

EXCURSION, CRUISE AND PASSENGER FERRY SERVICES  
ON THE GREAT LAKES AND ST. LAWRENCE RIVERStephen J. Thorp<sup>1</sup>

ABSTRACT: Passenger vessel activity on the Great Lakes and St. Lawrence River is undergoing a renaissance. At present, several million people take these excursions and ferry trips during the navigation season. In addition, several hundred thousand passengers, with their vehicles, board ferries each year. In 1987, large liner cruises on the lower St. Lawrence River set a modern-day passenger record. However, passenger movement by vessel mode is substantially less than what it was when immigrants boarded boats for westward destinations and millions of travelers embarked on trips during the famed 'Resort Era' in the early twentieth century. The upswing in patronage reflects the general increase in tourism and outdoor recreation activity in North America and the Great Lakes Region. An increasing number of excursion firms own or manage other complementary businesses and several are subsidiaries themselves. Another trend is broader geographic dispersion by independent firms and multiple service locations for individual companies. In the wake of this current interest, feasibility studies and marketing surveys have been completed indicating substantial demand for multi-day cruise service for the Great Lakes and St. Lawrence System.

KEY TERMS: Great Lakes, passenger ferry, cruise, excursion

## INTRODUCTION

The Great Lakes and St. Lawrence River system is an important recreational resource. The increasing popularity of Great Lakes passenger vessel excursions and St. Lawrence River cruises has focused attention on this regional business activity and has demonstrated its economic importance. At present, several million people take these excursions and ferry trips during the navigation season. In addition, several hundred thousand passengers, with their vehicles, board ferries each year. However, passenger movement by vessel mode is substantially less than what it was when immigrants boarded boats for westward destinations and millions of travelers embarked on trips during the famed "Resort Era" in the early twentieth century. The upswing in patronage reflects the general increase in tourism and outdoor recreation activity in North America and the Great Lakes Region. Over the last five years, Great Lakes and St. Lawrence River tour boat operators have taken delivery of several dozen additional vessels, many of which were new. Boat builders in the region shared in the new business. The number of local operators has also increased in recent years. In the wake of this current interest, feasibility studies and marketing surveys have been completed indicating substantial demand for multi-day cruise service for the Great Lakes and St. Lawrence System.

The Cruise/Excursion and Passenger Ferry Business

The excursion/cruise and passenger ferry business in the Great Lakes/St. Lawrence system, including navigable tributaries, is extensive. As described in a Great Lakes Commission study (1987), this marine business sector is comprised of approximately 150 regularly scheduled, open-to-the-public operations and a larger number of excursion,

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charter-only firms. In many cases, charter service is also provided by excursion companies that have scheduled service. Passenger capacity for the 265 scheduled excursion boats, cruise vessels and ferries operating as of fall 1987 was over 59,000. An increasing number of excursion firms own or manage other complementary businesses such as restaurants and several are subsidiaries themselves. Another trend is broader geographic dispersion by independent firms and multiple service locations for individual companies.

### Diversity of Service

The diversity of the excursion, cruise and passenger ferry enterprises in the region translates into a full range of service and passenger experience. Small vessel and large liner trips are offered on the St. Lawrence River with on-board, overnight accommodations and cruise connections with the Eastern Seaboard and overseas. Sight-seeing operations are found throughout the System and are usually located in commercial port cities or near natural or man-made attractions such as Niagara Falls and the Soo and Seaway Locks. Excursion service with meals is available in many cities. Some regularly scheduled excursions offer live music or other entertainment, a more common feature of special event and group charters. Small, high speed boats take more adventuresome excursionists into the Lachine Rapids at Montreal. Scheduled sail excursions can be found at Buffalo, Toronto, Traverse City, and Quebec City. Whale watching trips are popular on the lower St. Lawrence River. In the Great Lakes, island excursion trips account for the largest number of passengers. Amusement centers and National Parks are destinations for several services. There are also opportunities to take overseas trips on freighters. Another facet of the passenger trade is ferry service. Some ferry service has a distinctive excursion character in contrast to other more transport-oriented operations.

