

Crowley Vessels - Comparison of rates in other competing ports

	<u>Vessel</u>	<u>LOA</u>	<u>BEAM</u>	<u>DRAFT</u>	<u>GT</u>	
	El Coqui/Taino	720	106	30.5	37462	
		<u>Base Rate</u>	<u>other fees*</u>	<u>TOTAL</u>		
	CURRENT JAX	\$ 2,384.84	\$ -	\$ 2,384.84	<u>Difference</u>	<u>%</u>
	PROPOSED JAX	\$ 2,582.50	\$ 115.00	\$ 2,697.50	\$ 312.66	
	CHARLESTON	\$ 3,285.80	\$ 75.00	\$ 3,360.80	\$ 663.30	24.6%
	SAVANNAH	\$ 3,314.71	\$ 71.54	\$ 3,386.25	\$ 688.75	25.5%
	BRUNSWICK	\$ 3,118.84	\$ 200.00	\$ 3,318.84	\$ 621.34	23.0%
	3 competing port average	\$ 3,355.30				
	Jacksonville is CURRENTLY	\$ 970.46	LESS than the average cost of these 3 competing ports.			
	Jacksonville would be	\$ 657.80	LESS than the average cost of these 3 competing ports.			
	<u>Vessel</u>	<u>LOA</u>	<u>BEAM</u>	<u>DRAFT</u>	<u>GT</u>	
	IORELLA/VARAMO	548	82	25	15375	
		<u>Base Rate</u>	<u>other fees*</u>	<u>TOTAL</u>		
	CURRENT JAX	\$ 1,243.40	\$ -	\$ 1,243.40	<u>Difference</u>	<u>%</u>
	PROPOSED JAX	\$ 1,823.00	\$ 115.00	\$ 1,938.00	\$ 694.60	
	CHARLESTON	\$ 1,683.69	\$ 75.00	\$ 1,758.69	\$ (179.31)	-9.3%
	SAVANNAH	\$ 1,704.17	\$ 71.54	\$ 1,775.71	\$ (162.29)	-8.4%
	BRUNSWICK	\$ 1,607.56	\$ 200.00	\$ 1,807.56	\$ (130.44)	-6.7%
	3 competing port average	\$ 1,780.66				
	Jacksonville is CURRENTLY	\$ 537.26	LESS than the average cost of these 3 competing ports.			
	Jacksonville would be	\$ 157.35	MORE than the average cost of these 3 competing ports.			
	<u>Vessel</u>	<u>LOA</u>	<u>BEAM</u>	<u>DRAFT</u>	<u>GT</u>	
	RW850s (K-STORM)	458	74	21.5	8246	
		<u>Base Rate</u>	<u>other fees*</u>	<u>TOTAL</u>		
	CURRENT JAX	\$ 838.41	\$ -	\$ 838.41	<u>Difference</u>	<u>%</u>
	PROPOSED JAX	\$ 1,217.25	\$ 115.00	\$ 1,332.25	\$ 493.84	
	CHARLESTON	\$ 1,300.00	\$ 75.00	\$ 1,375.00	\$ 42.75	3.2%
	SAVANNAH	\$ 1,356.00	\$ 71.54	\$ 1,427.54	\$ 95.29	7.2%
	BRUNSWICK	\$ 1,074.50	\$ 200.00	\$ 1,274.50	\$ (57.75)	-4.3%
	3 competing port average	\$ 1,359.01				
	Jacksonville is CURRENTLY	\$ 520.60	LESS than the average cost of these 3 competing ports.			
	Jacksonville would be	\$ 26.76	LESS than the average cost of these 3 competing ports.			
Crowley is seeking to delay implementation of our proposed rates in order to continue to benefit from the low pilotage rates in Jacksonville that have not changed in the last 16 years.						

GROSS TONNAGE AND DRAFT RATES IN COMPETING PORTS

Jacksonville's current gross tonnage (GT) rate of \$ 0.0464 per Gross Ton is:

41.9% less than the GT rate of \$ 0.06583 in Charleston, SC

42.4% less than the GT rate of \$ 0.06606 in Savannah, GA

33.4% less than the GT rate of \$ 0.06189 in Brunswick, GA

34.7% less than the GT rate of \$ 0.06250 in Mobile, AL

In January of 2020 the rate per GT in Jacksonville is on average 38.1% lower than these ports.

