

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: March 17, 2011
To: Harbor Commission
From: John N. Bridley, Waterfront Director
Subject: **Business Services Report**

Stearns Wharf Coastal Cruise / Whale Watching Concession

The lease agreement with Don Hedden, doing business as Captain Don's Cruises, (Captain Don's) expired on September 30, 2006, and the business has been allowed to operate, with Waterfront Department approval, on a month-to-month holdover status since that time. The current rent is \$573 per month for the ticket kiosk and use of the Stearns Wharf Passenger Loading Ramp (PLR), or 15% of gross sales, whichever is greater.

The Department is seeking a new operator for the business, which could include whale watching, sunset cruises, dinner cruises, parasailing and other boating activities. Staff began advertising the Stearns Wharf coastal cruise / whale watching concession on September 3, 2010, with ads in boating publications such as *The Log*, *Latitude 38*, and *Boats & Harbor Marine Marketplace*. The Department received 27 inquires from the advertisements.

A Request for Qualifications (RFQ) was released on November 16, 2010, and a total of six responses were received by the January 6, 2010, deadline. The Selection Committee, consisting of staff and Commissioners Bantilan, Sloan and Spicer, selected two finalists to submit formal business proposals. Two proposals were received from Santa Barbara Water Taxi, L.L.C. and Action Watersports of Tahoe.

Unfortunately, the proposals fell short of expectations. SB Water Taxi discovered that the vessel identified in its initial proposal would not meet California Air Resources Board (CARB) emissions standards and would need to be repowered at unreasonable expense. SB Water Taxi submitted a second proposal with a different vessel prior to the March 1 submittal deadline, however, the revised proposal changed the type of services offered.

Action Watersports' proposed vessel requires U.S. Coast Guard certification. Late in the process Action Watersports received information that the Coast Guard inspection/ approval/certification process could take six to twelve months' time.

The RFP is worded such that the Waterfront Department is not obligated to accept any proposal or to negotiate with any proposer. The Selection Committee has the right to reject any or all proposals without cause or liability.

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Due to the difficulties of locating a suitable vessel that is both CARB compliant and Coast Guard certified, the Selection Committee requested that staff re-issue the RFQ/RFP to give the two finalists additional time to identify a suitable vessel and refine their business plans as well as re-open the process to other interested parties. The Coast Guard certification and CARB issues will be disclosed in the new RFQ/RFP.

Attachment: Letter from Capt. Fred Hershman dated March 9, 2011

Prepared by: Scott Riedman, Waterfront Business Manager