



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: MAY 13, 2020**

**FROM: CARGO MARKETING**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE PERMANENT 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 approval of a Permanent Order to amend the 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, because 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 berths 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 a declared local, state or national emergency. The tariff item would be effective retroactive to May 1, 2020.

**RECOMMENDATIONS:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the City of Los Angeles CEQA Guidelines;
2. Approve amendments to Port of Los Angeles Tariff No. 4, revising Section Four Dockage, by adding Item No. 485 "Passenger Vessel Lay Up Rates", and a Notice regarding Item 485 in Item 600 Passenger Fees, subject to the California Association of Port Authorities' review and approval, and authorize the Executive Director to work with the California Association of Port Authorities to secure this approval or proceed to take independent action in accordance with the California Association of Port Authorities' procedure;

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3. Adopt Permanent Order No. \_\_\_\_\_ to amend Port of Los Angeles Tariff No. 4, Section Four, Item No. 485 "Passenger Vessel Lay Up Rates";
4. Direct the Board Secretary to transmit to the City Council for approval the Permanent Order and the Ordinance approving and authorizing the Amendments to Port of Los Angeles Tariff No. 4 pursuant to City Charter 653(a);
5. The Board Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners and shall cause the same to be published in a daily newspaper printed and published in the City of Los Angeles;
6. After the effective date of the Ordinance, transmit the Permanent Order and Ordinance to the Executive Director or his nominee for implementation and posting of the Tariff change to the Port of Los Angeles website as regulated by the Federal Maritime Commission; and
7. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background and Context – In response to the unprecedented COVID-19 pandemic in 2020, and the increased risk of spread of COVID-19 on cruise vessels, the Centers for Disease Control (CDC) published the first industry-wide No Sail Order on March 14, 2020 to prevent, among other things, new passengers from boarding cruise vessels. The No Sail Order applies to all cruise vessels, which it defines as commercial passenger vessels with the capacity to carry more than 250 people and where an overnight stay onboard by passengers or crew is anticipated. The Order applies to all cruise vessels operating, or seeking to operate, in waters subject to United States (U.S.) jurisdiction, including those that have previously voluntarily suspended operations. It does not apply to cargo vessels.

The CDC extended its No Sail Order, effective April 15, 2020, to continue to suspend all cruise vessel operations in waters subject to U.S. jurisdiction. Among other things, cruise lines are required to develop comprehensive plans to prevent, detect, respond to, and contain COVID-19 on their cruise vessels to protect the health and safety of both passengers and crew.

Many passenger vessels have been in the Los Angeles area, either laying at anchor or moving between Los Angeles and Mexico. As the scale of the COVID-19 emergency grew, the cruise industry started working on a temporary and orderly phasing out of planned cruise vessel itineraries. The Port became a favorite location due to the ability to charter airplanes to return crewmembers to their homes around the world. Most passenger vessels in the area are on a schedule of coming into port once a week for fuel and food in addition to crew repatriation. Now that all but essential crew are off the passenger vessels, the cruise vessel operators are looking to lay up their cruise vessels for an extended period of time.

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The Port Tariff does not have a provision in it to accommodate passenger vessels looking for a lay berth resulting from a declared emergency. By comparison, other cruise ports have provisions in their respective tariffs that covers dockages rates for extended laid up vessels.

The below chart captures some examples of what other ports are doing.

<b>BASELINE:</b>				<b>AVERAGE VESSEL SIZE OF: 285 METERS LONG (951')</b>
<b>Ports</b>	<b>Regular Rate</b>	<b>Lay Up Rate</b>	<b>Monthly Rate</b>	<b>Notes</b>
Los Angeles, CA	\$ 6,472.00	50%	\$ 65,000.00	Recommended for Board Consideration
San Diego, CA	\$ 7,519.00	50%	Non Existent	No ships in lay up
San Francisco, CA	\$ 6,472.00	50%	\$ 50,000.00	Monthly rate negotiated with Executive Director
Oakland, CA	\$ 7,928.00	Non Existent	Unknown	Norwegian Cruise Line has three ships in long term lay up – unable to obtain a confirmed rate
Jacksonville, FL	\$ 6,628.00	Non Existent	Unknown	Norwegian Cruise Line has four ships in long term lay up – unable to obtain a confirmed rate
Miami, FL	\$ 42,051.00	Currently set at 0%	Currently set at \$ 0	Miami is offering free dockage to all homeported cruise ships - currently eight ships at berth - Cruise lines have contracts to address rates
Everglades, FL	\$ 31,821.80	50%	Non Existent	Cruise lines do have contract rates to address this but rates unknown - no ships in lay up
Canaveral, FL	\$ 14,664.42	75%	Non Existent	Cruise lines do have contract rates to address this but rates unknown - no ships in lay up
Seattle, FL	\$ 18,943.92	50%	Non Existent	Not accepting ships at this time

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Staff is requesting approval for an amendment to Tariff No. 4 adding reduced dockage rates for passenger vessels that need a lay-up berth resulting from local, national or federally declared emergencies. 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. 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.

The reduced dockage rates would be only be applicable in the event of declared local, state or national emergency. 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.

This amendment would provide 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 has been added as well to Item 600 Passenger Fees.

Need for Approval – A separate action recommends Board adoption of a Temporary Order within its Los Angeles City Charter authority to approve changes to Tariff No. 4, to be effective for a period not to exceed 90 days. This action for Board and City Council adoption of a Permanent Order (Transmittal 1) and Ordinance (Transmittal 2) are required under the Charter to make changes to Tariff No. 4 (Transmittal 3) beyond the Temporary Order's 90-day effective period.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Permanent Order and Ordinance to amend Port Tariff No. 4 approving "Passenger Vessel Lay Up 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 Section 2(f) of the Los Angeles City CEQA Guidelines.

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**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.

**CITY ATTORNEY**

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

**TRANSMITTALS:**

1. Permanent Order
2. Ordinance
3. 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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