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**DEPARTMENT OF PARKS  
AND COMMUNITY SERVICES**

**CITY OF SACRAMENTO  
CALIFORNIA**

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October 25, 1990

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GOLF  
CROCKER ART MUSEUM  
HISTORY AND SCIENCE  
METROPOLITAN ARTS  
SACRAMENTO ZOO  
PARKS AND RECREATION  
• NORTH  
• SOUTH  
• CITY-WIDE

Joint Budget and Finance/Transportation  
and Community Development Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: New Vessel - Riverfront Commercial Tour Vessel Lease

SUMMARY

This report provides information relating to the purchase of a new riverfront tour vessel in Old Sacramento by Channel Star Excursions, Inc. This report is for information only.

BACKGROUND INFORMATION

The Old Sacramento Riverfront Master Plan project included the reconstruction and revitalization of approximately 4.5 acres of riverfront area. Designed to interpret the 1849 to 1870 period, principal elements of the plan included historic riverfront buildings, floating hulks, and historic ships. Proposed uses for the riverfront area were commercial, tour boats, public open space, and riverfront access. The Specific Use and Leasing Plan approved January 1985 included historic ships to be moored on the reconstructed riverfront contributing to the historic ambience of the area. Accordingly, in March 1987, City Council authorized a lease with Channel Star Excursions, Inc. to provide commercial riverfront tours in Old Sacramento. The arrival of Channel Star Excursions' existing vessel, the Matthew McKinley, capacity 150, on the Old Sacramento Waterfront coincided with the waterfront's June 1987 grand opening. Channel Star Excursions provides a variety of services to the public, including narrated sightseeing tours, luncheon, brunch, happy hour, and dinner/dancing cruises as well as charters and cooperative ventures with tour groups and conventions.

Since arriving, the Matthew McKinley has become a premier visitor attraction in Old Sacramento and has made a positive contribution to the area's renewed vitality. Last year, this historic riverboat had over 37,000 individual passengers with an estimated additional 5,350 persons participating in chartered tours. This represents an increase of more than 16% over 1988 operations.

A significant term of the lease agreement is that Channel Star Excursions will replace the Matthew McKinley with a new and larger historical tour vessel within one year after the annual gross receipts under the lease operations reach \$750,000. The tour boat operation grossed nearly \$700,000 during its first year of operations, and over \$800,000 in the 1988-89 fiscal year. Accordingly, the lessee is in the process of securing a larger vessel. Channel Star Excursions has signed an agreement to purchase a larger riverboat from a Bay Area yachting firm. This historic vessel is a three deck riverboat with a capacity of 354 passengers. It measures 110 feet in length and 32 1/2 feet in width. The first deck has a bar, a dance floor, and a cocktail lounge. Both the second and third decks have dining facilities and a bar with premier amenities. This vessel was constructed in 1942 for the Army Corps of Engineers to be used as a survey boat in the Sacramento River. The boat was later converted into a passenger vessel. In 1950, this riverboat was used during the filming of the John Wayne movie, Blood Alley, in Stockton.

Jim Henley of the Historical Commission has determined that the boat is indeed representative of the era recreated in Old Sacramento provided a few minor cosmetic modifications are made. Channel Star Excursions has agreed to make these modifications. In addition, the vessel will be retrofitted to ensure that it is handicapped accessible. Currently known as the Showboat, the boat will be renamed the Spirit of Sacramento. The lessee anticipates that escrow for the purchase of the tour boat will close in December. Channel Star Excursions plans to begin operating the new riverboat from the Old Sacramento waterfront in January of 1991.

The new vessel not only ensures compliance with the requirements of the lease agreement, but will also enable both a continuation of the current tour services and an increase in the number of charters and cooperative ventures with tour groups, conventions, and other leisure industry organizations.

FINANCIAL DATA

There is no cost to the City. All costs associated with the purchase and modification of the new riverfront tour vessel will be borne by the lessee.

