

**TO:** City of Pompano Beach  
100 W. Atlantic Blvd.  
Pompano Beach, FL 33061

**FROM:** Pompano Beach Water Taxi  
125 N. Riverside Dr.  
Pompano Beach, FL 33062

**DATE:** September 23, 2018

## **Request for Change in Compensation**

Pursuant to "Water Taxi Operating License Agreement"

### **4. Compensation**

*The City will pay the Licensee a sum not to exceed \$422,635.00 in the manner described in attached Exhibit "C," Subsidy Breakdown. The City may, from time to time, require changes in the Scope of Work performed by the Licensee hereunder. Such changes may include any increase or decrease in the amount of the Licensee's compensation and changes to the Scope of Work included in the RFP, this Agreement and the Licensee's Proposal, which are mutually agreed upon by and between City and the Licensee and shall be effective when such changes are incorporated via written amendment to this Contract. At the conclusion of this Agreement, the Licensee may retain the cumulative monthly subsidies provided during the term of this Agreement, presuming the Licensee complied with all terms and conditions.*

Pompano Beach Water Taxi (PBWT) is requesting a change in compensation. We are not asking to change the total sum but rather simply reallocate due to the following unforeseen issues that affected operations and revenue in year 1.

Due to hurricane Irma and the threat of hurricane Maria the service was slow to get started. The vessel Big Diamond couldn't be transported from Maryland until DOT opened up travel restrictions for transport. Dock modifications were put on hold until other more urgent repairs were made to city infrastructure. We were hampered by constant rainy and windy days. Several of the resorts we counted on for riders were damaged and did not come back on line until 2018. The effect to tourism was the greatest impact, from the media attention. Potential visitors see all the damage in neighboring areas that got hit hard and assumed Florida was the same. Potential local riders were too busy trying to get their lives back together.

Another factor that we believe caused a significant loss to ridership was our inability to secure a taxi stop in Lauderdale by the Sea. We had a letter of intent from the city. Mayor Sasser and commissioners were all in favor and were excited by the potential of finally getting a water taxi stop in LBTS. Unfortunately LBTS does not own property on the ICW. We tried repeatedly to work with Benihana, Blue Moon and Kaluz with no success. The developer of the LBTS marina downtown was willing to give us a stop but the residents along the entry canal showed up in opposition and the commission had no choice but to vote it down. The residents were all in favor of water taxi but just didn't want it in their backyard.

We also counted on working with the Hillsboro Lighthouse Preservation Society offering access to the Lighthouse 2 days a week. We met with Ken Herman and HLPS was on board. The problem came from the Hillsboro Inlet District (dredge operation) their equipment blocks access to the dock. They are unwilling to move it during the week. Weekends would be problematic because of the boat traffic and anchorage, not to

mention it would compete against the scheduled HLPs tour once a month. We tried to work something out with HI District; we met with Scott and thought we had a solution. We went so far to fasten a bumper to the area where we would land. As soon as the bumper was installed they put one of the tugs back in the slip blocking access and it sat there for months.

Currently we have 3 stops that have restaurants / attractions, the rest are city parks and Modera Port Royale. We are continuing efforts to secure a stop in LBTS and the Hillsboro Lighthouse. So far South Florida has had a relatively quiet hurricane season, if it remains that way that would potentially give us a substantial increase in season. The addition of several local projects projected to be completed in 2019 and 2020 will also enhance ridership.

The original proposed allocations were based on year one ridership projections of an average of 30 riders per day for 364 days (10,920) at an average price of \$15.00, totaling \$163,800 (Exhibit "C"). Because the service was delayed by almost 3 months service data began 12/22/2017. As of 9/2/2018 we should have a projected ridership of 7,560. Our actual ridership was 6,255 leaving us short by 1,305 riders and \$19,575 in revenue (see Exhibit "B").

