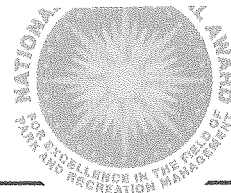


CITY OF LONG BEACH

DEPARTMENT OF PARKS, RECREATION & MARINE



March 3, 2015

2760 N. Studebaker Road, Long Beach, CA 90815-1697
 (562) 570-3100 • FAX (562) 570-3109
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RECOMMENDATION:

Authorize the City Manager to execute the Fourth Amendment to Permit No. 27276 with Harbor Breeze Corporation, to amend and/or remove several Sections related to the use of docks in Rainbow Harbor for charters, harbor cruises, and whale watching tours. (District 2)

DISCUSSION

Since May 2001, Harbor Breeze Corporation (Harbor Breeze) has operated harbor cruises, yacht charters, and whale watching from commercial slips at Rainbow Harbor Marina (Rainbow Harbor), pursuant to Permit No. 27276 (Permit). On November 17, 2014, Harbor Breeze met with representatives from the Department of Parks, Recreation and Marine (PRM) to request changes to several Sections of the Permit that have become unnecessary, cost prohibitive, and/or would constitute a restated permitted use at Rainbow Harbor. PRM supports the requested changes to the Permit. The Fourth Amendment to the Permit is required in order to accommodate Harbor Breeze's requested changes.

The proposed Fourth Amendment will amend or remove Sections of the Permit, as follows:

- Amend Section 2. Uses: Harbor Breeze is currently permitted to conduct harbor cruises, yacht charters, and whale watching from Rainbow Harbor. However, when the Permit was originally drafted, the ability to sell individual tickets for its cruises was never specifically stated in the Permit. Amending Section 2 would allow Harbor Breeze to sell and operate individually-ticketed cruises, in addition to its chartered cruises, which would constitute a restated use of its commercial slips.
- Removal of Section 20. Ticketing: When the Permit was first executed in 2001, the City of Long Beach (City) had planned a centralized ticketing operation. Section 20 would have required Harbor Breeze to contribute to the financing of the centralized ticketing operation. The City subsequently determined that a centralized ticketing operation for all of Rainbow Harbor was not economically feasible and decided not to move forward with that plan. As Harbor Breeze has its own sales capability independent of the City, Section 20 is now unnecessary. The proposed change would remove Section 20 from the Permit, thus eliminating the requirement for Harbor Breeze to contribute to the financing of a centralized ticketing operation.

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- Amend Section 21. Assignment or Transfer: Each year, during the Long Beach Grand Prix (Grand Prix), Harbor Breeze ceases its operations due to limited parking and access to Rainbow Harbor. This cessation makes it cost prohibitive for them to operate. Currently, Harbor Breeze can only assign or transfer (sublet) to other concessionaires that provide the same services they provide. Amending Section 21 would allow Harbor Breeze to temporarily sublet its commercial slips during the Grand Prix to private boat owners and/or Grand Prix attendees. Harbor Breeze estimates that it could accommodate up to ten boats and generate between \$6,000 and \$60,000 in additional annual revenue, of which the City, pursuant to the Permit, would receive five percent.

This matter was reviewed by Deputy City Attorney Kendra L. Carney on February 10, 2015, and by Budget Management Officer Victoria Bell on February 12, 2015.

TIMING CONSIDERATIONS

City Council action is requested on March 3, 2015, in order to authorize the execution of the Fourth Amendment to Permit No. 27276.

FISCAL IMPACT

Additional annual revenue is estimated between \$300 and \$3,000, and will accrue to the Rainbow Harbor Area Fund (TF 411) in the Parks, Recreation and Marine Department (PR). There is no impact to jobs associated with the recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE

GC:ERH:RL:ak

APPROVED:


PATRICK H. WEST
CITY MANAGER