Revenue from the Riverfront Commercial Tour Vessel is deposited in the General Fund to offset the costs of providing management, programming, and maintenance for the Old Sacramento Waterfront area. Revenue to the City thus far in the form of a graduated percentage of the gross receipts has been as follows:

<u>Year</u>	<u>Percentage Rent</u>	<u>Revenue to City</u>
1987-88	2%	\$14,066
1988-89	2%	\$15,013
1989-90	2.5%	\$17,842

It is anticipated that with the increase in the passenger capacity of the new vessel, the Channel Star Excursions gross receipts and subsequent rent to the City can be expected to increase.

October 25, 1990

POLICY MATTERS

Purchase of a new, larger vessel by Channel Star Excursions is consistent with the terms of the lease for the riverfront tour boat.

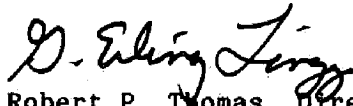
MBE/WBE

The lessee is aware of the City's Affirmative Action goals and is required by lease agreement to make efforts to meet these goals.

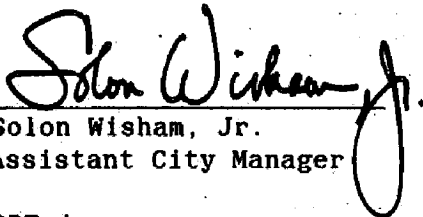
RECOMMENDATION

This report is for information only.

Respectfully submitted,

*for*   
Robert P. Thomas, Director  
Parks and Community Services

Approved for Information:

  
Solon Wisham, Jr.  
Assistant City Manager

RPT:ja

October 25, 1990  
District No. 1

Contact Person: Patti Gonzales, Administrative Services Officer - 449-5375

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# CHANNEL STAR EXCURSIONS, INC.

1207 FRONT ST., #18 SACRAMENTO, CA 95814  
(916) 441-6481

## PRESS RELEASE FOR IMMEDIATE RELEASE

OCTOBER 16, 1990

Channel Star Excursions, Inc. announced today that it has entered into an agreement with Hornblower Dining Yachts of San Francisco for the purchase of the vessel "Showboat" which is presently located in San Diego, CA. The "Showboat" is a 350 passenger Dinner Excursion Boat which will become a part of the companies operations in Old Sacramento. The "Showboat" will be brought to Sacramento in early January 1991. Upon it's return to Sacramento, the vessel will be renamed "The Spirit of Sacramento".

The return of this vessel to Sacramento is a homecoming event. The boat was originally constructed in 1942 in Berkeley, California for the US Corps of Engineers and operated, until the early 1950's, as a "snag" boat on the Sacramento River. It was then modified and used in the production and filming of the movie "Blood Alley" starring John Wayne. Much of the filming for this movie was done in the Stockton area and in the California Delta.

Following its debut as a movie star, the vessel was again modified and brought to Sacramento to operate as a passenger vessel. For many years it carried passengers on dinner cruises and excursions as the "Mansion Belle". In the early 1960's, the "Mansion Belle" left the Sacramento area and went to Southern California where it was again rebuilt and most recently has been operating as the vessel "Showboat" in San Diego.

The addition of this vessel will enhance Channel Star's ability to serve its customers in the Sacramento area and provide elegant Riverboat Dining facilities for individuals, groups, conventions and private parties. The operating schedule for the new vessel will be very similar to the service presently provided by the "Matthew McKinley".

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For further information contact James M. Gerhart, President, Channel Star Excursions, Inc. (916) 552-2941.

