



Legislation Details (With Text)

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On agenda: 3/6/2018 **Final action:**
Title: Consideration of a License Agreement Between the City of Alexandria and Spirit Cruises, LLC. for Use of the City's Marina.
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Attachments: 1. 18-7103_Proposed License Agreement

| Date | Ver. | Action By | Action | Result |
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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 28, 2018
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a License Agreement Between the City of Alexandria and Spirit Cruises, LLC. for Use of the City's Marina.

ISSUE: City Council consideration of a License Agreement between the City of Alexandria and Spirit Cruises, LLC.

RECOMMENDATION: That City Council:

1. Receive this report recommending a License Agreement between the City of Alexandria and Spirit Cruises, LLC; and
2. Schedule a public hearing for Saturday, March 17, 2018, and after the public hearing is concluded authorize the City Manager to execute the License Agreement (Attachment) substantially in the form attached between the City of Alexandria and Spirit Cruises, LLC.

BACKGROUND: The current License Agreements between Spirit Cruises, LLC (Spirit Cruises) and the City of Alexandria was authorized to allow the Spirit Cruises (and its now owned Potomac Riverboat Company) to operate a water taxi service, site seeing tours and charter vessel rentals from the City of Alexandria Marina. The current agreements expire on March 31, 2018.

DISCUSSION: In March 2017, the City issued a Request for Proposal for the sole purpose and intent to obtain competitive proposals from licensed commercial passenger boat operators for use of the commercial dock space at the City Marina. The City's intention is to award a license or licenses for an initial period of five (5) years with the mutually agreed license extensions of one (1) additional five (5) year period.

The City's commercial boat operation utilizes the commercial dock space, which is located at the foot of Cameron Street, and is adjacent to the Chart House Restaurant at the City's Marina (C/D Pier). Currently, the City has six (6) slips available for embarkation and disembarkation of passengers for seasonal tours, cruises, shuttles, water taxi or charters along the Potomac River. In recent years the Potomac Riverboat Company has had licenses from the City to utilize five of the six slips. The sixth slip was licensed to a charter-for-event boat operation. Points of interest served have historically included the Mount Vernon Estate, National Harbor, Georgetown, the National Mall, Nationals Stadium, and Washington DC Waterfront. New points of interest to be served will now include the new Audi Soccer Stadium and the Wharf in Washington, D.C.

The proposed license agreement requires Spirit Cruises to undertake certain activities to market the City, to assist in developing a cooperative events and marketing agreements with other riverboat destination/origins, and to assist in the City's annual Potomac River holiday boat parade. As has been historically the case, this license agreement prohibits commuter service, and requires Spirit Cruises to inform its patrons as to parking facilities near the City's waterfront.

After a thorough review of multiple proposals received by a City review panel consisting of Emily A. Baker, Deputy City Manager; James Spengler, Director, Department of Recreation, Parks and Cultural Activities; Alfred Coleman, Deputy Director, General Services; Anthony Gammon, Deputy Director, Department of Project Implementation; and Jack Browand, Division Chief, Department of Recreation, Parks and Cultural Activities; the review panel recommended the City issue a Notice of Intent to Award to three (3) commercial boat operators. Final award was contingent on satisfactory negotiations and submission of required documentation to include liability insurance determined by the City's office of Risk Management.

Spirit Cruises was the only entity that submitted a multi-slip proposal. Other offers proposed were only single slip (or less) service. Although the level of liability insurance was identified in advance of vendors submitting proposals, of the three (3) operators receiving a Notice of Award, two (2) withdrew from consideration because of an inability to meet City insurance requirements.

As a result, it's proposed that the City award a contract for use of the six (6) designated commercial slips to Spirit Cruises, LLC.

FISCAL IMPACT: The City will receive a guaranteed annual payment of \$175,000 in year one of the license agreement and the guaranteed payment increases by three percent (3%) annually. The guaranteed annual fee in the new license agreement represents approximately a 40% increase from the final year of the previous license agreement. In addition to the guaranteed annual payments, the City will receive an additional payment equal to five percent (5%) of Net Revenue in excess of \$5,000,000. Net revenues are determined by all charter, dinner cruise, water taxi, sightseeing or other operations for passengers departing from the City of Alexandria Marina.

ATTACHMENT: Proposed License Agreement

STAFF:

Debra Collins, Deputy City Manager

Laura Triggs, Deputy City Manager

James Spengler, Director, Recreation, Parks & Cultural Activities

Jack Browand, Division Chief, Recreation, Parks & Cultural Activities

Karen Snow, Assistant City Attorney

Randy Burns, Purchasing Agent