

RESOLUTION NO. 09-249

A RESOLUTION OF THE NAVAL PROPERTIES LOCAL REDEVELOPMENT AUTHORITY OF THE CITY OF KEY WEST (LRA) APPROVING THE AWARD OF REQUEST FOR PROPOSAL (RFP) #08-011: "MARINA AND UPLAND DEVELOPMENT OPPORTUNITY" FOR THE TRUMAN WATERFRONT TO MEISEL AND SPOTTSWOOD MARINA MANAGEMENT COMPANY LLC AND AUTHORIZE CITY MANAGER TO COMMENCE LEASE NEGOTIATIONS IN ACCORDANCE THEREWITH; PROVIDING FOR CONDITIONS; PROVIDING FOR AN EFFECTIVE DATE

BE IT RESOLVED BY THE NAVAL PROPERTIES LOCAL REDEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1: That the proposal of Meisel And Spottswood Marina Management Company, LLC received in response to RFP#08-011 is hereby accepted, conditioned upon the following:

- a) Meisel and Spottswood Marina Management Company, LLC. and City staff shall prepare a timeline binding upon the proposer for approval by the City Commission.
- b) All plans and other work product generated by Meisel And Spottswood Marina Management Company, LLC., their agents and representatives in any way related to the proposal shall become the property of the city of Key West.

Section 2: That the City Manager is directed to enter into negotiations with Meisel and Spottswood Marina Management Company, LLC. for the real property in accordance with RFP#08-11 and the response thereto, subject to City Commission approval.

Section 3: That the failure of Meisel And Spottswood Marina Management Company, LLC to meet the timelines imposed pursuant to the forthcoming agreement referenced in paragraph

1(a) above, or to enter into an agreement acceptable to the City as specified in section 2, shall permit the City, upon further authorization by the City Commission, to enter into negotiations with the second ranked proposer, Key West Harbour LLC, in accordance with their proposal.

Section 4: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Authority.

Passed and adopted by the Naval Properties Local Redevelopment Authority at a meeting held this 15th day of September, 2009

Authenticated by the presiding officer and Clerk of the Authority on October 13, 2009.

Filed with the Clerk October 13, 2009.



MORGAN MCPHERSON, CHAIRMAN

ATTEST:



CHERYL SMITH, CITY CLERK



Executive Summary

To: Naval Properties Local Redevelopment Agency (LRA)

From: Doug Bradshaw, Port Project Manager

CC: Jim Scholl, City Manager
David Fernandez, Assistant City Manager
Mark Finigan, Assistant City Manager
Raymond Archer, Port Director
Amy Kimball-Murley, Planning Director

Date: August 31, 2009

Re: LRA Item: Award of RFP # 08-011: Marina and Upland Development Opportunity at the Truman Waterfront

ACTION ITEM

Award of Request for Proposal (RFP) # 08-011: "Marina and Upland Development Opportunity" for the Truman Waterfront by the Naval Properties Local Redevelopment Agency (LRA) to Meisel & Spottswood Marina Management Company LLC and authorize City Manager to commence exclusive lease negotiations.

PROJECT ISSUE

On January 14, 2009, the City received two proposals in response to RFP# 08-011: "Marina and Upland Development Opportunity" for the Truman Waterfront. The firms submitting the proposals were:

1. Key West Harbour LLC
2. Meisel & Spottswood Marina Management Company LLC

The RFP laid out a five (5) step process for review and selection of the proposals (see attached Executive Summary). The attached memo from the City Manager completes step four (4) of the process.

OPTIONS

At this point in the process there are three options based on the RFP:

1. Accept the recommendation of the City Manager. Both the Review Committee and the City Manager has recommended that the City award RFP# 08-011: "Marina and Upland Development Opportunity" for the Truman Waterfront to Meisel & Spottswood Marina

Management Company LLC. By selection of this firm, the City Manager and Staff can begin the process of negotiating a lease agreement.

2. Reject all proposals. If the LRA rejects both proposals, staff will need direction on how to proceed. Rejection may delay the construction of the marina and surrounding parkland.
3. Make an alternative recommendation.

FINANCIAL ISSUES

The financial issues at this point are incomplete. The proposal from Meisel & Spottswood Marina Management Company LLC makes numerous assumptions that must be authenticated before final financial terms can be realized. A preliminary financial package was presented to the LRA during the workshops and is attached.

