REPORT TO COUNCIL

City of Sacramento
915 I Street, Sacramento, CA 95814-2604
www.cityofsacramento.org

CONSENT
January 10, 2006

Honorable Mayor and
Members of the City Council

Subject: **Request for Proposal for Riverfront Tour Boat Operation and Authorization to Negotiate Agreement**

Location/Council District: Old Sacramento Waterfront; (District 1)

Recommendation:

Adopt a resolution: 1) authorizing the City Manager to issue a Request for Proposal (RFP) for the operation of riverfront tour boat operation as part of the Old Sacramento Historic District; and 2) authorizing the City Manager to negotiate an agreement with the selected successful proposer.

Contact: Ed Astone, Old Sacramento Town Manager, 264-8209
Department: Convention, Culture and Leisure Department
Division: Old Sacramento
Organization No: **4360**

Summary:

The current riverfront tour boat operator agreement terminates June 30, 2007. The current provider operates two boats, the Spirit of Sacramento and the Matthew McKinley.

This RFP has been prepared and is ready to be circulated in order to provide the selected operator sufficient time to prepare to be in operation on July 1, 2007.

Committee/Commission Action:

At its meeting of October 13, 2005, the Historic Old Sacramento Foundation, the City's advisory organization on Old Sacramento items, recommended support of this RFP and the City entering into an agreement for tour boat services.

Background Information:

In 1987, after a competitive selection process, Channel Star Excursions, Inc. (CSE) was chosen to have the exclusive right to operate an open ticketing tour boat operation on the riverfront of the Old Sacramento Historic District. Since their selection, CSE has been operating the Spirit of Sacramento, the larger of the two boats, as the primary tour boat. The second boat, the Matthew McKinley, has operated as a backup for the Spirit of Sacramento for open ticket tours as well as operating special theme charters. A key component of the current agreement requires the operator to provide regularly scheduled tours regardless of ticket sales.

Both boats are in the décor and general ambiance of riverboats in the early Sacramento era of 1850-75 and provide the customers with not only a pleasurable river tour, but a semblance of an historic riverboat of the era of the Old Sacramento Historic District.

The criteria for selection would include experience of operating tour boats of an historic theme, the design of the boats properly representing the early Sacramento historic era as well as the operational and marketing plans.

The RFP also provides potential operators the opportunity to include water taxi services on the Sacramento River currently provided by River Otter Water Taxi.

If approved, the RFP will be issued on January 13, 2006, and proposals will be due on March 10, 2006 The proposed agreement would be presented to the City Council for consideration by May, 2006.

Financial Considerations:

Under the current agreement, revenues from the tour boat operations represent a percentage of monthly net sales. Revenue generated during the past three years has averaged $61,300 has been used to support the operation and management of the Old Sacramento Historic District.

It is expected that the future agreement with a new riverfront tour boat operator will provide the City with annual revenues of approximately $75,000. As Old Sacramento matures and the riverfront becomes more developed, it is expected that the tours will become even more popular and that the City's share of the revenue will increase.

Environmental Considerations:

Authorizing the release of an RFP does not constitute a project as defined by the California Environmental Quality Act (CEQA) CEQA Guidelines Sections 15061(b)(3); 15378(b)(2).

Policy Considerations:

The action requested herein is consistent with the City's Strategic Plan goals to expand economic development throughout the City and to achieve sustainability and livability.

Emerging Small Business Development (ESBD):

Efforts will be made to outreach prospective proposers who are qualified as ESBD.

Respectfully Submitted by: Barbara E Bonebrake
for Ed Astone
Old Sacramento Town Manager

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

Recommendation Approved:

for Ray Kerridge
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

January 10, 2006

AUTHORIZING A REQUEST FOR PROPOSAL FOR THE RIVERFRONT TOUR BOAT OPERATION AND AUTHORIZATION TO NEGOTIATE AGREEMENT

BACKGROUND

A. The City entered into an agreement for a tour boat operation in 1987 and the current agreement expires on June 30, 2007;

B. It is necessary to give the selected operator sufficient time to prepare for operation on July 1, 2007;

C. An historic tour boat operation has proven to be significant draw for the Sacramento waterfront;

D. The presence of historic tour boats provides educational and recreational opportunities for the general public to enjoy the Sacramento River;

E. There is expressed interest by tour boat operators in the historic tour boat operation on the Sacramento River as part of Old Sacramento;

F. It is in the City's best interest to provide historic tour boat operators an opportunity to submit proposals for the tour boat operation

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

Section 1. Authorize the City Manager to issue a Request for Proposal (RFP) for the operation of riverfront tour boat operation as part of the Old Sacramento Historic District; and

Section 2. Authorize the City Manager to negotiate an agreement with the selected successful operator.