Jacksonville's current draft rate of \$ 21.20 per foot of draft is:

26.7% less than the rate per foot of draft of \$ 26.85 in Charleston, SC

29.9% less than the rate per foot of draft of \$ 27.54 in Savannah, GA

23.8% less than the rate per foot of draft of \$ 26.24 in Brunswick, GA

79.2% less than the rate per foot of draft of \$ 38.00 in Mobile, AL

In January of 2020 the rate per draft foot in Jacksonville is on average 39.9% lower than these ports.

In the 16 years since the last rate adjustment, the CPI-U has increased 39%.

JAXPORT TARIFF CHANGES 2004 - 2020

Dockage, Per Linear Foot, Per Day	Rates on	Rates on	% Increase
	1-Jan-04	1-Jan-20	
Vehicle Vessels	\$ 7.97	\$ 12.27	54.0%
Container and Breakbulk Vessels 500 ft OR Less	\$ 4.02	\$ 6.46	60.7%
Container and Breakbulk Vessels Over 500 ft to 625 ft	\$ 5.95	\$ 9.49	59.5%
Container and Breakbulk Vessels Over 625 ft	\$ 7.79	\$ 11.85	52.1%
Refrigerated Cargo Vessels	\$ 4.02	\$ 6.46	60.7%
Cruise Vessels	\$ 8.69	\$ 13.94	60.4%
Tank Vessels	\$ 8.69	\$ 13.94	60.4%
All other vessels	\$ 8.69	\$ 13.94	60.4%

Wharfage - Per Short Ton	Rates on	Rates on	% Increase
	1-Jan-04	1-Jan-20	
Autos, New Manufactured Lots	\$ 4.00	\$ 5.97	49.3%
Autos, other than new	\$ 5.42	\$ 10.33	90.6%
Breakbulk Cargo (vessel LOA 500ft or less)	\$ 1.80	\$ 3.71	106.1%
Breakbulk Cargo (vessel LOA over 500ft)	\$ 3.37	\$ 5.19	54.0%
Container Cargo (vessel LOA 500ft or less)	\$ 1.80	\$ 3.62	101.1%
Container Cargo (vessel LOA over 500ft)	\$ 2.91	\$ 5.19	78.4%
Bulk Cargo, dry granular	\$ 1.46	\$ 2.96	102.7%
Bulk Cargo, liquid	\$ 1.29	\$ 2.21	71.3%

Cruise Passengers and Cruise Parking	Rates on	Rates on	% Increase
	1-Jan-04	1-Jan-20	
Vehicle Parking - Per vehicle per day	\$ 10.00	\$ 17.00	70.0%
Per Passenger - embarking and/or disembarking	\$ 7.35	\$ 10.92	48.6%

JAXPORT has raised their rates 48.6% to 102.7% since 2004

* taken from JAXPORT Tariff Summaries effective 10/01/03 and 10/01/2019

CPI-U has increased 39% since January of 2004.

Pilotage rates have NOT increased in the last 16 years.

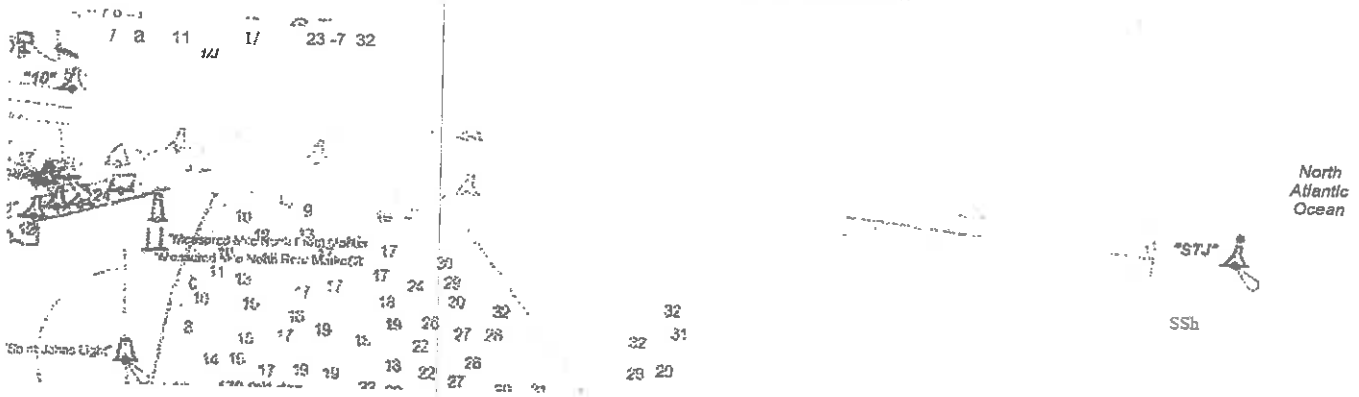
	<div style="background-color: black; width: 100px; height: 15px; margin: 0 auto;"></div> FLEET NOTICE 2018
FN18.02.003	ST JOHNS RIVER ENTRANCE RESTRICTIONS

