



HISTORIC TOURS OF AMERICA, INC.®

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July 24, 2018

Via Email and Courier

Jim Scholl
City Manager
City of Key West
1300 White Street
Key West, FL 33040

Re: Mole Pier Shuttle

Dear Mr. Scholl:

We are aware of the upcoming budget process for the coming year beginning October 1, 2018. In this vein, I wanted to reiterate our understanding with the city relative to the current price of the service and what we understand will be the price going forward.

First, let me give a very brief background to where we are today. The last contract period we had for providing the Mole Pier Shuttle was dated from October 2007 to October 2012. It included an annual increase of 3% to be added at each anniversary which was not paid. Finally, since the expiration of the contract period, we have been operating on a month to month basis with no formal agreement between Historic Tours of America and the City of Key West, a situation I am sure we would both like to resolve. It should be noted that over the past years our cost of operation has soared, mainly due to wages and insurance. At the same time, while we certainly welcome the cruise ships, they have had no increase in fees for many years and we believe they should and will accept some increase in fees.

I also wanted to take the opportunity to make you aware that Historic Tours of America has operated the Mole Pier Shuttle at a significant loss for the entire contract period. We have done this for the main reason that we think of Historic Tours of America as a partner with the city and we know that the Mole Pier has not been a source of much or any profit to the city. We also believe the cruise ship industry is important for the entire community therefore, as a franchisee of the city, we felt a certain sense of responsibility.

With all this being said, however, it is important for us to begin to receive an amount to mitigate our losses going forward. In short, we have arrived at the price of \$5 per passenger and crew as outlined in the previous contract based on 80% of the passengers and 50% of the crew. This will not get us to even, but it is offered in the spirit of our

relationship. Given the escalating costs of doing business in Key West, we would request a 3% increase on each anniversary for the term of the contract which should be for five years. The cruise ships visiting Key West have enjoyed the benefit of a stable Mole Pier port fee over the past 11 years and should also bear the burden of a fair price for the transportation which we have proposed. We anticipate and will look for confirmation by way of a contract or letter of understanding to begin this new price structure at the beginning of our new city budget cycle starting October 1, 2018. It should be noted that our franchise fee of 5% of the Mole Pier Shuttle fee returns a part of the fee to the city.

As always, thank you for your service. As your franchisee, Historic Tours of America doing business as Old Town Trolley Tours of Key West and Conch Tour Train, we hope we have demonstrated our desire to do our part to keep the economy of our community strong.

Sincerely,



Chris Belland
Chief Executive Officer

CB/na

c.c. Greg Veliz
Doug Bradshaw