

MINUTE ITEM
This Calendar Item No. C21 was approved as
Minute Item No. 21 by the California State Lands
Commission by a vote of 3 to 0 at its
8/24/06 meeting.

**CALENDAR ITEM
C21**

A	4		08/24/06
		PRC 8705	W 23529
S	1		M. Hays

GENERAL LEASE - COMMERCIAL USE

APPLICANT:

Lake Tahoe Cruises, Inc.
900 Ski Run Boulevard, Suite 201
South Lake Tahoe, CA 96150

LAND TYPE, AND LOCATION:

Sovereign lands in Lake Tahoe, South Lake Tahoe, El Dorado County.

AUTHORIZED USE:

Operation of three commercial passenger vessels, the Tahoe Queen, Tahoe Paradise and Tahoe Princess, from Ski Run Marina; overnight berthing of the Tahoe Queen and the Tahoe Princess at Ski Run Marina as shown on the attached Exhibit A; and docking at various locations around Lake Tahoe as shown on the attached Exhibit B.

LEASE TERM:

Ten years, beginning December 8, 2005, and ending December 7, 2015, with an option to renew the lease for an additional ten-year period, subject to reasonable terms and conditions as may be imposed by the State.

CONSIDERATION:

\$0.25 per ticket of ticket sales on any regularly scheduled vessel operations; one percent of the gross annual income derived from private charter sales; three percent of the gross annual income derived from the sale of food and beverages from all regularly scheduled vessel operations and private charter operations; five percent of the gross annual income derived from all other sales of goods, merchandise or products sold by operator on regularly scheduled vessel operations and private charter operations; 25 percent of the commissions received or earned from coin-operated vending machines or other devices, operated during regularly scheduled vessel operations and private charter operations; and penalty of ten percent of the gross annual income derived from activities described above from any unauthorized vessel operations and other

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activities; with a minimum annual rent in the amount of \$25,000, with the State reserving the right to fix a different rent for all consideration due periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance with coverage of no less than \$5,000,000.

Bond:

\$25,000

Other:

Applicant has obtained and is required to maintain, during the lease term, an agreement from the pier owner stating that it has a right to use the pier for landing purposes.

Applicant is required to comply with the Commission's Best Management Practices (BMPs) for operation of the Tahoe Queen, Tahoe Paradise and Tahoe Princess, including additional BMPs the Commission subsequently deems appropriate for vessel operations.

BACKGROUND INFORMATION:

Between 1977 and 2005, Lake Tahoe Cruises, Inc., a tour boat operation, was authorized as a sublease under a General Lease-Commercial Use, Lease No. PRC 5513.1, and continually operated from Ski Run Marina. Lake Tahoe Cruises, Inc. was owned by Joseph Thiemann until his death in 1997 when his interest was sold to Hornblower Tahoe, Inc., and later in July of 2002, Hornblower Tahoe, Inc. sold its interest in Lake Tahoe Cruises, Inc., to Aramark Corporation. Lake Tahoe Cruises, Inc. is a wholly-owned subsidiary of Aramark Corporation. During a portion of this period, Lease No. PRC 5513.1 was in holdover status due to difficult negotiations with the former owners.

In May 2003, the Ski Run Marina facility and upland retail development were sold by the owner, Michael Phillips, to East River Terrace Partners and Lease No. PRC 5513.1 in its holdover status, which included the Lake Tahoe Cruises, Inc sublease, was included as a part of the sale agreement. With the change of ownership of both the tour boat operation and Ski Run Marina, Commission staff requested a new lease application from East River Terrace Partners for the activities at the Ski Run Marina and one from the Applicant for the tour boat operation. On December 8, 2005, the Commission authorized a new lease to East River Terrace Partners for the piers and buoy field at Ski Run Marina.

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Applicant has now made application for a new commercial lease for the operation of three commercial passenger tour boat vessels, the Tahoe Queen, Tahoe Paradise, and Tahoe Princess.