FLEET MEMO

To all Vessel Masters and Wheelhouse Watch Officers,

The St. Johns River Jetties in Jacksonville, Florida is considered a high hazard transit location. Within [REDACTED] **we have had 2 incidents that resulted in a grounding on the North Jetty.** In both situations the winds were strong, NE@ 30-40 kts, and seas were in excess of 8 ft. Due to the high wind-driven cross currents that develop at the mouth of the jetty-in excess of 4 kts- [REDACTED] Vessels shall adhere to the following:

1. If the OOW has recency and intends to use a St. Johns Pilot, every effort should be made to board/disembark the Pilot Offshore of buoy 3 & 4 unless it is unsafe to do so.
2. If the OOW does not have recency for St. Johns River, the Pilot shall be boarded offshore. If unsafe to do so, the unit shall wait until the weather moderates and can safely board the Pilot offshore.
3. We shall not overtake ships or offshore tug/barge traffic between buoys 3 & 4 and buoy 10. If it appears that a meeting or overtaking situation is developing, we shall request, if outbound, for the inbound unit to wait offshore, and, if inbound, wait offshore for traffic to clear. The expectation is to err on the side of caution.



4. When the weather is questionable, the unit shall avoid making entrance to the channel at buoys 3 & 4, and line up in the channel closer to the "STJ" buoy. Entrance through the jetty shall coincide with Slack Water.
5. If the Seas are in excess of 8 ft or the Master deems the sea state to be too rough for safe operations, from a Northerly or Southerly direction, the unit shall not enter and will wait for a decreased sea state.

Harbor Management System

★ Kings Bay Naval Submarine Base

Used by:

- Ships
- Agents
- USCG
- US Navy
- CBP
- Terminals
- Longshoremen
- Dredges
- Shipping Companies

