



## MEMORANDUM

April 7, 2023

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Gail Gilman  
Hon. Steven Lee

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Approval of License No. 17025 with Pacific Cruise Ship Terminals LLC for terminal operations parking at Pier 29 during Cruise Operations at Pier 27.

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution No. 23-13

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### EXECUTIVE SUMMARY

Pacific Cruise Ship Terminals LLC (PCST) is a California limited liability company, which is the Port of San Francisco's (Port) cruise terminal operator under the terms of Terminal Management Agreement and License No. 15874 (TMA). Under the terms of the TMA, PCST operates the Port's Cruise Terminals, including the James R Herman memorial Cruise Terminal at Pier 27, as a world-class cruising destination. In order to support the servicing of cruise ships berthed at Pier 27, Port and PCST have negotiated a new 12-month, non-exclusive license agreement to allow PCST terminal workers to park their vehicles within the Pier 29 shed during cruise calls at Pier 27 when the shed is not otherwise occupied by a Port tenant. Port staff request a 100% parking license fee waiver for PCST terminal workers' use of the Pier 29 shed for parking during cruise calls.

### STRATEGIC OBJECTIVE

The proposed agreement supports two key goals of the Port's Strategic Plan:

*Engagement:* Promote the richness the Port has to offer through education, marketing, and maintaining strong relationships with Port users and stakeholders.

- *Economic Vitality:* Attract and retain maritime and non-maritime commerce to contribute to the long-term viability of the Port and the City.

## BACKGROUND

On September 11, 2012, the Port Commission issued Resolution 12-66 authorizing Port Staff to issue a Request for Proposals for the management of cruise terminal passenger operations, parking, and special events at the Port’s Cruise Terminal Facilities including Pier 27, Pier 25, and Pier 30-32. On May 27, 2014, the Port Commission selected PCST as the Port’s Cruise Terminal Operator and directed the executive director to enter into an agreement with the organization. This culminated in the Terminal Management Agreement and License No. 15874, which commenced on September 17, 2014, with a term of ten years, and one five-year extension option.

With the Covid-19 Pandemic of 2020 and its total halt of cruise ship operations worldwide, Port and PCST approached the Port Commission in April of 2021 to request an extension of the term of the TMA for the duration of the pandemic. The Port Commission approved the requested contract extension under Resolution 21-23. With the return of cruise ships to worldwide operation in late 2021, the Port and PCST further amended the TMA in October 2021 to implement public health guidelines and best practices for cruise operations.

With the return of cruise ship operations Post-pandemic, the Port of San Francisco is happily experiencing record numbers of vessel calls and their associated passengers at its facilities. The increased volume of cruise calls and the associated need for terminal operations staff to support them has highlighted a need for additional space to accommodate the employees’ vehicles. PCST is in good standing and has demonstrated to Port staff the proposed use of Pier 29 for stevedore parking is consistent with the TMA and the Waterfront Land Use Plan.

Port staff would like to request a license fee waiver for use of Pier 29 for PCST terminal workers as Exhibit H of the terminal management agreement with PCST already provides that the Port and its partner “will designate parking areas for stevedores and other cruise terminal operations workers at Port facilities.” Port staff are requesting an alternative and more convenient location for terminal worker parking to facilitate Pier 27 cruise operations during periods when Pier 29 is not otherwise being used for revenue-generating activities. Any revenue-generating use of Pier 29 will have priority over the parking of cruise terminal employees during cruise calls.

## PROPOSED LICENSE TERMS

<i>License Number:</i>	<b>17025</b>
<i>Licensee:</i>	Pacific Cruise Ship Terminals LLC, A California limited liability company
<i>License Area:</i>	Approx. 20,000 rentable square feet of shed space in Pier 29 Shed.

