



November 14, 2019

COMMISSIONERS  
MARINE ADVISORY COMMISSION  
City of Long Beach  
California

**RECOMMENDATION:**

Recommendation to support the Marine Bureau's request for City Council authorization to amend and restate Permit No. 27276 with Harbor Breeze Corporation, for the use of docks in Rainbow Harbor for charters, harbor cruises, and whale watching tours for a term of 15 years, with three, five-year renewal options.

**DISCUSSION**

Harbor Breeze Corporation (Harbor Breeze) has been operating charters, harbor cruises, and whale watching tours since 2001. Harbor Breeze was one of the first commercial operators in the newly built Rainbow Harbor. Since that time, Harbor Breeze has been the most successful single operator in the Rainbow Harbor. Company sales have grown from approximately \$300,000 in 2001, to \$3 million in 2011, to over \$7 million in 2018 and 2019. Harbor Breeze pays approximately \$150,000 a year in dock fees and in 2019 paid the City approximately \$250,000 in percentage rent (five percent of its annual gross receipts).

Harbor Breeze has been a leader in whale watching excursions in Southern California and has brought positive attention to Long Beach because of its success in the whale watching business. In addition, Harbor Breeze has a partnership with the Aquarium of the Pacific for whale watching and nature tours, which has received an endorsement from Aquarium of the Pacific Chief Executive Officer Jerry Schubel for its professionalism and contributions to Long Beach.

Harbor Breeze has again expanded its business operations with the purchase of a larger, state-of-the-art passenger vessel in the Sir Winston which cost approximately \$5.3 million. The Sir Winston went operational out of Rainbow Harbor in July 2018. With the addition of the new vessel Harbor Breeze sales have increased to over \$7 million per year, which in turn has increased the City's commercial share. In order to amortize (recuperate) the cost of the new vessel, Harbor Breeze has approached the City with a request to amend and restate the permit term to fifteen years with three, five-year renewal options. The amended and restated permit term would commence on January 1, 2020 and run through December 31, 2049 if all three renewal options are exercised.

The proposed amend and restatement shall contain the following revisions:

- Term: Fifteen years, January 1, 2020 through December 31, 2034.
- Renewal Options: Three, five-year renewal options at the discretion of the City Manager or designee.
- Permit Fee: Harbor Breeze shall continue to pay five percent of annual gross receipts for the initial fifteen-year term. Upon execution of the first renewal option the percentage rate shall increase to six percent of annual gross receipts with an annual minimum amount calculated at seventy-five percent of the average of annual gross receipts over the three previous permit years. Upon execution of the second renewal option the percentage rate shall increase to seven percent of annual gross receipts with an annual minimum amount calculated at seventy-five percent of the average of annual gross receipts over the three previous permit years. Upon execution of the third renewal option the percentage rate shall increase to eight percent of annual gross receipts with an annual minimum amount calculated at seventy-five percent of the average of annual gross receipts over the three previous permit years. Harbor Breeze will pay whichever is greater of the percentage rate and annual minimum amount for the duration of each of the three renewal options.
- Dock Fee: \$18.25 per linear foot occupied or reserved by Permittee or Rainbow Harbor Dock Rate as established by City Council or any rate subsequently adopted after amend and restatement of the permit. Permittee is currently assigned 700-feet of dock space on Docks 2, 3 and 7 or other Dock as approved by the Marine Bureau in Rainbow Harbor.

SUGGESTED ACTION:

Approve recommendation and submit to City Council on December 10, 2019.

Sincerely,



ELVIRA HALLINAN  
MANAGER, MARINAS AND BEACHES

