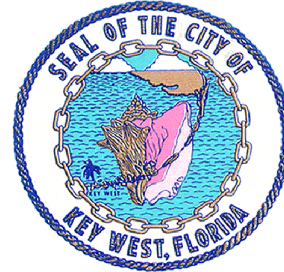


# Executive Summary



**TO:** Key West Bight Board  
Community Redevelopment Agency

**CC:** Jim Scholl

**FR:** Doug Bradshaw  
Mark Tait  
Marilyn Wilbarger, RPA, CCIM

**DT:** January 5, 2015

**RE:** Key West Express Use Agreement Extension and Lease Agreement Renewal

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## ACTION STATEMENT

This is a request to approve an extension of the Key West Express Use Agreement for dockage and a renewal of the Lease Agreement for the Key West Express Ticket Counter space in the Key West Bight Ferry Terminal.

## HISTORY

In 2010, the Community Redevelopment Agency (CRA) and Key West Express (KWE) entered into a ten year use agreement for dockage at the Ferry Terminal and a co-terminus lease for a counter area inside the building that facilitates passenger check-in and boarding functions. The City recently received a request from KWE to extend both agreements for another five years effective on the five year anniversary in March 2015 to establish another ten year term. The request is predicated on their business plan which calls for; an expansion of service for the Marco Island routes in July and August whereas currently the Marco Island boat only runs from Dec 26 through April, potential upgrade/replacement of one or more of the vessels, and a longer term to support their financing arrangements.

## Use Agreement

Staff has proposed a use agreement extension that includes the following terms:

**Use:** No changes in the current use provisions

**Term:** Extend for a ten year period commencing March 1, 2015

**Dockage Rate:** \$35.54 per foot which reflects a 2% increase with annual CPI increases thereafter

## **Embarkation**

**Fees:** \$1.18 per passenger which reflects a 2% increase with new annual CPI increases consistent with the dockage rate increases

## **Port Security/**

**Facility Charges:** No changes - actual costs will continue to be reimbursed

**Storage:** New - \$16.00 per square foot annually for the 350 square foot area occupied by the two storage trailers located under the building which equals \$466.67 monthly with annual CPI increases consistent with storage rates in the Historic Seaport

**Fuel Services:** New - The CRA will sell Key West Express fuel at \$0.25 per gallon over the delivered cost for the first five years of the term of the agreement. Beginning with year six of the agreement the CRA will sell Key West Express fuel at the greater of \$0.25 per gallon or 9% over delivered cost. Key West Express agrees to exclusively purchase all fuel for the Marco Island Ferry on a daily basis, estimated at 2,000 gallons per day from the Key West Bight Ferry Terminal. Additionally any and all fuel purchased in Key West for all other Key West Express vessels will be purchased from the Key West Bight Ferry Terminal under the same terms.

**Utilities:** KWE shall pay for the actual metered or prorated costs of utilities including electricity, water and solid waste

**Pump Out:** New - In the interest of the environment and sustainable business practices KWE agrees to utilize the system to pump out all vessels during every port call at no additional charge.

**Lease Agreement**

The ticket counter lease agreement enables Key West Express to expedite the boarding process in a professional and organized manner. The renewal is proposed based upon the following terms:

**Demised Premises:** Re-located and reduced from 240 to 170 square feet

**Term:** Concurrent with the Key West Express Use Agreement

**Rate:** \$38.76 per square foot which reflects a 2% increase

**Increases:** CPI annual increases

**Additional Rent:** Tenant shall pay its pro-rate share of CAM, taxes, and insurance

**Utilities:** Tenant shall pay its pro-rated share of the electricity costs

**FINANCIAL STATEMENT:**

This is a market rate for dockage and lease space in the Ferry Terminal. The fueling agreement and storage rents will provide new revenue to the CRA. In addition, the embarkation fees will be increased annually and will also increase as KWE expands its services bringing more passengers to Key West.

**RECOMMENDATION:**

Staff recommends approval of the proposed Use Agreement and Lease Agreement

**ATTACHMENTS:**

Proposed Use Agreement - effective March 2015  
Proposed Lease Agreement - effective March 2015  
Current Use Agreement  
Current Lease Agreement  
Public Notice for Lease Negotiation