

MINUTE ITEM
This Calendar Item No. C11
was approved as Minute Item
No. 11 by the State Lands
Commission by a vote of 3
to 0 at its 4-28-93
meeting.

CALENDAR ITEM

C11

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04/28/93
PRC 7001
Grimmett

RESCISSION OF AN APPROVAL OF A SUBLEASE,
APPROVAL OF TWO SUBLEASES UNDER THE CITY OF SACRAMENTO
MASTER LEASE, AND AMENDMENT OF THE MASTER LEASE

MASTER LESSEE:

City of Sacramento
1231 I Street, Suite 400
Sacramento, CA 95814

SUBLESSEE:

H.E.G. Enterprises, Inc.
610 Avenida Victoria
San Clemente, CA 92672

FIRST PROPOSED SUBLESSEE:

Channel Star Excursions, Inc.
1207 Front Street, #18
Sacramento, CA 95814

SECOND PROPOSED SUBLESSEE:

Cadillac Bar, Inc.
One Holland Court
San Francisco, CA 94103

AREA, TYPE LAND AND LOCATION:

4 acres, more or less, of tide and submerged lands located
between the I Street Bridge and the Tower Bridge, City of
Sacramento, Sacramento County.

LAND USE:

Construction of docks, walkway, access ramps, floating
vessels and any other structure necessary or appurtenant to
the development of the state parcel and for the mooring of
vessels.

CURRENT MASTER LEASE TERMS:

Lease period:
Forty-nine (49) years beginning July 1, 1986.

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Consideration:

\$1 per annum for the first five years of the lease and commencing on the fifth anniversary of the lease term and continuing through the twenty-fifth year, lessee shall pay as annual rent the sum of twenty percent (20%) of the gross annual rent received from the subleases entered into on the leased premises. The annual rent is due on the twenty-fifth day of the month following the end of the year covered by the annual report.

Special:

Certain activities and special uses on the demised premises by Lessee may be excused from rent. Specific activities contemplated in this exemption include but are not limited to the following: 1) City-owned and operated activities or services such as the operation of moorage or tour boats; 2) temporary activities conducted by or at the request of the City for which the City issues a permit, such as the Sacramento Jazz Festival, the annual City Water Festival, and other similar activities; and 3) any living quarters for a watchman or security guard.

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:

N/A

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee and application processing deposit have been received.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

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OTHER PERTINENT INFORMATION:

BACKGROUND:

1. Proposed Rescission of H.E.G. Sublease

On July 24, 1986, the State Lands Commission approved the issuance to the City of Sacramento of a "Master Lease" covering a portion of the Sacramento River along the waterfront of "Old Sacramento". The Master Lease recognized that the City would from time to time enter into subleases for areas of the waterfront covered by the Master Lease. The Commission has approved, as part of previous actions, other subleases within the Master Lease of the City (e.g., sublease for the Delta King).

Pursuant to Commission action of March 23, 1989, a sublease between H.E.G. Enterprises, Inc. and the City of Sacramento, Master Lessee was approved. Due to H.E.G.'s inability to obtain financing for the improvements required by its sublease with the City, H.E.G. was determined to be in default of its sublease. The City Council at its meeting of September 24, 1991 authorized the City Manager to terminate the sublease to H.E.G. Enterprises, Inc. Staff, therefore, recommend that the Commission rescind its prior authorization of the H.E.G.

2. Proposed Sublease to Channel Star Excursions, Inc.

Subsequent to the issuance of the Master Lease to the City, the City entered into a sublease with Channel Star Excursions, Inc. for the operation of commercial river tours. Resolution awarding this sublease was approved by the City Council on March 31, 1987. Although SLC staff was aware of this proposed project and the issuance of the sublease at the time, formal approval of the sublease was not requested of the Commission. The City wishes to remedy this oversight with its request for the approval by the Commission of the sublease of a portion of the Master Lease area to Channel Star Excursions, Inc.

3. Proposed Sublease to Cadillac Bar, Inc.

This proposed restaurant/bar is located at the site of the terminated H.E.G. sublease. The City has selected Cadillac

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Bar, Inc. as the tenant for this site because of their "solid business reputation". The City requests the approval by the Commission of the sublease of a portion of the Master Lease area to Cadillac Bar, Inc. for the operation of a restaurant proposed in existing buildings along the Sacramento River waterfront in Old Sacramento. The term of the sublease, together with proposed option for extension, will not exceed the remaining term of the Master Lease and the rent required appears to be consistent with market rates.

Staff believes that the proposed sublease to Cadillac Bar, Inc. is consistent with the Master Lease and recommends that it be approved.

