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## **Port, MARAD Agree to Wharf Transfer For Cruise Terminal Expansion**

*Fantasy Marks Return of Year Round Cruising in New Orleans*

New Orleans—Carnival Cruise Line’s 2,056-passenger *Fantasy* docked at the Port of New Orleans this morning, marking the return of year-round cruising from the Crescent City. The ship will sail four- and five-day Western Caribbean cruises. Carnival is the second of three homeported cruise lines to return to the Port this fall. Norwegian Cruise Lines returned its *Norwegian Sun* Oct. 15 and Royal Caribbean’s *Grandeur of the Seas* is scheduled to begin sailing seven-day Western Caribbean cruises from New Orleans Dec. 2. The *Carnival Triumph* is scheduled to begin cruising from New Orleans in August of 2007.

With an eye toward the future, Port officials also inked an agreement aboard the *Fantasy* with the U.S. Maritime Administration (MARAD) to transfer all federal interests in two berths at the Poland Avenue Wharf for the conversion of the cargo terminal to a cruise terminal. The new terminal, which is currently in the engineering and design phase, would allow the Port to expand cruise ship capacity to accommodate three of the industry’s largest cruise ships simultaneously.

“This agreement will transfer part of the Poland Avenue Wharf to the Port of New Orleans so that we can grow the cruise industry for years to come,” said Gary LaGrange, president and CEO of the Port of New Orleans. “The return of the cruise industry represents a significant boost to the Port and to the City of New Orleans. It took the vision of long-time partners at Carnival to see that the events of 2005 did not change the inherent value of New Orleans as a cruise port. Passengers enjoy cruising from New Orleans because it adds another attractive port of call to any itinerary.”

Prior to Hurricane Katrina, the Port served as home to four cruise ships and today the Port has commitments from industry partners to bring back four ships of the same size by August 2007. The two current ships sailing from New Orleans represent a capacity to move an average of 22,500 passengers each month.

“We are at the midway point on our journey to restoring the cruise industry to pre-Katrina levels,” LaGrange said.

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The lure of New Orleans to cruise passengers means about 61 percent extend their stay in the area either before or after their cruise, which supports about 2,800 jobs and more than \$220 million in economic impact annually for the region.

The Port's agreement with MARAD dates back to 1927, when the federal government needed dockage space at the Poland Avenue Wharf for military vessels. The Port transferred the property to the federal government and today it is used to dock Ready Reserve Fleet ships, which move military cargo overseas.

"Today's agreement with the Board of Commissioners of the Port of New Orleans sets the stage for a strong future for New Orleans' cruise industry," said Sean Connaughton, MARAD's Maritime Administrator. "Before Katrina, New Orleans was one of the fastest-growing cruise ports in the country. Now, it's clear the Port of New Orleans is picking up where it left off."

MARAD will continue to use berths 1, 2 and 3 and lease berths 4 and 5 to the Port to handle cargo when other facilities are at capacity. The agreement transfers berths 4 and 5 back to the Port at no charge to spur the conversion of the wharf to a new cruise terminal. The Port occasionally used a temporary cruise terminal at the site when choice weekend slots at Julia Street and Erato Street cruise terminals were occupied. In addition, Princess Cruise Lines' Golden Princess will sail three cruises in December from the Poland Avenue Wharf. The cruises will serve as a market test for additional cruises by Princess Cruise Lines in the future.

Despite the transfer of the property, the Port's relationship with MARAD will continue, as the Port will lease space at the downriver portion of the terminal for cruise passenger parking. The agreement also stipulates MARAD can berth vessels at the new cruise terminal when it is not being used.

"We learned during Hurricane Katrina that MARAD is a great neighbor," LaGrange said. "In fact, I lived on board the Cape Kennedy, one of six MARAD ships used by the Port to house employees and restart operations in the weeks and months following the storm."

**Agreement Facts:**

- MARAD will transfer to the Port at no cost all federal interests in Poland Avenue Berths 4 and 5, approximately 228,000 square feet of wharf structure, including more than 84,000 square feet of shed space.
- MARAD will lease about 200,000 square feet of land on the city-side of Poland Avenue Berths 2, 3, 4 and 5 to be used for cruise passenger parking.
- The Port will reaffirm the prior dedication to the federal government of property at Berths 1, 2 and 3 and the parking area.
- The Port will construct at its own expense a roadway and ramp to be used for parking access and MARAD access to Berths 1, 2 and 3. The Port and MARAD will jointly share the cost of roadway maintenance, with MARAD's share limited to the annual rent paid by the Port.

- The Port will pay for and install a fence to separate MARAD's facilities from the Port's facilities and will relocate a fueling station in the parking area to Berth 3.
- The Port will permit MARAD to berth vessels at Berths 4 and 5 when it won't interfere with cruise line schedules or other marine terminal business.
- The agreement will be null and void if the Port does not receive funding for the cruise terminal development by Dec. 31, 2009.

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