CRUISE TERMINAL DEVELOPMENT

THE TRUE STORY

Bermello, Ajamil & Partners, Inc.

February 2006

or,
my life as a
consultant

BSO

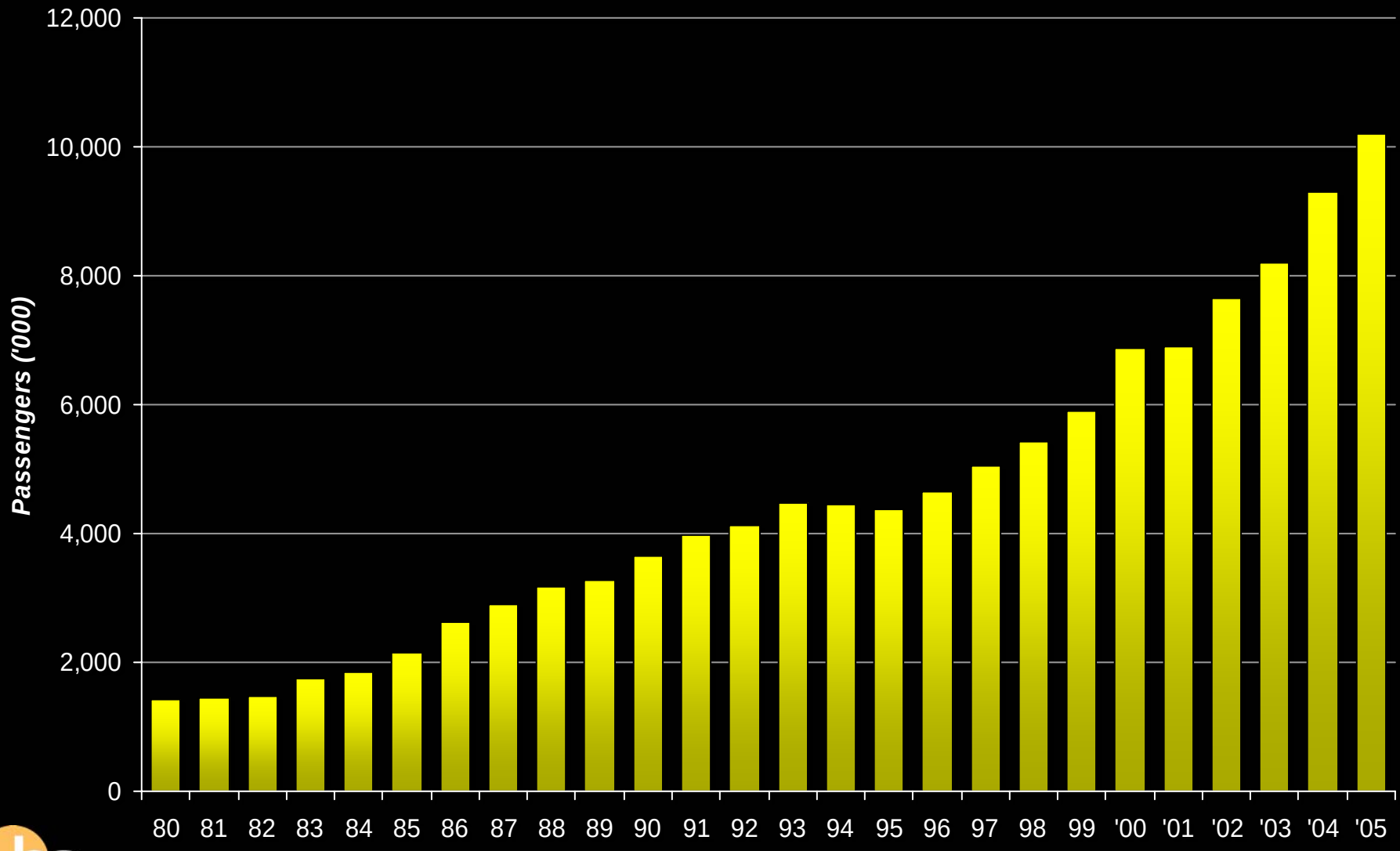
Blinding Statement of the Obvious

BSO's

- The industry is growing
- More cities are getting ships
- Ships are getting bigger
- Security is getting tighter
- BCBP is actually checking people
- **Lines are concerned with costs**
- Ports have financial constraints
- Cruise has great impacts on the community
- Passenger experience is becoming an issue

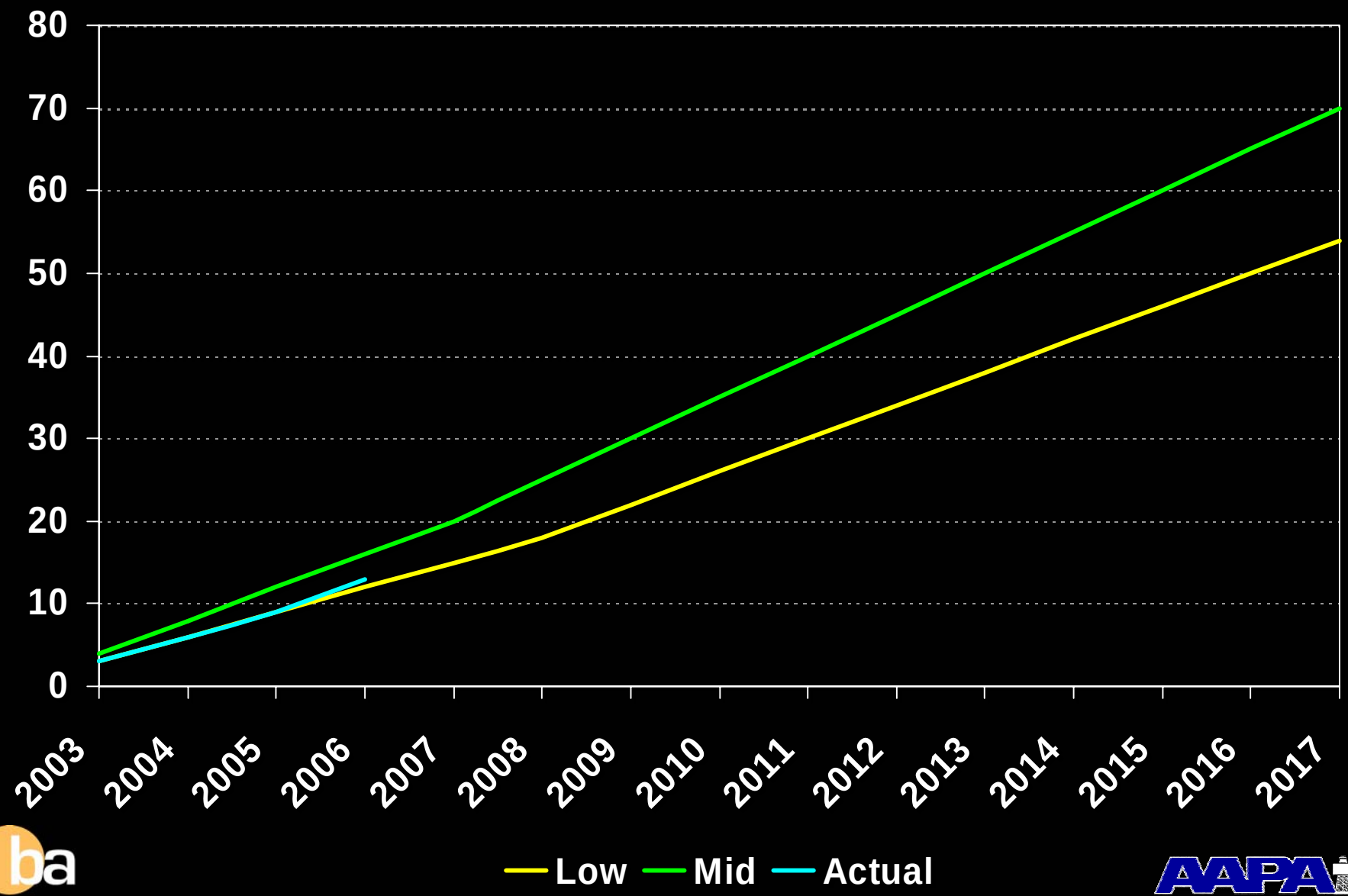
Big Picture

North American passengers



American Association of Port Authorities

North American terminal demand



Home ports

American Association of Port Authorities

Reality

- New terminal capacity has only been built in the new emerging markets
  - Seattle
  - Galveston
  - Houston
  - Norfolk
  - Tampa
  - New Orleans
- Collectively the established ports have actually reduced the number of terminals
  - Made huge investments to rehabilitate old terminals