4. Proposed Amendment to the Master Lease

The City of Sacramento has requested that the Master Lease be amended to change the date whereby annual reports and annual rent must be submitted by the lessee and sublessee(s) to lessor from the twenty-fifth day of the month following the end of the year covered by the annual report to September 1 of each year. Currently the City is using June 30 as the end of the fiscal year for the Master Lease. The request for the change of date will allow the City time to prepare the necessary reports for submittal.

EXHIBITS:

- A. Land Description - plat of subleased premises to Channel Star Excursions, Inc.
- B. Land Description - plat of proposed subleased premises to Cadillac Bar, Inc.
- C. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378
2. RESCIND THE APPROVAL OF A SUBLEASE BETWEEN H. E. G. ENTERPRISES, INC. AND THE CITY OF SACRAMENTO, WHICH WAS AUTHORIZED BY COMMISSION ACTION ON MARCH 23, 1989

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3. AUTHORIZE THE STAFF TO APPROVE, BY ENDORSEMENT, A SUBLEASE BETWEEN THE CITY OF SACRAMENTO AND CADILLAC BAR, INC. COVERING A PORTION OF THE AREA OF THE SACRAMENTO RIVER IN "OLD SACRAMENTO" UNDER THE MASTER LEASE PRC 7001. THE SUBLEASE ALLOWS FOR THE OPERATION BY THE SUBLESSEE OF A RESTAURANT AND COCKTAIL LOUNGE.
4. AUTHORIZE THE STAFF TO APPROVE, BY ENDORSEMENT, A SUBLEASE BETWEEN THE CITY OF SACRAMENTO AND CHANNEL STAR EXCURSIONS, INC. COVERING A PORTION OF THE AREA OF THE SACRAMENTO RIVER IN "OLD SACRAMENTO" UNDER THE MASTER LEASE PRC 7001. THE SUBLEASE ALLOWS FOR THE OPERATION BY THE SUBLESSEE OF A TOUR BOAT BUSINESS.
5. AMEND THE MASTER LEASE TO CHANGE THE DATE WHEREBY ANNUAL REPORTS MUST BE SUBMITTED BY THE LESSEE AND SUBLESSEE(S) TO LESSOR FROM THE TWENTY-FIFTH DAY OF THE MONTH FOLLOWING THE END OF THE YEAR COVERED BY THE ANNUAL REPORT TO SEPTEMBER 1 OF EACH YEAR.

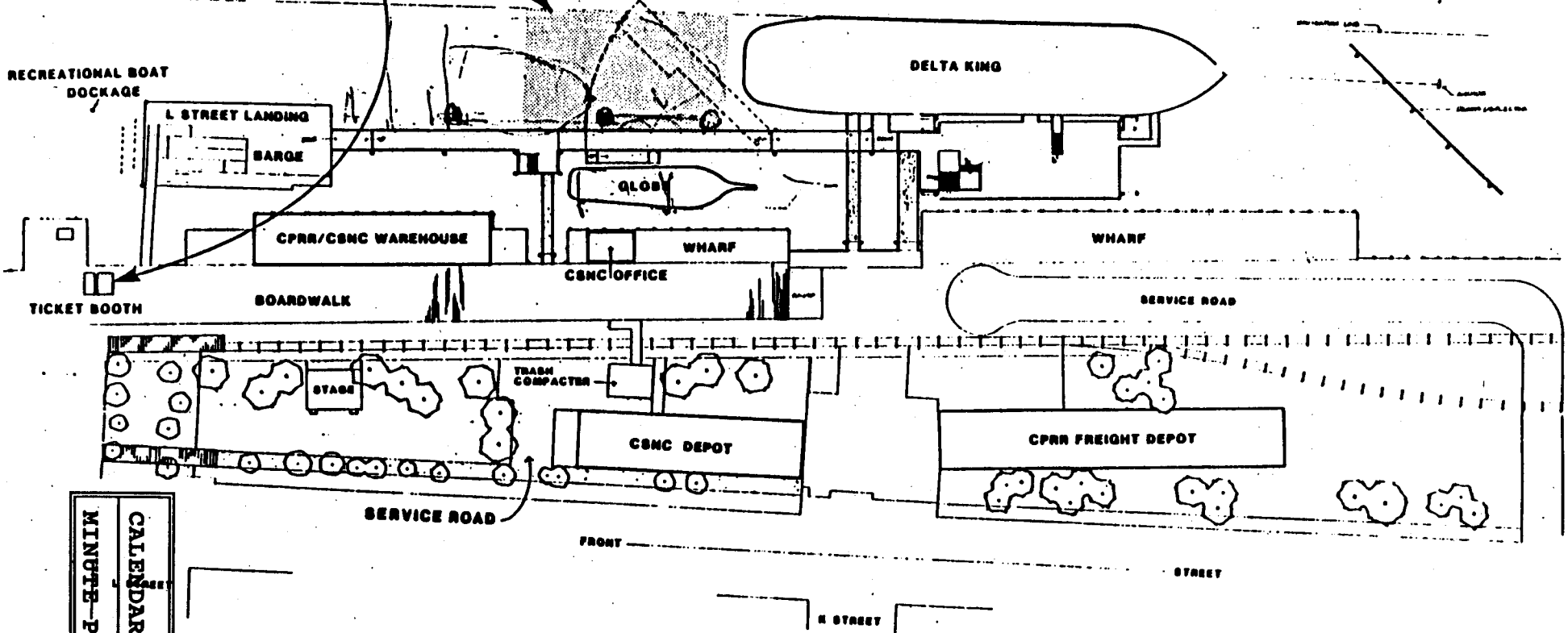
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EXHIBIT A

