



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 9, 2024

TO: Mayor and Councilmembers

FROM: Administrative Division, Waterfront Department

SUBJECT: Santa Barbara Cruise Ship Program Update

RECOMMENDATION: That Council:

- A. Approve the proposed Cruise Ship Program improvements recommended by both Waterfront staff and Harbor Commission;
- B. Provide input and direction on establishing a cap of twenty cruise ship visits per year versus relying on limiting available cruise ship visit dates with no annual cap; and
- C. Provide additional input and recommendations for the Cruise Ship Program as necessary.

EXECUTIVE SUMMARY:

The Waterfront Department has had a successful Cruise Ship Program for over 20 years. Over the past 24 months, Waterfront staff, the Harbor Commission, and the Cruise Ship Workgroup have held numerous public meetings with the goal of evaluating the benefits and impacts of the Cruise Ship Program to make improvements to the program. Various programmatic recommendations were provided by Waterfront staff, Santa Barbara Channelkeeper, Channel Islands National Marine Sanctuary Advisory Council, and the Cruise Ship Workgroup. The Harbor Commission reviewed the list of proposed improvements at the February 15, 2024, Harbor Commission meeting and forwarded their recommendations to City Council.

BACKGROUND:

The Waterfront Department established a Cruise Ship Program and welcomed its first visiting ships in 2002. Since that time, Santa Barbara has hosted numerous ships, typically seeing between 15 and 30 visits per year. With few exceptions, cruise ship visits are limited to non-peak tourist months of September through May.

Santa Barbara is a “tender” port, which means the visiting ships anchor roughly 1 mile offshore and passengers are transported ashore by smaller tender vessels. Once ashore, passengers have the option of exploring independently, utilizing Waterfront-provided shuttles, or joining various pre-arranged excursions. Ship sizes vary from 250 to 3,500 passengers but, typically, not all guests come ashore.

Numerous entities provide shoreside services in support of visiting passengers including Waterfront and Police Department staff, Chamber of Commerce and Downtown Organization volunteers, and Santa Barbara Landing staff. These entities have worked well together for many years to provide an efficient, effective, and welcoming experience for visiting cruise ship passengers.

The Waterfront Department collects a fee of \$15/passenger (raised from \$10/passenger on July 1, 2023) from visiting cruise ships. This fee is based on manifested passengers regardless of whether they come ashore. This amounts to roughly \$500,000 in direct annual revenue for the Waterfront Department. Additionally, Santa Barbara Landing, which is a Waterfront Department tenant, acts as the Coast Guard approved site operator. As such, they provide docking space, site security, and coordination with visiting passengers in compliance with federal law. Santa Barbara Landing receives roughly \$12,500 per ship to provide these services. In addition to direct fees received by the Waterfront Department and Santa Barbara Landing, Visit Santa Barbara estimates a positive economic impact from visiting cruise ships of roughly \$3M to \$5M annually to local businesses.

After a two-year pause due to COVID, the Waterfront Department resumed the Cruise Ship Program on March 16, 2022. Prior to resuming visits, the topic of cruise ships was brought in front of Harbor Commission for discussion on January 20, 2022, and City Council on March 8, 2022. At the time, the Cruise Ship Program was favored by the majority of Council and Harbor Commission, although there was some interest expressed in further evaluating the impacts, benefits, and regulations that govern cruise ships.

As a result, the Harbor Commission formed the Cruise Ship Workgroup on April 22, 2022, to further review the program, its impacts, and benefits/detriments. The Cruise Ship Workgroup held multiple public meetings over the last two years covering a broad range of topics including:

- Overview of the Cruise Ship Program
- Main community concerns
- Discussion on air emissions and ocean discharge with SB Channelkeeper and Channel Islands National Marine Sanctuary Advisory Council
- Discussion on regulatory practices
- Discussion on economic benefits with Visit Santa Barbara and the Chamber of Commerce
- Presentation from the Air Pollution Control District (APCD)
- Presentation from Cruise Lines International Association (CLIA)

- Presentation from the United States Coast Guard
- Discussion on proposed improvements to the Cruise Ship Program

The goal of the Cruise Ship Workgroup was to gather public input, disseminate information, better understand cruise ship operations, better understand cruise ship impacts and benefits, and report back to the full Harbor Commission.

DISCUSSION:

Over the past two years, the Cruise Ship Workgroup and Waterfront staff have held informative, well-attended, public meetings aimed at gathering input on the impacts, benefits, regulations, and practices of cruise ships visiting Santa Barbara. The intent of this process was to gather information to help inform potential improvements to the Santa Barbara Cruise Ship Program.

Most recently, at the February 15, 2024 meeting, the Harbor Commission received input from Waterfront staff and the Cruise Ship Workgroup and made recommendations on improvements to the Cruise Ship Program going forward. Harbor Commission reviewed a list of 20 program improvements (Attachment 1). Many of the recommended improvements were largely informed by the Channel Islands National Marine Sanctuary Advisory Council (Attachment 2) and Santa Barbara Channelkeeper (Attachment 3), as well as input from the public during the Cruise Ship Workgroup process. The Cruise Ship Workgroup also put forth a set of recommendations to be considered by staff and the full Harbor Commission (Attachment 4).