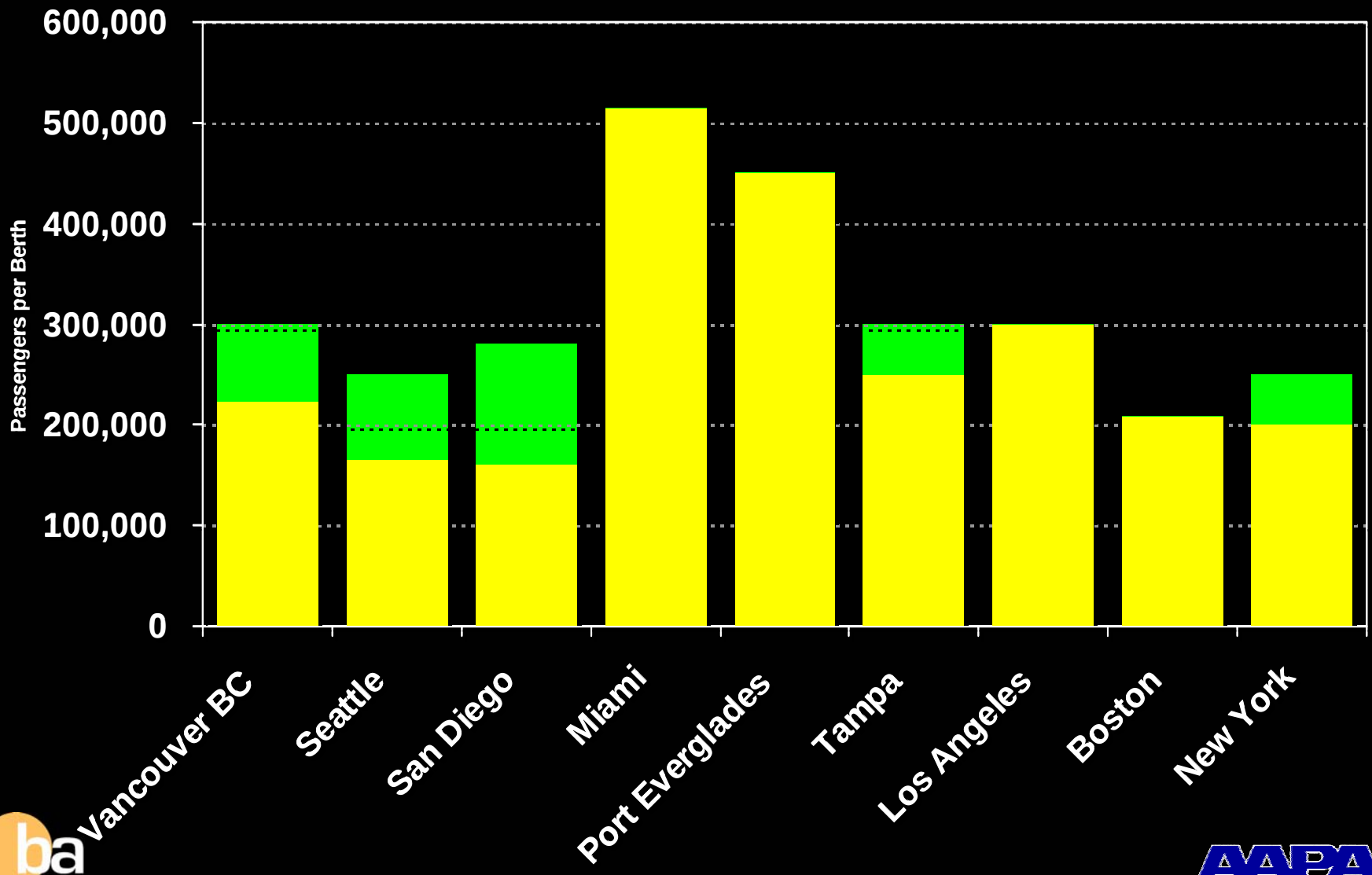
Sustainable growth?

- Miami
  - 1980 – 11 terminals
  - 2006 – 8 terminals
- New York
  - 1970's - 6 terminals
  - 2006 – 4 or 5 terminals
- Los Angeles

Growth issues

- While new ports have been able to cheaply develop a terminal by using old waterfront warehouses – all new revenues
- The legacy ports are struggling with massive capital redevelopment – but not necessarily new business or revenues

Metric - berth use (paxs per year)



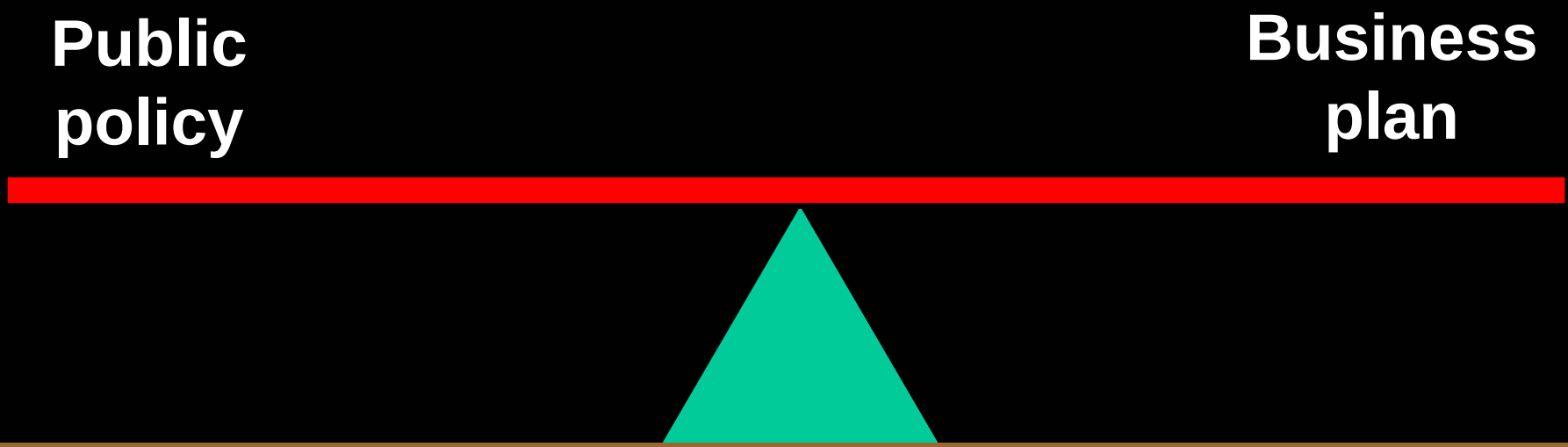
AAPA
American Association of Port Authorities