Port of Fernandina

← Inbound ship traffic

Pilot station and offices for the Jacksonville and Fernandina pilots

- Manned 24/7/365
- Vessel scheduling
- VHF COMMS

AIS tracking

- Email
- Phone

Terminals for the Port of Jacksonville

Mayport Naval Station

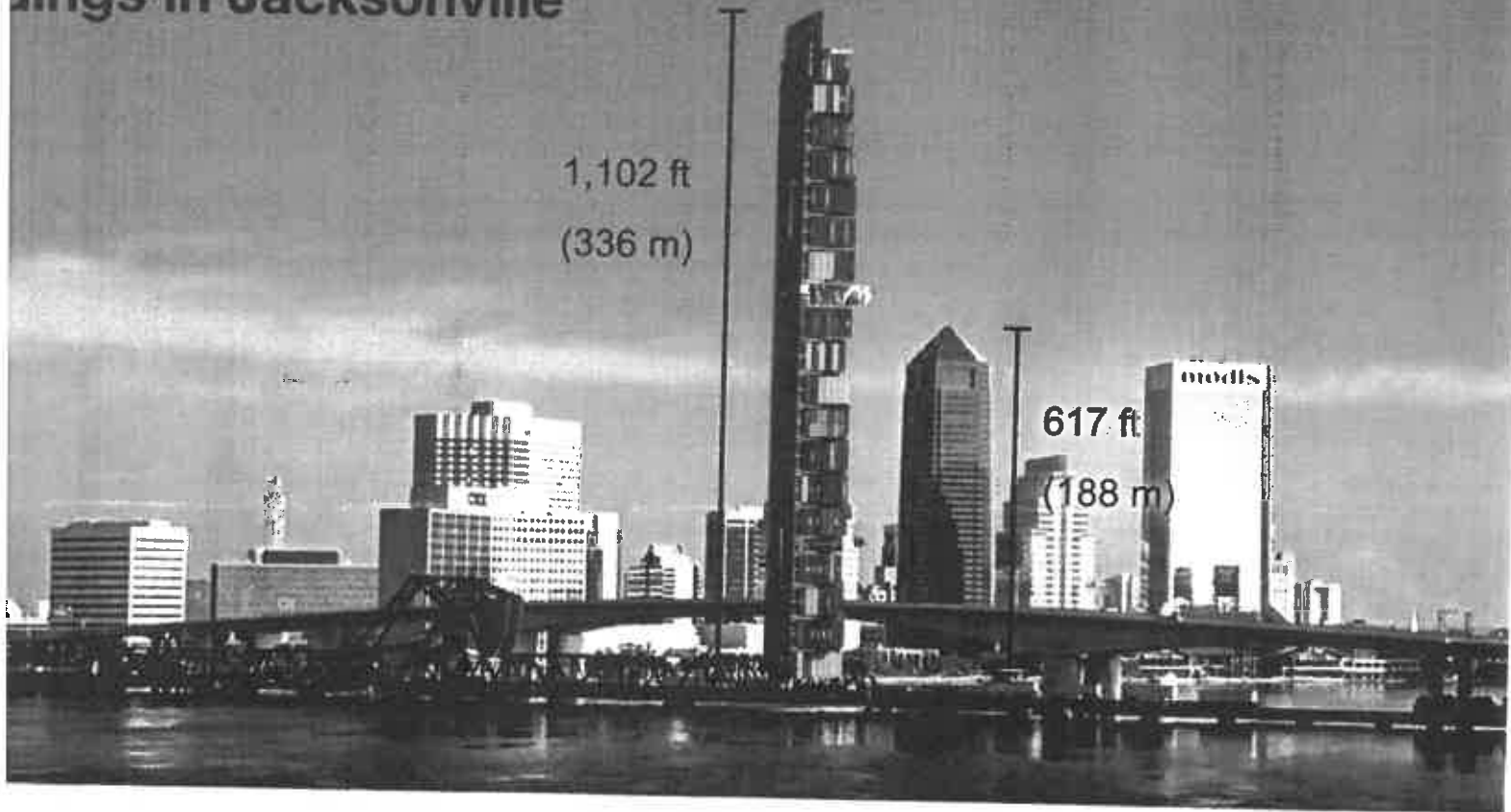
USCG Station Mayport

← Inbound ship traffic

← Inbound ship traffic

Areas of critical concern are highlighted in red.

the largest ships calling Jacksonville in relation to the buildings in Jacksonville



January 16, 2020

JAN 23 2020

The Board of Pilot Commissioners / Pilotage Rate Review Committee
2601 Blair Stone Road
Tallahassee, FL 32399

Carnival Cruise Line (CCL) has received information concerning a petition for a change in the rates of pilotage charged by the licensed state pilots and certified deputy pilots at the combined areas of Jacksonville, Florida and Fernandina, Florida. The petition has been filed with the Pilotage Rate Review Committee, pursuant to Section 310.151, Florida Statutes and Chapter 61G14, Florida Administrative Code. As part of this review process, we want to provide background information about the CCL operation from the Port of Jacksonville and important input on the proposed rate changes.

BACKGROUND INFORMATION

CCL operates a year-round cruise operation from the Port of Jacksonville and started year-round service from the Port in 2004. Currently, the Carnival Ecstasy offers approximately 80 departures annually from the Port and carries about 200,000 guests on 4 and 5 day cruises to The Bahamas.

Research has shown that the CCL operation from the Port generates almost \$100 million in economic benefit to the Northeast Florida region and over 500 jobs. There a wide variety of local businesses and vendors that directly benefit from the CCL operation. In addition, local tourism is very favorably impacted from CCL guests that are drawn to the region for vacation stays before or after their CCL cruise. Expenditures by the crew aboard the CCL ship also generate significant local spending while the ship is in port.