RECOMMENDATION

Award of Request for Proposal (RFP) # 08-011: "Marina and Upland Development Opportunity" for the Truman Waterfront by the Naval Properties Local Redevelopment Agency (LRA) to Meisel & Spottswood Marina Management Company LLC and authorize City Manager to commence exclusive lease negotiations.

Note: A recommended lease agreement and complete financial package will be presented to the LRA for approval once negotiations are completed between the City Manager and Meisel & Spottswood Marina Management Company LLC.

**COMMITTEE AND CITY
MANAGER HAS
RECOMMENDATION**



THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3888

Memo

To: Mayor & Commissioners
From: Jim Scholl, City Manager
CC: Shawn Smith
Date: August 27, 2009
Re: Review of Truman Waterfront Marina Proposals

The proposed review committee met on Thursday, 20 August 2009. The results of the committee's review and their unanimous recommendation are forwarded with my concurrence.

Jim Scholl

A handwritten signature in cursive script, appearing to read "Jim Scholl", is written below the printed name.

RECEIVED

AUG 25 2009

CITY MANAGER



MEMO

To: Jim Scholl, City Manager

From: Doug Bradshaw, Port Project Manager

CC: David Fernandez, Assistant City Manager
Mark Finigan, Assistant City Manager
Raymond Archer, Port Director
Amy Kimball-Murley, Planning Director

Date: August 25, 2009

Re: Review of Proposals: Marina and Upland Development Opportunity at the Truman Waterfront

On January 14, 2009, the City received two proposals in response to Request for Proposal (RFP) # 08-011: "Marina and Upland Development Opportunity" for the Truman Waterfront. The firms submitting the proposals were:

1. Key West Harbour LLC
2. Meisel & Spottswood Marina Management Company LLC

The RFP lays out a five (5) step process for review and selection of the proposals.

STEP 1: ADMINISTRATIVE REVIEW

City Staff shall initially review proposal submissions for completeness and compliance with all formatting and content requirements set forth in the RFP. During this initial review, and prior to the start of deliberations by the Review Committee, respondents may be contacted to cure proposals that contain non-material, non-substantive defects as determined solely by staff. If notified of such a deficiency, the respondent shall correct such deficiency with five (5) working days of receipt of notification. Those submissions that comply with requirements will be deemed responsive.

Doug Bradshaw, Port Project Manager completed the administrative review. Both proposals were substantial complete and compliant with all formatting and content requirements set forth in the RFP.

STEP 2: THRESHOLD REQUIREMENTS AND STANDARDS

The City has identified three (3) factors that shall serve as threshold qualification standards for this process. All respondents are required to meet these standards to receive further consideration

of their proposals. Respondents are encouraged to form appropriate development teams in order to assemble the requisite expertise, experience, financial and management capability to meet these threshold requirements.

Each respondent is expected to meet the following minimum requirements:

1. A leading role of principle responsibility or other demonstrated experience in the design and construction of a project(s) of similar size, complexity, and other constraints as the project proposed.
2. The successful development and financing of a least two projects of similar size, complexity, and uses with similar constraints (for proposals with management option).
3. A minimum of 10-years experience managing and operating a marina of comparable size as what is proposed (for proposals with management option).

Doug Bradshaw, Port Project Manager completed the threshold requirements and standards review. Based on the information provided, both proposers meet the minimum threshold requirements and standards above.

STEP 3: REVIEW COMMITTEE

Subsequent to staff review, the Review Committee shall evaluate each proposal deemed responsive. The Review Committee shall be comprised of professional City Staff plus members from the private sector experienced in the financing and development of projects of this nature. Proposals at this time will also be subject to Navy review. In this process, the Review Committee shall rely primarily on the documentation submitted in the proposal, but may also obtain critical information through a presentation by and interview of the development team.

The Review Committee shall use the specific evaluation criteria and their respective assigned weights for purposes of rating and ranking the proposals, as defined below. Each Committee Member shall review each proposal specifically noting the level of detail given to criteria of critical importance to the City and assign a numerical score accordingly. Each Review Committee Member shall determine a rank order based upon the numerical score achieved. The Review Committee shall arrive at a rank order of proposals based on the individual member's vote of its rank order.

The Review Committee shall render a written report to the City Manager of its evaluation of all responsive and responsible proposals. The Review Committee has the authority to recommend one or more, or none, of the proposals as it deems to be in the best interest off the city. The Committee's recommendation is accompanied by written justification of its findings.

