



REPORT TO COUNCIL

City of Sacramento

4

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent Report
May 19, 2009

Honorable Mayor and
Members of the City Council

Title: Old Sacramento Tour Boat Interim Lease Agreement and Authorization To Negotiate Long-term Agreement with Hornblower Cruise and Events, Inc. (2/3 vote required)

Location/Council District: Old Sacramento Historic District, Council District 1

Recommendation: Adopt a Resolution; 1) suspending competitive bidding for a short-term tour boat concession agreement due to special circumstances that make the use of the bid procedure inappropriate; 2) approving and authorizing the City Manager or his designee to execute a short-term concession agreement with Hornblower Cruise and Events, Inc. ("Hornblower") for the operation of a tour boat concession from Old Sacramento; 3) suspending competitive bidding for a long-term tour boat concession agreement as in the best interests of the City; 4) authorizing the City Manager or his designee to enter into negotiations with Hornblower for a long-term agreement for the operation of a tour boat concession in Old Sacramento.

Contact: Natalie Birk, Old Sacramento Division Manager, 808-8209; Liz Brenner, Administrative Officer, Old Sacramento Division, 808-1406

Presenters: Not Applicable

Department: Convention, Culture and Leisure Department

Division: Old Sacramento Historic District

Organization No: 17000

Description/Analysis

Issue: Staff recommends the City enter into a six-month interim license agreement with Hornblower Cruise and Events, Inc. ("Hornblower") for the use of the City's tour boat dock, waterfront boardwalk, and associated facilities such as the existing ticket booth, to provide, maintain, and operate a riverboat tour concession.

Policy Considerations: The 2003 Sacramento Riverfront Master Plan calls for establishing the Sacramento riverfront as an active, vibrant urban district that provides a variety of uses and amenities for visitors and local residents.

The recommendation in this report is to suspend competitive bidding and enter into an interim agreement in accordance with the provisions of Sacramento City Code section 3.72.120 which provides that competitive bidding may be suspending when the council determines that special circumstances make the use of the bid procedure inappropriate or when it determines that it is in the best interest of the city that the bid process not be used. (SCC § 3.72.120, subs. (B) & (C).)

Environmental Considerations: The proposed activity is not subject to environmental review under the California Environmental Quality Act (CEQA), California Code of Regulations, title 14, section 15060 because it is not a Project under CEQA.

Rationale for Recommendation: The Old Sacramento riverboat program has been an important part of the visitor experience since 1987. A short-term concession agreement with Hornblower for tour boat tours will resume a unique attraction in Old Sacramento and provide visitors with exciting opportunities to experience the river. In November 2006, the City entered into City Agreements 2006-1306 and 2006-1307 with Sacramento Yacht Charters ("SYC") to provide historic tour boat, water taxi, and amphibious trolley services from the Old Sacramento tour boat dock. SYC defaulted on the terms of both Agreements and demonstrated continued substandard performance. In December 2008, SYC filed a petition in bankruptcy. The City's ability to provide an interim operator or proceed with conducting a new Request for Proposals process to select a more qualified riverboat tour service was significantly delayed as a result of the automatic stay created upon SYC's bankruptcy filing.

In April 2009 Agreements 2006-1306 and 2006-1307 were "deemed rejected" as a matter of law under the Bankruptcy Code. This resulted in the automatic termination of these agreements which permitted the City to select another provider of tour boat services in Old Sacramento. However, due to the impending start of the summer season, the City does not have time to engage in competitive bidding in order to find the most responsible bidder to commence services this season.

By entering into short-term agreement with Hornblower, riverboat tours can resume in Old Sacramento before this season begins. Since 1980, Hornblower has been providing dining, entertainment and cruise experiences that includes 29 yachts operating from six ports in California – San Francisco, Marina del Rey, Newport Beach and San Diego. Hornblower has a demonstrated record of quality and reliable service.

Hornblower was also the second responsible bidder at the time the City awarded the agreements to SYC. Notable attributes of the Hornblower Company are its operational experience, high-quality customer service and credible reputation in the marine hospitality industry. Providing an opportunity for Hornblower to operate during the short term will enable the company to establish its riverboat tour business in Old Sacramento. This will also provide staff ample time to

evaluate Hornblower's business performance and possibly entertain negotiations for a multi-year contract. The City manager will bring back to council a negotiated long- term agreement for the approval by City Council.