### Excursion Operations

Four boat operators in the region are riding a wave of interest in water-based activity. The number of new marine recreation businesses is increasing, as is commercial and residential development along the Great Lakes/St. Lawrence shoreline. The long neglected waterfront is no longer considered a drawback; it is a gateway showcasing a unique resource. The region's maritime heritage, whether it be lighthouses and shipwrecks or elements of contemporary commercial navigation, has also contributed to the demand for excursion/cruise service.

Although the prospects for this marine recreation business sector are favorable, the industry faces particular difficulties. Newly-established service poses the usual competitive challenges but may also disrupt local excursion markets and result in reduced patronage for existing operations. These business saturation or threshold considerations are foremost concerns. A related problem is market penetration by illegal boats operating outside of U.S. and Canadian Coast Guard regulation. The vagaries of weather compound problems related to the seasonal nature of the business. Prospective operations throughout the Great Lakes/St. Lawrence System face entry barriers ranging from lack of conventional financing to stringent Coast Guard safety regulations. Other problems include high cost of liability insurance, regulatory compliance and insufficient attention to marketing and promotion.

### Cruise Prospects

When the advent of jet transport idled numerous ocean liners, new marketing and necessary refittings launched the vessels into the modern cruise era. The United States and Canada, together, are the world's largest and most lucrative cruise market. For the North American market, cruise patronage has been increasing in recent years. During this period of industry growth, overnight cruise opportunities have been particularly sparse for the Great Lakes but have been expanding rapidly on the St. Lawrence River. The lack of Great Lakes cruise service, coupled with evidence of a strong potential market, has spurred entrepreneurs to draw up plans for new service. Many options exist. Present U.S.

coastal operators can devise Great Lakes/St. Lawrence itineraries that complement their saltwater routes. A foreign vessel can be acquired but formidable reflagging requirements pose difficulty. New U.S. cruise vessels can be built for either exclusive or seasonal Great Lakes/St. Lawrence use. For all of these possibilities, imaginative itinerary and business planning is necessary to ensure successful operation once cruise service is inaugurated.

#### PASSENGER TRANSPORT -- HISTORIC PERSPECTIVE

"At one time, there were more people asleep on boats on the Great Lakes than on any ocean in the world"

Harry J. Wolf  
(1909-1987)  
Marine Historian

#### Early Development

As a trade route among native peoples and a corridor of discovery and commerce for the Europeans, the Great Lakes/St. Lawrence River System and tributaries were an established transport system long before the United States and Canada became nations. In the 1820s and 1830s, the opening of the Erie, Welland and other mid-American canals spurred interlake and coastal trade. Waves of immigrants poured over the water route. The Great Lakes shore became a magnet for urban and industrial growth. Packet steamers with their dual freight and passenger role became the principal mode for long distance movement. The packet steamers or night boats usually operated overnight between two principal ports during a navigation season of eight to twelve months. These vessels plied the waters of the Great Lakes for over a hundred years. The early wood-hulled steamers carried a few hundred passengers including some in make-shift space on the freight decks. As the vessels grew in size with iron construction and more advanced coal-fired propulsion systems, their appearance and function resembled that of "floating hotels" with appropriate accommodations for affluent as well as average travelers.

The railroad network that laced the Great Lakes Region was at various times a competitor and partner to the Lakes passenger trade. For particular city pairs, the rail link siphoned business from the boat lines. In some instances the water route provided the only connection, but usually the comfortable and convenient vessel service was designed to complement rail as in the case of transcontinental or other "bridging" hauls. For example, a subsidiary of the Pennsylvania Railroad, the Anchor Line, inaugurated 14-day round-trip service in 1871 between Buffalo and Duluth with intermediate stops at Erie, Cleveland, Detroit, Port Huron, Mackinac Island, the Soo and Houghton. Other similar companies were operated by the Great Northern Railroad (Northern Steamship Co.) and the Canadian Pacific Railroad which maintained vessel service between Georgian Bay and the Canadian Lakehead. Another aspect of the railroad connection was the establishment of cross-lake ferries at various locations that hauled railcars and, later, motor vehicles and their passengers, as described by Ballert (1950).

