

Primary Business Points for a Pilot Water Passenger Ferry Service

The City of St. Petersburg ("City") was presented with a response to our RFQ (RQU No. 7942) by HMS Ferries, Inc, ("HMS") to explore a pilot ferry project ("Project") between the cities of St. Petersburg and Tampa. The response called for a two phased approach to determine Project feasibility. Phase I of the Project was completed with the submission of the Business and Operations Plan by HMS.

This Primary Business Points document ("Business Points") details the requirements for Phase II – Project Operations. It is the City's intent to present these Business Points to our City Council at their June 9, 2016 meeting. Subject to City Council approval, the City will then create an Operating Agreement consistent with these Business Points.

Primary Business Points

1. HMS will provide a guaranteed fixed price Pilot Ferry Service between the City of Tampa and the City of St. Petersburg for \$1.4 million for six months subject to the approval of the four (4) governmental entities (St. Petersburg, Tampa, Hillsborough County, Pinellas County).
2. This service will consist of a minimum of two (2) trips between the two cities on M, T, W, Thurs, Sat, and Sun. and three (3) trips on Friday. This schedule will test both the commuter market and the recreational market.
3. HMS will have the rights to the first \$125,000 in revenue produced by the service including ticket and sponsorship revenue. This revenue will be used to cover the additional expenses identified in the attached budget beyond \$1.4 million.
4. If the revenue is not produced, HMS has agreed to be at risk for covering these expenses for the Pilot Ferry Service.
5. Any revenue produced above \$125,000 will be shared among the four (4) governmental entities.
6. The estimated fare for Ferry Service on a one way trip between the two cities is \$10 with the flexibility to adjust subject to market conditions.
7. The City of St. Petersburg is responsible for upland development and engineering costs (estimated to not exceed \$50,000) associated with terminal preparation for the Ferry to dock.
8. The City currently has an application into the Corp of Engineers for approval of the terminal. The City will have an opt-out clause in the contract with HMS and the other funders if this application is denied or escalates into unforeseen costs.
9. Payment terms are as identified in the Project Cost Summary (attached).

10. An Apollo Terminal and stop was studied in the main business and operational plan and it was found to be not feasible for this Pilot Ferry Service because of regulatory and cost issues but we are hopeful that it can be added later if the Ferry Service is successful.

The main purpose of the Pilot Ferry Service is to measure whether a Ferry Service can be sustained in the future for the Tampa Bay region. The Pilot will measure demand for commuter and non-commuter service, pricing feasibility, revenue generation, consumer preferences, marketing effectiveness and impact on vehicle use. We will work closely with state and federal Department of Transportation personnel to determine how best to access future funding for this service if the Pilot is successful. As shown in the budget, the largest expense is the boat – approximately \$560,000 – to lease for this six month period. If funding can be obtained in the future for the boat or boats, the cost becomes more manageable and can be measured against the results from the Pilot.

Primary Business Points agreed to by:

Alan DeLisle, Administrator
City Development Administration
City of St. Petersburg, Florida

Greg Dronkert, President
HMS Ferries, Inc.

St Pete - Tampa Ferry Pilot Project

Project Cost Summary

As of: 6/3/16

By: GAD

HMS FIXED		Notes
Vessel Ops	791,597	Turn-key (includes delivery and redelivery)
Operational Mgmt and Admin	406,069	
Sub-Total	1,197,665	
OPTIONAL - HMS Provides		
Terminals	250,084	Includes client dock & terminal insurance
Marketing, Sales and Surety	77,250	
Sub-Total	327,334	
TOTAL PROJECT COSTS	1,525,000	

PAYMENT TERMS		Results in no finance costs
Initial Deposit	50,000	By July 1
Long Lead items & Mobe	440,000	By August 1
Prior to Commencement of service	151,667	Before Nov 1
Prior to each month of service	151,667	Before Dec 1
	151,667	Before Jan 1
	151,667	Before Feb 1
	151,667	Before Mar 1
	151,667	Before Apr 1
	1,400,000	

HMS collects first \$125,000 in revenue. All additional revenue goes to client. 125,000 Note: Ticketing and CC transactional fees are taken directly from revenue. Est. 5%