



**COMMISSION MEMORANDUM**

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: September 11, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AT ITS JULY 26, 2024 MEETING, DIRECTING THE CITY ADMINISTRATION TO TERMINATE THE CONCESSION AGREEMENT DATED MARCH 14, 2024, BETWEEN THE CITY OF MIAMI BEACH AND POSEIDON FERRY LLC ("POSEIDON") FOR OPERATION OF A WATER TAXI PILOT PROGRAM, DUE TO POSEIDON'S MATERIAL DEFAULT.

**RECOMMENDATION**

The City Administration ("Administration") recommends that the Mayor and City Commission ("City Commission") adopt this Resolution.

**BACKGROUND/HISTORY**

On March 27, 2023, at the request of Commissioner David Richardson, the Mayor and City Commission referred an Item (C4 N) to the Finance and Economic Resiliency Committee ("FERC" or "Committee") to discuss implementing a water taxi/ferry service in the City of Miami Beach ("City"), and providing a potential subsidy for the program, in an effort to reduce the fares charged to passengers and promote an alternative mode of transportation between the cities of Miami Beach and Miami.

During the May 24, 2023 FERC meeting, the Committee discussed this item and passed a motion to proceed with a one (1)-year pilot program with Poseidon Ferry LLC ("Poseidon"), authorizing the Administration to negotiate an agreement (the "Agreement") with Poseidon and work with Poseidon to identify the locations where the operations will be conducted, and recommending a waiver of the competitive bidding process, if required to do so, with the final City contribution and related terms, such as the discounted rates, to be determined in the Agreement.

On June 28, 2023, the City Commission adopted Resolution No. 2023-32644, waiving, by 5/7th vote, the formal competitive bidding requirement and accepting the recommendation of the FERC, directing the Administration to: 1) negotiate a one (1) year Agreement with Poseidon; 2) identify funding; 3) identify locations where the operation will be conducted; and 4) define the City contribution and fare structure; and further requiring that the final Agreement be subject to approval by the City Commission.

On September 13, 2023, the City Commission adopted Resolution No. 2023-32746, approving the term sheet reflecting the essential business terms of a one (1)-year pilot program for water taxi service and authorizing the Administration to negotiate and execute the Agreement with Poseidon.

On March 14, 2024, the Agreement between the City and Poseidon was executed. The Agreement provides for a one (1)-year pilot program at a cost to the City of \$600,000. The service operates from/to the south side of Maurice Gibb Memorial Park (18 Street and Purdy Avenue,

Miami Beach) and the Venetian Marina & Yacht Club, also known as Sea Isle Marina (1635 N. Bayshore Drive, Miami). Pursuant to the Agreement, the water taxi pilot program service is scheduled to operate daily from 7:30 a.m. to 7:30 p.m., Monday through Sunday, with a one-hour service interruption daily from 2 p.m. to 3 p.m. due to personnel shift change.

The City's \$600,000 subsidy for the one (1)-year pilot program shall be paid in twelve (12) equal installments of \$50,000. At the end of each calendar month during the Term (or on the last day of the Term if occurring prior to the end of the month), Poseidon shall submit an invoice to the City in the amount of \$50,000 (pro-rated for any partial month) along with the required reports for the period of service rendered.

The Administration and Poseidon held two (2) community meetings with the Sunset Harbour Neighborhood Association on March 27, 2024 and June 11, 2024, respectively, to provide information and obtain community feedback on the one (1)-year pilot program.

On June 17, 2024, Poseidon received a Business Tax Receipt ("BTR") from the City for the operation of the water taxi service pursuant to the Agreement.

On June 28, 2024, Poseidon obtained approval from the Miami-Dade County Division of Environmental Resources Management ("DERM") to operate a water taxi service between Miami Beach and Miami.

On June 30, 2024, Poseidon launched the water taxi pilot program service at 7:30 a.m. from Maurice Gibb Memorial Park.

At the July 24, 2024 City Commission meeting, at the request of Vice-Mayor Alex Fernandez and Commissioners David Suarez, Tanya K. Bhatt and Joseph Magazine, the City Commission referred an item (C7 AH) to the July 26, 2024 FERC meeting to discuss terminating the Agreement with Poseidon due to several concerns with the service being provided, including a material default under the Agreement due to various days of service suspension.

