

**South Carolina State Ports Authority  
Cruise Position Statement  
March 23, 2010**

**(1) Cruises are a Valuable Part of the Port's Business – and They Will Continue.**

- we have handled cruises in Charleston since 1973
- SCSPA has contracted with two major cruise lines for a total of 67 cruises for 2010, with additional dates scheduled through 2012 in fulfillment of those contracts.
- we intend to fully comply with those contract terms, as is our legal and commercial obligation
- this activity is consistent with the SCSPA legislated mandate and statewide economic mission
- provides much needed work and business diversity for the port and laborers
- these cruise lines are two of the major lines in the world operating in multiple ports according to accepted industry standards
- these contracts were finalized prior to engaging the community on the concept of proper location for a new cruise terminal on the Union Pier footprint

**(2) In Context, Cruises are a Small (but Important) Part of the Local Visitor Industry and should be given the Appropriate Level of Attention.**

- Of the more than 4 million visitors coming to Charleston each year, cruise represents 110,000 passengers, or less than 3%
- Nearly 20,000 cars per day on East Bay Street; maximum 400 cars park per cruise departure – this can be effectively managed
- Cruise ships represent 67 of the 2000 ships which call in the Charleston harbor per year
- 10 million passengers embark on cruises from North America per annum; our cruise activity is 110,000 passengers or slightly more than one percent (Port Everglades had 60,000 passengers in one day recently)
- As such, Charleston is a niche cruise market, with commercial efficacy still to be proven, we believe that this market will support maximum 104 cruises per year
- Charleston was founded as a port city, with a waterfront commerce history and tradition – large ships have docked in this part of the city for 300 years
- The cruise business fits well with our visitor marketing strategies, introducing 40% of travelers to Charleston and featuring passengers that fit our tourism industry's target demographics

**(3) The Community Helped Develop a Superb Union Pier Concept Plan, which Offers Tremendous Benefits.**

- In recognition of the unique character and context of Charleston, the SCSPA sought input on the best location for a new cruise terminal on the Union Pier footprint, engaging the community as a whole and neighborhoods individually; this input proved helpful.
- we engaged a world class planning team to master plan not just the cruise terminal area but the entire Union Pier footprint
- we decided to move the cruise terminal further north from the existing location
- we voluntarily committed to build only a one berth facility to limit the scale of activity
- we committed to solve the traffic issue by getting the traffic off city streets and onto to our property ASAP and this has proven successful
- once again, this engagement with the community was intended to help direct development opportunities and planning for how we accommodate the cruise business and other redevelopment in the most appealing manner, not if we should do it
- the concept plan developed offers exciting potential for the City of Charleston and its residents in terms of improving access to the historic waterfront

- the catalyst for the Union Pier redevelopment effort is, however, the immediate need for a cruise terminal; without cruise there is not much current need to pursue it

**(4) The Cruise Industry is Extensively Regulated, and Cruise Lines Operating from Charleston Meet and Exceed both Domestic and International Regulations on Waste Discharges.**

- In most all aspects relative to U.S. operations, CLIA lines voluntarily exceed existing regulations by significant margins (see attached). Additionally, there is a significant regulatory and enforcement regime for the industry spearheaded by the EPA and the U.S. Coast Guard. Additional information is available at [www.cruiseindustryfacts.com](http://www.cruiseindustryfacts.com).
- Major cruise lines are constantly raising the bar on their environmental efforts. Equally, it is important to note that the SCSPA does not play a role as a regulatory entity and believes that the current responses of the lines to national and internationally-established regulations are sufficient to assure a very high standard of operation. Incidents, if occurring, would be reported through normal regulatory channels and available for public inspection.

**(5) Ship Emissions will be Controlled through New Federal Fuel Standards – There is No Economic or Environmental Justification for Shore Power at this Time**

- Cold-ironing, or requiring ships be connected to shore power, is generally not accepted as a viable solution to emissions reduction by the global shipping industry, including cruise, and by all but a small number of ports
- cold-ironing is not a comprehensive solution, it only works in those ports and with those ships offering those facilities, again very much in the minority, and requires large fixed investment
- cold-ironing puts a large burden on shore power facilities and, depending on the environmental efficiency of the source, potentially transfers the environmental impact elsewhere
- the most polluting event in a 10 hour ship call is actually restarting the generator after it has been turned off for cold-ironing
- a better alternative is aggressive movement to lower sulfur fuel, as mandated by MARPOL standards in 2010 and 2015, and related establishment of ECA's (emissions control areas); this is the generally accepted response to emissions reduction in global shipping
- interestingly, in the very environmentally-conscious North European continent, there is no example of cold-ironing of ocean vessels as being a solution to emissions issues

**(6) A Successful Cruise Terminal Requires On-Site Parking.**

- the generally-accepted operating paradigm is parking adjacent to the terminal, this is a cruise line requirement and customer expectation
- parking fees are a significant part of the revenue model for cruise and, thus, an overall contribution to the Union Pier redevelopment activity
- we are talking a small number of cars, under 400 per sailing, which are basically in "off-mode" for the time the ship is gone

**(7) There is No Accepted Ratings Agency for Giving Either an "A" or an "F" to Cruise Ship or Lines, and the Reported Rankings are Unscientific and Unjustified.**

It is routinely cited that the cruise ships that we have contracted have received an "F" grade from the Friends of the Earth. Basically, this is a nebulous and far-from-accepted grading standard. This grading system offers no regard for the significant voluntary efforts taken by the global cruise industry to exceed applicable regulations and is, by-and-large, an agenda-driven incrimination of

the cruise industry. It is perhaps instructive to consider that one of our two contracted vessels, the Celebrity Mercury, has received the following awards over the last three years, most being in the state of California:

2006 – City of San Diego Recycler of the Year Award

2007 – City of San Diego Recycler of the Year Award  
Port of San Francisco Environmental Gold Award

2008 – Kuoni Green Planet Award (Finland)  
City of San Diego and Port of SFO awards as above

We believe these are a much more objective measure of the quality of the cruise endeavor.

**(8) The Union Pier Concept Plan, the Cruise Terminal Design and the Market will Limit Ship Size and Volume, While Effective Management will Ensure the Most Positive Benefit – There is No Justification for an Artificial Limit on the Business.**

Establishment of limits to size or number of cruise ships by ordinance would not be acceptable to the SCSPA as it would interfere with our business mission and prerogatives. Where would it end, large container ships next? We have tacitly agreed to a targeted number of calls and vessel size, which are reflected in the Union Pier Concept Plan, the terminal design and the traffic management plan. We will bring forward voluntarily any changes to that strategy.

**(9) The Cruise Business is a Justified Business for the Port and is Positive for the Local Economy.**

Most importantly, cruise is an attractive business for many ports in the U.S. It will mean a \$37 million local economic impact in 2010. There are over 25 cities in North America catering to cruises and more wishing to do so. There is a base-case for an acceptable operation for cruise lines, and our concept above conforms to that base case, is acceptable to our cruise line customers, and satisfies, we think, the legitimate concerns of all parties. To arbitrarily impose local standards in excess of accepted industry practice, which exceeds national and international regulations, would only have the impact of forcing the cruise lines from Charleston, which is in our opinion the very objective of suggesting them.

**(10) Cruising from Charleston is Effectively Managed by Supporting the Cruise Industry's Voluntary Environmental Practices and Pursuing the Concept Plan – The SCSPA Opposes the Establishment of Ordinances to Further Regulate or Discourage the Cruise Business.**

Accordingly, it is the position of the SCSPA that we could not support the establishment of local ordinances to regulate cruise. We believe that these are not necessary in view of the substantial efforts outlined above.