#### The Resort Era

Pleasure cruising and excursions separate from the more utilitarian trips gradually gained prominence. In the early 1900s, many vessels were built and operated for recreation purposes. It was at this time that passenger traffic on the Great Lakes underwent a revival, with millions of people embarking for trips to beaches, lakeside resorts, amusement parks and city visits. Mackinac Island, with its Grand Hotel and the Thousand Islands area of the St. Lawrence River, were prestigious destinations. Chicago, Detroit, Cleveland and Buffalo offered trips to amusement parks -- House of Davids, Boblo Island, Cedar Point and Crystal Beach, respectively. During the heyday of excursions and vessel travel, the Chicago port had over two million passengers each year. Excursion steamers that made daily port calls included one of the largest Lakes passenger vessels,

the *Theodore Roosevelt* (3,500 capacity) and the *United States*, both operated initially by the Indiana Transportation Company. The scene was similar at other ports, including smaller ones. For example, the 3,366 passenger capacity steamer, *Greyhound*, operated from Toledo to Detroit and the Lake Erie islands and carrying over 14 million people between 1902 to 1932. The steamer *G.A. Boeckling*, owned and operated by the Cedar Point Resort Co., shuttled over 20 million passengers on Sandusky Bay from 1909 to 1951.

### Prelude to the Present

The passenger trade on the Great Lakes has gone through cycles. Wars and national economic downturns caused periodic disruption. Railroad divestment of their steamship operations mandated by the Panama Canal Act in 1915 and business mergers resulted in the scrapping of obsolete vessels. In the mid 1930s new U.S. fire and safety regulations resulted in the retirement of vessels with wooden superstructures, but several large Great Lakes passenger liners were grandfathered in and some Canadian flags remained in business. Two of the U.S. vessels operated by the Georgian Bay Line, the *North American* and *South American*, ran for over fifty years until the mid 1960s, each with accommodations for 500 overnight passengers. Concern for safety was not unwarranted. In 1915 the excursion steamer *Eastland* keeled over on its side as it was being boarded in Chicago -- 835 people perished. Canada Steamship Lines lost to fire the *Harmonic* in 1945, the *Noronic* in 1949 (118 people died) and the *Quebec* in 1950.

After World War II, the number of Great Lakes cruise sailings continued to decline. New cruise service was established in the 1950s with the conversion of a wartime Liberty ship into the *Aquarama*, which operated until the early 60s. The interstate highway system and a more extensive airline network combined to push an aging fleet to extinction. Even with the 1959 opening of the St. Lawrence Seaway and its system of large locks and 26-foot draft, deep sea cruise connections with the Lakes failed to materialize. A few ocean passenger ships did call at Montreal in years after the Seaway opening, with the Russian liner *Alexander Pushkin* and the Polish vessel *Stefan Batory* the most regular. The summer of 1974 saw the first large cruise vessel to operate on the Lakes since the *South American* in 1967. Sun Lines' 290-foot *Stella Maris* offered seven day cruises from Montreal to Chicago with intermediate calls for \$330 to \$660 per person. The Indiana travel agency which organized the 1974 cruise schedule repeated the service in 1975 with the new Danish luxury ship *Discoverer* (180 passenger capacity). Two years later the agency purchased a 250 passenger Baltic liner for Lake cruises and christened it the *SS Lowell Thomas Explorer*. In 1977, 28 four and seven day cruises throughout the Great Lakes/St. Lawrence system were scheduled.

## GREAT LAKES/ST. LAWRENCE EXCURSION AND PASSENGER FERRY SERVICE

### Passenger Ferry Service

In his book, *Wandering and Excursions*, James Ramsey MacDonald called the ferry "the most poetical of roads." Passenger ferry service exists on all of the Great Lakes. Ferries also cross the St. Marys, St. Clair and St. Lawrence Rivers. Ferry service, for the purpose of this report, is defined as that which transports people with or without motor vehicles between two different places over a particular route. There are presently 28 passenger/vehicle ferry companies and 15 operations that are passenger only.

