



CITY OF ST. PETERSBURG

CITY OF ST. PETERSBURG, FLORIDA

RICK KRISEMAN, Mayor

Office of the Mayor

August 1, 2018

Mark Woodard  
Pinellas County Administrator  
315 Court Street  
Clearwater, Florida 33756

Dear Mr. Woodard,

Thank you and your Commissioners for allowing me to present information about the opportunity to bring the Cross-Bay Ferry back for the upcoming season and up to two more seasons. As a follow-up to the Commission meeting and my letter dated July 20, 2018, I am providing the below and attached information for the County's consideration. I hope that you and the Board find the information useful as final funding is considered.

When the pilot ferry service was originally provided from November of 2016 through April of 2017 the City utilized the Request for Qualifications process whereby companies were asked to provide documentation that demonstrated their ability to provide the type of service the City and its regional partners could initiate. Only one company offered a response to that request, HMS, and the City subsequently negotiated an agreement with them as we deemed their qualifications to be more than satisfactory to operate the Pilot Program. The procurement process for the 2018/2019 season was conducted using a slightly different approach, and instead the City issued Request for Proposals (RFP) to allow potential operators to bid on up to three years of service. It was stressed in the RFP package that we were looking for options that reduced the government support as much as possible. We received two proposals, one from HMS and the other was SeaStreak in partnership with Yacht Starship. For a single season of service, Seastreak estimated the government support required to be over \$1 million after estimated revenue sharing. HMS provided a solution that guaranteed a maximum government support requirement of less than \$750,000 after guaranteed revenue sharing (i.e. \$747,332). The initial pilot required a total government support of approximately \$1,227,000 after revenue sharing – almost a half of a million dollars more than the current proposal due to cost savings and guaranteed revenue from HMS.

The City has been awarded, based on the success of the Pilot season, grant funding from the FDOT in a total maximum amount of \$438,131 which could be used to pay for up to 50% of the operations costs of the service for up to three years. Due to the desire to have the opportunity to provide a second and third year of service, the City intends to utilize only a portion of the FDOT three-year award each year, or approximately \$146,000 per year. Therefore, the reason that St. Petersburg and the other partner

governments can realize the 2018-2019 ferry service for a maximum subsidy of \$150,000 each rather than \$350,000 each is due to better pricing with a market-driven operations schedule, higher guaranteed revenue, and the FDOT grant. It's important to note the \$150,000 from each partner government represents the maximum contribution. Should the Ferry revenues exceed \$400,000 then each entity will share the proceeds equally. For example, if revenues in Season One (2018 – 2019) are \$500,000 then each government entity will receive \$25,000 in returned funding.

Attached is a three-year guaranteed pricing summary which is incorporated in the agreement between HMS and the City. Years Two and Three are at our option and will depend on the partnership of Pinellas County and the other partners in future years. There are two scenarios contemplated for the next two years, one with rented dockage as was the case for the pilot season and is expected to be the case for Season One, and possibly Season Two due to construction for the St. Pete Pier™, and the other with dockage incorporated at the St. Pete Pier™ which would provide additional cost savings once the facility is available as expected some time in 2019. I would anticipate that based on these reduced costs, coupled with increased revenue, that subsidies for future seasons will continue to decrease over time and will likely be closer to \$100,000 per entity rather than \$150,000 and a far cry from the original \$350,000 commitment. With that said, I view this as a public/private partnership for providing a transportation option, and do not think that the operations should expect to be covered with consumer fees alone. As evidenced by the FDOT grant, the Ferry is a form of transit, of public transportation increasing mobility options and taking vehicles off our roadway systems, and doing so in reliable and efficient manner connecting our Counties, Cities, and downtown cores. The Ferry is anticipated to provide a transportation service at a market-driven schedule with trips that are coincident to the evening rush hour. And while Ferry passengers may not always be commuters, their trips have a legitimate purpose that can be accommodated without increasing congestion on our bridges and highways connecting our region. As you may recall, we were able to transport a little more than 40,000 passengers in the six month pilot. Due to upward trends towards the end of the pilot and the market-based schedule and pricing strategy used for the upcoming seasons, it is anticipated that approximately 50,000 passengers will ride in season one followed by approximately 54,000 in season two and 55,500 in season three. These figures seem realistic and meaningful from my perspective.

Thank you for taking the time to review this letter and the related material. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Rick Kriseman  
Mayor