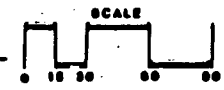
This Land description is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

WP 7001

LEASED PREMISES



OLD SACRAMENTO RIVERFRONT DOCKAGE PLAN



DATE	DESIGNED BY
SCALE	LANDSCAPE ARCHITECT
FIELD BOOK	SCALE 1" = 20'

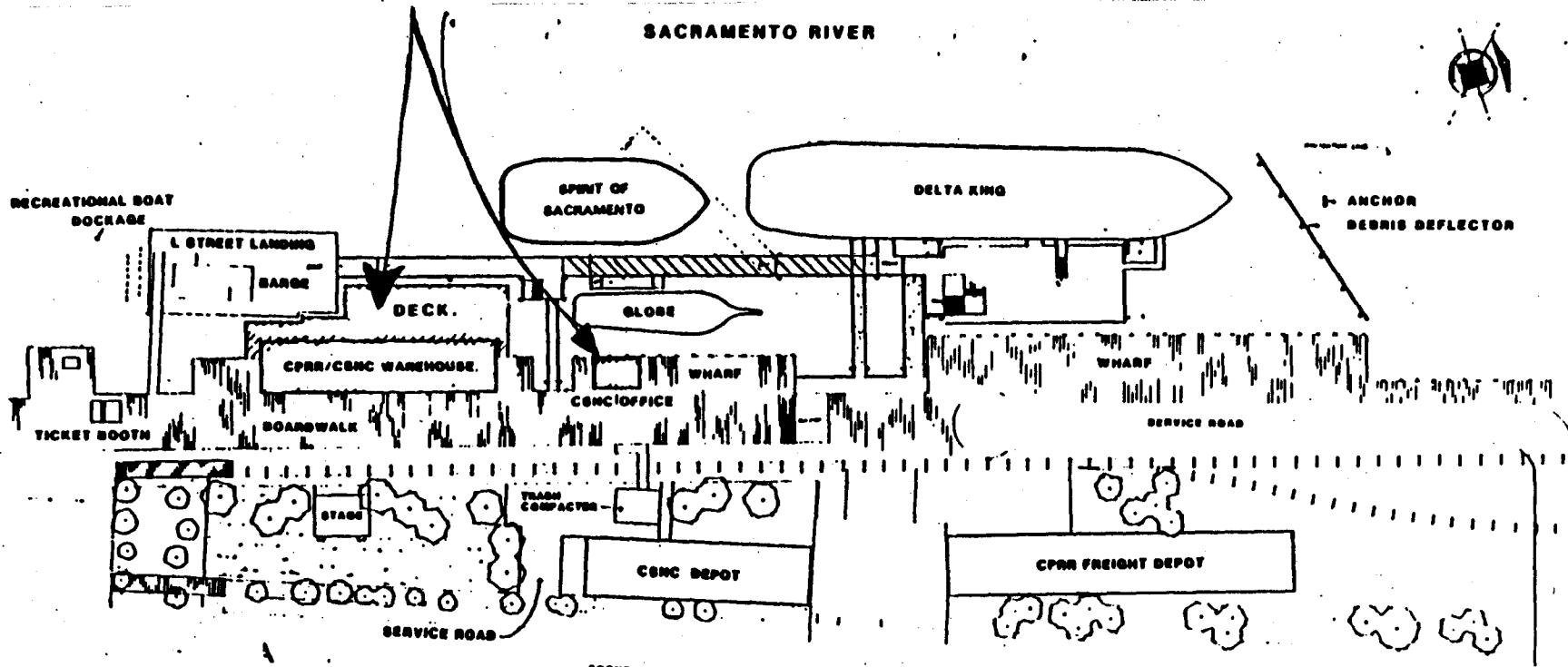
CITY OF SACRAMENTO
DEPARTMENT OF PARKS & COMMUNITY SERVICES



OLD SACRAMENTO

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1148
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PROPOSED LEASE PREMISES



This Land description is solely for purposes of generally defining the lease premises, 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.