Financial Considerations: Staff proposes the interim agreement include minimal rent to the City due to the quick investment Hornblower will need to establish its business in Old Sacramento. The logistics of leasing an office, starting a business, marketing its services as a new river boat attraction are vital to ensuring a high quality operation is successful. The last two years river boat tours have virtually been absent from the Sacramento's riverfront. The presence of a high-quality operation that can draw locals and tourist to Old Sacramento is imperative. It is estimated the short-term agreement will generate less that \$10,000.

Negotiations for securing a long-term contract will include revenue from chartered tours, regularly scheduled tours and potentially a water taxi operation. Revenues from these agreements are deposited in the General Fund and are utilize to offset operating costs of the Old Sacramento Historic District.

Emerging Small Business Development (ESBD): Not applicable

Respectfully Submitted by: 
Natalie Birk, Manager
Old Sacramento Historic District

Approved by: 
Barbara E. Bonebrake, Director
Convention, Culture and Leisure Department

Recommendation Approved:

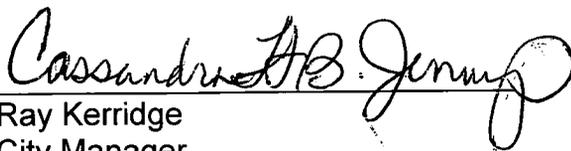

Ray Kerridge
City Manager

Table of Contents:

Report	pg. 1
Attachments	
1 Background	pg. 5
2 Resolution	pg. 6

Attachment 1 – Background Information

In November 2006, the City entered into City Agreements 2006-1306 and 2006-1307 with Sacramento Yacht Charters (“SYC”) to provide historic tour boat, water taxi, and amphibious trolley services from the Old Sacramento tour boat dock. SYC defaulted on the terms of both Agreements and demonstrated continued substandard performance. In December, 2008, SYC filed a petition in bankruptcy. The City’s ability to provide an interim operator or proceed with conducting a new Request for Proposals process to select a more qualified riverboat tour service was significantly delayed as a result of the automatic stay created upon SYC’s bankruptcy filing.

In April, 2009 Agreements 2006-1306 and 2006-1307 were “deemed rejected” as a matter of law under the Bankruptcy Code. This resulted in the automatic termination of these agreements which permitted the City to select another provider of tour boat services in Old Sacramento. However, due to the impending start of the summer season, the City does not have time to engage in competitive bidding in order to find the most responsible bidder to commence services this season.

By entering into short-term agreement with Hornblower, riverboat tours can resume in Old Sacramento before this season begins. Since 1980, Hornblower has been providing dining, entertainment and cruise experiences that includes 29 yachts operating from six ports in California – San Francisco, Marina del Rey, Newport Beach and San Diego. Hornblower has a demonstrated record of quality and reliable service.

RESOLUTION NO. 2009-

Adopted by the Sacramento City Council

Old Sacramento Tour Boat Interim Lease Agreement and Authorization to Negotiate Long-term Agreement with Hornblower Cruise and Events, Inc.

BACKGROUND

- A. Staff recommends the City enter into a six-month interim license agreement with Hornblower Cruise and Events, Inc. ("Hornblower") for the use of the City's tour boat dock, waterfront boardwalk, and associated facilities such as the existing ticket booth, to provide, maintain, and operate a riverboat tour concession.
- B. The 2003 Sacramento Riverfront Master Plan calls for establishing the Sacramento riverfront as an active, vibrant urban district that provides a variety of uses and amenities for visitors and local residents.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Competitive bidding for a short-term tour boat concession agreement for the operation of a tour boat concession from Old Sacramento is suspended due to special circumstances that make the use of the bid procedure inappropriate.
- Section 2. The short-term concession agreement with Hornblower Cruise and Events, Inc. for the operation of a tour boat concession from Old Sacramento is approved and the City Manager or his designee is authorized to execute the agreement.
- Section 3. Competitive bidding for a long-term tour boat concession agreement for the operation of a tour boat concession from Old Sacramento is suspended as in the best interests of the City.
- Section 4. The City Manager or his designee is authorized to enter into negotiations with Hornblower for a long-term agreement for the operation of a tour boat concession in Old Sacramento.

Table of Contents:

- Exhibit A Short-Term Concession Agreement

