MINUTE ITEM
This Calendar Item No C43 was approved as Minute Item No. 43 by the California State Lands Commission by a vote of 3 to 0 at its 05/10/07 meeting.

CALENDAR ITEM
C43

A 9

S 6

05/10/07
PRC 7001.1
D. Jones

APPROVAL OF TWO SUBLEASES

LESSEE/SUBLESSOR:
City of Sacramento
915 I Street
Sacramento, California 95831

SUBLESSEE:
Sacramento Yacht Charters, L.L.C.
110 L Street
Sacramento, California 95814

AREA, LAND TYPE, AND LOCATION:
LEASE: 4.0 acres, more or less, of sovereign lands in the Sacramento River, in the city of Sacramento, Sacramento County.

AUTHORIZED USE:
LEASE:
Continued use and maintenance of docks, walkways, access ramps, floating vessels and any other structures necessary or appurtenant to the development of the State parcel in Old Sacramento between the I Street Bridge and the Tower Bridge, and for the mooring of vessels.

SUBLEASES:
Riverboat Sublease (City Agreement 2006-1307)
The operation of a commercial historic riverboat tour operation for the Old Sacramento waterfront commonly known as the "tour boat dock" to provide open-ticket riverboat tours, vessel service, amphibious trolley tours, and water taxi business.

Charter Vessel Sublease (City Agreement 2006-1306)
The operation of charter services from the City's south barge, located south of Tower Bridge.

TERM:

LEASE: 49 years, beginning July 1, 1986.

SUBLEASES:

Riverboat Sublease:
Ten years beginning on the Commencement Date, with two additional five year terms.

Charter Vessel Sublease:
Ten years beginning on the Commencement Date, with two additional five year terms.

CONSIDERATION:

LEASE: Commencing with years six through 25, the State shall receive 20% of the gross annual rent the City receives.

SUBLEASES:

Riverboat Sublease:
An escalated annual percentage rent beginning at five percent of gross receipts escalating in year seven to eight percent of gross receipts, with an escalated Minimum Annual Rent beginning at $2,300 per month based on 230 lineal feet of dock at $10/lineal foot/month for the total annual rent of $27,600, escalating at years six through ten to a Minimum Annual Rent of $2,760 per month for a total annual rent of $33,120.

Charter Vessel Sublease:
An escalated annual percentage rent beginning at five percent of gross receipts escalating in year seven to eight percent of gross receipts, with an escalated Minimum Annual Rent of $2,025.

OTHER PERTINENT INFORMATION:

1. On July 24, 1986, the California State Lands Commission approved issuance of a Master Lease to the city of Sacramento covering a portion of the Sacramento River located along the waterfront in "Old Sacramento" between the I Street Bridge and the Tower Bridge.

   Riverboat Sublease:
   On April 28, 1993, the Commission approved a Sublease between Channel Star Excursions, Inc., for the operation of commercial vessel

open-ticket riverboat tours, namely, the "Matthew McKinley" and the "Spirit of Sacramento" along portions of the Old Sacramento waterfront between the I Street Bridge and the Tower Bridge, commonly known as the "tour boat dock". Channel Star sold its interests to Sacramento Yacht Charters, LLC. At the Commission's December 8, 2005, meeting, it approved an Amendment and Assignment of the Sublease from Channel Star Excursions, Inc., to Sacramento Yacht Charters, LLC, for the operation of the "Matthew McKinley" and the "Spirit of Sacramento".

The City's agreement with Sacramento Yacht Charters, LLC, was scheduled to expire in April 2007; therefore, the City issued a Request for Proposals in the spring of 2006 seeking proposals for a riverboat operation for the Old Sacramento waterfront at the above-referenced "tour boat dock". Sacramento Yacht Charters, LLC, was chosen by the City to provide the riverboat tours. On November 21, 2006, the Sacramento City Council approved the agreement with Sacramento Yacht Charters, LLC, hereinafter called "Sublease". The new Sublease was expanded to include new services not provided under the old riverboat agreement, specifically the provision of amphibious trolley tours and water taxi services. The City is seeking approval from the Commission of the new Sublease. Staff has reviewed the Sublease and finds it is consistent with the Master Lease.

Charter Vessel Sublease:
In September 2004, the City issued a Request for Proposal seeking boat operators to provide charter services from the City's south barge, located south of the Tower Bridge. Sacramento Yacht Charters was selected to provide the charter boat services and a separate agreement (Sublease) was negotiated and approved by the Sacramento City Council on November 21, 2006. The City is seeking approval from the Commission of the new Sublease. Staff has reviewed the Sublease and finds it is consistent with the Master Lease.