Many of the passenger ferries have excursion service characteristics and some boats do double duty with scheduled or chartered cruises. An example is the Washington Island Ferry Line's *C.G. Richter*, the only non-vehicle ferry of a fleet of four operating between Wisconsin's Door Peninsula and Washington Island in Lake Michigan. This ferry boat has a separate mainland dock, a history and sights narration and travels farther to the island dock than the other ferries. The Arnold Transit Company's 30 to 45 minute ferry service to Mackinac Island in Lake Huron is complemented with scheduled 2 hour sunset dinner cruises and charter cruises featuring a narrated excursion in the Straits and under the

Mackinac Bridge. For amusement park patrons, trips to Boblo Island on the old ferries, *Columbia* and *St. Claire*, can be considered one of the park's "fun" rides. Another excursion-type ferry is in service at Isle Royale National Park in Lake Superior. One of four island ferries, the 49-passenger, contract service *M.V. Voyager II*, makes three trips a week to the island from Grand Portage, Minnesota and also circumnavigates the island to pick up and drop off campers. The two-day complete trip is the longest, in time, ferry boat ride in the Great Lakes/St. Lawrence system.

Great Lakes/St. Lawrence ferry service has a long history. Family-owned operations have become part of the region's ferry tradition as described by Wright (1987). Ferry "dynasties" have formed in some locations, e.g., the Richters of Washington Island, Wisconsin; the Hornes of Wolfe Island, Ontario; the Sheplers of Mackinaw City, Michigan; the Plaunts of Cheboygan, Michigan; the Russells of LaPointe, Wisconsin; and the Brysons of Harsens Island, Michigan. Horne's Ferry Co. Ltd., operating between Wolfe Island, Ontario and Cape Vincent, New York, is not only one of the last remaining passenger/vehicle ferries between the U.S. and Canada but was also the first in the system -- dating back to the 1820s and a lease from King George IV. Many ferries were established before the invention of the automobile when bridges and tunnels were not alternatives. For some long water crossings the ferry is still the only viable option. In 1957, the five-mile Mackinac Bridge was completed across the Straits linking the Upper and Lower Peninsulas of Michigan. The present Arnold Transit Co. began its operation at the Straits in 1878, making it the oldest continuous ferry service on the Great Lakes. The Straits was also the location of the first rail car ferry in the region. Car ferries at the Straits moved a million travelers a year beginning in the 1920s until the bridge opened.

Although ferry services have become more financially stable in recent years and government subsidies have either disappeared or come under closer scrutiny, operational efficiency is the new watchword for the ferry business. In waters where a particular ferry service does not have a monopoly position, customer considerations have assumed even greater importance. Transit time illustrates this point. The Arnold Line, serving Mackinac Island, began its 1987 service with a large Great Lakes catamaran and added another in 1988. The 365-passenger aluminum craft with special noise dampening features operate over a seven-mile route -- at up to 30 knots -- cutting the old transit time in half. Another example is a proposal for 40 mph Lake Erie hydrofoil service between Sandusky, Ohio and Put-In-Bay on South Bass Island. If financing can be arranged to purchase a \$900,000, 65-foot boat, the operation will be the fastest ferry in the Great Lakes/St. Lawrence system.

Other recent developments in the ferry business which illustrate a range of issues include: a decision by the Island Boblo Company to relocate its Detroit River dock from downtown to new moorings downstream in order to better accommodate daily parking for 2,500 to 3,000 customer vehicles; vessel stack emissions from coal burning continue to pose regulatory problems for the Michigan-Wisconsin Ferry Service; the 1987 ferry disaster in the English Channel has prompted review of door/ramp closing procedures for Ontario's big ferry, the *Chi-Cheemaun*; Sault Ste. Marie, Ontario has proposed a passenger ferry service across the St. Marys River that would tie in directly with new waterfront development; a Canadian/American business concern is considering hovercraft service for various points on Lakes Ontario and Erie; and Ontario plans to spend \$10 million on a new 400-passenger Pelee Island/Lake Erie ferry which will also be designed to carry a growing tonnage of agricultural products from the island.