Reality

- During the past five years, the industry has been able to absorb growth by redeveloping old terminals
  - Not many of these exists any more
- During the next ten years, either
  - More alternate cities will be needed
  - Growth will be needed in the traditional ports
- Where do your ports grow?
  - In a financially feasible way

Public policy / Business issues

Achieving a balance



Terminal Design

The real picture

How to build a terminal, successfully

And live to tell about it

Myth 1

There is uniform standard or solution

The evolution of the cruise terminal

TEMPORARY FACILITY

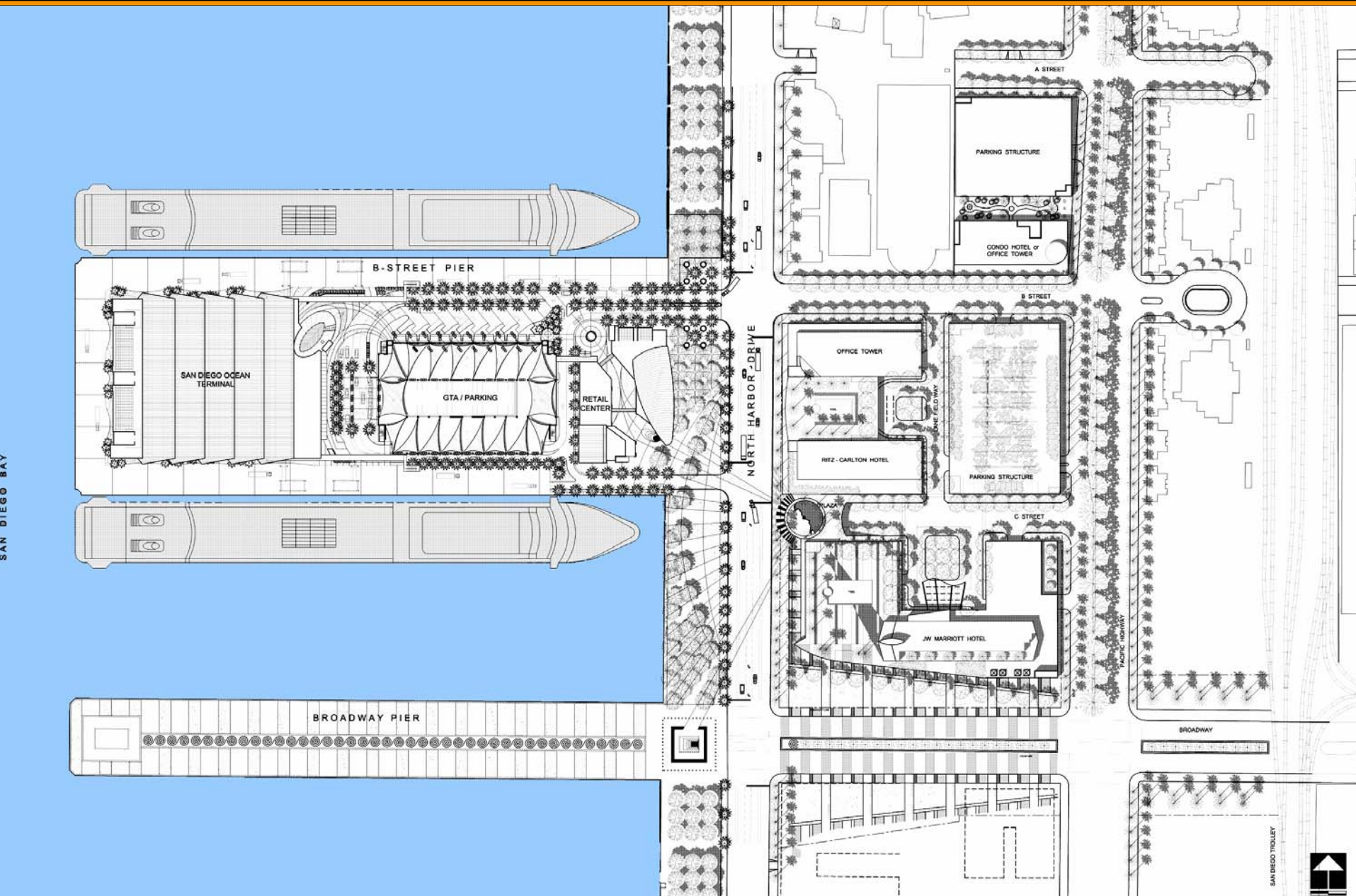