<i>Additional Defaults:</i>	Licensee agrees and acknowledges that, in addition to an Event of Default under Section 13.1 of this License, any uncured default by Licensee under Terminal Management Agreement and License 15874 between Port and Licensee, dated September 17, 2014, for reference purposes (the “ <b>Terminal Management Agreement</b> ”) will be deemed an Event of Default under this License.
<i>Length of Term:</i>	12 months, on a periodic basis during the period beginning at 12:01 am on the date of a Cruise Vessel’s (as defined in the Terminal Management Agreement) arrival and ending at 11:59 pm on the date of a Cruise Vessel’s departure (each, an “ <b>Authorized Parking Period</b> ”). Licensee must provide written or electronic notice to Port prior to use of the License Area, with as much advance notice as possible, but not less than 72 hours prior notice.
<i>License Fee:</i>	Zero Dollars (\$0.00)
<i>Security Deposit:</i>	Zero Dollars (\$0.00)
<i>Permitted Activity:</i>	The License Area shall be used solely for non-exclusive parking for stevedores and other cruise terminal operations workers at Port facilities during “ <b>Cruise Operations</b> ” at Pier 27 (as defined in the Terminal Management Agreement) and for no other purpose. The duration of Cruise Operations for purposes of this License is approximately 24 hours, but in any event will be limited to each Authorized Parking Period.  All Permitted Activities must be performed in compliance with the terms of this License.
<i>Port Unconditional Right to Reject Licensee’s Request to Use License Area:</i>	Notwithstanding anything to the contrary contained in this License, Port has the right, in its sole discretion, to reject Licensee’s request to conduct the Permitted Activities in the License Area, on a case-by-case basis. If the Port rejects Licensee’s request, Licensee is entitled to cause stevedores and other cruise terminal operations workers at Port facilities to park during Cruise Operations as otherwise provided for in Exhibit H (Parking Plan) of the Terminal Management Agreement.
<i>Maintenance and Repair:</i>	Sole responsibility of Licensee—no exceptions
<i>Utilities and Services:</i>	Sole responsibility of Licensee—no exceptions

## **RECOMMENDATION**

Port staff recommends that the Port Commission approve the attached resolution authorizing the Executive Director to enter into proposed License No. 17025 with Pacific Cruise Ship Terminals, LLC with a 100% parking license fee waiver.

Prepared by:           Demetri Amaro  
                                  Maritime Business Development Manager

For:                        Andre Coleman  
                                  Deputy Director, Maritime Division

Attachments:           Attachment 1 - Proposed License

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 23-13**

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, Pacific Cruise Ship Terminals, LLC is a California limited liability company, which is the Port of San Francisco's cruise terminal operator under the terms of Terminal Management Agreement and License No. 15874 and is charged with operating the Port's cruise facilities as world-class cruising destinations; and

WHEREAS, Pacific Cruise Ship Terminals, LLC is in good standing; and

WHEREAS, Port staff has negotiated the terms of a new license agreement (License 17025) with a twelve (12) month term for approximately 20,000 sq ft of shed space at Pier 29 for the non-exclusive parking of stevedores and other cruise terminal workers (the "Parking License"); and

WHEREAS, The Parking License would only allow use of Pier 29 for the non-exclusive parking of stevedores and other cruise terminal workers during periods when Pier 29 is not being used or required for revenue-generating activities; and

WHEREAS, Port Staff recommends approval of a 100% parking license fee waiver for the proposed Parking License; and now therefore be it;

RESOLVED, The Port Commission hereby approves the terms of proposed License No. 17025 with Pacific Cruise Ship Terminals, LLC with a 100% parking license fee waiver on a twelve-month term for approximately 20,000 sq ft of shed space at Pier 29 for the non-exclusive parking of stevedores and other cruise terminal workers; and be it further;

RESOLVED, that the Port Commission authorizes the Executive Director or her designee, to enter into any additions, amendments or other modifications to the License that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the Port or materially decrease the public benefits accruing to the Port, and are necessary and advisable to complete the transaction and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of any such documents.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 11, 2023.***

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Secretary