

## MEMORANDUM

November 26, 2018

TO: City Commission

FROM: Horacio Danovich, CIP and Innovation District Director

THRU: Greg Harrison, City Manager

RE: Water Taxi Subsidy – Reallocation of Funds from Years 4 and 5 to Year 2



### Issue

Staff is seeking City Commission approval of an Ordinance to authorize staff to reallocate previously approved subsidies to Pompano Beach Water Taxi, Inc. (PBWT) earmarked to be disbursed in Years 4 and 5 to be disbursed in Year 2, instead.

### Recommendation

Staff recommends Approval of the Ordinance.

### Background

On July 25, 2017, the City Commission approved Ordinance 2017-63 effectively entering into a contract with PBWT, and allocating funds in the form of a subsidy for 5 years. The main purpose of said subsidy was to help establish a Water Taxi service in the City and assist with operational and branding costs.

During the first year of operation, the Water Taxi service experienced unanticipated issues including, but not limited to, major storms (Hurricanes Irma and Maria); Department of Transportation's travel restrictions to transport one of the leased vessels; inability to execute an agreement with Lauderdale-by-the-Sea for taxi stops at Benihana and/or Blue Moon restaurants; and, inability to secure proper authorization to transport riders to the Hillsboro Inlet Lighthouse.

As a result, said issues may have collectively contributed to decreased ridership. Whereas the original agreement estimated ridership would average 30 passengers per day, the actual yearly average was 26. Staff calculated ridership from December 22, 2017 to April 8, 2018 to

reach 41 passengers per day. However, after April 9, 2018 the ridership experienced a sharp decrease to 11 passengers per day. Combined, the average ridership since inception has been 26 passengers per day including 17 days of no sales or suspended operation due to weather, maintenance, etc., which equates to no less than \$30,000 in potential revenues, or in this case, losses.

PBWT reached out to staff and submitted a letter requesting reallocation of the approved subsidy such that \$30,000.00 of previously scheduled funds to be disbursed in year 4 would be transferred to Year 2 effective immediately. Such reallocation would result in a reduction of year 4 subsidy from \$60,503.00 to \$30,503.00. In addition, PBWT is requesting to reallocate \$33,203.00 in funding earmarked for year 5 to be reallocated to year 2 as well. Such would eliminate any subsidy earmarked for year 5.

Upon review of PBWT's request, staff considered it to be consistent with Item 4 – Compensation as described on page 3 of 14 in the WATER TAXI OPERATING LICENSE AGREEMENT whereas “the provider and the City may from time to time mutually agree to changes in compensation.” To that effect, staff believes this request is justifiable and is seeking City Commission approval.

Due to the urgency to keep the service operating without any interruption, and in the absence of another City Commission meeting until January 2019, staff requests an emergency first and second readings.