Our current liability through 9/30/2018

Insurance	\$2,057.50
Great Locations	1,000.00
Dave Murray Signs	678.40
Cowheard & Singer CPA	3,735.00
Sands Harbor Marina	<u>3,974.32</u>
Total	- \$11,445.22

### **Year End Projections (October – December 2018)**

Based on current ridership data 10hr / 7days (See Exhibit "A")	Total Revenue	\$56,913
	Expenses	- <u>\$88,809</u>
	Net	- \$31,896

Based on current ridership data 10hr / 4days (See Exhibit "A")	Total Revenue	\$42,438
	Expenses	- <u>\$63,747</u>
	Net	- \$21,309

## Allocation Request

Currently we are at -\$11,455. We have put an additional \$2,967.96 to cover payroll in September. We have no further source of funding. In addition going forward the engine in Big Diamond needs to be rebuilt before season. If it is not and it fails the cost will be an additional \$7,000. We are requesting \$33,203 from year 5 immediately and \$30,000 from year 4 November 1<sup>st</sup>, 2018 (see Exhibit "C"). The year 2 subsidy (\$8,266) would continue as scheduled.

	<u>7 Day</u>	<u>4 Day</u>
Current Liability	-\$11,455	-\$11,455
Year End Loss	-\$31,896	-\$21,309
Engine Rebuild	<u>-\$15,000</u>	<u>-\$15,000</u>
Total Loss	-\$58,351	-\$47,764
<b>Total Reallocation</b>	<b>\$63,203</b>	

If the reallocation cannot be met we are in no position financially to continue and will be forced to suspend service indefinitely.

President  
Milton Smith \_\_\_\_\_

V. President  
Jeff Torode \_\_\_\_\_

## Exhibit "A"

### Expenses

Fixed Cost	10 Hour 7 Days	10 Hour 4 Days
Labor	\$19,269	\$12,609
Fuel	\$1800	\$1026
Dockage	\$2341	\$2341
Advertising	\$1066	\$1066
Office Rent	\$500	\$500
Boat Mortgage	\$1663	\$1663
Maintenance	\$1800	\$1026
Bank / Merchant Fees	\$338	\$192
Telephone	\$53	\$53
Insurance	\$773	\$773
Total	\$29,603	\$21,249

### Revenue

10 Hours Day 7 Days a Week							
	Avg. X Days	Price	Sales Total	Subsidy	Revenue	Expense	Net
October	11 X 31=341	\$15	\$5115	+\$8,226	\$13,341	\$29,603	-\$16,262
November	22 X 30=660	\$15	\$9,900	+\$8226	\$18,126	\$29,603	-\$11,477
December	41 X 28=1148	\$15	\$17,220	+\$8226	\$25,446	\$29,603	-\$4,157
							-\$31,896

10 Hours a Day 4 Days a Week							
	Avg. X Days	Price	Sales Total	Subsidy	Revenue	Expense	Net
October	11 X 16=176	\$15	\$2640	+\$8,226	\$10,866	\$21,249	-\$10,383
November	22 X 16=352	\$15	\$5280	+\$8226	\$13,506	\$21,249	-\$7,743
December	41 X 16=656	\$15	\$9,840	+\$8226	\$18,066	\$21,249	-\$3,183
							-\$21,309

\*Average number of passengers based on current data.

## Exhibit "B" Ridership

### Season 12/22/2017 - 4/8/2018

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
				29	42	11	<b>82</b>
0	28	27	42	51	29	42	<b>219</b>
24	0	0	10	16	24	11	<b>85</b>
22	1	7	38	4	46	52	<b>170</b>
24	14	36	7	15	43	12	<b>151</b>
26	23	25	33	0	0	27	<b>134</b>
25	19	23	20	71	36	34	<b>228</b>
25	69	48	65	76	86	73	<b>442</b>
47	67	101	82	71	81	112	<b>561</b>
47	79	49	73	74	79	72	<b>473</b>
58	72	63	42	41	53	70	<b>399</b>
91	62	29	46	63	61	48	<b>400</b>
0	53	31	37	72	58	69	<b>320</b>
48	54	43	58	31	37	56	<b>327</b>
76	37	54	38	51	39	51	<b>346</b>
54	48	35	38	57	32	9	<b>273</b>
<b>567</b>	<b>626</b>	<b>571</b>	<b>629</b>	<b>722</b>	<b>746</b>	<b>749</b>	<b>4610</b>