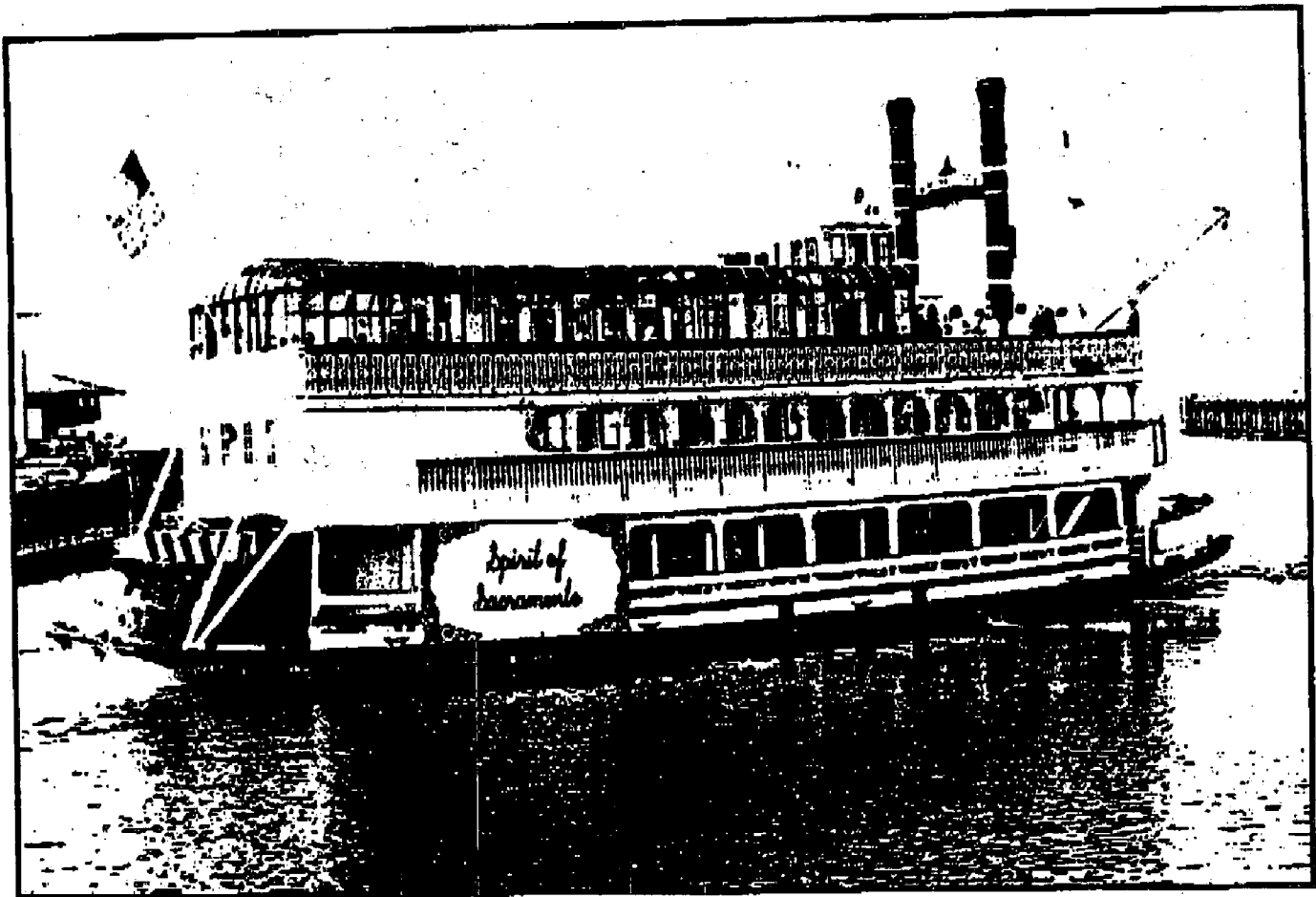
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# *The "Spirit of Sacramento"*

## ARRIVING IN 1991



The Spring of 1991 will see an elegant new addition to the Old Sacramento Waterfront. Channel Star Excursions' 350 passenger Dinner/Excursion Boat will be arriving and will set a new standard for elegant cruising, dining and entertainment on the Sacramento River. The "Spirit of Sacramento", with its ornate woodwork and polished brass, will re-capture the romance and glamour of the golden days of riverboat travel. The vessel is an operating paddlewheeler which is 110' long and 32' wide. It has 3 decks and all decks have completely enclosed and climate controlled dining and entertainment areas for year round cruising.

The "Spirit of Sacramento" is no stranger to the area and the return of this vessel will be a homecoming event.

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Upon its return to Sacramento, the vessel will be renamed the "Spirit of Sacramento" and will operate a variety of cruises from the docks in Old Sacramento.

The vessel will be available for both open admission cruises and private charters. The open admission, scheduled cruises will begin in April 1991 and will operate on a cruise schedule similar to that previously offered on the "Matthew McKinley".