OLD SACRAMENTO RIVERFRONT

EXHIBIT B
WP 7001



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DATE	BY	REVISION

CITY OF SACRAMENTO
DEPARTMENT OF PARKS & COMMUNITY SERVICES

OLD SACRAMENTO

DATE	BY	REVISION

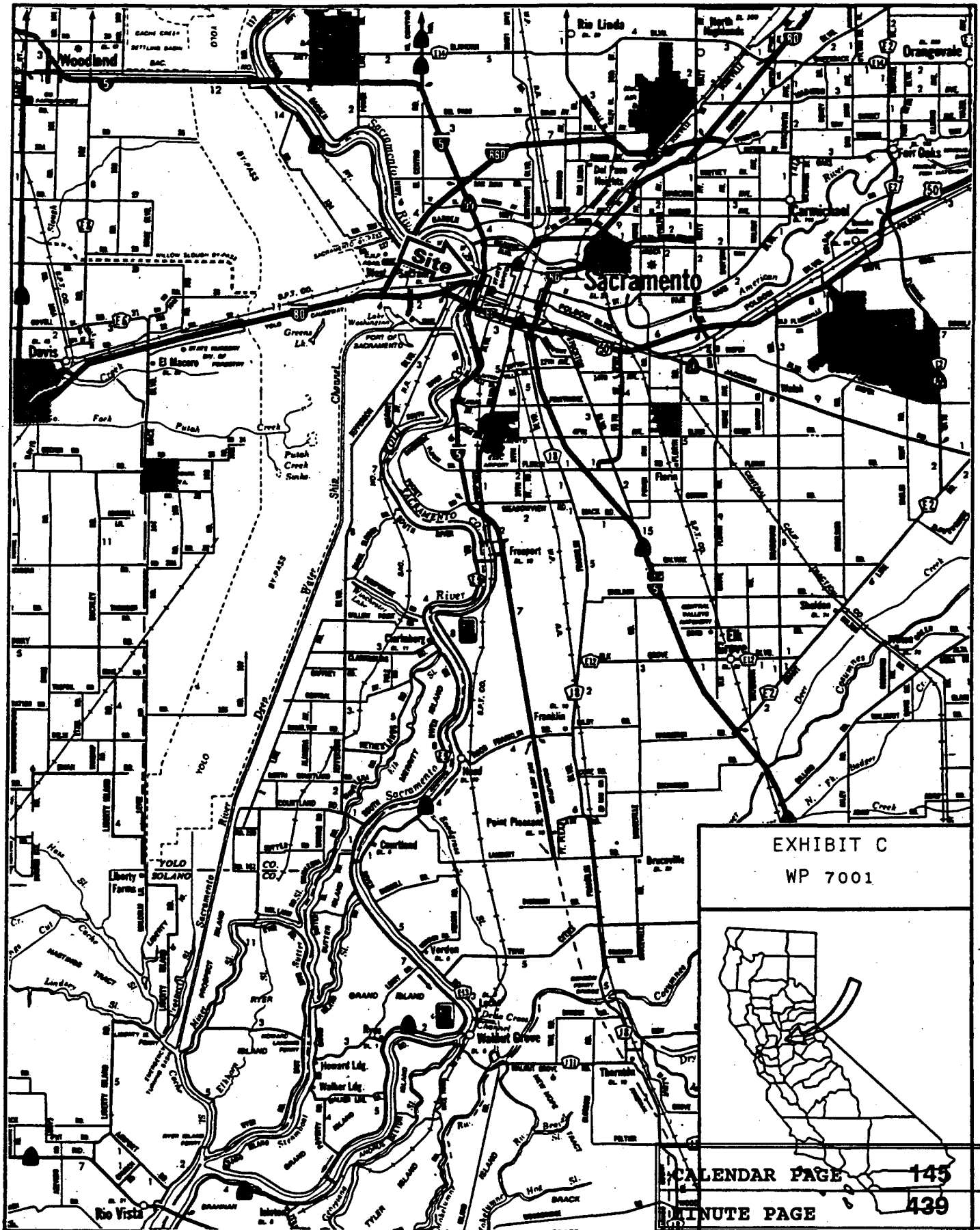


EXHIBIT C

WP 7001

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