



MEMORANDUM

Date: September 12, 2024

To: Honorable Mayor and City Commission

Via: Todd Stoughton
Interim City Manager

From: Steve McAlearney
Interim Assistant City Manager

Subject: Approving a 3-year agreement, with a 3-year option, with American Cruise Lines, Inc. for use of the Mallory T-Pier (File 24-5815)

Introduction

Resolution approving a 3-year agreement, with a 3-year option, with American Cruise Lines, Inc. for use of the Mallory T-Pier.

Background

On March 10, 2022, the City Commission passed a resolution defining a cruise ship as a vessel with the capacity to carry 500 or more individuals (passengers and crew). Additionally, the Commission directed that all cruise ships be directed away from City owned or controlled property, and conveyed intent that all cruise ships be docked at Pier B. The effect of Resolution 22-073 was that only smaller capacity ships (less than 500 passengers and crew) would be able to dock at the City owned Mallory T-Pier.

American Cruise Lines, during the CY23/24 winter season, successfully included port calls on Key West as a key attraction of a multi-night cruise originating in St. Petersburg, Fl. At 241 feet in length and carrying 109 guests and 50 crew, American Cruise Lines vessels *Glory* and *Legend*, meet both the requirements of Resolution 22-073 and the spirit of the referendum passed by the public.

American Cruise Lines' Key West port visits averaged 34 hours. Their vessels left the pier 45 minutes prior to sunset and returned 45 minutes after, both complying with the City's submerged lands lease and accommodating the Sunset Celebration.

American Cruise Lines is nine months into their initial two year agreement. This longer term agreement will allow them to finance the construction of their new *Patriot* class of ships. The *Patriot* class ships, at 248-feet overall and with a 125 passenger maximum, fall well within the limits of Resolution 22-073 for use of the Mallory T-Pier.

The City has received extremely positive feedback from multiple local businesses regarding the economic impact American Cruise Lines port calls have generated in the short time they have called on Key West.

This long term contract will enable construction of the slightly larger *Patriot* class ships, which will increase the current economic impact of American Cruise Lines for both the City and local business.

Additionally, in September 2023, via Resolution 23-242, the City renewed an agreement with the Ocean Key Resort and Spa that had initially been enacted in 1989. This agreement states that no vessel greater than 541 feet at the waterline will dock at the Mallory T-Pier. Should Resolution 22-073 ever be overturned, the 514 foot limit excludes most passenger vessels that carry more than 500 passengers plus crew, making the steady service of American Cruise Lines even more valuable.

Procurement

American Cruise Lines will pay a \$100,000 reservation rights fee the first year, and a \$200,000 annual fee for years two, three and any option year, for 24-month rights of first refusal for the pier. Expected annual income to the City for years 2, 3 and any option year is over \$500,000.

Recommendation

The City Manager's Office recommends approving a 3-year agreement, with a 3-year renewal option, with American Cruise Lines, Inc. for use of the Mallory T-Pier.