Waterfront staff and Harbor Commission were aligned on 15 of the 20 recommended improvements, as shown in Attachment 1 and listed below.

The following recommendations were unanimously supported by Waterfront staff and the Harbor Commission:

1. Request cruise ships calling on Santa Barbara be equipped with Advanced Wastewater Treatment Systems (AWTS) by 2025
2. Continue the local requirement of no discharges of any kind within 12 nautical miles of Santa Barbara
3. Request cruise ships calling on Santa Barbara to reduce speeds, when feasible, to 10 knots or less within the Santa Barbara Channel Vessel Speed Reduction (VSR) Zone between May 1 and December 15
4. Continue to prohibit cruise ship visitation from Memorial Day through Labor Day and prohibit cruise ship visits on weekends year-round
5. Encourage cruise lines to further involve local businesses during visits
6. Encourage cruise lines to explore the feasibility of supplying local seafood to visiting ships
7. Encourage cruise lines to engage with educational institutions to enhance career development in the maritime sector

8. Continue charging the increased per passenger fees from \$10 to \$15 for FY24 and FY25
9. Continue charging the implemented 500 passenger minimum fee of \$7,500 for FY24 and FY25
10. Continue charging the implemented cancellation fee of \$2,500 for ships that cancel 15-30 days prior to call, and \$6,500 for ships that cancel 14 days or less prior to call for FY24 and FY25
11. Require visiting cruise ships to receive written approval from City Administrator or designated representative
12. Establish a publicly available cruise ship best practices informational resource for Santa Barbara which includes an annual report on cruise ship statistics, ship technologies, and incidents
13. Conduct periodic reviews of the Cruise Ship Program to ensure it continues to align with Council priorities and City's goals
14. Evaluate the need for licensed ship pilots to assist with cruise ships in Santa Barbara
15. Request cruise ships calling on Santa Barbara to consider at-anchor emissions control systems when such technologies become commercially feasible

The following recommendations were not supported by Waterfront staff:

16. Establish a limit of twenty (20) annual cruise ship visits
17. Prioritize cruise ships without scrubber technology or with closed loop scrubber technology
18. Prioritize cruise ships with shore power connectivity
19. Prioritize cruise lines with exemplary environmental compliance records
20. Maintain the Cruise Ship Workgroup

Staff do not support an artificial cap on visits as there are currently no operational limitations with the program at this time. Additionally, cruise ships typically book 1 to 3 years in advance and often cancel or reschedule dates. This would make administering a hard cap on visits difficult and cause impacts making a specific target difficult to attain. Ships also vary in passenger count from 250 to 3500. Limiting the number of ships could make revenues volatile as fees are charged per passenger, not per ship. Additionally, Santa Barbara already has strict limitations on scheduling with no visits during the summer months, leaving limited days, which has resulted in a natural demand of 15 to 30 ships per year. In addition to the existing no summer visits policy, staff and the Harbor Commission are proposing prohibiting weekend visits. This would further constrain the available dates and naturally limit ship visits. By using date ranges, as opposed to a hard cap, to limit the number of ships it allows the industry, and staff, to have some flexibility when arranging schedules.

Staff do not support prioritizing ships without scrubber technology or with shore power connectivity, as there are already strict regulatory agencies, such as the California Air Resource Board and International Maritime Organization, governing when these systems

can and cannot be used in ocean-going vessels. Staff's preference is to lean on these agencies to evaluate and regulate the industry in a uniform manner.

Staff do not support prioritizing cruise lines with exemplary environmental compliance records as this is very subjective nor is the waterfront Department equipped to be a regulatory agency as to this issue, hence, there could be legal ramifications associated with approving and denying ships based on subjective, unsubstantiated data from third party sources. It is also important to note that the City does not have the legal authority to prevent anchoring off Santa Barbara waters.

Staff also do not support maintaining the Cruise Ship Workgroup as it could be a violation of the Brown Act. Ad-hoc workgroups are intended to have a defined purpose that is short in duration and does not continue in perpetuity. Staff recommends regularly reviewing the Cruise Ship Program at the full Harbor Commission level to provide guidance on future actions.

CONCLUSION:

Waterfront Staff and the Harbor Commission have thoroughly reviewed the Cruise Ship Program over the last two years.

Based on direction received from City Council, Waterfront staff will work to implement proposed program improvements. It is the intent of staff to conduct a periodic review of the Santa Barbara Cruise Ship Program with Harbor Commission to assess the compatibility with the City's goals and evolving industry sustainability best practices.

- ATTACHMENTS:**
1. Recommended Improvements to the SB Cruise Ship Program
 2. 11/18/2022, Channel Islands National Marine Sanctuary Advisory Council Recommendation Letter
 3. 06/09/2023, Santa Barbara Channelkeeper Recommendation Letter
 4. 02/09/2024, Cruise Ship Workgroup Recommendation Letter

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APPROVED BY: City Administrator's Office