CONVERSION OF EXISTING BUILDING

NEW FACILITY

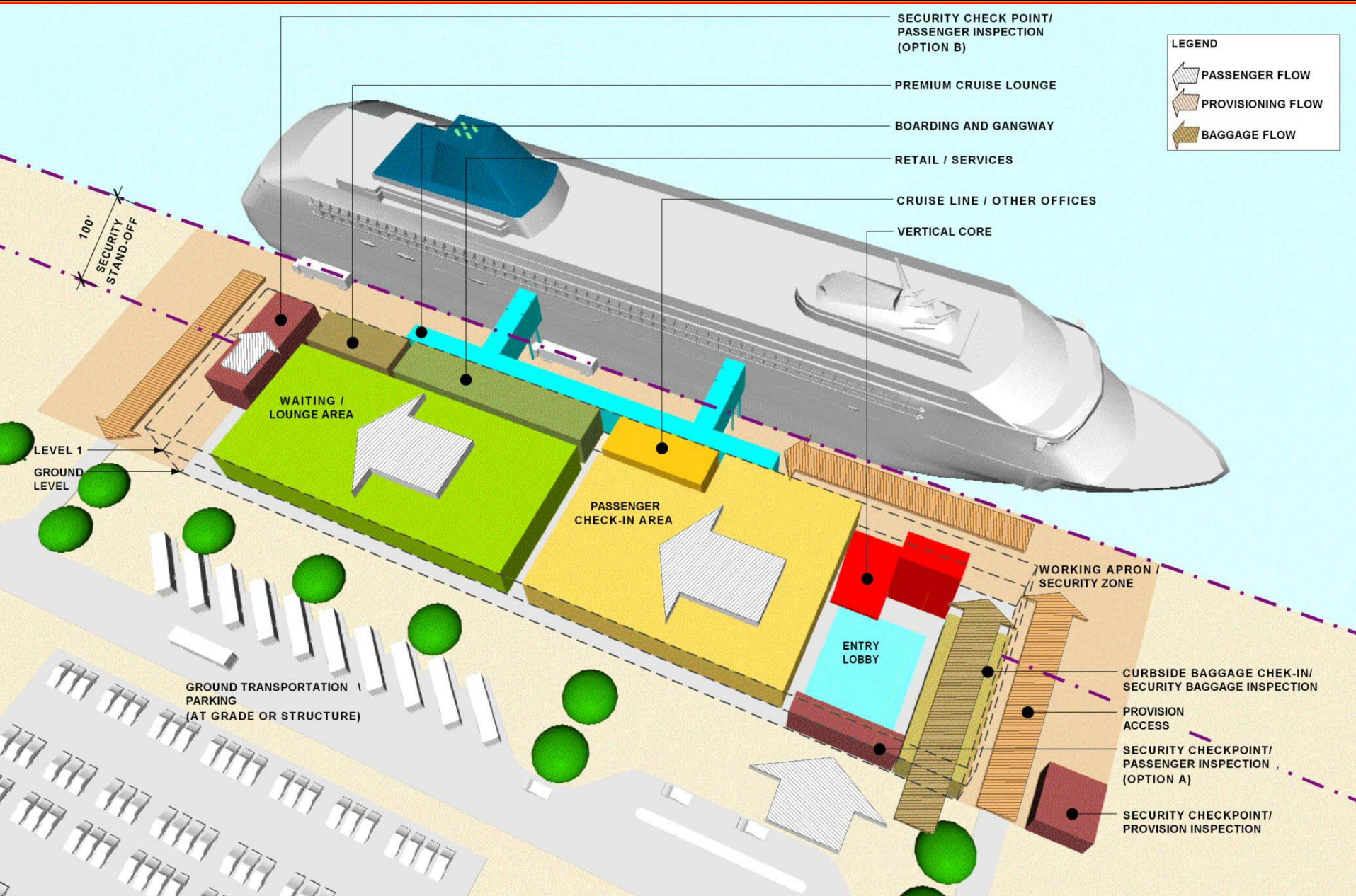
JOINT DEVELOPMENT

Embarcadero Circle

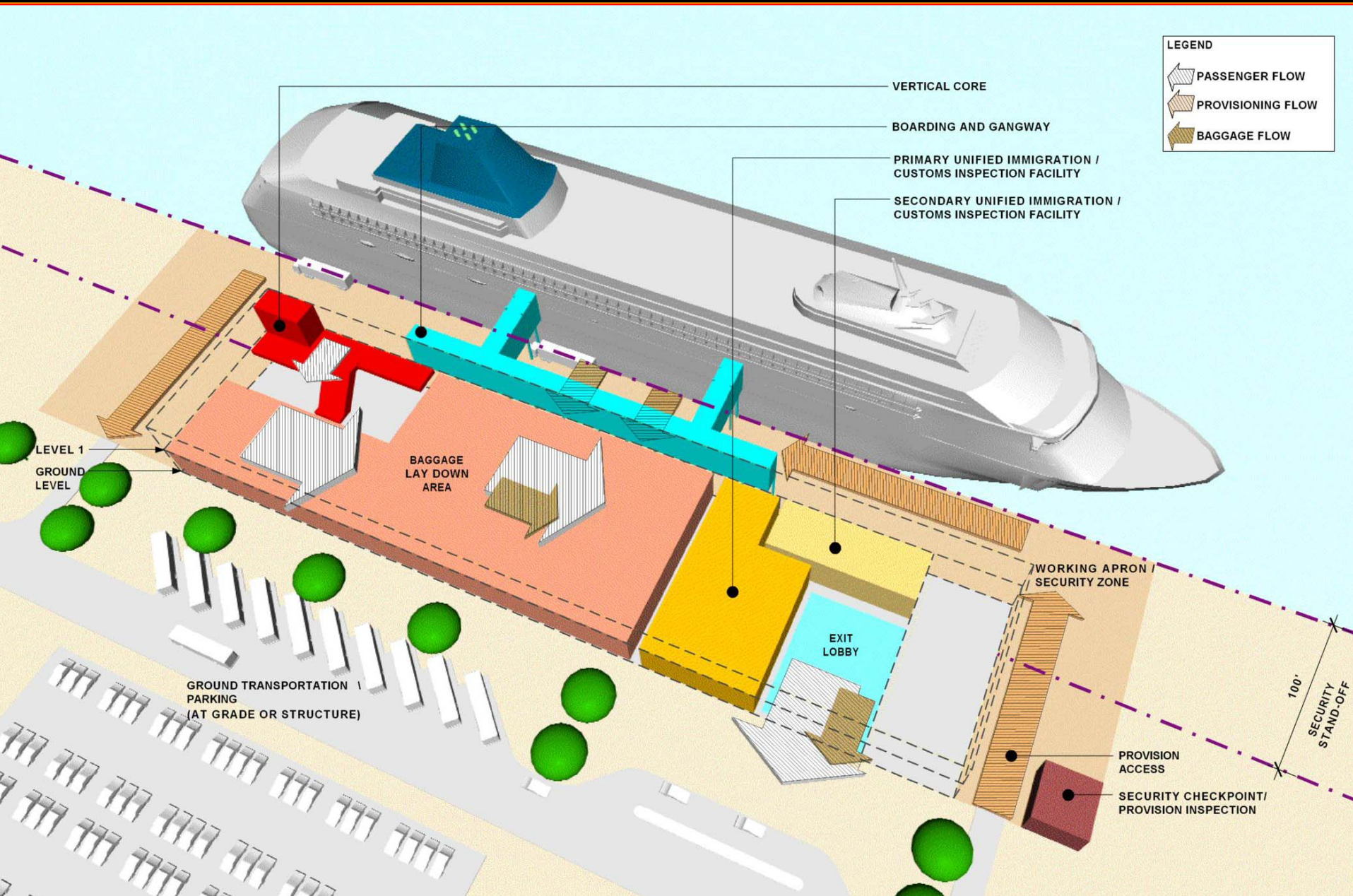
Embarcadero Circle Vision



Embarkation (departure)



Disembarkation (arrival)



Program guidelines (feet ^{2})

	INDIVIDUAL TERMINALS			
	1,800 PAX	2,600 PAX	3,600 PAX	RECOMMENDED
BAGGAGE	24,000	39,000	54,000	30,000
BCBP OFFICES	3,000	3,000	3,000	3,000
BCBP PROCESSING	8,000	8,000	8,000	12,000
CHECK-IN	9,000	14,000	18,000	14,000
LOUNGE	7,000	11,000	16,000	12,000
SUPPORT	10,000	10,000	10,000	5,000
AIRLINE	?	?	?	?
TOTALS	57,000	85,000	109,000	76,000

