

Business and Operations Plan

Tampa Bay Ferry Pilot Project

Addendum

May 12, 2016

BACKGROUND

This is an addendum to the Business and Operations Plan submitted to the City of St. Petersburg on May 3, 2016.

On November 30, 2015, the City of St. Petersburg (the City), issued a solicitation for proposals, RQU No. 7942 for a ferry demonstration project intended to determine the necessity and financial viability of a regular Tampa Bay ferry service.

In addition to requesting information on the respondent's qualifications, the City asked for an overview of the proposed ferry pilot project operations with costs.

HMS Ferries, Inc. (HMS) responded to RQU No. 7942 and proposed the project be implemented in two phases: Phase 1 – Business & Operations Plan development and, 2) Implementation of Ferry Service – as defined in the Phase 1 Business & Operations Plan.

This approach was intended to ensure a clear definition of the scope of services, along with the development of associated costs. Also, it would provide an "off ramp" if the logic of the project could not be substantiated.

Accordingly, HMS provided the following price elements in its response to RQU No. 7942.

Phase 1 (Plan) – Firm Fixed Price: \$49,000

Phase 2 (Operations) – Conceptual Estimate (subject to the findings of the B&O Plan): \$1,341, 925

The Phase 2 estimate stipulated clear exclusions of items and functionality not included as part of HMS's response. The following are examples of some of the disclaimers and exclusions:

"All costs are estimates. Final costs will be determined in connection with the Business and Operations Plans."

Marketing and Advertising. "Cost estimates do not include marketing and advertising, catering cost of special events, etc., and "St. Petersburg and/or other regional stakeholders are responsible for all marketing and advertising associated with the pilot project."

Infrastructure Modifications. "It does not include having boarding ramps manufactured, tents or canvas work for passenger environmental protection..." and "Permits, stairs, boarding ramps and gantry are not included in the proposed budget costs, and are expected to be provided by the City. Additionally, environmental protection from sun and rain may also be required."

Further, the proposal stated:

"Each city would need to approve locations for the proposed facilities. We anticipate that only modest landside improvements might be necessary to accommodate passenger loading/unloading, ticketing and logistics in the City of Tampa location. Significant infrastructure modifications will be required at the St Petersburg location. "

"HMS will work with each City to plan and develop the land-side improvements necessary to support service at these locations. We believe that any landside modifications or improvements will best be undertaken by each jurisdiction through use of existing contractors and vendors. The total costs of such improvements are not included in our initial budget, but will be established and defined in detail as part of the Phase 1 Business & Operations Development project. "

Business & Operations (complete) Plan - \$1,950,488

After awarding HMS a Consulting Services Agreement to complete Phase 1 (as described in its response to RQU No. 7942), the City St. Petersburg requested HMS include the "outside-of-scope" (exclusions) services items in its work Plan. This required HMS to include items in the Phase 1 – Business & Operations Plan that were designated the City's responsibility under the original response. This included consideration of landside and ramp development, marketing activities, onboard concession services, as well as the possible development of an Apollo Beach terminal facilities. Also, the City requested that commuter service – not originally included in the HMS response – also be described in the Phase 1 plan.

On May 3, 2016, HMS submitted the Business & Operations Plan called for under the Consulting Services Agreement, plus the additional items requested by the City. The estimated costs of the fully-integrated plan - serving St. Petersburg, Tampa and Apollo Beach - that addressed all items was calculated to be \$1,950,488. This included various contingency budget items such as \$30,000 for major mechanical failure, \$25,000 for insurance deductible, and \$100,000 for other shore side and general contingencies.

The City Requests a Revised Budget (removing contingencies and other features) - \$1,404,794

After the City reviewed the Business & Operations Plan submitted by HMS on May 3rd, the City requested revisions to the Plan to achieve a total project budget estimate of \$1.4 million. By necessity, this resulted in the elimination of key items that were in the May 3rd Plan.

