



Executive Summary

To: Jim Scholl, City Manager

From: Jim Fitton, Port & Transit Director

Via: David Fernandez, Assistant City Manager, Operations
Mark Finigan, Assistant City Manager, Administration

Date: July 29, 2011

Re: **REQUEST COMMISSION APPROVAL TO PROCEED WITH A REQUEST FOR CONGRESSIONAL SUPPORT TO WIDEN KEY WEST CHANNEL, CUT B.**

ACTION ITEM

Request approval to seek Congressional direction to the Army Corps of Engineers (ACOE) to proceed with the process of certifying the Corps' Reconnaissance Report and directing a Feasibility Study be conducted to determine if widening Cut B is possible.

BACKGROUND

In 2007 the U.S. House of Representatives, Committee on Transportation and Infrastructure requested the Army Corps of Engineers determine whether modifications to the channel were advisable. The City of Key West followed that with a request for the ACOE to produce a Reconnaissance Study to determine the possibility of potentially widening the Key West Channel to facilitate larger cruise ships. The report, which was delivered in November 2010, indicated a significant Federal interest for national economic development in pursuing channel improvements. The report also noted significant environmental and legal challenges that would have to be overcome prior to any improvements being undertaken.

The cruise industry is replacing their older smaller vessels with larger ships that are constrained by the width of the channel and unable to safely, consistently call in Key West. Royal Caribbean, for example, used to represent almost half of the ships calling in Key West. As their newer ships came on line that has dropped to 18% and is expected to drop further when the Majesty of the Seas is retired in several years. Other lines such as Carnival, Disney, and Norwegian are also introducing new ships which are larger than the ships that currently call in Key West.

As directed by the City Commission, staff held a public workshop on July 13th, 2011 to educate the public on the project and take public comment. 41 individuals either spoke or sent written comments on the issue; 21 for the project, 14 against it, and 6 noncommittal.

FINANCIAL IMPACT:

The first year cost estimate is \$1,050,000. \$550,000 of which would be paid for by the Federal government. The City would have to identify \$500,000 in funding from State and local governments, and corporate partners. The total cost of the Feasibility Study is estimated to be \$5,480,000. The City's share of that amount will be determined in the Federal Cost Sharing Agreement which would be paid for by the Federal government in the first year.

The ACOE said the typical cost break down is 50% Federal, 25% State, and 25% City (which includes corporate partners).

OPTIONS:

Approval of this request will allow staff to pursue Congressional direction and funding to determine if widening the channel is a viable long-term option. The Feasibility Study will provide the necessary environmental and socio-economic information on which to make the bigger decision of whether to widen the channel or not.

Disapproval of this request will leave the City in the position of seeing a long-term reduction in cruise ship calls and the revenue associated with those calls.

RECOMMENDATION:

As supported by the City of Key West 2011 Strategic Plan, Economic Goal #1 to "support and nurture existing sources of income for the City and community while encouraging the development of new ventures" the staff recommends approval of this request.