



CITY OF LONG BEACH

C-22

DEPARTMENT OF PARKS, RECREATION & MARINE

April 3, 2007

2760 N. Studebaker Road, Long Beach, CA 90815-1697

(562) 570-3100 • FAX (562) 570-3109

www.lbparcs.org

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a first amendment to Permit No. 27552 to change the Permittee's name from Dream Cruises, Inc., to Hornblower Yachts, Inc.; to adjust the permit fees, including annual minimum fees; and to extend the term through November 30, 2011. (District 2)

DISCUSSION

On November 6, 2001, the City Council authorized the execution of Permit No. 27552 (Permit) with Dream Cruises, Inc., (Dream Cruises) for commercial operations of harbor and dinner cruises, whale watching tours, and all charters, except scuba diving and sport fishing (Attachment A). The Permit was executed for a five-year term with three five-year options to renew, subject to approval by the City Manager.

In December 2004, Dream Cruises notified the Department of Parks, Recreation and Marine (PRM) of the sale of all interests and obligations to Hornblower Yachts, Inc. (Hornblower). The new owners elected to continue operations under the name Dream Cruises for the duration of the initial five-year permit term.

The successor is now requesting to exercise the first five-year renewal option under the name Hornblower Yachts, Inc. The first amendment has been negotiated with the proposed major terms and conditions, as follows:

- Permit Term Extension: December 1, 2006, through November 30, 2011.
- Annual Minimum Permit Fee: \$30,000. The annual minimum rate shall be adjusted using the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index for Los Angeles-Riverside-Orange Counties in each succeeding year of the Permit.
- Permit Fees:
 - Year 1 (December 1, 2006, through November 30, 2007): The greater of \$30,000, or 6 percent of gross receipts.
 - Year 2 (December 1, 2007, through November 30, 2008): The greater of annual minimum rate, or 7 percent of gross receipts.
 - Years 3 – 5 (December 1, 2008, through November 30, 2011): The greater of annual minimum rate, or 8 percent of gross receipts.

HONORABLE MAYOR AND CITY COUNCIL

April 3, 2007

Page 2

- Dock fee: \$14.00 per lineal foot per month, or other fee subsequently adopted by the City Council.

This matter was reviewed by Principal Deputy City Attorney Charles Parkin on March 14, 2007, and Budget and Performance Management Bureau Manager David Wodynski on March 22, 2007.

TIMING CONSIDERATIONS

City Council action is requested on April 3, 2007, to enable the execution of the first amendment.

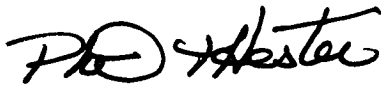
FISCAL IMPACT

During FY06, \$49,252 in fees was generated through this permit, based on 5 percent of gross revenue. Under the new terms of the requested amendment, permit and dock fees are projected to be a minimum of \$55,200. All fees will be deposited into the Tidelands Operating Fund (TF) in the Department of Parks, Recreation and Marine (PR).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PTH:RG:rg

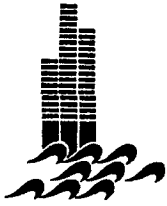
Attachment

APPROVED:



GERALD R. MILLER
CITY MANAGER

6



CITY OF LONG BEACH

Department of Parks, Recreation and Marine

2760 Studebaker Road, Long Beach, CA 90815-1697

(562) 570-3100 • FAX (562) 570-3109

November 6, 2001

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Permit With Dream Cruises, Inc., for Commercial Operation From the Rainbow Harbor (District 2)

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DISCUSSION

Dr. and Mrs. Diorio have been operating a successful charter business in Marina del Rey and Newport Beach for more than ten years, as Charter Memories, Inc. They are in the process of building a new, 135-foot, 400-plus passenger vessel and are requesting to locate the new vessel in Rainbow Harbor for private charters and corporate events. They have established a separate corporation, Dream Cruises, Inc., exclusively for the Long Beach operation.

The operator estimates that the business will initially generate a minimum of ten cruises per month, with a minimum of 100 persons per cruise. Marketing efforts will include advertising in wedding magazines and newspapers, as well as direct contact with local hotels, the Chamber of Commerce, travel agents, wedding consultants, catering companies, and the Convention and Visitors Bureau. The operator also plans to advertise on local radio and print media, as well as hold periodic open houses for the purpose of introducing the vessel to concierges, local restaurants, and the local business community.

Staff recommends City Council approval of a commercial permit with Dream Cruises, Inc., with the following terms and conditions.

- Premises – Dream Cruises will occupy commercial slip(s) as assigned by the Marine Bureau.
- Permitted Uses – Dream Cruises will conduct harbor cruises, dinner cruises, whale watching tours, and all charters, except scuba diving and sport fishing, utilizing a 400-plus passenger vessel.
- Term – The term will be five years, with an option to renew for three, five-year periods, subject to approval by the City Manager. The operator has requested this length of term due to bank financing considerations.

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HONORABLE MAYOR AND CITY COUNCIL
November 6, 2000
Page 2

- Permit Fee - The permittee will pay 5 percent of gross receipts, to be paid monthly.
- Dock Fee - The fee for use of the dock will be \$12 per linear foot occupied or reserved by the operator.

This letter was reviewed by James McCabe, Deputy City Attorney, and Annette Hough, Budget Manager, on October 23, 2001.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

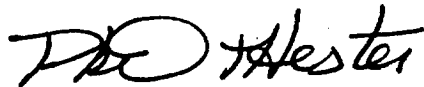
FISCAL IMPACT

Projected annual revenue from this charter business is \$39,600 resulting from this permit and slip fees. The fees will be deposited to the Tideland Fund (TF 411).

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute a permit with Dream Cruises, Inc., for commercial operation from the Rainbow Harbor for a term of five years with three, five-year options to renew, subject to approval by the City Manager.

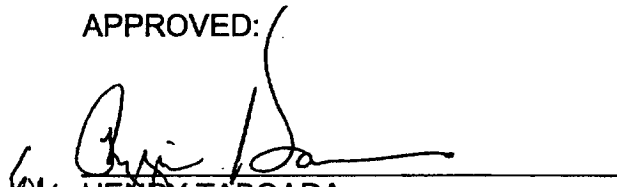
Respectfully submitted,



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PTH:LNP

APPROVED:



HENRY TABOADA
CITY MANAGER