Key Service Elements

Here is a list of key service elements for a possible Plan revision that could achieve budget reductions – working toward the City's goal of \$1.4 million:

- 23 weekends of scheduled Friday-Sunday transit service between downtown St. Petersburg and downtown Tampa, with two round-trips scheduled for each day.
- 6 weeks of Monday-Thursday commuter service between downtown St. Petersburg and downtown Tampa consisting of a single daily round-trip.
- Approximately 20 weeks of Monday-Thursday weeknight excursion service, and three weekends of excursion service (during weekends when Tampa service is not possible) offered out of St. Petersburg, on a market demand basis.
- Charter and special event service offered out of St. Petersburg on a market demand basis when not in conflict with scheduled transit service.

These potential revisions seek to maximize service ridership and revenue potential while reducing incremental operating costs.

Possible Deductions

Working toward the budget reductions requested by the City, HMS considered the following possible reductions from the May 3rd Plan:

- Friday-Sunday transit service is reduced to two daily round-trips, reducing fuel costs.
- Reduction of Monday-Thursday commuter service to a 6-week period and operating only between St. Petersburg and Tampa (dropping Apollo Beach), operating from mid-January to the end of February 2017. One single-round trip.
- Twice weekly "mid-week" excursion trips based out of St. Petersburg operated on a market-demand basis.
Note: The Tampa Convention Center site is not available for such service due to license agreement restrictions.
- Elimination of Apollo Beach marine terminal and landside facilities.
- Elimination of City of Tampa mooring fees.
Note: Subject to agreement by the City of Tampa.
- City of St. Petersburg landside improvements reduced by \$12,500.

Table of Possible Deductions

Business & Operations Plan (May 3rd)	\$1,950,488
Itemized Deductions	
Fuel reduction (based on fuel rate of \$2/ gal)	200,508
St. Petersburg Upland parts & labor reduction	12,500
Apollo Landing removed	127,848
Tampa Convention Center Mooring Fee eliminated	15,900
Land-side Project Management eliminated	12,500
Legal/permits for Apollo property eliminated	4,000
Administrative and handling fee	17,438
Allowances	
- Insurance Deductible	25,000
- Major Repairs	30,000
Contingency	100,000
Total After Deductions	\$1,404,794

Supporting Detail

Budget Revisions - Exhibit A.

Modified Schedule - Exhibit B.

Exhibit A – Budget Deductions

St Pete - Tampa Ferry Pilot Project
Revised Project Cost Summary

As of: May 11, 2016

HMS FIXED			REVISED DEDUCTIONS	
Vessel Ops	568,607		568,607	
Operational Management and Admin	291,069		291,069	
HMS Fee (Overhead and Profit)	115,000		115,000	
Sub-Total	974,676		974,676	0
* ALLOWANCE		Handling 0.05		
Insurance Deductible	25,000	1,250	26,250	26,250
Major Repair	30,000	1,500	31,500	31,500
Sub-Total	55,000	1,500	57,750	57,750
CLIENT COSTS		Handling 0.05		
Fuel (vessel)	319,200	15,960	335,160	200,508
Terminals	357,064	17,853	374,918	182,436
Insurance (estimate only)	23,081	1,154	24,235	
Marketing	75,000	3,750	78,750	
Contingency (to be determined by client)	100,000	5,000	105,000	105,000
Sub-Total	874,345	43,717	918,062	487,944

Exhibit B – Addendum Schedule

Conceptual Schedule Subject to Market and Operational Requirements	Depart Tampa	Trips	Depart St. Petersburg
Weekend Schedule			
Friday		1	5:10
	6:20	2	9:10
	10:20	1	
Saturday		1	5:10
	6:20	2	9:10
	10:20	1	
Sunday		1	11:00
	12:00	2	4:00
	6:00	1	
		12	

	Depart St. Petersburg		Depart Tampa
Monday-Thursday Commuter	7:00		5:15
Jan 16th - Feb. 24th contingent upon subscription			
Monday-Thursday Excursion (Non commuter weeks)	45 minutes prior to Sunset		90 -120 minutes
April Sports Month (optional)			
Lightning Playoffs Games	5:30		10:00
Rays Games (Depart TPA or Apollo options, not both for same game)	4:30		5:30
	9:45		10:45