#### New Uses for Old Ferries

The rail car ferries of the Great Lakes were recognized as the world's foremost example of that kind of intermodal transportation. Lake Michigan car/passenger ferry service at one time included sixteen different operations. As the large, coal-fired ferries became obsolete because of more efficient rail operations and an aging physical plant, they were taken out of service. State subsidies also declined. Only one U.S.

Great Lakes car ferry remains in operation. The Michigan-Wisconsin Ferry Service's *City of Midland* runs between Ludington, Michigan and Kewaunee, Wisconsin. A Canadian car ferry also operates on the lower St. Lawrence River.

Proposals to re-establish service or for adaptive reuse of idled ferries have been advanced. A plan by the State of Michigan to finance new car ferries in the early 1980s went awry when cost overruns and the Ontonagon shipbuilder's bankruptcy doomed the project. Since then, the State has only participated in a feasibility study for the ferry *Chief Wawatam* idled in 1984 at St. Ignace. The city council decided to use the vessel as a breakwall -- the only reasonable alternative to scrapping after museum and operational use were ruled out. This recent action was accompanied by another discussion in Frankfort, MI where a local group has temporarily abandoned plans to convert the car ferry, *S.S. City of Milwaukee*, into a combination museum/bed and breakfast facility. A contributing factor was the inability to secure a permanent mooring site. On a more positive note, the *Milwaukee Clipper*, a large auto/passenger ferry that operated between Muskegon and Milwaukee (but carried no rail cars), is open to the public and available for private party functions at Navy Pier in Chicago, although a rent dispute clouds its future at that spot.

The \$15.5 million *Viking* project to re-establish ferry operations between Muskegon and Milwaukee is the most ambitious new service proposal but faces major obstacles. Business interests and government officials in Muskegon hope to return the inactive car ferry *Viking* to service as a fully reconditioned 800-passenger/auto vessel (no rail cars). Project backers see the *Viking* as a catalyst for waterfront development and a tourism draw with 80,000 to 100,000 passengers per year. Higher than expected refitting bids and defeat of a March 1987 millage/bonding measure aimed at half of the total cost have set back plans. Engineering/legal fees and marketing studies along with other necessary expenses have totaled \$500,000 so far.

Two passenger ferry reuse projects have been proposed. Conversion of the Cedar Point side paddle-wheel ferry, *G.A. Boeckling* to an excursion vessel and year-round, dockside activity center is planned by a group of Sandusky, Ohio residents. The *Boeckling* has been out of service since 1951. In Buffalo, a recently completed feasibility study projected commercial success for a restored *S.S. Canadiana* as a seasonal excursion boat and Crystal Beach Amusement Park ferry. The study by Economic Research Associates (1987) estimated ridership from 208,000 to 238,000 based on market characteristics and a 1,300 passenger capacity. Only a quarter of the patronage would board for the Crystal Beach, Ontario run, once the mainstay of the *Canadiana's* former operation. Engineering studies reveal that the cost of refitting and refurbishing the boats would be over \$4 million each. State funding outside of financial assistance for the feasibility studies is not anticipated. Although both projects share many similarities, the *Boeckling* situation has unique characteristics. For example, restoration work has already begun -- wheelhouses were built and the boat deck and smokestack have been replaced. The "Friends of the Boeckling" financed the 1982 return of the boat to Sandusky from a Wisconsin shipyard with a popular "Buy-a-Mile" campaign. Public relations and marketing have been a hallmark of the "Friends" effort to date. A storefront was opened which serves as organization headquarters and also retails *Boeckling* mementos.