OTHER PERTINENT INFORMATION:

1. The Applicant has the right to use the upland property owned by East River Terrace Partners, dba Ski Run Marina.
2. The Applicant owns three commercial passenger tour boats that operate exclusively from Ski Run Marina. The Tahoe Queen is berthing overnight at the end of the Ski Run Marina pier and the Tahoe Princess is moored offshore on one of Ski Run Marina's commercial mooring buoys with passengers ferried to the vessel from the pier. The Tahoe Paradise operates from the west side of the Ski Run Marina pier and is berthed overnight at Tahoe Keys Marina.
3. The Tahoe Queen is a paddlewheel vessel that provides regularly scheduled sightseeing, evening dinner, and sunset cruises. The Tahoe Princess and Tahoe Paradise are charter vessels that provide private sightseeing tours and events, which include weddings, receptions, private parties with dinner and dancing, and other special events. The Tahoe Queen and Tahoe Paradise provide year-round service, while the Tahoe Princess operates from May through October.
4. The Tahoe Regional Planning Agency (TRPA) has authorized the Applicant to dock and load/unload passengers at various locations around Lake Tahoe. The locations include Ski Run Marina, Camp Richardson, Sugar Pine Point, Sunnyside Marina, Tahoe City Marina, Tahoe City Campground and Garwoods Restaurant. TRPA's permit also contains 41 conditions that are meant to avoid or reduce potential environmental impacts, e.g., noise, safety, fueling procedures, sewage pump out, and water quality monitoring. The Applicant is required to maintain authorization from the owners/operators/lessees for the use of the pier for docking at each location.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA under the general rule that the CEQA applies only to projects which have the potential for causing a significant effect on the

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environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.

Authority: Title 14, California Code of Regulations, section 15061 (b)(3).

6. 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.

APPROVALS OBTAINED:

Tahoe Regional Planning Agency
City of South Lake Tahoe
United States Coast Guard

EXHIBITS:

- A. Site and Location Map
- B. Docking Location Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 (b)(3).

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.

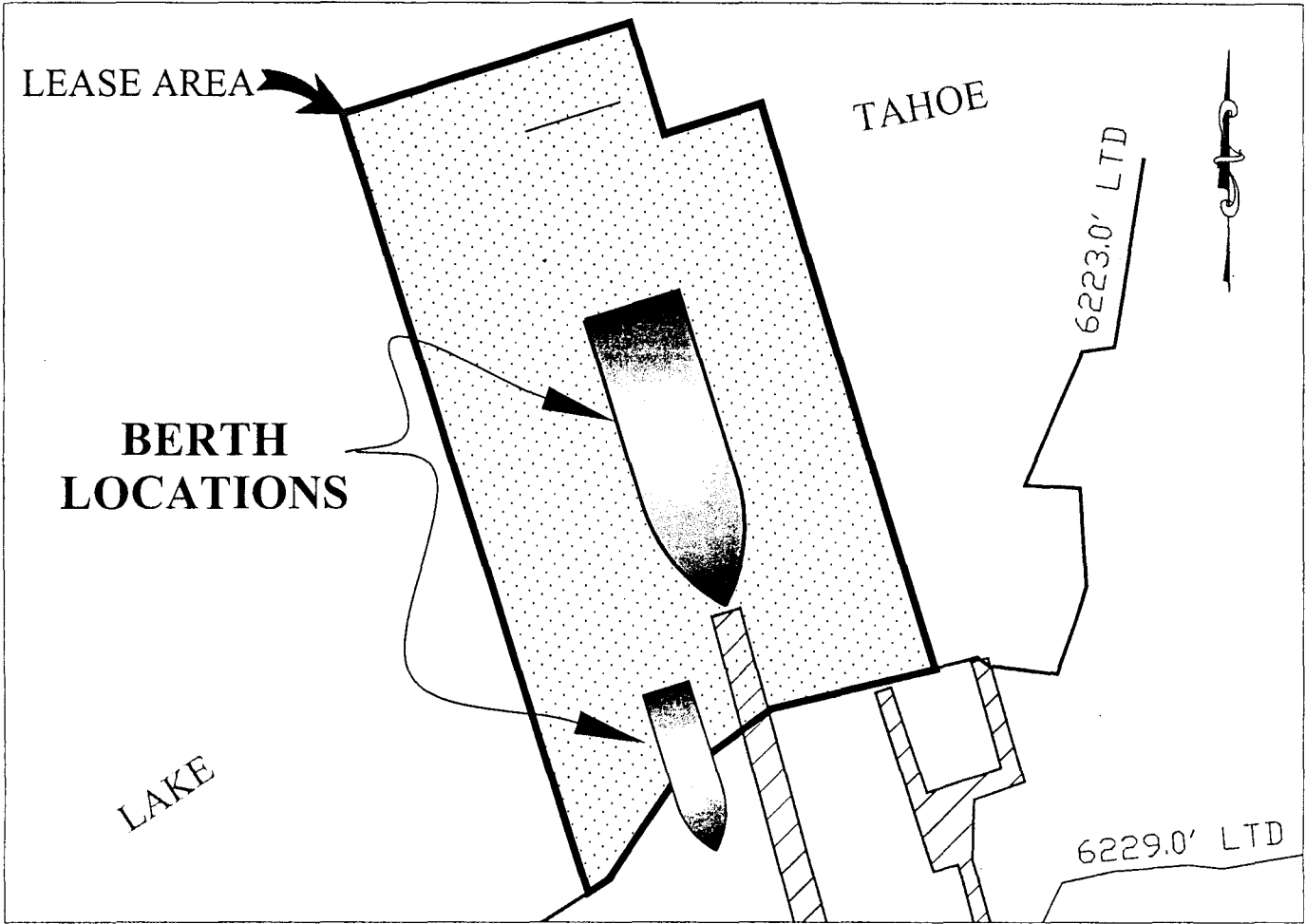
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AUTHORIZATION:

