



16 November 2010

Dr. Geraldine Knatz
Executive Director, Port of Los Angeles
Port of Los Angeles
425 S. Palos Verdes Street
San Pedro, CA 90731

Subject: Use of Berth 45-47 for cruise ship operations

Dear Dr. Knatz:

Pacific Cruise Ship Terminals (PCST) has been made aware of future plans under consideration to permanently berth USS *Iowa* at Berth 87. We appreciate the opportunity to comment on the feasibility of operating cruise vessels at Berth 45-47. Today, PCST can accommodate three cruise ships per day using different configurations of berthing, depending on the vessels' lengths, with Berth 87 utilized to accommodate the third vessel under some circumstances. More specifically, whenever three ships are scheduled the same day, a determination is made regarding whether or not two ships can be accommodated at Berth 91-92 and served by its terminal facilities. The available length of Berth at 91-92 is 1,550 feet, and a vessel overhang of approx. 150 feet towards Berth 93 is acceptable under most conditions. If the two ships' combined overall length exceeds 1,700 feet in length, Berth 87 is utilized for the third vessel to have sufficient space and conduct a safe mooring. Whenever this option is chosen, significant planning takes place to accommodate the ship's needs. Expenses are incurred to rent a large temporary tent for passenger check-in and baggage lay-down. Berth 87's proximity to the main cruise terminal allows access to its parking facilities for departing and arriving passengers. Overall, the lack of any infrastructure, including gangways, makes operating ships at Berth 87 problematic, delivering a passenger experience that is often under par with the expectations most consumers have when boarding a cruise ship at Los Angeles. The debarkation and embarkation process are greatly affected by the lack of suitable gangways, forcing the use of portable gangways fitted on ramps. Notwithstanding these challenges, Berth 87 has allowed the operation of three large cruise vessels in our port, although the costs involved and standard of service provided have caused most of us to question if the effort was worth the results.

Should Berth 87 no longer be available, and Berth 45-47 becomes the designated location for a third ship calling at Los Angeles on a given day, several factors would have to be considered. Generally, all drawbacks effecting Berth 87 will be magnified at Berth 45-47. In the near term, Crystal Cruises would be asked to agree to move *Crystal Symphony* (currently booked at Berth 87) to Berth 45-47 during three scheduled calls on November 29th and December 21st, 2011 and January 4th, 2012. Crystal, a returning client that had left our market for several years, will not be pleased with the proposed change. It will effectively place the world's best cruise line in a non-cruise facility, in an industrial area of the Port. Crystal's ultra-luxury product simply does not fit the arrangement. In specific terms, the new berthing location for *Crystal Symphony* will require the following steps:

- Rental of a large tent, at least 25,000 sq. ft. , with one section for baggage lay-down and collection, and another for passenger check-in, capable of accommodating at least 20 check-in desks with computers hooked to the ship's reservation system. This type of structure, plus necessary check-in desks, portable restrooms, lighting, floor coverings, signage, permits and miscellaneous items, will cost approx. \$40,000 per call.
- U.S. Customs and Border Protection's (CBP) approval of processing a large volume of passengers at this location, without a permanent structure. This will require on-board processing of the debarking passengers, and an additional matching of them at the baggage collection point ashore. The temporary structure will not be able to receive arriving passengers until all debarking passengers will have collected their baggage and cleared the area. A section of the facility will have to be segregated and utilized for CBP's secondary inspections, triggered after baggage collection interviews point to the need for further investigation.
- US Coast Guard's approval of a new Facility Security Plan for Berth 45-47 under the guidelines of CFR 33, to ensure the facility complies with federal security requirements.
- Passengers will be required to park their private vehicles in a remote location. Access to Berth 45-47 is challenging and will result into passenger complaints and possible delays. Shuttle buses and luggage trucks will be necessary at a cost of approximately \$7,500 per call.
- Security screening equipment to be positioned at Berth 45-47 and calibrated once on site in accordance with approved standards. Additional security personnel will need to be deployed given the remote location of Berth 45-47, its lack of permanent structures and its lay out. The cost involved is approximately \$17,500 per call.
- Stevedore equipment suitable to manage loading of baggage and stores to be positioned at Berth 45-47, in addition to spare, fueling and recharging equipment. The cost involved is approximately \$17,500 per call.
- Overall staffing for planning and execution of readying the facility, submitting the appropriate permits, securing necessary approvals, equipment rental and training. Cost approximately \$5,000.

The overall estimated cost of \$87,500, under the assumption that ships' calls will take place without operational break downs or delays, points to a net loss for the Port when the estimated revenues generated by the ship are taken into account.

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Long-term considerations of using Berth 45-47 for a third ship calling at Los Angeles require further cost and feasibility assessments, since this location has never been utilized for cruise vessels larger than *Crystal Symphony*, 800 feet in length and only carrying 900 passengers. The average cruise ship calling at Los Angeles today is over 950 feet in length and carries 2,600 passengers. The size of the tent, CBP and USCG requirements, and overall logistical challenges to manage a successful call of a large vessel, arriving at 7:00 AM and departing at 4:00 PM the same day, would be very significant. The costs involved would increase accordingly. In ultimate analysis, it would be difficult to propose such a solution to our cruise clients and commit to the standards of terminal operation they have come to expect from our Port.

Sincerely,

Stefano Borzone
President
Pacific Cruise Ship Terminals LLC