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May 12, 2010

Executive Officer
California Air Resources Board
Stationary Source Division
Emissions Assessment Branch
Control Strategies Section, Harbor Craft
P.O. Box 2815
Sacramento, CA 95812-2815

Subj: Harbor Craft Regulations
Proposals to Provide Additional Flexibility

Ref: (a) Your Press Release 10-33 dated April 22, 2010
(b) CARB Final Regulation Order "Airborne Toxic Control Measure for Diesel Engines on Commercial Harbor Craft Operated Within California Waters and 24 Nautical Miles of the California Baseline"

Dear Sir or Madam:

As you know Hornblower Cruises & Events and its affiliate, Alcatraz Cruises, own and operate a number of vessels throughout several ports in California. We have repowered several vessels in our fleet and have taken a leading role in the pursuit of hybrid technologies, building our own hybrid passenger vessel currently operating on San Francisco Bay. We are also in the throes of building another larger hybrid passenger vessel, this one to be powered by hydrogen and to operate within New York Harbor.

We appreciate your recognition in reference (a) that the economy has had an adverse effect on operators of marine vessels and that it has also resulted in emissions being lower than expected. And we appreciate the opportunity to offer several proposals which would provide some flexibility to the current Harbor Craft Rules.

1. From our perspective, one of the larger flaws in the legislative analysis was the economic portion of the staff report. Staff argued that the increased costs to the vessel owners could be simply passed on to their customers. In today's climate, there are no customers! Relative to a few years ago, the number of customers has substantially decreased, and along with it our dining yacht revenues. To pass on increased costs as a

result of mandated emissions regulations is a significant economic burden in this economy. Our view is that the legislation should be amended to postpone or delay implementation until the economy improves and our customers return.

2. We recognize the difficulty in forecasting a significantly improved economy. At the same time, we feel it is entirely reasonable to consider that it will take several years for the economy to recover. Therefore, if implementation of the regulations cannot be postponed or delayed, we suggest extending all compliance deadlines by five years. This would remove the immediate economic hardship, but continue to move forward on these emission reduction regulations. Changes could easily be made to Tables 7 and 8, and perhaps they could even be combined and streamlined at this point.

3. Without an across-the-board extension of the compliance deadlines, another proposal would be to increase the one-time compliance extension dates by five years. As an example, rather than an extension to 12/31/2013 for engines with a compliance date of 2009 or 2010, allow the extension to 12/31/2018 to allow more time for multiple engines and vessels to come into compliance. Another option would be to permit time extensions *in any year* where a vessel owner has to address engines on multiple vessels. In our fleet, we have several compliance years where multiple vessels/engines will need to come into conformity with the regulations.

4. We propose the development of a "classic vessel" definition akin to the "registered historic vessel" definition, but not requiring listing in the National Register of Historic Places. A classic vessel would be exempt from subsection (e)(6) if it can be shown that it has some historical significance that separates it from other vessels, but perhaps not to the degree that it qualifies as a registered historic vessel. As you know, we have a number of unique, typically wooden-hulled vessels with extensive architectural details and quality construction. Many have a unique association with historic and culturally significant events and persons. In many of these older vessels, the engines act as a portion of the ship's ballast and stability and extensive demolition would be required to replace these engines, which then jeopardizes the original integrity of the vessel. Consistent with the current regulations, we propose that information to qualify as a classic vessel would have to be submitted to the California Air Resources Board Executive Officer for approval.

5. We suggest increasing the current Compliance Method C4 criteria from 300 hours to 600 hours annually. In our view, the 300 hour operating floor is without justification and staff should consider an increase, particularly for dinner excursion vessels that have vastly different engine duty cycles than ferry vessels. A year in the life of a dinner vessel is not the same as a year in the life of a ferry. Our vessels rarely travel above 6 knots and burn very little fuel. A vessel that makes 800 trips a year at this speed will burn substantially less fuel than a ferry or other vessel making 300 trips a year at 20 knots. If

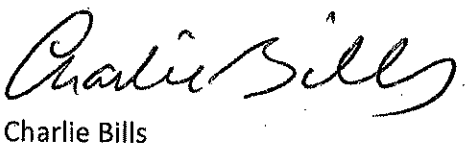
an across-the-board increase is not viable, staff should consider raising the floor to 600 hours for vessels of a certain age. Past experience during better economic times has shown that our older, classic vessels (40-50 years old) have typically operated on average just under 400 hours annually on the main propulsion engines and just under 600 hours annually on the auxiliary engines. A 600-hour annual operating floor would preserve a limited range of unique vessels in California waters without jeopardizing air quality.

6. For owners who have already repowered or hybridized vessels within California, the Board should give additional credit for fleet averaging to help mitigate the effects of this unfavorable economy. Rather than a simple one-for-one fleet averaging, we propose a two-for-one policy, whereby credits are doubled for those operators who have taken the initiative and chosen to repower or hybridize their vessels during these tough economic times.

7. We propose a review of the Carl Moyer program in concert with the Harbor Craft Regulations to allow greater flexibility and additional applications for older vessel engines that are not high fuel burners, but are nearing the end of their useful life. Excursion vessels do not necessarily compete well for Moyer funds because of their generally low annual hours and fuel consumption. Additionally, it is our understanding that if an engine is within three years of the end of its useful life, Moyer funding is not available. These issues combine to restrict our application and potential to use Moyer funds during a time when we could desperately use the funding assistance. A possible solution is to eliminate the three year minimum project life requirement and ear mark funds for vessels with particular duty cycles (low hour, low fuel burn and Tier 0 engines).

We thank you for the opportunity to comment on ways to provide additional flexibility with the Harbor Craft Regulations. And we look forward to working with you to help mitigate the effects of this current economic downturn.

Sincerely,



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