CCL has been the only cruise operator from the Port since 2004. The Port has fully supported our operation and facilitates the requirements for embarkation and debarkation of our guests; and all the other logistics required for the ship "turnaround" operation.

CCL has successfully marketed our cruises from the Port to guests throughout Northeast Florida and other regions in the Southeast U.S. Most guests reside in areas within a 5 hour drive to the Port and enjoy the convenience and cost savings that being able to drive to the Port provides.

BUSINESS MODEL

CCL's business model is founded on offering quality cruise vacations at an affordable price. Our target guests are generally mass market consumers that are seeking a vacation at an exceptional value. In addition, CCL operates at virtually 100% occupancy on a year-round basis. Pricing varies but is designed to ensure this high level of occupancy. This occupancy also drives the revenues that we generate once the guests are onboard the cruise. In addition, many of our guest-facing crew generates compensation provided by gratuities that are charged to our guests.

Given our revenue model, it is imperative that our operating cost structure is efficient as possible. This allows us the opportunity to optimize our overall profitability. It is critical that we maintain low operating costs in order to generate acceptable levels of profitability.

It is important to note that our ships are essentially floating hotels that are capable of moving to alternative homeports in the event more attractive economics can be generated. We are constantly evaluating all aspects of our revenue and cost structure for each ship in our fleet. As part of a large NYSE-traded company, Carnival Corporation, we must focus on generating strong performance for our shareholders and all other stakeholders.

PROPOSED PILOTAGE CHANGES

As proposed, the changes represent a 17% increase from our current pilotage costs in the Port. In addition, it is proposed that these costs would increase by 2.5% annually over the next 10 years. While not specifically documented in the proposal, it appears the intent would be to implement the changes immediately upon approval by the Board of Pilot Commissioners.

It is important to understand that CCL receives a high level of support and cooperation from the Pilots that assist our transits in the Port. We appreciate their professionalism and full respect for the safe operation of our vessels.

Given the significant level of the proposed increase for the first year, the immediate implementation and the very significant impact to our operation for the next 10 years, we want to be sure the Board of Pilot Commissioners understand the potential impact if the proposal is accepted.

While it may seem to be a relatively small change to CCL's cost structure, we need to make every effort to avoid this type of cost increase when we have no ability to mitigate the impact. There will be no viable opportunity to increase our revenues to cover this cost and it will reduce our profitability.

If the changes are approved as proposed, this initiative will become part of our on-going evaluation to review the profitability for each ship and determine if the deployment of the ship from the Port is the most attractive utilization of this asset. This is not meant to be threatening in any way, but the implementation of the proposed changes will require us to review our options going forward. The Port may remain the best option for us, but there are many ports around the U.S. that are interested in our business.

ALTERNATIVE PROPOSAL

In an effort to continue to be a good partner for the Port, we request that the Board of Pilot Commissioners consider an alternative proposal. Our proposal would be to accept the proposed increase with implementation effective January 31, 2021. In addition, we would propose that the annual increase over a 10 year period is limited to 1.5% per year.

Our proposal will allow us the proper amount time to seek other opportunities within our cost structure to mitigate the impact of the proposed increase. In addition, the 1.5% increases over the 10 year period will provide us with a better chance to fund this level of increase through other efficiency initiatives.

We appreciate the opportunity for us to provide the Board of Pilot Commissioners with our evaluation of the proposed rate changes and respectfully request consideration of our alternative proposal. We will attend the Rate Hearing on January 22, 2020 to participate in discussion on this matter. We believe our alternative proposal is in our best interest, as well as in the best interest of the Pilots, the Port and all of the stakeholders in Northeast Florida.

Sincerely,



Terry Thornton
Senior Vice President – Nautical and Port Operations
Carnival Cruise Line

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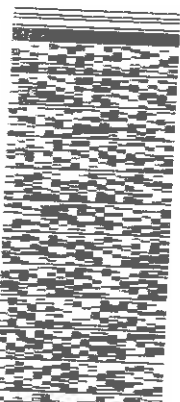
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