#### Excursion Service

Where can one take a whale-watching cruise, a dinner cruise within sight of skyscrapers, a sightseeing tour of a busy commercial, deep-draft harbor, a sail cruise departing from a downtown waterfront, a trip along a rocky coastline of a National Park or be dropped off by boat for a landside tour of an historic old fort? The answers are: the East Coast, West Coast and the Great Lakes/St. Lawrence River system. The excursion vessel industry continues to develop on a national and regional basis. On the Great Lakes and St. Lawrence River, the industry has deep roots tied to a strong maritime tradition and interest in leisure time activities. Today, tour or "day" boat operations are found

throughout the system from the head of the Lakes at Thunder Bay and Duluth/Superior to Sept-Îles, the gateway to the Atlantic. Boat distribution reveals concentrated zones at Toronto and the Thousand Islands area in the St. Lawrence. Lake Huron has the fewest.

Individual excursion companies have responded to market opportunities with a variety of approaches. Duluth Superior Excursions has offered day harbor tours since 1959 but began evening dinner cruises in 1982 as a way of expanding their operations and appealing to a different market segment. These cruises alternate on-board meals with a mid-cruise shore visit and dining under a large tent. Since 1982, these dinner cruises have generated an additional 20,000 passengers. On Lake Michigan, a new route was launched in 1987 by Voight's Marine Services that takes excursionists from one state to another and includes a shore visit. The new 150-passenger *Island Clipper*, the third vessel in Voight's fleet, makes a 60-mile round trip twice a week from the Door Peninsula to Michigan's Fayette State Park "ghost town." The Upper Peninsula park is the site of an old, abandoned iron-smelting community. Another Lake Michigan excursion operation at Saugatuck, Michigan has adjusted to its unique market. The small resort community expands considerably during summer weekends and as a result, the schedule of the sternwheel paddleboat, *Queen of Saugatuck*, ranges from six cruises on Saturdays to one-to-four trips during weekdays (May to October). An Ontario motor coach company has diversified by adding over the last several years three tour vessels -- two at Toronto and one at Midland on Georgian Bay. PMCL has emphasized marketing and tie-ins with their bus operations. At the Midland location, PMCL has nearly tripled patronage over the four years of operation with their popular cruises in the 30,000 Islands area. Buffalo Charters, Inc. has been part of the Buffalo excursion market for 16 seasons. This family-run company acquired a second boat, the *Miss Buffalo II*, in 1981 and is considering an additional vessel purchase. Although the operation handles more than 400 annual charters, a series of "public" cruises are scheduled for July and August. In 1987 the management of the former Toledo River Cruise Lines (now Star of Toledo) responded to the market with many specialty and theme cruises, including river trips to the zoo, dance cruises and a day-long excursion to Put-In-Bay in Lake Erie.

#### Operating Conditions and Industry Issues

As part of the Great Lakes Commission's 1987 study, a survey of vessel operators/owners was undertaken. The survey included questions about current operating conditions and solicited operator/owner views on industry issues. The following listing reflects general agreement among respondents regarding issue categories.

Intra-Industry Competition. There is general consensus among operators that potential market saturation for particular locales poses serious problems. Two examples illustrate the dimensions of the problem. The former Toledo River Cruise Lines, with three boats and the prospect of too much local capacity, decided in 1987 to relocate one boat to Cleveland. In Toronto, the Star Line Corporation, the Michigan-based successful cruise/dining operation was denied government approval in 1987 to establish service there -- attributed in part to pressure from existing local operators.

Competition From Illegal Operations. This perennial problem concerns the use of unlicensed private boats for charter or for-hire cruises. Coast Guard vessel inspection, route delimitation and operator license requirements are required of all "T" vessels (15 - 100 gross tons and carrying more than six passengers for a fee). These Coast Guard safety regulations impose minimum standards and non-compliance gives illegal operators an unfair competitive advantage and may endanger public safety. Coast Guard enforcement is hampered by insufficient manpower but legal operators also must be diligent in reporting violations.

