

CITY OF SANTA BARBARA WATERFRONT DEPARTMENT

MEMORANDUM

Date: June 17, 2021
To: Harbor Commission
From: Mike Wiltshire, Waterfront Director
Subject: **Proposed License Agreement With Epic Cruises, Inc. For Azure Seas And Whisper**

RECOMMENDATION:

That Harbor Commission recommend City Council approve a five-year license agreement and one, five-year option with Epic Cruises, Inc., d.b.a. Celebration Cruises of Santa Barbara for a luxury passenger yacht service and electric duffy boat service from Santa Barbara Harbor.

DISCUSSION:

Epic Cruises, Inc. is a family-owned and operated, local business that has been part of the Waterfront community for nearly two decades. Owners, Fred and Kathy Hershman were selected to operate a luxury passenger yacht service based off of Stearns Wharf in 2011 through a competitive Request For Proposal Process. Originally, the vessel Celebration was used, however, in 2014, the 70-foot luxury vessel Azure Seas began operation and provides coastal, whale watching, sunset cruises and private charters departing from Stearns Wharf. The annual income for Azure Seas has increased significantly each year prior to the current COVID-19 pandemic. Azure Seas has served 56,927 passengers since July 2014.

Whisper, the newest vessel operates as a 6 pack charter and is all electric. It is the only commercial all electric boat in the harbor and has served 3,955 passengers since January 2018.

Captain Fred Hershman has over 50 years of motorboat/sailing experience. He has six years of Coast Guard ship handling and navigation experience and is an active member of the Coast Guard Auxiliary, Santa Barbara Flotilla.

The basic terms of the proposed license agreement are as follows:

- **Term:** Five year initial term and one, five-year option.
- **Operation:** Licensee shall operate and staff the Site and operate coastal cruise and charter operations seven days a week, weather permitting, at least between the hours of 12:00 PM to 4:00 PM from May 1 through September 30. Licensee shall staff the Site and operate coastal cruise and charter operations every Saturday

and Sunday between the hours of 12:00 PM to 4:00 PM from October 1 through April 30, weather permitting. Extended hours are encouraged.

- **License Fee:** \$2,400 per month or a percentage of gross sales, whichever is greater.
- **Percentage Fee:** Fifteen percent (15%) of permitted coastal cruises, charters, food and beverage, merchandise, services, and any other sales not specifically identified in the license agreement.

Fred and Kathy Hershman are considered a tenant in good standing by the Department as they have no outstanding default notices on file and have been prompt with rent payments. The Hershmans also operate Lil Toot under a separate license agreement.

Prepared by: Brian J. Bosse, Waterfront Business Manager