



June 7, 2005

City Council
Sacramento, California

Honorable Members in Session

**SUBJECT: RIVERFRONT COMMERCIAL TOUR VESSEL LEASE –
AUTHORIZATION TO EXECUTE AMENDMENT #4 TO CITY
AGREEMENT #86-171 TO REFLECT AN OWNERSHIP CHANGE**

LOCATION/COUNCIL DISTRICT: Old Sacramento, Council District 1

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution authorizing the execution of amendment #4 to City Agreement #86-171 to reflect a change of ownership and new lessee from Channel Star Excursions, Inc. to Sacramento Yacht Charters, L.L.C. for tour vessel services in Old Sacramento.

CONTACT PERSON: Ed Astone, Manager, 264-8209
Old Sacramento Management
Convention, Culture and Leisure

FOR COUNCIL MEETING OF: June 28, 2005

SUMMARY:

This report provides information relating to the provision of commercial riverfront tours and requests authorization to execute an amendment to the lease and operating agreement with Channel Star Excursions, Inc. to reflect an ownership change. Channel Star Excursions, Inc. operates the Spirit of Sacramento and the Matthew McKinley tour boats in Old Sacramento.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION:

- On April 6, 1987, City Agreement #86-171 was executed between the City and Channel Star Excursions, Inc.
- Supplemental agreements to original City Agreement No. 86-171 include:
 - Supplement No. 1 on March 16, 1993
 - Supplement No. 2 on March 10, 1994
 - Supplement No. 3 on June 29, 1999
- The current lease agreement expires on June 30, 2007.

The owners of Channel Star Excursions, Inc. have decided to sell their company to Sacramento Yacht Charters, L.L.C. According to Section 22 of the Agreement, Channel Star Excursions must obtain the consent of the City should the company wish to assign, sublease, or, grant control of the contract or business. This proposed amendment makes the appropriate changes to the agreement to accommodate the sale. All other terms and conditions of the contract remain in place.

Since 1972, Roy King, President of Sacramento Yacht Charters, L.L.C has been in the boat charter business managing yacht charters for private parties, weddings, and special events in Newport Beach, California. In 1992 Mr. King purchased his own 149 passenger yacht and began his own charter business named Pacific Avalon Yacht Charters. Pacific Avalon now has six yachts in its fleet operating in three locations: Newport Beach, California; St. Charles, Missouri; and San Pedro, California.

Staff is currently developing a Request for Proposals ("RFP") for riverfront tour vessel services and is scheduled to release it later this year. This RFP is for both the tour boat services currently covered under this agreement, and the Water Taxi services.

The existing agreement is due to expire on June 30, 2007. This report requests authorization to execute an amendment to the current agreement, under the same terms and conditions, so that service is not interrupted while the RFP process takes place.

FINANCIAL CONSIDERATIONS:

The current agreement with Channel Star Excursions, Inc. calls for a lease fee of five (5) percent of gross receipts to be paid to the City with a minimum annual fee of \$10,000. These terms shall remain the same.

Revenue from the Riverfront Commercial Tour Vessel lease is deposited in the General Fund and is used to offset the costs of providing management, programming, and maintenance for the Old Sacramento Waterfront area.

ENVIRONMENTAL CONSIDERATIONS:

This report recommends no action that would constitute a project under the California Environmental Quality Act (CEQA).

POLICY CONSIDERATIONS:

This amendment is consistent with City Council's previously approved actions concerning the riverfront commercial tour services agreement and with City policy to provide an amenity which adds to the attractiveness of the waterfront. This amendment is also consistent with the City's Strategic Plan goals of promoting and supporting economic vitality

Further, City Code section 3.72.140 allows the City Manager to make minor changes to the contract provided the original resolution authorized such authority. However, no such authority was granted so Council action is required to change terms of the lease.

ESBD EFFORTS:

The City Office of Small Business Development has not certified Channel Star Excursions, Inc. under the Emerging and Small Business Development program as a Small Business Enterprise. However, Channel Star Excursions, Inc. is uniquely qualified to continue to provide the specific services sought by the City.

Respectfully submitted,



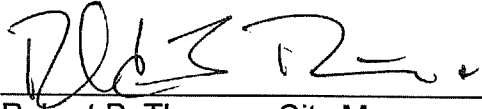
Ed Astone, Manager
Old Sacramento Management

APPROVED:



Barbara E. Bonebrake, Director
Convention, Culture and Leisure Department

RECOMMENDATION APPROVED:



Robert P. Thomas, City Manager

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RIVERFRONT COMMERCIAL TOUR VESSEL LEASE – AUTHORIZATION TO EXECUTE AMENDMENT #4 TO CITY AGREEMENT #86-171 TO REFLECT AN OWNERSHIP CHANGE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The City Manager, or his designee, is authorized to execute an agreement amendment with Channel Star Excursions, Inc. and with Sacramento Yacht Charters, L.L.C. to reflect an ownership change.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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