



City of Charleston

Joseph P. Riley, Jr.
Mayor

August 10, 2010

Ms. Katharine S. Robinson
Executive Director
Historic Charleston Foundation
40 East Bay Street
Charleston, SC 29401

Dear Kitty:

I am writing to outline my perspective on the Port of Charleston's cruise ship business. As Mayor of Charleston it is my responsibility to enable legal, safe and innovative business ventures in a diversity of industries. Because Charleston possesses a natural competitive advantage in port-related enterprises, and because our local economy has always been substantially fueled by our robust port business, I want to do what I can to help the Port be successful.

In order to optimize the business environment in Charleston, it is essential to monitor the impact of any industry on the quality of life in our city, and to ensure that no industry operates in a manner detrimental to safe, clean, prosperous living in our city. No industry is exempted from this standard.

As you know the Port is operating in a highly competitive business environment, and is on the verge of making a significant investment in facilities and operations. We are pleased the Port recognizes that to be successful in this process, it must have an open, consistent line of communication with the community. Nothing the Port is doing is a secret. We are given regular, comprehensive updates on Port plans and operations.

When it comes to cruise ships I am highly concerned that this business be conducted at a scale appropriate to our city. Modern cruise ships have been calling on Charleston since the existing passenger terminal opened for business in 1973. This business has been conducted on an appropriate scale: that is, we have served only one cruise ship at a time and never more than one or two ships per week. In addition, the cruise ships calling on Charleston accommodate 1,900 to 3,500 passengers rather than the very large ships that accommodate 5,000 or more passengers. The contract the Port currently has with Carnival Cruise will continue this business at a similar and appropriate



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scale. The contract started this summer and goes for three years. The Port anticipates serving 67 cruises in 2010 and 94 in 2011.

The cruise business is beneficial to the Port and, therefore, it is important to the community. While the cruise ships represent a small percentage of the Port's traffic, it is an important way to diversify their portfolio. In addition, direct service of the cruise ships results in about 250 jobs at the Port. There are very substantial spillover economic benefits to the community. Passengers and crew members shopping, dining, visiting historic sites, as well as introducing first-time visitors to Charleston, many of whom return. Over the next three years we will find more ways to spread the economic impact of the cruise ships deeper into Charleston and the region.

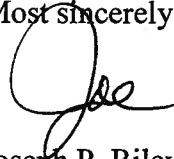
Of great concern to the City of Charleston is the future of the Union Pier and Columbus Port Terminals. I have been pleased by the Port's open, creative planning process for redevelopment of Union Pier. I believe the new plan is of great benefit to the City and is substantially improved from the 1998 Plan. The concept plan presented to the community reestablishes the public waterfront at the terminus of Market Street at the Cooper River. This is made possible by moving the passenger cruise terminal north on Union Pier. Union Pier's redevelopment will permit the extending of our City to the harbor with new vistas of the harbor, waterfront access and residential and commercial buildings to replace the fenced off and ugly warehouses that separate Charleston from our beautiful harbor. And the movement of cargo operations from Union Pier will remove freight rail cars at least south of Chapel Street on the Peninsula. All of these actions are beneficial and present new opportunities to make living downtown more enjoyable.

I received a letter dated June 25, 2010 from Jim Newsome thoroughly outlining the Port's interests and commitments regarding their cruise business in Charleston. I received a similar letter dated July 30, 2010 from Bill H. Stern the Chairman of the Port's Board of Directors. These letters clearly indicate the cooperative approach the Port is taking to the cruise business. We have been working with them for months on a traffic management plan for cruise ship days. The new plan has been implemented and is working well. The Port is responsible for paying the full cost of traffic management – including the cost of City of Charleston police personnel. The Port is coordinating with our Special Events Committee to ensure everyone is prepared to deal with especially busy days downtown such as the weekend of the Cooper River Bridge Run and the weekend of the Southeastern Wildlife Expo.

And most significantly, these letters clearly indicate the Port's commitment to maintaining the appropriate scale for this business. The new passenger terminal will accommodate only one ship at a time. They are committed to the frequency of visits we have now – no more than two per week. Should the Port in future years consider increasing this frequency they have committed to consult with the City and the whole community regarding such a change. I am confident that the community's wishes and interests will be respected at that time.

Part of the balance we seek in Charleston should be an appropriate scale of cruise shipping activity. That means a cruise business we can support and manage in such a way that the community receives the economic benefits but does not experience a diminished quality of life. I believe we have achieved this through the Port's commitments as outlined in the letters from Jim Newsome and Bill Stern and through the exciting plan for redevelopment of Union Pier.

Most sincerely yours,

A handwritten signature in black ink, appearing to read "Joe", written over the closing text.

Joseph P. Riley, Jr.
Mayor, City of Charleston