Average riders per day (41)

### Demographics (Bi Weekly)

Adult	Child	Military	Resident	Senior	Modera	Total
105	17	3	114	59	3	<b>301</b>
84	10	1	74	71	15	<b>255</b>
79	10	2	48	132	13	<b>284</b>
179	6	12	147	305	21	<b>670</b>
225	23	9	204	552	21	<b>1034</b>
213	14	9	162	370	31	<b>799</b>
187	1	10	100	325	24	<b>647</b>
226	40	15	104	214	21	<b>620</b>
<b>1298</b>	<b>121</b>	<b>61</b>	<b>953</b>	<b>2028</b>	<b>149</b>	<b>4610</b>

## Off Season 4/9/2018 - 9/2/2018

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
19	4	13	22	36	33	29	156
33	17	17	23	14	15	0	119
11	7	5	20	19	28	27	117
12	37	7	20	22	25	14	137
11	28	13	26	21	34	10	143
4	7	8	7	16	0	0	42
1	4	12	19	4	0	0	40
0	7	4	4	0	19	20	54
14	4	5	3	8	0	9	43
9	4	11	6	3	11	15	59
3	8	7	8	2	13	9	50
5	0	9	7	4	8	21	54
16	16	22	9	6	17	54	140
3	16	9	4	7	30	24	93
2	6	5	4	8	12	6	43
5	13	0	14	0	10	15	57
2	5	5	14	16	20	23	85
3	6	9	23	3	17	12	73
0	3	4	2	6	8	25	48
0	0	8	4	9	5	13	39
0	2	13	0	7	19	12	53
<b>153</b>	<b>194</b>	<b>186</b>	<b>239</b>	<b>211</b>	<b>324</b>	<b>338</b>	<b>1645</b>

Average riders per day (11)

## Demographics (Bi Weekly)

Adult	Child	Military	Resident	Senior	Modera	Total
83	7	13	65	95	12	275
80	2	6	50	78	13	229
86	2	1	36	51	9	185
42	0	3	25	21	3	94
44	1	3	18	27	9	102
31	6	3	23	18	23	104
76	18	22	8	23	13	160
39	7	3	21	24	6	100
41	5	6	20	8	5	85
31	10	2	53	12	13	121
42	5	1	28	14	2	92
<b>595</b>	<b>63</b>	<b>63</b>	<b>347</b>	<b>371</b>	<b>108</b>	<b>1547</b>

Exhibit "C" - Subsidies Breakdown

Revenue and Expenses Projections - Table II					
	Year 1	Year 2	Year 3	Year 4	Year 5
Water Taxi Annual Expenses	\$526,244	\$526,244	\$526,244	\$526,244	\$526,244
Itemized Revenues	Year 1	Year 2	Year 3	Year 4	Year 5
Ticket Sales	\$163,800	\$207,480	\$218,400	\$245,700	\$273,000
Water Bottles	\$2,184	\$2,912	\$2,912	\$3,500	\$3,640
City Subsidy	\$142,403	\$98,723	\$87,803	\$60,503	\$33,203
Special Promotions	\$0	\$0	\$48,000	\$48,000	\$96,000
<b>Subtotal</b>	\$308,387	\$309,115	\$357,115	\$357,703	\$405,843
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Shortage</b>	\$217,857	\$217,129	\$169,129	\$168,541	\$120,401
Estimated Profit	\$55,143	\$55,871	\$103,871	\$104,459	\$152,599
<b>Subtotal</b>	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000
Other Sources of Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Advertising	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000
<b>Losses/Gains</b>	\$0	\$0	\$0	\$0	\$0

**Note: Year 5 requested subsidy is the last subsidy required.**

Notwithstanding the above described expenses and allocations, PBWT reserves the right to use requested subsidy to offset any and all expenses.