	$6,789,814	$7,171,221	$7,572,220	$7,896,369	$8,053,496	$8,213,795	$8,377,329	$8,544,163	$8,714,361	$8,887,990	$9,065,118
Non operating expenses																																	
City taxes or PILOT	$1,159,074		$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570
Rent payments																																	
Operator profit			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal non-operating expenses			$66,563	$67,895	$69,252	$70,637	$72,050	$73,491	$74,961	$76,460	$77,989	$79,549	$81,140	$82,763	$84,418	$86,107	$87,829	$89,585	$91,377	$93,205	$95,069	$96,970	$98,910	$100,888	$102,905	$104,964	$107,063	$109,204	$111,388	$113,616	$115,888	$118,206	$120,570
Income before taxes and depreciation		-$26,944,235	**-$186,968**	**-$189,898**	**$2,890,363**	**$3,843,346**	**$3,676,135**	**$4,093,241**	**$4,270,360**	**$4,506,525**	**$4,656,155**	**$4,809,884**	**$4,965,362**	**$5,164,485**	**$5,369,849**	**$5,526,483**	**$5,709,101**	**$5,757,712**	**$5,932,234**	**$6,111,920**	**$6,298,051**	**$6,493,799**	**$6,690,905**	**$7,070,333**	**$7,469,315**	**$7,791,405**	**$7,946,433**	**$8,104,591**	**$8,265,941**	**$8,430,547**	**$8,598,472**	**$8,769,784**	**$8,944,548**
Debt payments																																	
Site improvements			$0	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056	-$270,056
Ferry terminal			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cruise tender			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pier			$0	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413	-$1,687,413
Total debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469
Capitalized interest																																	
Site improvements			$210,412																														
Ferry terminal			$0																														
Cruise tender			$0																														
Pier			$1,314,733																														
Total captilalized interest			$1,525,145	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$120,581,479																																
Net net after debt payments	$40,520,240		$1,338,178	-$2,147,367	$932,893	$1,885,877	$1,718,665	$2,135,771	$2,312,891	$2,549,056	$2,698,686	$2,852,415	$3,007,893	$3,207,016	$3,412,379	$3,569,014	$3,751,632	$3,800,242	$3,974,765	$4,154,451	$4,340,582	$4,536,329	$4,733,435	$5,112,864	$5,511,845	$5,833,936	$5,988,964	$6,147,122	$6,308,472	$6,473,077	$6,641,003	$6,812,314	$6,987,079
Carryover of surplus/(deficit)			$1,338,178	$1,338,178	$0	$123,704	$2,009,581	$3,728,246	$5,864,018	$8,176,908	$10,725,964	$13,424,650																					
Cumulative revenues				-$809,189	$123,704	$2,009,581	$3,728,246	$5,864,018	$8,176,908	$10,725,964	$13,424,650	$16,277,065	$19,284,958	$22,491,974	$25,904,353	$29,473,367	$33,224,999	$37,025,241	$41,000,006	$45,154,457	$49,495,038	$54,031,368	$58,764,803	$63,877,667	$69,389,512	$75,223,448	$81,212,412	$87,359,534	$93,668,005	$100,141,083	$106,782,085	$113,594,400	$120,581,479
Maximum deficit	-$809,189																															
IRR on public investment	**13.1%**																																
Coverage of debt payments																																	
Net revenues (before taxes, reserves)			-$120,404	-$122,003	$2,959,615	$3,913,984	$4,152,348	$4,570,896	$4,749,484	$4,987,149	$5,138,308	$5,293,597	$5,450,666	$5,651,412	$5,858,431	$6,016,754	$6,201,094	$6,251,460	$6,427,775	$6,609,288	$6,797,283	$6,994,932	$7,193,978	$7,575,385	$7,976,384	$8,300,533	$8,457,659	$8,617,959	$8,781,493	$8,948,326	$9,118,524	$9,292,153	$9,469,282
Debt service			$0	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469	-$1,957,469
Coverage on operating revenue					1.51	2.00	2.12	2.34	2.43	2.55	2.62	2.70	2.78	2.89	2.99	3.07	3.17	3.19	3.28	3.38	3.47	3.57	3.68	3.87	4.07	4.24	4.32	4.40	4.49	4.57	4.66	4.75	4.84
Target coverage	1.25																																
Required net revenues			$0	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837	-$2,446,837
Shortfall			$1,338,178	-$2,568,840	$512,779	$1,467,147	$1,705,512	$2,124,059	$2,302,648	$2,540,313	$2,691,471	$2,846,761	$3,003,830	$3,204,575	$3,411,594	$3,569,917	$3,754,257	$3,804,624	$3,980,938	$4,162,452	$4,350,447	$4,548,095	$4,747,141	$5,128,548	$5,529,547	$5,853,696	$6,010,823	$6,171,122	$6,334,656	$6,501,489	$6,671,687	$6,845,317	$7,022,445
Reserves required for coverage shortfall			-$2,568,840																														
Net revenues including carryover			$1,338,178	$1,216,175	$2,959,615	$4,037,688	$6,161,929	$8,299,142	$10,613,502	$13,164,057	$15,864,272	$18,718,247	$5,450,666	$5,651,412	$5,858,431	$6,016,754	$6,201,094	$6,251,460	$6,427,775	$6,609,288	$6,797,283	$6,994,932	$7,193,978	$7,575,385	$7,976,384	$8,300,533	$8,457,659	$8,617,959	$8,781,493	$8,948,326	$9,118,524	$9,292,153	$9,469,282
Coverage					1.51	2.06	3.15	4.24	5.42	6.73	8.10	9.56	2.78	2.89	2.99	3.07	3.17	3.19	3.28	3.38	3.47	3.57	3.68	3.87	4.07	4.24	4.32	4.40	4.49	4.57	4.66	4.75	4.84
Shortfall			$1,338,178	-$1,230,662	$512,779	$1,590,851	$3,715,093	$5,852,305	$8,166,665	$10,717,221	$13,417,436	$16,271,411	$3,003,830	$3,204,575	$3,411,594	$3,569,917	$3,754,257	$3,804,624	$3,980,938	$4,162,452	$4,350,447	$4,548,095	$4,747,141	$5,128,548	$5,529,547	$5,853,696	$6,010,823	$6,171,122	$6,334,656	$6,501,489	$6,671,687	$6,845,317	$7,022,445
Reserves required for coverage shortfall			-$1,230,662																														

Architecture
Engineering
Planning
Interior Design
Landscape Architecture