AUTHORIZE ISSUANCE TO LAKE TAHOE CRUISES, INC., OF A GENERAL LEASE - COMMERCIAL USE, BEGINNING DECEMBER 8, 2005, FOR A TERM OF TEN YEARS, WITH THE OPTION TO RENEW THE LEASE FOR AN ADDITIONAL TEN-YEAR PERIOD, FOR THE OPERATION OF THREE COMMERCIAL PASSENGER VESSELS, THE TAHOE QUEEN, TAHOE PARADISE, AND TAHOE PRINCESS, FROM SKI RUN MARINA; OVERNIGHT BERTHING OF THE TAHOE QUEEN AND THE TAHOE PRINCESS AT SKI RUN MARINA AS SHOWN ON EXHIBIT A ATTACHED; AND DOCKING AT VARIOUS LOCATIONS AROUND LAKE TAHOE AS SHOWN ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; WITH CONSIDERATION BEING \$0.25 PER TICKET OF TICKET SALES ON ANY REGULARLY SCHEDULED VESSEL OPERATIONS; ONE PERCENT OF THE GROSS ANNUAL INCOME DERIVED FROM PRIVATE CHARTER SALES; THREE PERCENT OF THE GROSS ANNUAL INCOME DERIVED FROM THE SALE OF FOOD AND BEVERAGES FROM ALL REGULARLY SCHEDULED VESSEL OPERATIONS AND PRIVATE CHARTER OPERATIONS; FIVE PERCENT OF THE GROSS ANNUAL INCOME DERIVED FROM ALL OTHER SALES OF GOODS, MERCHANDISE OR PRODUCTS SOLD BY OPERATOR ON REGULARLY SCHEDULED VESSEL OPERATIONS AND PRIVATE CHARTER OPERATIONS; 25 PERCENT OF THE COMMISSIONS RECEIVED OR EARNED FROM COIN-OPERATED VENDING MACHINES OR OTHER DEVICES, DURING REGULARLY SCHEDULED VESSEL OPERATIONS AND PRIVATE CHARTER OPERATIONS; AND PENALTY OF TEN PERCENT OF THE GROSS ANNUAL INCOME DERIVED FROM ACTIVITIES DESCRIBED ABOVE FROM ANY UNAUTHORIZED VESSEL OPERATIONS AND OTHER ACTIVITIES; WITH A MINIMUM ANNUAL RENT IN THE AMOUNT OF \$25,000; WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT FOR ALL THE CONSIDERATION PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; WITH LIABILITY INSURANCE COVERAGE OF NO LESS THAN \$5,000,000; AND A SURETY BOND OF \$25,000.

