



THE CITY OF KEY WEST
201 William Street Key West, FL 33040 (305) 809-3790

EXECUTIVE SUMMARY

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TO: Jim Scholl, City Manager

CC: Sarah Spurlock, Assistant City Manager
Greg Veliz, Assistant City Manager

FROM: Doug Bradshaw, Port and Marine Services Director

DATE: December 18, 2014

SUBJECT: Extension of the Agreement for Cruise Ship Passenger Shuttle Service.

ACTION STATEMENT

Approving a one (1) year extension of the Agreement for Cruise Ship Passenger Shuttle Service to Historic Tours of America, Inc. (HTA) per Key West City Ordinance Section 2-797(4)b, authorize City Manager to negotiate the per passenger fee with HTA after six (6) months, and ratify the emergency procurement.

PROJECT ISSUE

Resolution 07-379 awarded an agreement to HTA to provide shuttle service for cruise ship passengers embarking and disembarking from the Navy Outer Mole Pier. The original agreement was extended on November 12, 2012 per Resolution 12-317 and ran through June 30, 2013. Former City Manager Bob Vitas, per Section 2-797(2), extended that contract on an emergency basis (which must be ratified by City Commission) until December 31, 2014 in order to allow sufficient time for the City to resolve the lease agreement with the Navy for the use of the Outer Mole.

In order to continue with uninterrupted shuttle service to cruise ships scheduled to dock at the Outer Mole, staff is recommending the following at this time:

1. Exempting this contract from the competitive bid requirements per Key West City Ordinance Section 2-797(4)b,
2. Extending the terms of the existing agreement for one (1) year,
3. Extending the cost (\$3.55 per passenger) of the existing agreement for six (6) months with the option to continue services for another six (6) months at a rate to be negotiated by both parties.

HTA has agreed to these conditions. Additionally, HTA is currently the only company in Key West able to provide the service. Under the original bid in 2007, HTA was the only

bidder. In 2012 when the City advertised a bid for the service, no companies bid and the City had to negotiate with HTA in order to continue providing the service. Currently the City is reviewing the sightseeing vehicle franchise ordinance it currently has in place. Revisions of that agreement may increase the ability of other operators to provide the service.

The City has explored the option of providing the service in-house, but feel at this time it is not viable both from a financial or practical stand point. It is estimated that initial start-up cost would be anywhere from \$1.5 to \$2.0 million, not including a building to store the vehicles the City would have to purchase. Operating costs have estimated to be around \$500,000. Staff feels it would be extremely difficult to hire drivers and keep drivers for the estimated 80-90 port calls each year at the Outer Mole.

OPTIONS

There are two options:

1. Authorize the extension of the current agreement based on the above conditions per Key West City Ordinance Section 2-797(4)b, authorize City Manager to negotiate the per passenger fee with HTA after six (6) months, and ratify the emergency procurement.
2. Disapprove the extension of the contract.

ADVANTAGES/DISADVANTAGES

Approval of the extension protects the City from financial loss of canceled port calls.

FINANCIAL ISSUES

There are no financial issues with extending the agreement. The City has budgeted the service and the current per passenger fee collected from the cruise ships is sufficient to cover the expense. If the agreement is canceled and the City is unable to transport passengers off the Outer Mole as required by the Navy, the cruise ships would have to cancel the port calls and the City would lose the corresponding revenues.

RECOMMENDATION

Staff recommends approving a one (1) year extension of the Agreement for Cruise Ship Passenger Shuttle Service to Historic Tours of America, Inc. (HTA) per Key West City Ordinance Section 2-797(4)b, authorizing the City Manager to negotiate the per passenger fee with HTA after six (6) months, and ratification of the emergency procurement.