The City encourages all respondents to form appropriate development teams in order to assemble the requisite expertise, experience, financial and management capability to meet the evaluation criteria. As such, where applicable, these standards shall be applied to the development team as a whole, in a manner that is commensurate with the allocation of responsibility within the team.

SCORING VALUES

Criteria	Weighted Value
Overall Plan & Design of the Proposed Development	35
Feasibility, Management, & Operations of the Proposed Development	20
Return to the City	35
Community Benefits	10
Total	100

The review committee was comprised of the following:

- *David Fernandez, Assistant City Manager*
- *Mark Finigan, Assistant City Manager*
- *Raymond Archer, City Port Director*
- *Amy Kimball-Murley, Planning Director*
- *Richard Heidrich, Third Party Reviewer: AECOM USA, Inc.*

Each review committee member reviewed both the proposals submitted and was present at the City Commission workshops (or viewed the DVD) where each proposer presented their plans. The Review Committee met in an advertised meeting on August 20th, 2009 to discuss the scoring/ranking process. At the conclusion of the meeting, each member submitted their scoring and ranking for the two firms. Their review sheets are attached.

Using the scoring value system above the following ranking was determined unanimously:

1. *Meisel & Spottswood Marina Management Company LLC*
2. *Key West Harbour LLC*

STEP 4: CITY MANAGER (to be completed)

The City Manager shall take into consideration the findings of both Staff and the Review Committee, and shall then recommend one or more, or none, of the proposals to the City Commission. The City Manager shall state in writing the reasons for his recommendation.

STEP 5: CITY COMMISSION (to be completed)

The City Commission may then accept the recommendation of the City Manager, may reject all proposals, or may make an alternative recommendation. Following the Commission selection of a proposal, exclusive lease negotiations will commence.

RFP # 08-011: MARINA AND UPLAND DEVELOPMENT OPPORTUNITY

City of Key West

Reviewer: Raymond Archer

Proposer: Key West Harbour LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	20
Feasibility, Management, & Operations of the Proposed Development	20	12
Return to the City	35	21
Community Benefits	10	3
Total	100	56

(2)

Proposer: Meisel & Spottswood Marina Management Company LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	35
Feasibility, Management, & Operations of the Proposed Development	20	18
Return to the City	35	30
Community Benefits	10	10
Total	100	93

(1)

RFP # 08-011: MARINA AND UPLAND DEVELOPMENT OPPORTUNITY

City of Key West

Reviewer: Amy Kimball - Murley

Proposer: **Key West Harbour LLC**

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	17
Feasibility, Management, & Operations of the Proposed Development	20	12
Return to the City	35	20
Community Benefits	10	3
Total	100	52

②

Proposer: **Meisel & Spottswood Marina Management Company LLC**

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	32
Feasibility, Management, & Operations of the Proposed Development	20	17
Return to the City	35	30
Community Benefits	10	10
Total	100	89

①

RFP # 08-011: MARINA AND UPLAND DEVELOPMENT OPPORTUNITY

City of Key West

Reviewer: David Fernandez

Proposer: Key West Harbour LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	20
Feasibility, Management, & Operations of the Proposed Development	20	15
Return to the City	35	15
Community Benefits	10	5
Total	100	55

(2)

Proposer: Meisel & Spottswood Marina Management Company LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	35
Feasibility, Management, & Operations of the Proposed Development	20	15
Return to the City	35	35
Community Benefits	10	10
Total	100	95

(1)

RFP # 08-011: MARINA AND UPLAND DEVELOPMENT OPPORTUNITY

Private Sector Review Sheet

Reviewer: AECOM USA, Inc. , Richard Heidrich, 8/7/09

Proposer: Key West Harbour LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	25
Feasibility, Management, & Operations of the Proposed Development	20	18
Return to the City	35	25
Community Benefits	10	6
Total	100	74

②

Proposer: Meisel & Spottswood Marina Management Company LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	30
Feasibility, Management, & Operations of the Proposed Development	20	15
Return to the City	35	25
Community Benefits	10	10
Total	100	80

①

RFP # 08-011: MARINA AND UPLAND DEVELOPMENT OPPORTUNITY

City of Key West
 Reviewer: _____

*FINISAN,
 MACK*

Proposer: Key West Harbour LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	15
Feasibility, Management, & Operations of the Proposed Development	20	15
Return to the City	35	25
Community Benefits	10	3
Total	100	58

