

City of Sacramento

Legislation Text

File #: 2019-01141, **Version:** 1

Title:

Agreement: Third Amendment to Hornblower Yachts Agreement No. 2009-0671

File ID: 2019-01141

Location: Old Sacramento, District 4

Recommendation:

Adopt a Resolution authorizing the City Manager or the City Manager's designee to execute the Third Amendment to City Agreement No. 2009-0671 with Hornblower Yachts, Inc. dba Hornblower Cruises and Events.

Contact: Dustin Hollingsworth, Facilities and Real Property Superintendent, (916) 808-5538; Jody Ulich, Director, (916) 808-7733, Department of Convention and Cultural Services

Presenter: None

Attachments:

1-Description/Analysis

2-Resolution

3-Third Amendment, City Agreement Number 2009-0671

Description/Analysis

Issue Detail: In 2009, the City entered into a Passenger Vessel Concession Agreement ("Concession Agreement") with Hornblower Yachts, Inc. dba Hornblower Cruises and Events ("Hornblower") for ten years, with two five-year extensions. Hornblower received the exclusive right to use a passenger boat dock located between the I Street Bridge and Tower Bridge along with other surrounding areas (collectively, the "Premises") for the operation of tour boats and other related activities.

In 2013, Hornblower notified the City of its intent to terminate the Concession Agreement due to loss of revenue related to the recession. At the time, Hornblower was operating two vessels in Sacramento, the "Empress" and the "Capitol." Hornblower and City agreed that Hornblower would

move Empress to Berkeley and continue operating the smaller vessel “Capitol” in Sacramento.

Additionally, Hornblower was required under the Concession Agreement to operate a historic style passenger vessel. Hornblower has never operated such a historic-style passenger vessel. Due to Hornblower’s default under the Concession Agreement, the City had the right to terminate the Concession Agreement. However, because the City valued the amenities provided by Hornblower to the public in Old Sacramento, the Second Amendment to City Agreement No. 2009-0671 was enacted in lieu of termination. Per conditions of the Second Amendment, the Agreement terms were changed to year-to-year (to terminate in 2019) and their exclusive license was removed when they were unable to bring a historic-style vessel by May 2017.

The tour boat program has been an important part of the visitor experience and a proven draw for the Sacramento waterfront. The proposed Third Amendment provides for a one-year term with four mutually agreeable one-year extensions. This would allow for continued availability of river cruises for the public at the waterfront while also providing needed flexibility to the City as the Old Sacramento Waterfront feasibility study is underway.

Policy Considerations: Pursuant to City Code section 3.72.140, a resolution by City Council is required for amendments to concession agreements totaling \$100,000 or more. The requested action is consistent with and supports the 2003 Sacramento Riverfront Master Plan by:

- Maintaining the riverfront as an active, vibrant, urban district and public asset.
- Providing a balance of visitor-serving and community-serving uses and amenities.
- Emphasizing the river as the focus of riverfront area.
- Providing uses and amenities which complement those in the area.
- Providing for land uses that are flexible and can respond to market conditions and finance opportunities.

Economic Impacts: None

Environmental Considerations: The proposed action is an administrative action related to an existing concession agreement; therefore, it does not constitute a project under the California Environmental Quality Act (CEQA) per section 15378 (b)(2) of the CEQA guidelines.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Old Sacramento Historic District attracts over two million visitors per year and Hornblower has been enhancing the visitor experience in the district since 2009. City staff believe its continued operation will bolster the success of the Old Sacramento area in the

future. City staff recommends approval of the Third Amendment to the Hornblower Concession Agreement as the most prudent course of action, as it allows for the continued operation of a valued entity in the district. The terms of the amendment provide much needed flexibility for the City during the feasibility stage of Old Sacramento Waterfront development.

Financial Considerations: The City receives a combination of Moorage Fees and Percentage Rent (approximately \$60,000 in FY19, estimate of approximately \$300,000 if all contractual options were to be exercised) under the terms of the Concession Agreement. All revenue received by the City is deposited into the operating budget of the History Division within the City's Convention and Cultural Services Department. No budgetary adjustments are being requested at this time.

Local Business Enterprise (LBE): Not applicable.