Federal Legislation and Administrative Action. In the U.S. and Canada, recent legislative initiatives regarding Coast Guard user fees have spread alarm among cargo and excursion vessel operators. Federal government interest in cost recovery measures could

result in additional new fees for ferries and tour boats, particularly for inspection and aids-to-navigation costs. Also, Canadian legislation amending coasting regulations has been introduced and, U.S. cabotage laws are under review by U.S. and Canadian trade negotiators. These measures could have wide ramifications regarding vessel registry/ownership/construction requirements and rules for same-country inter-port operation on the Great Lakes and St. Lawrence River. In a related matter, the disparity in legal operating requirements between Canada and the United States (e.g., Canadian Seaway tolls and more stringent vessel safety regulations in Canada) is an area of concern for operators.

Liability Insurance and Regulatory Reform. The cost of liability insurance is a major burden for certain recreation-oriented businesses including excursion vessel operators. Tort reform is perceived as one avenue of solution. Many excursion/ferry companies are small businesses and could benefit from state efforts to reduce inequitable regulatory burdens.

Waterfront Revitalization. Many Great Lakes and St. Lawrence River shoreline communities have undertaken waterfront redevelopment or plan to do so. Marina planning should take into consideration mooring areas for existing or prospective cruise boat operations as well as facilities for larger cruise vessels if feasible.

State Tourism Assistance. There is limited state tourism involvement with the excursion vessel industry. The possibility of greater involvement on the part of Great Lakes state tourism agencies in promoting existing excursion businesses should be considered as part of a state's overall tourism effort.

Regional Vessel Construction. Several recent U.S. vessel acquisitions have been from outside of the Great Lakes/St. Lawrence region. For example, the downturn in the domestic oil industry has made available "surplus" off-shore, oil rig supply-vessels and with some modifications these craft can become excursion boats. This scenario describes the *Mary Ann I* brought into service in 1987 east of Cleveland. Canadian excursion and ferry boat contractors are more active than their U.S. Great Lakes counterparts. As the supply of surplus vessels begins to diminish and regional operators continue to expand, area shipyards/boat builders and vessel operators may find more common ground for mutual business.

## PROSPECTS FOR CRUISE VESSEL SERVICE

### Cruise Activity and Renewed Interest

In 1987, large liner cruises on the lower St. Lawrence River will set a record. Thirteen vessels representing eleven cruise lines and ranging in capacity from 450 to 1,156 made port calls at Montreal and Quebec City and several were scheduled for multiple visits. With the addition of three smaller, regular-visitor cruise vessels, the 1987 St. Lawrence cruise passenger count was estimated at 34,000. It should be noted that the container cargo ships of Cast North America Inc. and the Yugoslav Great Lakes Lines can take up to 12 paying passengers; both lines have several sailings each month from Montreal.

At present, there are only two overnight cruise operations that connect with the Great lakes, or more specifically, Lake Ontario. Rideau St. Lawrence Cruise Ships' *Canadian Empress*, a 66-passenger replica steamship, makes over forty 4-day and 6-day trips between Kingston, Ontario and Montreal/Quebec City. *The Caribbean Prince* (80) and the *New Shoreham II* (72), operated by the American Canadian Cruise Line, run between New England and Montreal/Quebec City/Saguenay fjords by way of Long Island Sound, Hudson River, Erie Canal, Lake Ontario and the St. Lawrence River. These vessels operate in the Caribbean during the winter. The *Caribbean Prince* was also the most recent cruise ship to come into the upper Great Lakes when in 1984 the vessel had a summer itinerary of Detroit-Mackinac



Island-Georgian Bay and reverse with motor coach return.

The North American cruise market is the driving force in the world cruise industry. Americans and Canadians accounted for over 2 million bookings in 1986. This figure represented 15.3 million passenger days or over half of the free world's available supply. Even though North American market growth has increased an average of 10 percent annually since 1978, the parallel ship building boom will likely create overcapacity problems for the next several years. New routes and service offerings, along with discounted cruise prices, are inevitable. Promotion and market expansion strategies will be emphasized by the cruise operators. Recent market surveys indicate that only five to twelve percent of Americans have taken a deep-sea or coastal cruise but many more are interested, as indicated by Buchin and Steller (1987).

