

APPROVED
BY THE CITY COUNCIL

JUN 29 1999

OFFICE OF THE
CITY CLERK



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THOMAS V. LEE
DEPUTY CITY MANAGER
DOWNTOWN DEPARTMENT

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June 17, 1999

AG 99-114
CC 99-384

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: LEASE AGREEMENT FOR THE VESSEL "SAN DIEGO "

LOCATION AND COUNCIL DISTRICT: Three

RECOMMENDATION:

It is recommended that Council, by Resolution, authorize the City Manager to execute a twenty-five year lease agreement between the City and Basherwsl Corporation for the operation of the Ferryboat San Diego as a floating restaurant in Old Sacramento.

CONTACT PERSON: Ed Astone, Old Sacramento Town Manager, 264-8209

FOR COUNCIL MEETING OF: June 29, 1999

SUMMARY:

This report provides information on the proposed twenty-five year lease agreement between the City and the Basherwsl Corporation for the operation of the Ferryboat San Diego as a floating restaurant in Old Sacramento moored just south of the Tower Bridge. It is anticipated that in the first year of restaurant operation, the proposed lease would generate approximately \$60,000 in new revenue to the City from lease fees and an additional \$50,000 to \$60,000 in sales taxes and parking revenues.

In addition, the proposed restaurant would enhance Old Sacramento as a tourist destination while at the same time encouraging utilization of the newly completed Promenade south of the Tower Bridge.

COMMITTEE/COMMISSION ACTION:

The proposed lease is being processed by the State of California State Lands Commission.

BACKGROUND INFORMATION:

The Basherwsl Corporation, is owned by the Gerharts, who currently operate the Spirit of Sacramento and the Matthew McKinley tour boats in Old Sacramento under the business name, Channel Star Excursions. They purchased the Ferryboat "San Diego" in 1991 from the City of Antioch. Following discussions with representatives of the Sacramento Housing and Redevelopment Agency (SHRA), the Basherwsl Corporation formed a proposal to operate the San Diego as a floating restaurant in the area south of the Tower Bridge.

On November 10, 1992 the City Council adopted Resolution Number 92-104 which authorized the Executive Director of the Sacramento Housing and Redevelopment Agency to execute a Letter of Intent with Basherwsl Corporation. The Letter of Intent generally defined the proposed project as a first step in establishing the framework for negotiations between the Basherwsl Corporation and the City.

- The City has provided utility hookups to the floodwall, a barge and a ramp for public access.
- The proposed lease would be subordinate to the City's existing Master Lease with the State Lands Commission (City Agreement Number 86013).

Under the significant terms of the proposed twenty-five year lease, the Basherwsl Corporation (Lessee) would:

- Operate the San Diego under a new name "The City of Sacramento".
- Begin to pay to the City as temporary rent, \$800 per month from January 1, 2000 through December 31, 2000, or until the restaurant operation commences, whichever comes first.
- Pay to the City as rent, commencing upon the operation of the restaurant, or no later than January 1, 2001, unless an extension is granted, a percentage of the gross revenues realized from the San Diego operation, or a minimum rent of \$5,000 per month, whichever is greater, in accordance with the practice currently in place with other Old Sacramento restaurants. Lease fees would be deposited in the Old Sacramento operating fund.
- Provide, at Lessee's cost, public area improvements including an access bridge from the Promenade over the existing floating barge, a stairway and elevator to connect the access bridge to the deck of the floating barge, a moorage system for the Lessee's ferryboat and floats, and additional lighting, utilities and a garbage service area. Lessee shall be entitled to recover the costs of the public area improvements not exceeding \$750,000 by reducing the amount of rent paid to the City over and above the minimum monthly rent of \$5,000 per month until costs are recovered.

FINANCIAL CONSIDERATIONS:

For the period of January 1, 2000 through December 31, 2000, temporary rent to the City would total \$9,600. One-half of this new revenue, or \$4,800 will be due from January 1, 2000 through June 30, 2000. It is further estimated that during the first year of the restaurant operation (beginning on January 1, 2001), approximately \$60,000 in new lease fees would be generated for the City. This report recommends amending the Old Sacramento operating budget for FY 1999-2000 to account for the anticipated additional temporary rental revenue from January through June 2000.

ENVIRONMENTAL CONSIDERATIONS:

The approval of the lease as recommended in this report is exempt from CEQA review pursuant to Section 15301 (f), "addition of safety or health protection devices for use during construction or in conjunction with existing structures, facilities, or mechanical equipment, or topographical features including navigational devices", and 15061 (b)(3), "It can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment".

The Waterfront Master Lease between the State of California State Lands Commission and the City of Sacramento (City Agreement Number 86013) entered into July 1, 1986 provides that, "the State Parcel shall be used by the Lessee for the construction of docks, walkways, access ramps, floating vessels and any other structures necessary or appurtenant to the development of the State Parcel and for the mooring of vessels". The project does not permit construction to take place. The Lessee is required to develop plans for any physical construction activities which are subject to further environmental review.

POLICY CONSIDERATIONS:

The approval of the lease as recommended in this report is consistent with City policy to provide visitor amenities and to encourage economic development of the Old Sacramento Waterfront.

ESBD CONSIDERATIONS:

Basherwsl Corporation is not a registered ESBD vendor, but is the owner of the vessel "San Diego" and the operator of other waterfront vessels. Therefore, this lease is an expansion of activities already underway by the Basherwsl Corporation.

Respectfully submitted,



Ed Astone,
Old Sacramento Town Manager

RECOMMENDATION APPROVED:



Robert P. Thomas,
City Manager

APPROVED



Thomas V. Lee
Deputy City Manager

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APPROVED
BY THE CITY COUNCIL

JUN 29 1999

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-384

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

LEASE AGREEMENT FOR THE FERRYBOAT SAN DIEGO

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

1. The City Manager is authorized to execute a twenty-five year lease agreement between the City and Basherwsl Corporation for the operation of the Ferryboat San Diego as a floating restaurant in Old Sacramento.
2. Revenue from the activities conducted under this lease shall be deposited in the Old Sacramento operating budget.
3. The Old Sacramento revenue budget for FY 1999-2000 shall be amended as follows to account for temporary rent from January 1, 2000-June 30, 2000:

101-430-4360-3672	4,800
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MAYOR

ATTEST:

CITY CLERK

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RESOLUTION NO: _____

DATE ADOPTED: _____ 5