(2)

Proposer: Meisel & Spottswood Marina Management Company LLC

Criteria	Max Weighted Value	Reviewer Score
Overall Plan & Design of the Proposed Development	35	25
Feasibility, Management, & Operations of the Proposed Development	20	7
Return to the City	35	20
Community Benefits	10	8
Total	100	60

(1)

**MEISEL & SPOTTSWOOD
MARINA MANAGEMENT
COMPANY LLC.
PRELIMINARY
FINANCIAL PACKAGE**

DEVELOPMENT COST

\$	11,699,100	Marina
\$	20,320,279	Upland & Park Grounds
\$	<u>32,019,379</u>	TOTAL

*Nearly \$20 million of the Development Cost is for Upland Property.

*Costs based on first class details to give the park the world-class designation similar to Grant Park in Chicago and Embarcadero Marina Park in San Diego.

FINANCING PLAN

- Our plan is not contingent on receiving any financial assistance from the City and will not require a pledge of the full faith and credit of the City.
- Our plan contemplates the issuance of a revenue bond by the city to be repaid solely from the revenues from the park and marina and a portion of the recently enacted 4th penny bed tax.
- Once the Final Development Plan has been approved by the City, the issuance of the revenue bond will go before the voters of the City of Key West for approval.

FINANCING PLAN

The entire debt would be fully repaid in the first 8 years of operations.

REVENUE

THERE ARE SEVERAL
SOURCES OF REVENUE:

	2012
Slip Revenue	\$ 3,066,000
Net Fuel Revenue	\$ 150,000
Restaurant Rental	\$ 150,000
Amphitheater	??
TOTAL	<u>\$ 3,366,000</u>

REVENUE

	PP LF	Season Occupancy	Off-Season Occupancy	Blended Occupancy
2012	\$ 3.75	50%	50%	50%
2013	\$ 4.00	65%	50%	58%
2014	\$ 4.00	80%	50%	65%
2015	\$ 4.25	85%	50%	68%
2016	\$ 4.25	90%	50%	70%

- THE REVENUE ASSUMPTIONS ARE BASED UPON EXISTING PRICING FOR COMPETITIVE MARINAS AND DO NOT TAKE INTO ACCOUNT PREMIUM PRICING ANTICIPATED FOR YACHTS IN EXCESS OF 80 FEET.

EXPENSES

	2012	2013	2014	2015	2016
Management Fees (5%)	\$ 168,300	\$ 203,596	\$ 228,710	\$ 251,414	\$ 260,897
Payroll & Related	500,000	525,000	551,250	578,813	607,753
Utilities	100,000	105,000	110,250	115,765	121,550
Insurance	500,000	525,000	550,000	575,000	600,000
Marketing	175,000	150,000	100,000	100,000	100,000
Repairs & Maintenance	300,000	315,000	330,750	347,288	364,652
Supplies and Equipment	50,000	52,500	55,125	57,881	60,700
Landscaping and grounds	200,000	210,000	220,500	231,525	243,101
Misc. Expense	100,000	105,000	110,250	115,763	121,551
TOTAL	\$ 2,093,300	\$ 2,191,096	\$ 2,256,835	\$ 2,373,447	\$ 2,480,204
Expense/Revenue	62.2%	53.8%	49.3%	47.2%	47.5%

- THE EXPENSE/REVENUE RATIO IS CONSISTENT WITH WHAT WE HAVE SEEN IN OTHER OPERATIONS OF FULL-SERVICE MARINAS

CASH FLOW YR1-5

	2012	2013	2014	2015	2016
Gross Operating Revenue	\$3,366,000	\$4,071,928	\$4,574,206	\$5,028,272	\$5,217,948
Operating Expenses & Reserves	\$2,093,300	\$2,191,096	\$2,426,574	\$2,560,686	\$2,674,336
Net Operating Income (NOI)	\$1,272,700	\$1,880,832	\$2,147,632	\$2,467,585	\$2,543,612
Incentive Fee to MSMMC*	\$0	\$0	\$0	\$0	\$0
Operating Cash Flow	\$1,272,700	\$1,880,832	\$2,147,632	\$2,467,585	\$2,543,612
Projected Bed Tax Income	\$2,997,865	\$3,108,786	\$3,223,811	\$3,343,092	\$3,466,786
Interest	\$1,530,000	\$1,406,675	\$1,245,442	\$1,059,772	\$845,981
Remaining to Prepay Bond	\$2,740,565	\$3,582,943	\$4,126,001	\$4,750,905	\$5,164,417
Ending Bond Outstanding	\$31,259,435	\$27,676,492	\$23,550,491	\$18,799,586	\$13,635,169
Net Cash Flow to the City					

