



MEMORANDUM

June 7, 2024

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

FROM: Elaine Forbes 
Executive Director

SUBJECT: Approval of a no-fee License No. 17173 with Pacific Cruise Ship Terminals LLC for the periodic use of approximately 20,000 square feet of Pier 29 shed space for terminal worker parking during cruise calls at Pier 27 commencing on June 15, 2024 for a term of 21 months.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 24-28

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 the Terminal Management Agreement and License No. 15874 (TMA) dated September 17, 2014. Under the terms of the TMA, PCST operates the Port's cruise terminals, including the James R Herman Memorial Cruise Terminal at Pier 27 (Cruise Terminal). In order to support the servicing of cruise ships berthed at Pier 27, Port and PCST have negotiated a new 21-month, non-exclusive license agreement for 20,000 rentable square feet of shed space at Pier 29 to allow PCST terminal workers to park their personal vehicles within the Pier 29 shed (Pier 29 Area) during cruise calls at Pier 27 when the Pier 29 shed is not otherwise occupied by a Port tenant or used for revenue-generating purpose.

The Port Commission previously approved a non-exclusive license with a 100% license fee waiver for PCST terminal workers' use of Pier 29 per Port Commission Resolution 23-13. That license agreement, License No. 17025, expired on May 14, 2024. Port staff

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now request approval of a new license for the same space under those terms so that PCST terminal workers may continue to park their vehicles in the Pier 29 shed without charge during cruise calls. The term of the new license has been structured so that it would expire on the same day the TMA expires.

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 May 27, 2014, the Port Commission selected PCST as the Port's Cruise Terminal Operator and entered into 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. The COVID-19 pandemic of 2020 resulted in the temporary, total halt of cruise ship operations worldwide. As such, 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-related pause in cruise operations, which was granted under Resolution 21-23.

With the return of cruise ship operations post-pandemic, the Port of San Francisco is experiencing record numbers of vessel calls and cruise passengers at its facilities. The increased volume of cruise calls and the associated need for terminal operations staff to support them has highlighted a continued need for this space to accommodate the terminal workers' personal vehicles to support cruise terminal operations during cruise calls. PCST is in good standing under the TMA and has demonstrated to Port staff the proposed use of Pier 29 for terminal worker parking is consistent with the TMA and the Waterfront Land Use Plan's designation of Pier 29 as an active deepwater berth and the Port's goal to "[p]reserve and enhance the Port... by providing for the current and future needs of... Cruise Ships".

Port staff requests approval of a license fee waiver for PCST's license of the Pier 29 Area for PCST 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>	17173
<i>Licensee:</i>	Pacific Cruise Ship Terminals LLC, A California limited liability company
<i>License Area:</i>	Approximately 20,000 rentable square feet of shed space in the front end of the Pier 29 Shed, in its as-is condition.
<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 the Terminal Management Agreement and License 15874 between Port and Licensee, dated September 17, 2014 for reference purposes, as amended (the “ Terminal Management Agreement ”) will be deemed an Event of Default under this License.
<i>Length of Term:</i>	Periodically, previously approved in writing by Port for each requested use, from June 15, 2024 to March 14, 2026 during Cruise Calls. “ Cruise Call ” means the period beginning at 12:01 am on the date of a Cruise Vessel’s arrival at the Cruise Terminal and ending at 11:59 pm on the date of a Cruise Vessel’s departure from the Cruise Terminal. Licensee must obtain the Port’s prior written approval for use of the License Area not less than 72 hours before the applicable Cruise Call.
<i>License Fee:</i>	Zero Dollars (\$0.00)
<i>Security Deposit:</i>	Zero Dollars (\$0.00)
<i>Permitted Activity:</i>	Provided Port has approved Licensee’s use of the License Area for the applicable Cruise Call, the License Area may be used solely for the non-exclusive parking of personal vehicles for stevedores and other cruise terminal operations workers at the Cruise Terminal during Cruise Calls at Pier 27 and no other purpose. The Permitted Activity may only take place during Cruise Operations. The duration of Cruise Operations for purposes of this License is approximately 24 hours, but in any event, will be limited to each Port-approved Cruise Call. Licensee may not charge a fee to the terminal workers working at Pier 27 during Cruise Calls to park in the License Area. All Permitted Activities must be performed in compliance with the terms of this License.

<p><i>Port Unconditional Right to Reject Licensee's Request to Use License Area:</i></p>	<p>Notwithstanding anything to the contrary contained in this License, Port has the right, in its sole discretion, to reject or disapprove Licensee's request to conduct the Permitted Activities in the License Area for any applicable Cruise Call, on a case-by-case basis. If the Port rejects or disapproves 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.</p> <p>Any request to use the License Area for the Permitted Activity while the Port has granted another user use of such area or the area is being used for revenue-generating activities during the same time period is automatically disapproved.</p>
<p><i>Maintenance and Repair:</i></p>	<p>Sole responsibility of Licensee—no exceptions</p>
<p><i>Utilities and Services:</i></p>	<p>Sole responsibility of Licensee—no exceptions</p>
<p><i>Insurance:</i></p>	<p>As required by the City & County of San Francisco's Risk Manager.</p>
<p><i>Indemnity:</i></p>	<p>Licensee will indemnify the Port for all claims related to the Permitted Activity, including any claims against the Port from users of the License Area.</p>

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached resolution authorizing the Executive Director to enter into proposed License No. 17173 with Pacific Cruise Ship Terminals, LLC on the terms and conditions described in this memorandum.

Prepared by: Demetri Amaro
Maritime Business Development Manager

For: Andre Coleman,
Deputy Director, Maritime Division

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

RESOLUTION NO. 24-28

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 (“PCST” or “Licensee”) and is the Port of San Francisco’s cruise terminal operator under the terms of Terminal Management Agreement and License No. 15874; and

WHEREAS, Port staff has negotiated the terms of a no-fee license agreement (License 17173) for approximately 20,000 sq. ft. of shed space at Pier 29 (the “License Area”) for periodic use during cruise calls at the Justin Herman Cruise Terminal for parking by stevedores and other cruise terminal workers of their personal vehicles for a 21-month term commencing on June 15, 2024, and as further described in the memorandum accompanying this resolution (the “License”); and

WHEREAS, Licensee may use the License Area only if the Port has previously approved such use for each particular cruise call and the License Area is not being used, needed, or required for revenue-generating activities; and

WHEREAS, Port Staff recommends approval of the License on the terms and conditions described in the memorandum accompanying this resolution; and now therefore be it

RESOLVED, The Port Commission hereby approves the terms of the proposed License on the terms and conditions described in the memorandum accompanying this resolution with Licensee; 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 June 11, 2024.

Secretary