



**COMMISSION
AGENDA MEMORANDUM**

Item No.

8f

ACTION ITEM

Date of Meeting

December 9, 2025

DATE: November 12, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Linda Springmann, Director of Cruise Business & Elliott Bay Operations

SUBJECT: Terminal 91 Shore Power Purchase

Amount of this request: \$3,600,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute Purchase Agreements with Princess Cruises (East berth) and Holland America Line (West berth) for ownership of the legacy shore Power equipment at Smith Cove Cruise Terminal at Pier 91; and to subsequently incorporate T91 equipment into the Watts Maintenance agreement.

EXECUTIVE SUMMARY

Princess Cruises and Holland America Line originally installed the shore power equipment at Terminal 30 in 2005 and then relocated it to the Pier 91 location when the facility was opened in 2009. The equipment was purchased and is still owned by Carnival Corporation's individual brands, Holland America Line and Princess Cruises. In June of 2024, Commission order 2024-08 was passed requiring that all home port cruise vessels plug into shore power by 2027. To that end, the Port is engaged in a project to expand its shore power capability to accommodate most vessels. The shore power project will add to the existing equipment at Pier 91 to offer maximum flexibility to connect vessels.

Purchasing the existing equipment from Princess/Holland America Line facilitates the use of shore power equipment by all brands and removes the barrier that exists now since non-Carnival brands must negotiate for shore power use. In addition, Princess/Holland America Line currently have an easement through 2029 for the Pier 91 property. This purchase will eliminate the need for an extension of the easement.

We currently have an agreement with Watts Marine for Pier 66 system maintenance and will fold these T91 locations into that agreement. Current agreement is a three-year agreement that is entering it's second year. We would execute an addendum to this agreement, adding this new equipment and adjusting amount to cover three configurations vs. one.

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JUSTIFICATION

Currently, should any non-Carnival brand wish to utilize the existing shore power equipment they must enter into a legal agreement for use with Carnival. This puts the brands in a position of negotiating with a competitor and adds barriers to the goal of 100% shore power connection by home-porting ships. Full ownership by the Port will provide full transparency to ship connectivity and assigns equipment maintenance to the Port to ensure optimum availability.

To ensure compliance with the 2027 shore power requirement, staff engaged in a rigorous review to assess the merits of acquiring the existing equipment. This review engaged CPO, Legal, and the Port Engineering and Electrical Project Management teams to evaluate the fair market value of the legacy equipment. The team reviewed various documentation such as:

- 2025 Recommissioning Reports for Pier91 east/west equipment
- Replacement cost of existing infrastructure if purchased today, supplemented with labor and installation of equipment
- Estimated use-life of the product
- Estimated delivery time if new equipment were purchased today

After considering all information about the existing equipment, its current condition, replacement value and value of Port ownership, the Port team advised that the estimated values of the current equipment as:

- East side: \$2 million
- West side: \$1.6 million

The variance in value estimates is related to the equipment that has been installed and that the East side has had upgrades while the West side has not been upgraded to accommodate larger Princess vessels. Both sets of equipment have been continually maintained over the 20 years of use. The equipment's condition was assessed during the evaluation process and found to be satisfactory.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

To evaluate the options, staff considered the complexity of shore power operations given sole ownership vs. adding new Port-owned equipment to existing, cruise-owned equipment.

Alternative 1 – Install additional shore power equipment next to and on top of the existing equipment owned by the brands.

Pros:

- (1) Save expense of installing all equipment by utilizing existing.

Cons:

- (1) As owner of the transformers connected to the grid, Carnival Corporation brands would remain the primary customer of Seattle City Light.

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- (2) All electricity billing for use would continue through Holland America Line/Princess who would then bill other users.
- (3) Other users of shore power would be required to have an arrangement for use with Carnival Corporation creating a potential competitive conflict.
- (4) The Port's ability to require 100% connectivity for home port ships is at risk.

This is not the recommended alternative.

Alternative 2 – Purchase the existing equipment in its current condition from Holland America Line / Princess and add on to it for optimum flexibility to achieve compliance with Shore Power Order 2024-08.

Pros:

- (1) Port becomes the customer of record with Seattle City Light and any energy credits.
- (2) Shore power expansion project to provide flexibility for 100% connection can be added to this existing equipment; Port does not have to purchase new and utilizes legacy installation efforts.
- (3) Cruise line customers work directly with the Port rather than with a competitor increasing ease of compliance with Order.
- (4) Easement for Port property is relieved
- (5) Annual commissioning and decommissioning reports provide view into maintenance, care and condition of the equipment

Cons:

- (1) Port takes ownership as-is; some equipment has been upgraded but some is from initial installation.
- (2) Port takes all ongoing and future maintenance costs.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

After evaluation of the scope and condition of the equipment, installation, and value of ownership, the price agreed is a total of \$3.6 million for both sets of equipment. This breaks down to \$2 million for the East T91 equipment (Princess) and \$1.6 million for the West T91 equipment (Holland America Line). The transaction will be payment from the Port to each brand separately, as ownership is unique to each.

Funding for this purchase will be provided through the Maritime Reserve C800002.

ATTACHMENTS TO THIS REQUEST

- (1) Signed CPO-5 Policy Waiver
- (2) Presentation

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

Shore Power Expansion Project ongoing – previous funding includes sole source for Watts Marine (x/xx/25) and Design Funding phase of project (12/9/25)