CASH FLOW YR6-10

	2017	2018	2019	2020	2021
Gross Operating Revenue	\$5,521,668	\$5,540,813	\$5,846,402	\$5,867,509	\$6,175,158
Operating Expenses & Reserves	\$2,811,907	\$2,929,378	\$3,078,416	\$3,207,928	\$3,369,609
Net Operating Income (NOI)	\$2,709,761	\$2,611,435	\$2,767,986	\$2,659,581	\$2,805,550
Incentive Fee to MSMMC*	\$541,952	\$522,287	\$553,597	\$531,916	\$561,110
Operating Cash Flow	\$2,167,809	\$2,089,148	\$2,214,389	\$2,127,665	\$2,244,440
Projected Bed Tax Income	\$3,595,058	\$3,728,075	\$3,187,801	\$0	\$0
Interest	\$613,583	\$381,865	\$137,274	\$0	\$0
Remaining to Prepay Bond	\$5,149,284	\$5,435,358	\$5,264,916	\$0	\$0
Ending Bond Outstanding	\$8,485,885	\$3,050,527	\$0	\$0	\$0
Net Cash Flow to the City			\$2,214,389	\$2,127,665	\$2,244,440

*when NOI exceeds scheduled debt service (\$34M@4.5% 20yr = \$2.6M per year), MSM receives an incentive fee equal to 20%

CASH FLOW YR11-15

	2022	2023	2024	2025	2026
Gross Operating Revenue	\$6,369,721	\$6,570,586	\$6,777,966	\$6,992,080	\$7,213,156
Operating Expenses & Reserves	\$3,520,960	\$3,679,707	\$3,846,216	\$4,020,868	\$4,204,065
Net Operating Income (NOI)	\$2,848,761	\$2,890,879	\$2,931,750	\$2,971,212	\$3,009,091
Incentive Fee to MSMMC*	\$569,752	\$578,176	\$586,350	\$594,242	\$601,818
Operating Cash Flow	\$2,279,009	\$2,312,703	\$2,345,400	\$2,376,970	\$2,407,273
Projected Bed Tax Income	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0
Remaining to Prepay Bond	\$0	\$0	\$0	\$0	\$0
Ending Bond Outstanding	\$0	\$0	\$0	\$0	\$0
Net Cash Flow to the City	\$2,279,009	\$2,312,703	\$2,345,400	\$2,376,970	\$2,407,273

*when NOI exceeds scheduled debt service (\$34M@4.5% 20yr = \$2.6M per year), MSM receives an incentive fee equal to 20%

CASH FLOW YR16-20

	2027	2028	2029	2030	2031
Gross Operating Revenue	\$7,441,430	\$7,677,147	\$7,920,559	\$8,171,928	\$8,431,525
Operating Expenses & Reserves	\$4,396,230	\$4,597,804	\$4,809,252	\$5,031,063	\$5,263,746
Net Operating Income (NOI)	\$3,045,201	\$3,079,343	\$3,111,306	\$3,140,865	\$3,167,779
Incentive Fee to MSMMC*	\$609,040	\$615,869	\$622,261	\$628,173	\$633,556
Operating Cash Flow	\$2,436,161	\$2,463,474	\$2,489,045	\$2,512,692	\$2,534,223
Projected Bed Tax Income	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0	\$0
Remaining to Prepay Bond	\$0	\$0	\$0	\$0	\$0
Ending Bond Outstanding	\$0	\$0	\$0	\$0	\$0
Net Cash Flow to the City	\$2,436,161	\$2,463,474	\$2,489,045	\$2,512,692	\$2,534,223

*when NOI exceeds scheduled debt service (\$34M@4.5% 20yr = \$2.6M per year), MSM receives an incentive fee equal to 20%

CONCLUSION

**OUR VISION PROVIDES THE CITY WITH
THE HARRY STRUMAN PRESIDENTIAL
PARK & MARINA, FULLY PAID FOR AND
DEBT FREE, PLUS \$28,000,000 IN NET
CASH FLOW DURING THE FIRST 20
YEARS OF OPERATION.**