NO SCALE

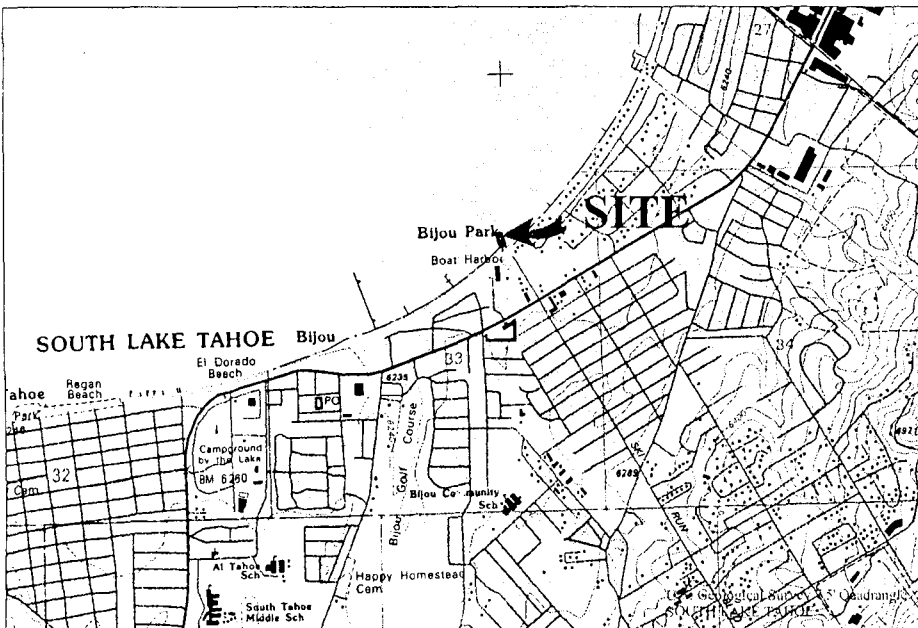
SITE MAP



900 Ski Run Blvd, South Lake Tahoe, CA (APN 027-690-0610)

NO SCALE

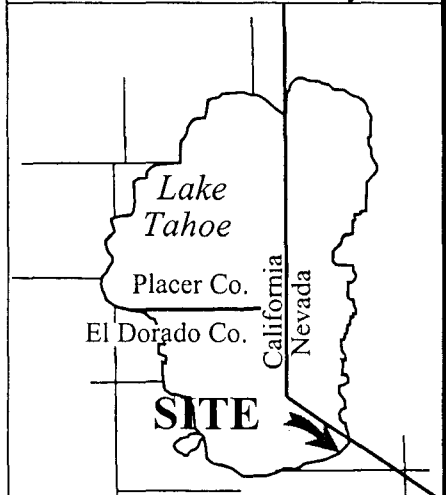
LOCATION MAP



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by 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.