American Association of Port Authorities

Design process

process has been relegated to
design by committee

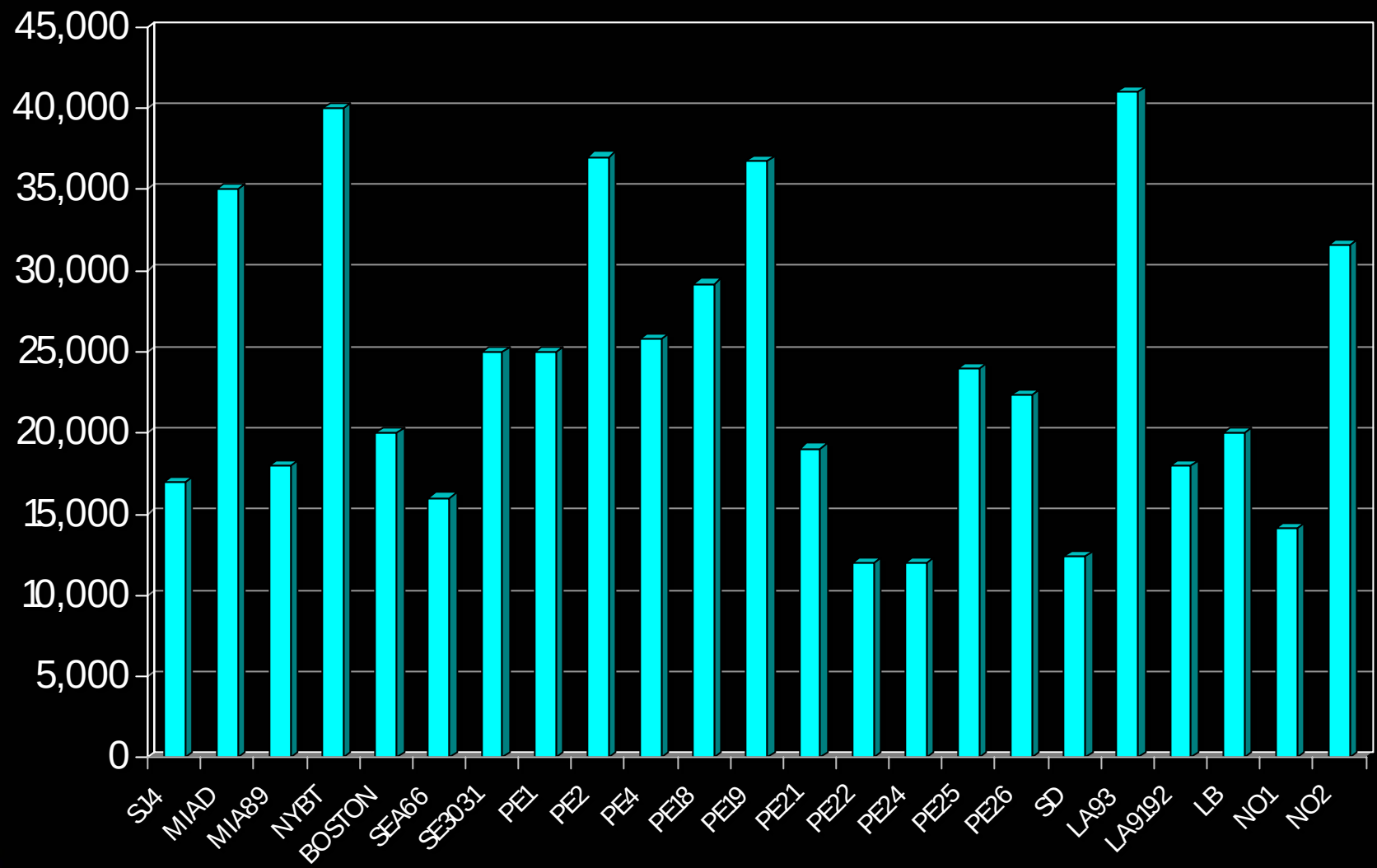
Myth 2

Cruise lines have an uniform or consistent idea of what they want

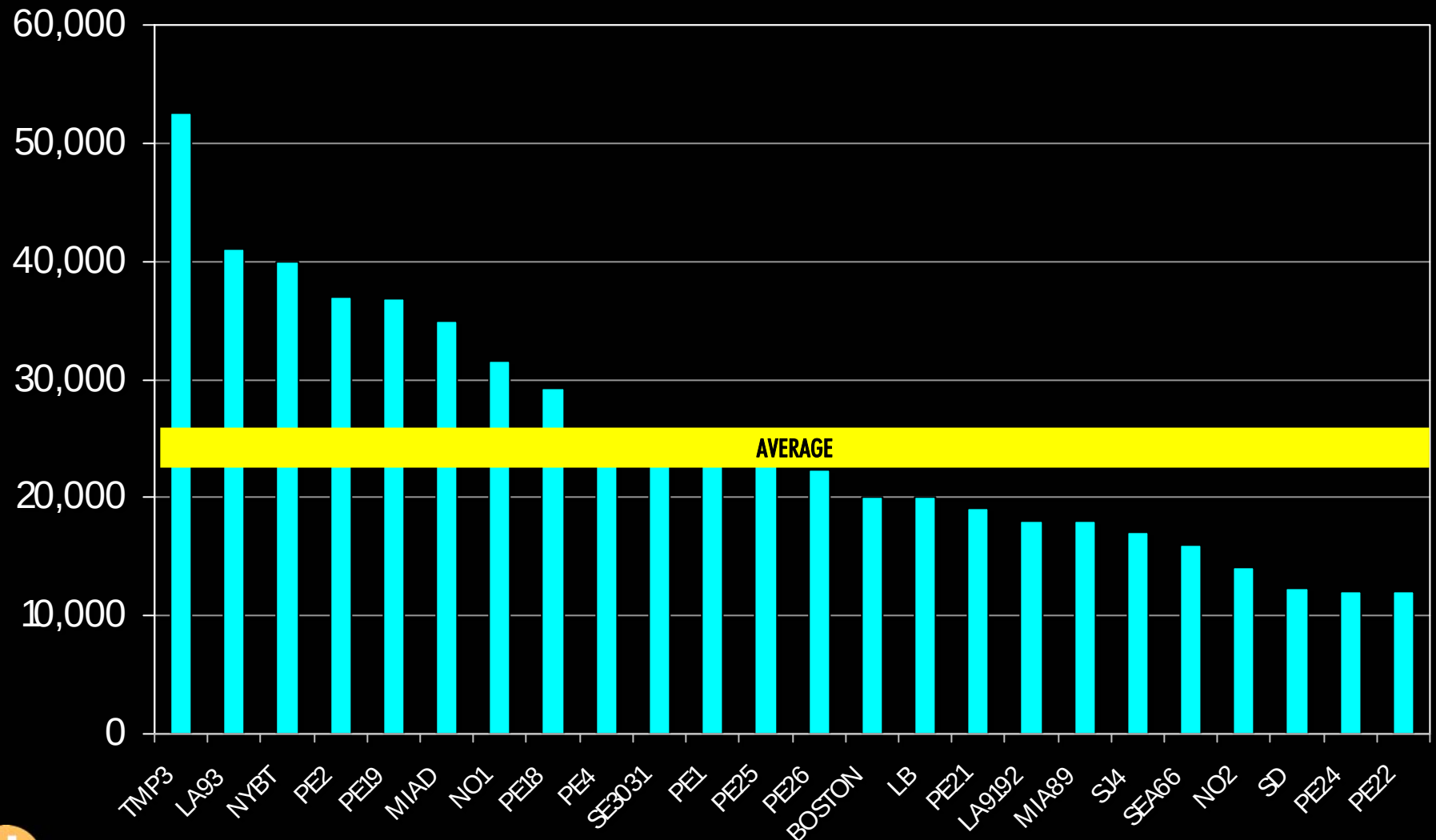
Myth 2a

People within the same cruise line have an uniform or consistent idea of what they want

Arrivals area (baggage)