## **ANALYSIS**

Pursuant to Section 13.4 of the Agreement, "failure of Concessionaire to operate the Program at the Concession Area for a period of time exceeding two (2) continuous days shall constitute a material default under this Agreement with no cure period." It is important to note that since the commencement of the water taxi pilot program service on June 30, 2024, there have been two (2) instances where Poseidon has not been able to operate the water taxi service for more than two (2) consecutive days as a result of mechanical failures of the vessel. The first instance occurred from July 10 through July 14, resulting in five (5) days of no service; and the second instance occurred from August 7 through August 9, resulting in three (3) days of no service. On August 10, Poseidon was able to resume water taxi service utilizing a temporary spare vessel. Unfortunately, on August 20 the water taxi service was suspended until further notice as the temporary spare vessel was not available.

Additionally, partial service interruptions occurred on July 4, July 6, July 15, July 16 and August 6 as a result of mechanical failures of the vessel, as well as on August 3 and August 4 due to adverse weather conditions caused by Tropical Storm Debby. Furthermore, the water taxi service has experienced multiple operational issues, including persistent air conditioning breakdowns, as well as customer service complaints with the cleanliness and appearance of the vessel, among others, all of which have been brought to Poseidon's attention by City staff on multiple occasions since the onset of the service.

During the first 30 days of the water taxi pilot program service, the fares were waived for Miami Beach residents and City employees. As requested by Commissioner Tanya K. Bhatt during the discussion at the July 26, 2024 FERC meeting, Poseidon waived the fares for Miami Beach residents and City employees through August 5, 2024, to account for the five (5) days of service suspension from July 10 through July 14.

During the discussion at the July 26, 2024 FERC meeting, the Committee expressed their concerns with the existing Water Taxi Pilot Program service, including service reliability, service interruptions, and cleanliness and appearance of the vessel. As a result of these concerns, the Committee passed a motion recommending that the Administration terminate the Agreement with Poseidon and return to the September 11, 2024 City Commission meeting for consideration of the Committee's recommendation.

Since the inception of the water taxi pilot program on June 30, 2024 through July 31, 2024, excluding the five (5) days of no service during the month of July 2024, a total of 1,627 passengers have utilized the water taxi service. This yields an average daily ridership of approximately 60 passengers, or approximately three (3) passengers per trip per day. The ridership breakdown is as follows:

- Miami Beach Residents/City Employees: 1,131
- Non-resident Adults: 286
- Children (under 12 years old): 194
- Seniors/Military: 16

From August 1, 2024 through August 31, 2024, excluding the 15 days of no service during the month of August, a total of 233 passengers have utilized the water taxi service. This yields an average daily ridership of approximately 15 passengers, or fewer than one (1) passenger per trip per day. The ridership breakdown is as follows:

- Miami Beach Residents/City Employees: 131
- Non-residents Adults: 75
- Children (under 12 years old): 23
- Seniors/Military: 4

Attachment A includes the Monthly Reports for July and August on the Water Taxi Pilot Program which provide an in-depth analysis of the Program since inception, including ridership data, service interruptions, and on-time performance metrics.

### **FISCAL IMPACT STATEMENT**

The cost (to the City) associated with the operation of the one (1)-year Water Taxi Pilot Program service (\$600,000) is included in the Transportation and Mobility Department's Fiscal Year 2023/2024 Operating Budget.

### **Does this Ordinance require a Business Impact Estimate?**

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

### **FINANCIAL INFORMATION**

\$600,000 / 106-9615-000349-30-403-529-00-00-00-

## **CONCLUSION**

After reviewing the operational challenges, including the repeated service interruptions, mechanical failures, and ongoing customer service issues, the FERC expressed significant concerns regarding viability of the Water Taxi Pilot Program. As such, the Committee passed a motion recommending that the Administration terminate the Agreement with Poseidon and return to the September 11, 2024 City Commission meeting for acceptance of the Committee's recommendation.

The Administration recommends that the City Commission adopt this Resolution terminating the Agreement with Poseidon.

## **Applicable Area**

South Beach

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

No

**Is this item related to a G.O. Bond Project?**

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

## **Department**

Transportation and Mobility

## **Sponsor(s)**

Commissioner Alex Fernandez  
Commissioner David Suarez

## **Co-sponsor(s)**

Commissioner Tanya K. Bhatt  
Commissioner Joseph Magazine  
Mayor Steven Meiner

## **Condensed Title**

Accept Recommendation, Terminate Concession Agreement w/ Poseidon Ferry LLC.  
(AF/DS/TB/JM/SM) TR