EXHIBIT A W 23529

LAKE TAHOE CRUISES, INC.
General Lease
Commercial Use
El Dorado County



NO SCALE

DOCKING LOCATION MAP

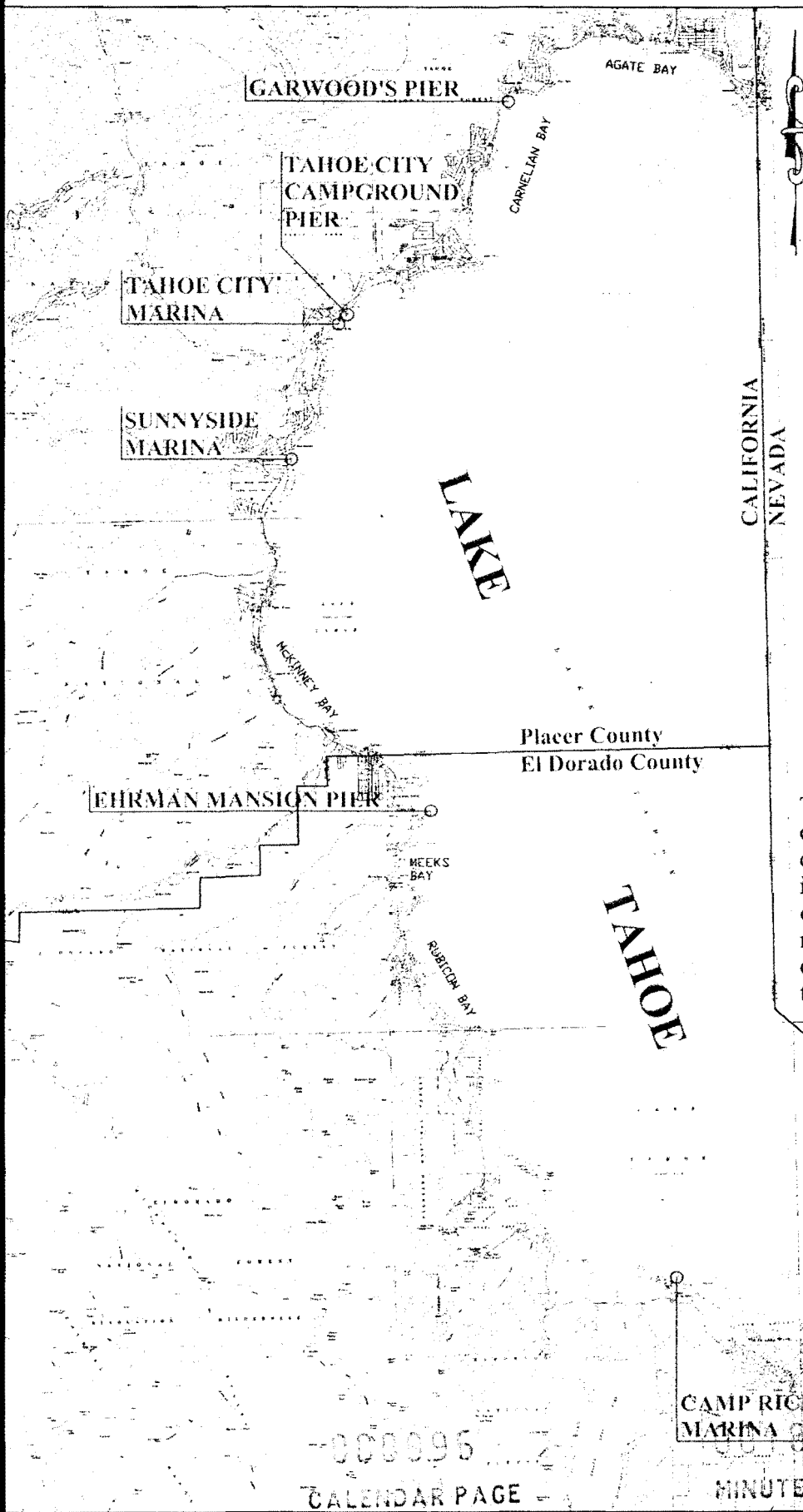


EXHIBIT B W 23529

General Lease
Commercial Use
LAKE TAHOE CRUISES, INC.
Placer County &
El Dorado County



SHEET 1 OF 2 SHEETS

DWC 01-30-2006

This Exhibit is solely for purposes of generally defining authorized docking areas, is based on unverified information provided by 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.

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