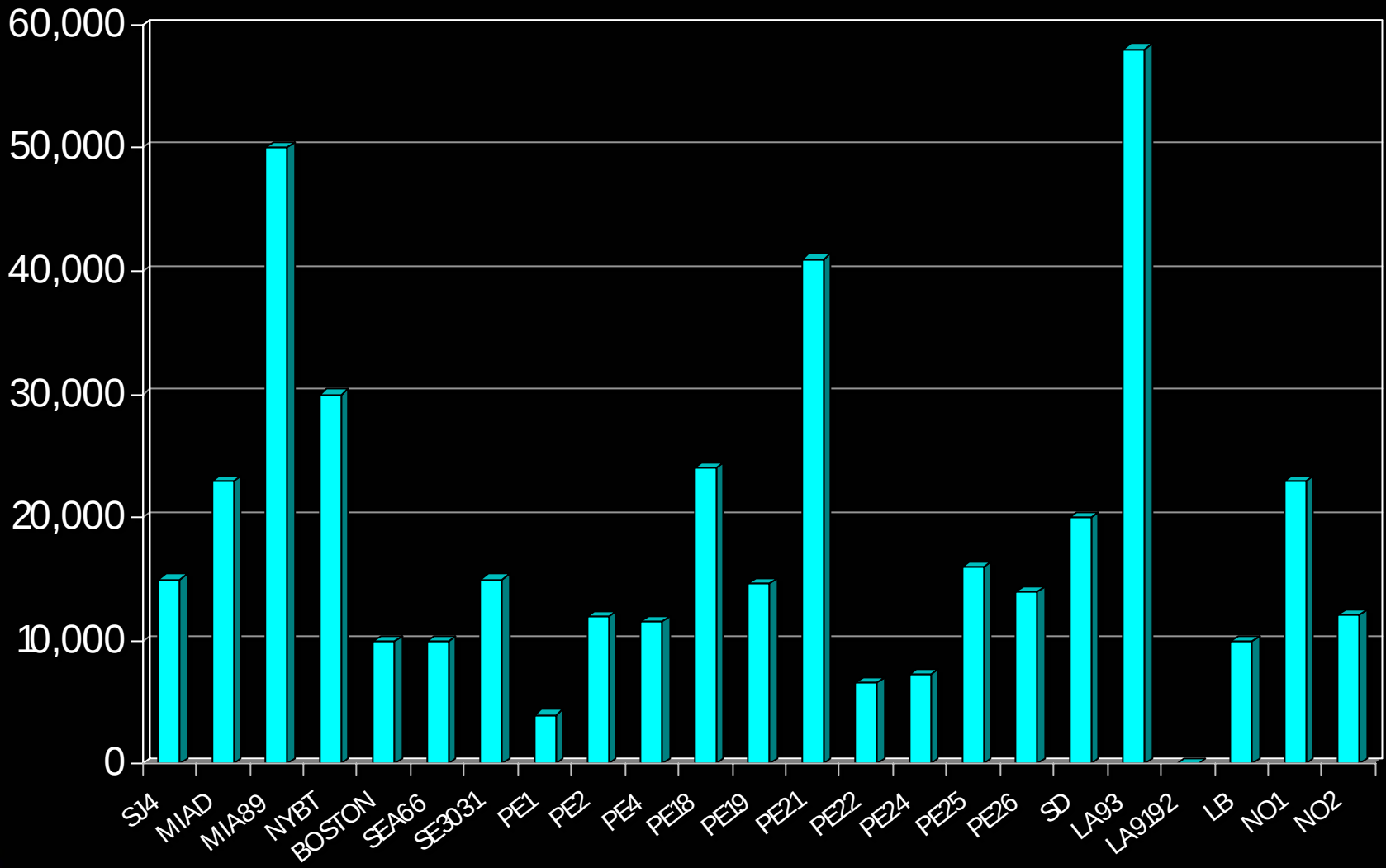


Baggage area



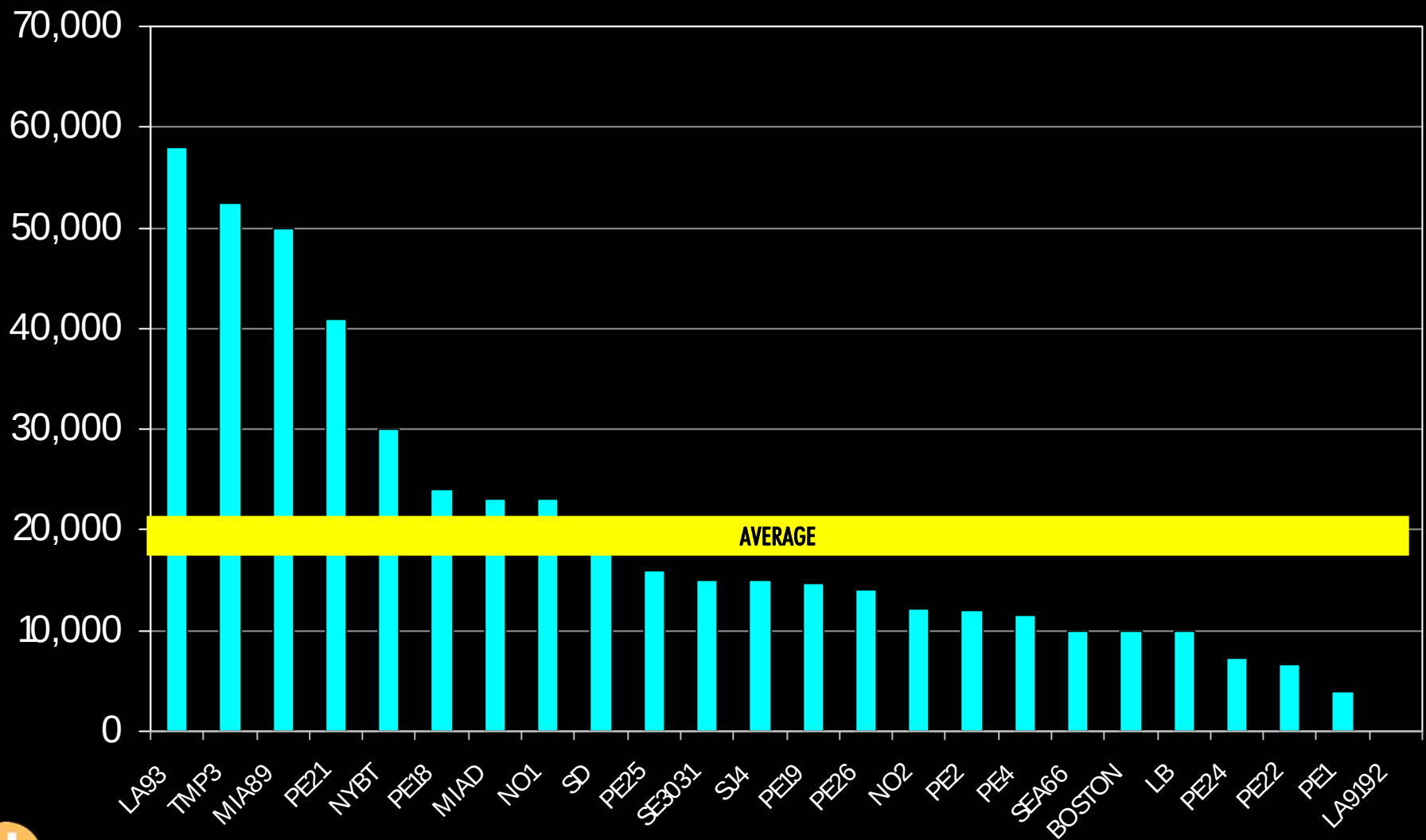
American Association of Port Authorities

Departures (check-in)

