



DATE: JULY 9, 2020

FROM: CARGO MARKETING

SUBJECT: RESOLUTION NO. _____ - ADOPT SECOND TEMPORARY ORDER TO AMEND PORT OF LOS ANGELES TARIFF NO. 4, SECTION FOUR, DOCKAGE, ITEM NO. 485 "PASSENGER VESSEL LAY UP RATES", PROVIDING A RATE FOR LONG-TERM PASSENGER VESSEL DOCKAGE

SUMMARY:

Staff requests adoption of a Second Temporary Order to Port of Los Angeles (Port) Tariff No. 4 (Tariff), establishing a new Item 485 - Passenger Vessel Lay Up Dockage Rates (Rates). The proposed Rates would reduce the currently published daily dockage rate by 50 percent, and establish a flat monthly dockage rate of \$65,000 for passenger vessels requiring to be laid up. For the reduced daily dockage rate to apply, the Executive Director must approve the Cruise Vessel Operator's request for an idle passenger vessel docked at a berth for more than 48 hours with no passenger operations, due to of an emergency declaration. The monthly dockage rate would allow cruise vessel operators that operate multiple cruise brands to utilize the lay berth intermittently. Monthly dockage berth rates shall be used for a minimum of 25 days in a given month. The reduced dockage rates would be applicable in the event of declared local, state or national emergency. The tariff item would be effective retroactive to May 1, 2020.

At the May 21, 2020, Los Angeles Board of Harbor Commissioners (Board) meeting, the Board approved a Temporary and Permanent Order amending Port Tariff No. 4, Section Four, Item 485. Changes in the Tariff require City Council approval. Unfortunately, the Permanent Order item was unable to be placed on the City Council agenda in time to take effect prior to the expiration of the Temporary Order, which expires on August 23, 2020. Therefore, a second Temporary Order is proposed to allow additional time for the Permanent Order to pass through the City Council approval process. The second Temporary Order, if approved, will expire in 90 days after the day it is published or upon execution of the Permanent Order by the City Council, whichever occurs first.

RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California

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Environmental Quality Act (CEQA) under Article II Section 2(f) of the City of Los Angeles CEQA Guidelines;

2. Adopt Second Temporary Order No. _____ to amend Port of Los Angeles Tariff No. 4, Section Four, Item No. 485 "Passenger Vessel Lay Up Rates";
3. Authorize the Board Secretary to certify the adoption of the Second Temporary Order by the Board of Harbor Commissioners and cause the same to be published once in a newspaper printed and published in the City of Los Angeles, to take effect prior to adoption by Ordinance for a period not-to-exceed 90 days pursuant to City Charter Section 653(b); and
4. Adopt Resolution No. _____.

DISCUSSION:

Background and Context – On May 21, 2020, the Board approved a Temporary Order No. 20-7279 and Permanent Order No. 20-7280 amending Port Tariff No. 4, Section Four, Item 485. The Orders established reduced dockage rates for passenger vessels that need a lay-up berth resulting from local, national or federally declared emergencies in response to the unprecedented COVID-19 pandemic. The proposed rates reduced the currently published daily dockage rate by 50 percent, and established a flat monthly dockage rate of \$65,000 for passenger vessels requiring to be laid up. A passenger vessel must be at berth for a minimum of 48 hours for the reduced daily dockage rate to apply. The monthly dockage rate would allow cruise vessel operators that operate multiple cruise brands to utilize the lay berth intermittently, but in all circumstances, the berth shall be occupied for a minimum of 25 days in a given month in order for the monthly rate to apply.

A cruise vessel operator seeking the reduced dockage rate shall do so by requesting such usage, and duration of such usage, in writing to the Executive Director prior to the vessel occupying the berth and the approval of which shall be at the sole and absolute discretion of the Executive Director. The Tariff item would be effective retroactive to May 1, 2020.

The amendment provides cruise vessel operators the opportunity to conduct minimal activities on passenger vessels while out of service, such as crew changes and vessel stores operations. Passenger vessels using a berth at the Port for lay up purposes would utilize berths that would not be in use for regular Port passenger operations activities. In the event a berthing conflict were to develop, the Port would maintain the right to have passenger vessels moved as required. An added benefit for accommodating passenger vessels seeking a lay-berth is the opportunity to have such vessels in place when cruise vessel operators restart cruise itineraries. A notice of the new Item 485 was also added to Item 600, Passenger Fees.

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Need for Approval – Pursuant to the Los Angeles City Charter, the Board has authority to make changes to Tariff No. 4 for a period of 90 days by Temporary Order. The First Temporary Order will expire on August 23, 2020, before the Permanent Order can be fully executed. Council has not calendared and approved the Permanent Order and Ordinance, therefore, a second Temporary Order (Transmittal 1) is proposed to allow additional time for the Permanent Order to pass through the City Council approval process. The second Temporary Order, if approved, shall expire in 90 days after it is published or upon execution of the Permanent Order by the City Council, whichever occurs first.

ENVIRONMENTAL ASSESSMENT:

The proposed action is adoption of a second Temporary Order amending Port Tariff No. 4 establishing Item 485- Passenger Vessel Lay Up Dockage Rates to provide a rate for long-term passenger vessel dockage, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Class 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed amendment will provide a rate for long-term passenger vessel dockage on vessels requiring a lay-up berth due to a declaration of a local, state or federal emergency. Staff anticipates that as a result of the proposed amendment, 21 incremental cruise vessel calls will occur from May 1, 2020, through December 31, 2020, which otherwise would not have occurred absent the proposed amendment. Assuming that operators pay the \$65,000 monthly fee associated with these 21 calls, and assuming that none of these 21 calls will be eligible for incentive payouts under existing cruise incentive programs, then additional dockage revenues of \$1,365,000 will be generated by the proposed amendment.

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CITY ATTORNEY

The Office of the City Attorney has reviewed and approved the proposed second
Temporary Order as to form and legality.

TRANSMITTALS:

1. Temporary Order
2. Tariff No. 4 Section Four, Item No. 485

FIS Approval: 

CA Approval: 



ERIC CARIS
Director of Cargo Marketing



MICHAEL DIBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:EC:CC:ng
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