



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 16, 2012

Re: **REJECTION OF SOLE BID FOR CRUISE SHIP PASSENGER
TRANSPORTATION, ITB 12-020**

ACTION ITEM

Resolution to reject Historic Tour of America's (HTA) bid for Outer Mole cruise ship passenger shuttle service as non-responsive and authorize the City Manager to negotiate an agreement with a qualified contractor, outside of the RFP process, to ensure this essential function to the City is maintained in the best interest of the City. The negotiated agreement would coincide with the City's lease with the Navy for use of the Mole Pier which expires on June 30, 2013, plus an additional 6-month period to allow for time to put the new requirements out for competitive bid.

BACKGROUND

In 2007 the City entered into a 5 year agreement with Historic Tours of America to provide cruise ship passenger shuttle service from the Outer Mole Pier (Resolution 07-379). This agreement will expire on October 16, 2012. An ITB was released on May 15, 2012 seeking bidders to provide the shuttle service. Requirements of the bid package included changes to the previous contract that were intended to alleviate tourist congestion in the Front Street area, reduce the amount of trains and trolleys on lower Duval and, with a shorter distance to travel, reduce the cost per passenger. HTA was the only entity to submit a bid, but their bid included modifications to the qualifications and requirements rendering it non-responsive.

As the Navy has a security provision against civilians being allowed on the base unescorted, the City has always provided transportation from the Outer Mole to downtown. Without the transportation piece the Outer Mole ceases to be a viable option for cruise ships and will greatly reduce the City's ability to provide berthing for cruise ships. Although there is a possibility of shifting some ships to Pier B, there will be a significant net loss in ships calling on Key West and a corresponding decrease in tourism income to the business and a reduction to the City's General Fund.

The City's lease with the U.S. Navy expires on June 30, 2013. Staff hopes to negotiate a more favorable lease which could change the transportation requirements currently in place, resulting in a potential cost savings to the City.

FINANCIAL IMPACT:

Without a transportation contract the City will be unable to moor cruise ships on the Outer Mole. While the exact number of ships will depend on the various cruise lines reaction to loss of the Mole Pier, the current schedule calls for 99 port calls, with a net economic impact of \$537,000.

OPTIONS:

1. Approval of this request will allow the City to provide the transportation necessary to maintain the Outer Mole as a cruise ship mooring facility while negotiating with the Navy for a new long term lease.
2. Disapproval will result in putting the cruise ship shuttle service contract out to bid again.

RECOMMENDATION:

Staff recommends option 1 to maintain the status quo during negotiations with the Navy for a new lease.