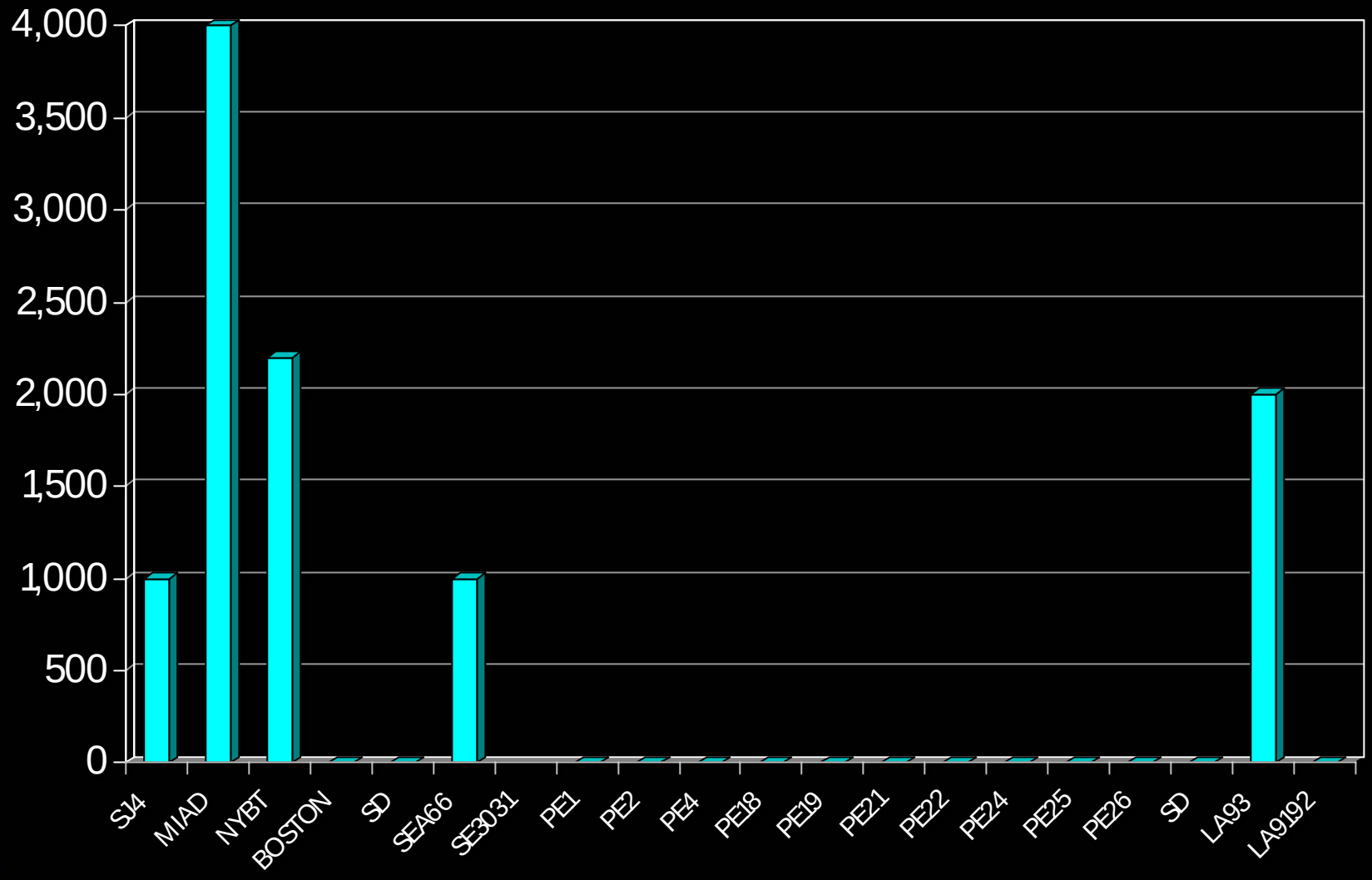


American Association of Port Authorities

Check-in area

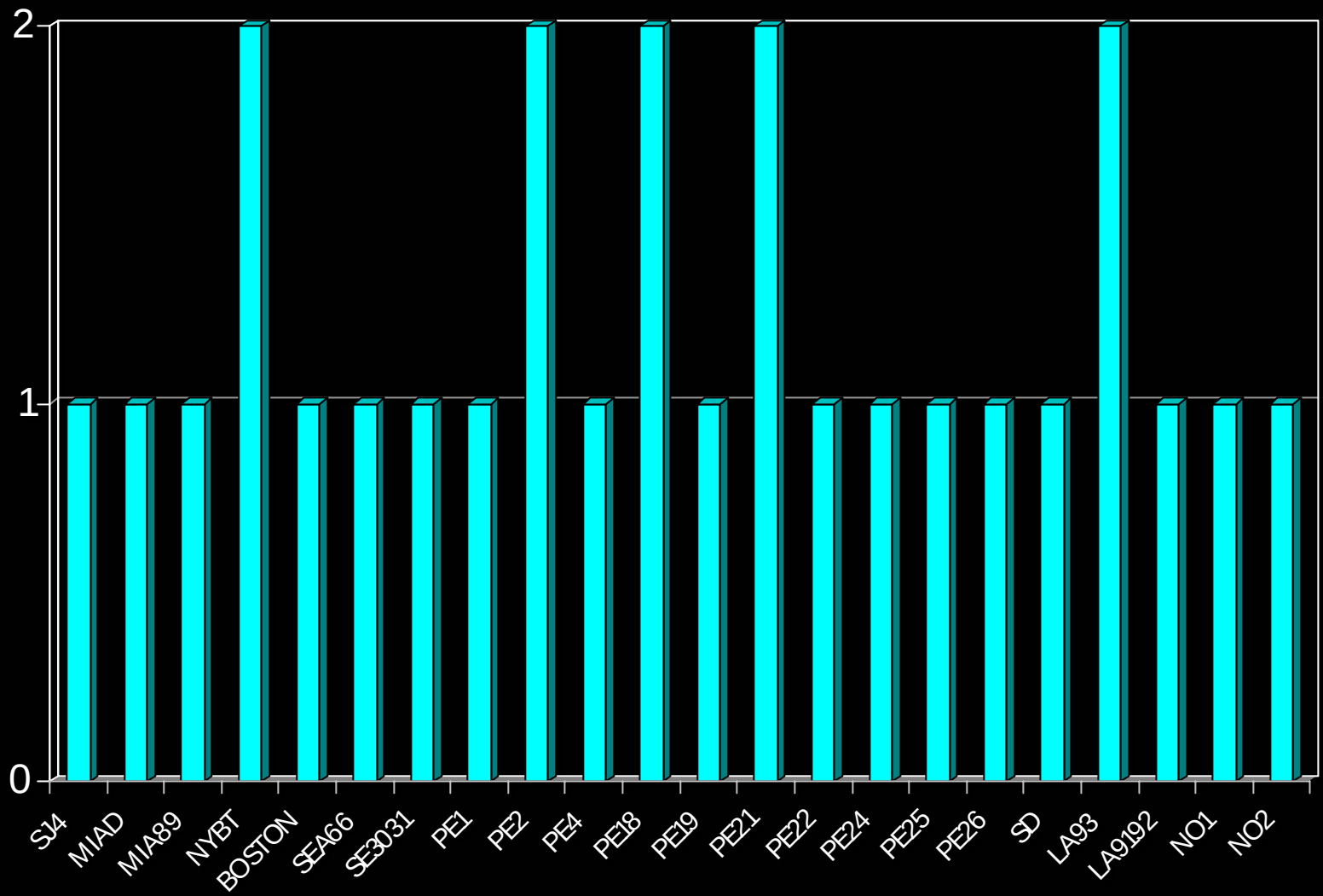


VIP



American Association of Port Authorities

Gangways


2
1
0
SJ4
MIAD
MIA89
NYBT
BOSTON
SEA66
SE3031
PE1
PE2
PE4
PE18
PE19
PE21
PE22
PE24
PE25
PE26
SD
LA93
LA9192
NO1
NO2

Myth 3

Security is uniform throughout the United States

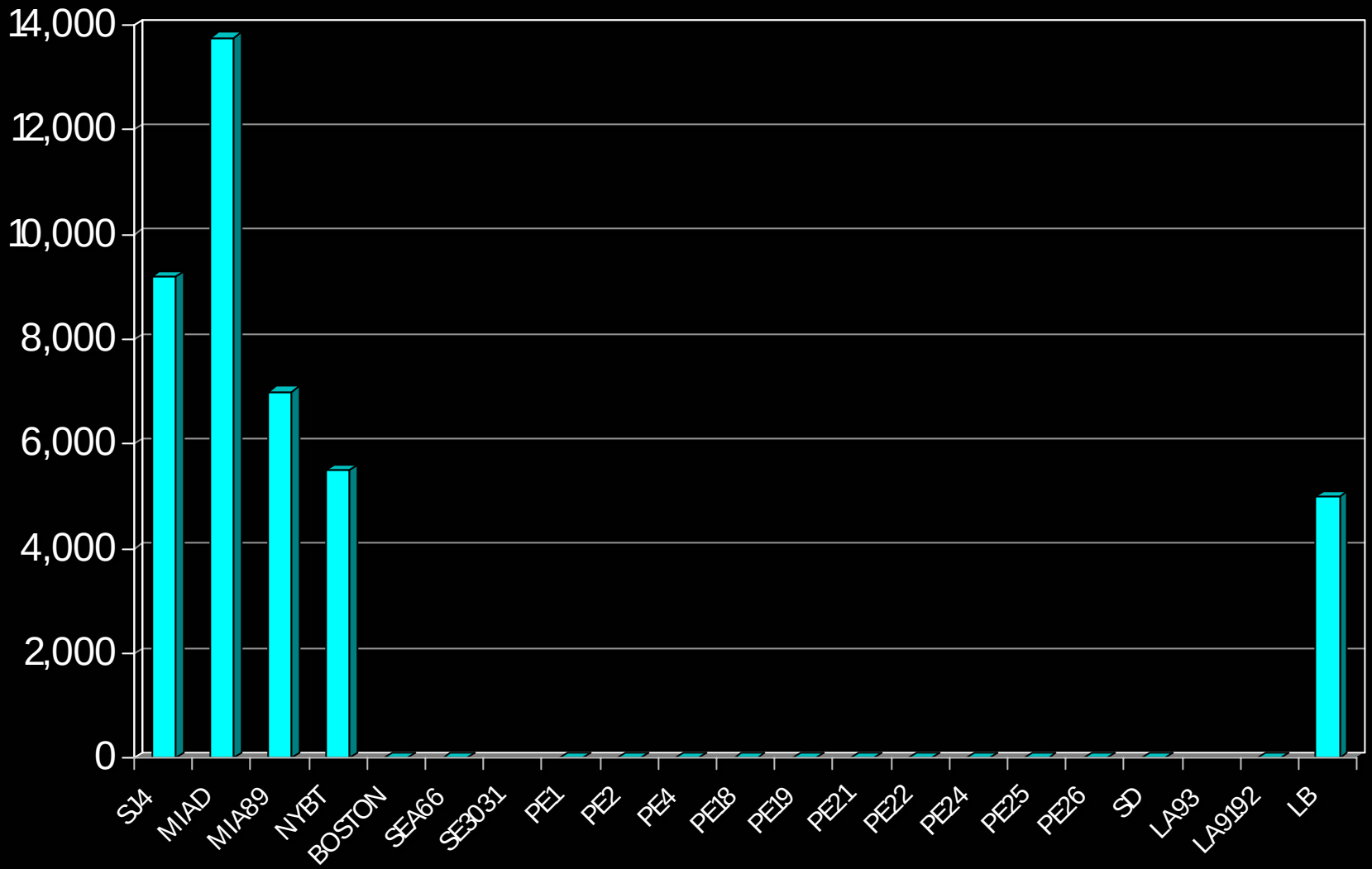
Security

- Large variations from place to place
- Adjacent relationships
- Nearby uses

Myth 4

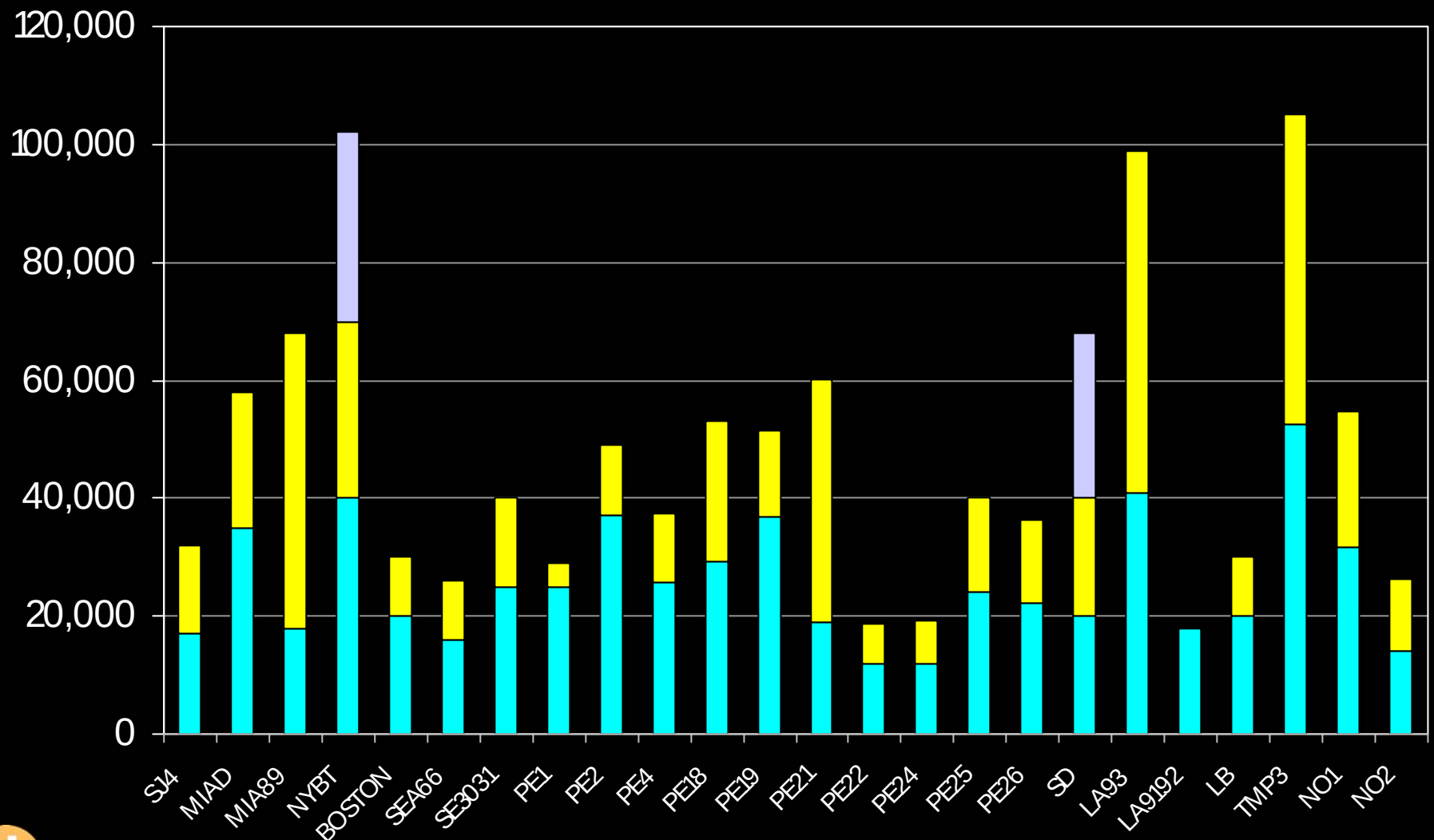
BCBP has a consistent design or direction

FIS



AAPA
American Association of Port Authorities

Total Area



American Association of Port Authorities

Design process

process has been relegated to
design by committee

What’s the answer

Keys

- Think strategically
  - Community issues
  - Port's mission
- Think financially
  - How to finance the project
  - Stay competitive with the industry
- Think functionally
  - Listen to your users and stakeholders
- Focus on all parts of the business
  - Operations
  - Third party costs to the lines
- Put it all together

Controlling costs

- Reduce terminal size
- Streamline operational costs
- Improve luggage handling
  - Direct luggage handling
  - Electronic tagging of luggage
- Improve provisioning
  - Containerazion of ship chandlery
  - Roll-on, roll-off of goods

ba
AAPA
American Association of Port Authorities

Solutions

- The ports and lines will continue to evolve
- One solution for legacy ports
- another for start ups
- Themes
  - Speed and efficiency
  - Costs
  - Passenger experience
- What will happen as all the old terminals have been rebuilt –
- Where will the new capacity go to?

ba

AAPA
American Association of Port Authorities