2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

3. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

A. Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

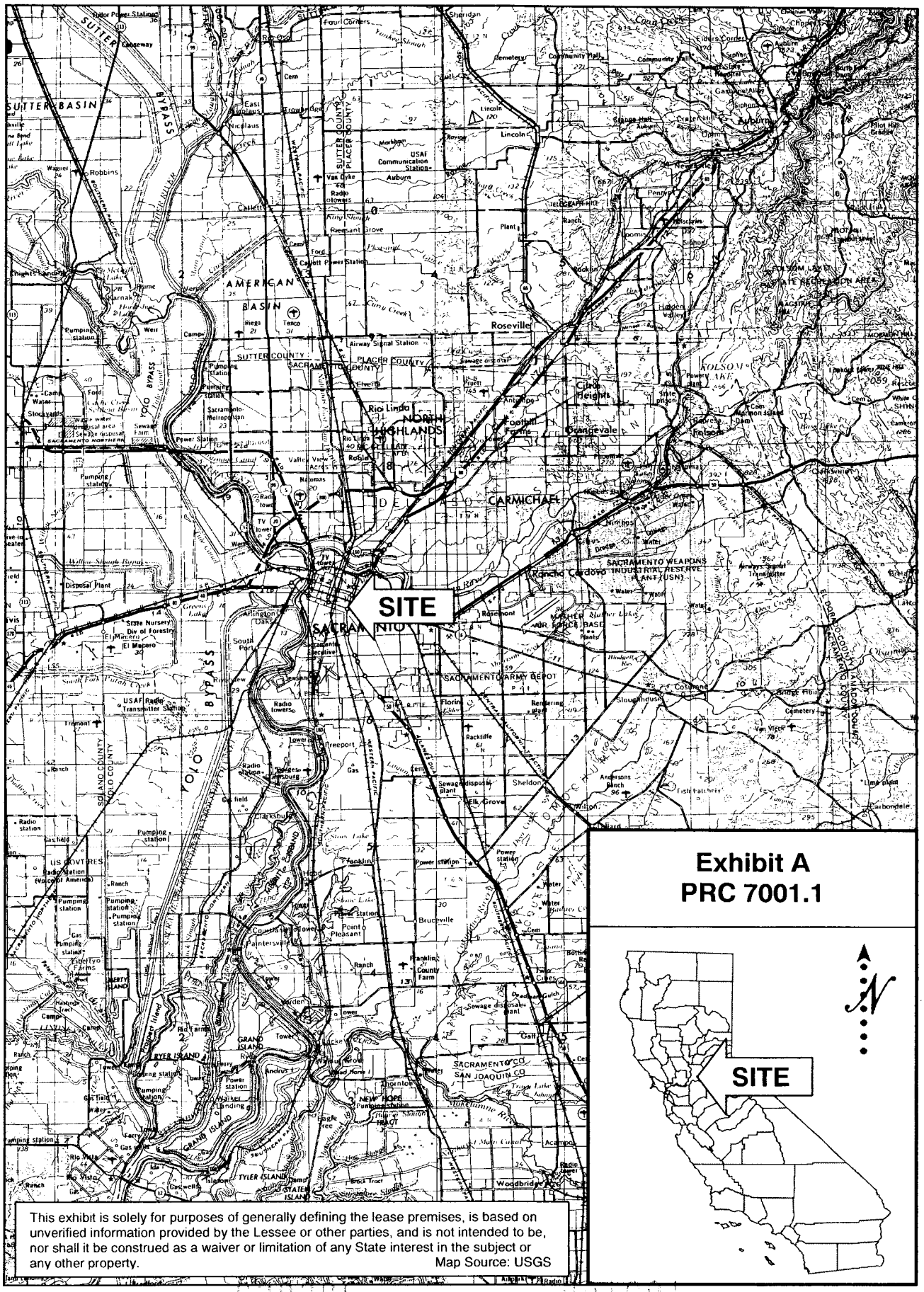
SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

1. AUTHORIZE, BY ENDORSEMENT, A SUBLEASE BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO YACHT CHARTERS, LLC, ENTITLELD "SACRAMENTO RIVERFRONT, HISTORIC TOUR BOATS, WATER TAXIS, AMPHIBIOUS TROLLEYS AGREEMENT", CITY OF SACRAMENTO AGREEMENT NO. 2006-1307, OF A PORTION OF LEASE NO. PRC 7001.1, MORE PARTICULARLY SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE MAY 10, 2007.

2. AUTHORIZE, BY ENDORSEMENT, A SUBLEASE BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO YACHT CHARTERS, LLC, ENTITLELD "SACRAMENTO RIVERFRONT CHARTER VESSEL AGREEMENT", CITY OF SACRAMENTO AGREEMENT NO. 2006-1306, OF A PORTION OF LEASE NO. PRC 7001.1, MORE PARTICULARLY SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE MAY 10, 2007.



This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties, and is not intended to be, nor shall it be construed as a waiver or limitation of any State interest in the subject or any other property.

Map Source: USGS

DJ 4/2007