#### Great Lakes Cruise Ideas

At the 1986 Inland Cruise Industry Conference in Kings Point, New York, the curator of the U.S. Merchant Marine Academy Museum said in his opening remarks, "I'll leave you with one last thought -- why aren't there any of you on the Great Lakes?" That question deserves an answer. The dearth of inter-lake, Great Lakes cruises has spawned a number of service proposals and possibilities. A foreign operator could be induced to provide service. However, if itinerary planning is dependent upon boarding and/or disembarking passengers at multiple U.S. ports on the same voyage or sequential U.S. port visits, a foreign-flag vessel cannot be used. U.S. cabotage laws reserve such "coastal" trade (passenger and cargo) to American crewed and documented vessels. The acquisition and reflagging of a foreign vessel is a difficult but available option. In the last several years, passenger ship reflagging bills have been introduced in Congress, but in the face of existing operator and shipbuilder opposition, none has gained both Senate and House approval. Maritime labor is represented by both pro and con positions on the issue. One unsuccessful reflagging measure that had a Great Lakes connection was a proposal by Florida-based Cruise America Inc. The company had options to acquire two Seaway-size 750 passenger Cunard vessels, the *Countess* and *Princess* and wanted to bring one into the Great Lakes for periodic cruises. The Great Lakes Congressional Delegation generally supported the bill.

Although the number of U.S. deep-draft cruise vessels has steadily declined (only two remain in service), the shallow-draft cruise fleet has become the proverbial growth industry. The seven operating companies typically market coastal itineraries with vessels in the 100 gross tonnage and 80 to 140 passenger range. The Rhode Island-based American Canadian Line, which offers St. Lawrence River trips, pioneered this cruise business niche in the mid-60s. Other East Coast operations have the potential to inaugurate new cruise service for the Great Lakes/St. Lawrence. Their experience with theme/history itineraries and medium size cruise operations would be helpful. A vessel could be dedicated to the Great Lakes/St. Lawrence system for a season as it was with the *Caribbean Prince* in 1984. An access cruise through the Erie Canal (special vessel configuration needed) or through the Gulf of St. Lawrence could be planned. One caveat pertains to small vessel stability and passenger comfort for large open-water areas and route determination would need to be planned accordingly.

New U.S. cruise vessel construction is a possibility. There have been many proposals, but primarily for deep sea operation. The record reveals a few false starts too. Three different ideas for a new Great Lakes cruise ship illustrate the range of possibilities. A 1986 feasibility analysis by Economic Consulting Services (1986) indicated that a 168-passenger vessel could be built for \$12 million and operated profitably in the Lake Michigan/Great Lakes and Caribbean markets. The ECS study projected 10,000-15,000 Great Lakes passengers, which represents only one-thirtieth of the number of market area residents who are likely to take overnight cruises (based on national population-cruising ratio). A proposal for a \$230 million luxury cruise ship to operate 270 days a year on the Great Lakes has several unique features. A convention deck would also be available

for vehicle storage, thus permitting versatility in passenger itinerary planning. A sliding glass panel roof is planned for the top deck to cover tennis courts and a pool when needed. Financing is dependent on the Navy covering half the cost in return for contingent use as a hospital ship and a Maritime Administration Title XI loan guarantee covering 70 percent of the remaining financing. In another study, conducted by the Economic Planning Group (1988), a 300-passenger cruise ship operating on a sea-watch system (24 hours) could be built for \$50-\$60 million (Canadian) and operated successfully on the Great Lakes with 5 to 7 day and weekend summer cruises.

#### SUMMARY

Excursion, cruise and passenger ferry services on the Great Lakes and St. Lawrence River represent a diverse and vibrant marine recreation business sector. Extensive tour and ferry boat distribution throughout the navigation system has put the region on par with the other North American seacoasts regarding service availability. These businesses perform necessary transport functions as well as offer residents and region visitors an enjoyable leisure-time activity.

The excursion vessel and ferry boat industry has unique problems that pertain to this specific water-based business. New opportunities for market growth and attention to efficient operations will guide future profitability. The overnight cruise sector has rediscovered the St. Lawrence River and may be on the verge of coming back to the Great Lakes.

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