

# Staff Report 43

## **LESSEE:**

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Connolly-Pacific Co.

## **PROPOSED ACTION:**

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Revision of Rent

## **AREA, LAND TYPE, AND LOCATION:**

9.03 acres of sovereign land in the Pacific Ocean, Jewfish Point and Empire Landing, offshore Santa Catalina Island, Los Angeles County.

## **AUTHORIZED USE:**

Continued use and maintenance of a stiff leg crane and eight moorings used for tug and barge tie-ups.

## **TERM:**

44 years, beginning January 1, 1991.

## **CONSIDERATION:**

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that the annual rent be revised from \$18,435 per year to \$8,850 per year; the surety bond be increased from \$10,000 to \$50,000; and the liability insurance be increased from \$1,000,000 per occurrence to \$2,000,000 per occurrence, effective January 1, 2023.

## **OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Lands as authorized by law. Upon expiration or prior termination of

the lease, the Lessee has no right to a new lease or to renewal of any previous lease.

2. On June 27, 2000, the Commission authorized a General Lease – Industrial Use to the lessee ([Item 13, June 27, 2000](#)), effective January 1, 1991. On December 18, 2015, the Commission authorized ([Item 102, December 18, 2015](#)) a revision in rent from \$17,303 to \$18,435, effective January 1, 2016. The lease will expire on December 31, 2034.
3. Upon review, the original rental rate was a negotiated value in 1986 and has CPI'd since then. A recently completed appraisal of the land value for the leased land highlighted a fair rental rate significantly lower than the current rent. Staff, in completing its due diligence, believe that the land value approach provides the best representation of the fair market rental rate for the property and is given the most weight in the rental analysis. Consequently, the rent is being modified to reflect the appraised land value.
4. This action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021-2025 Strategic Plan.
5. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

## **EXHIBIT:**

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A. Site and Location Map

## **RECOMMENDED ACTION:**

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It is recommended that the Commission:

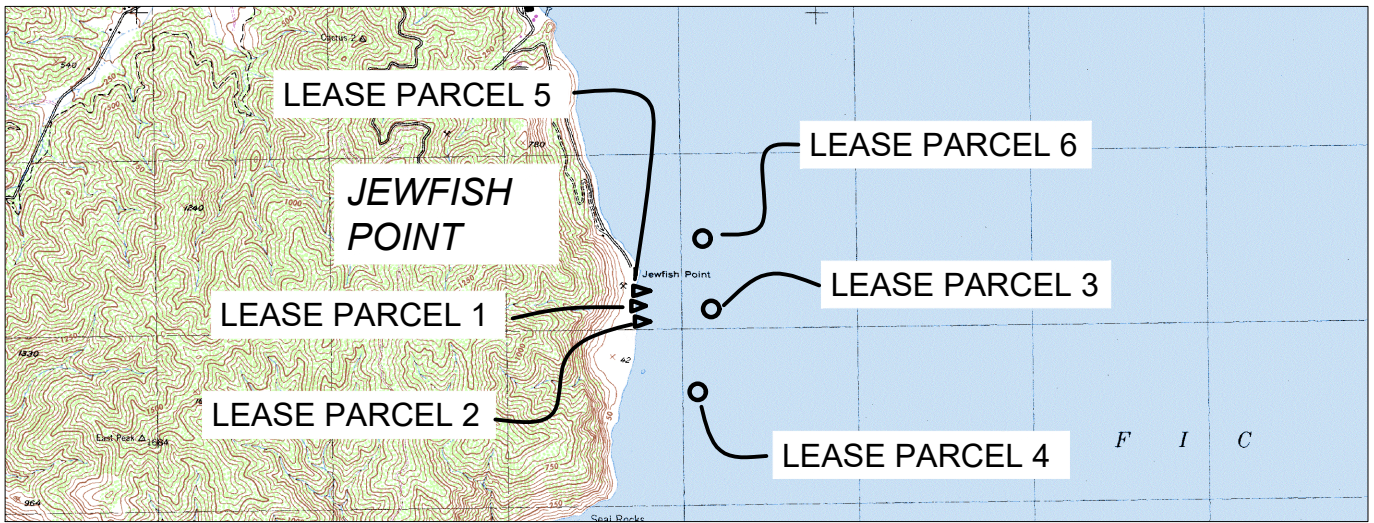
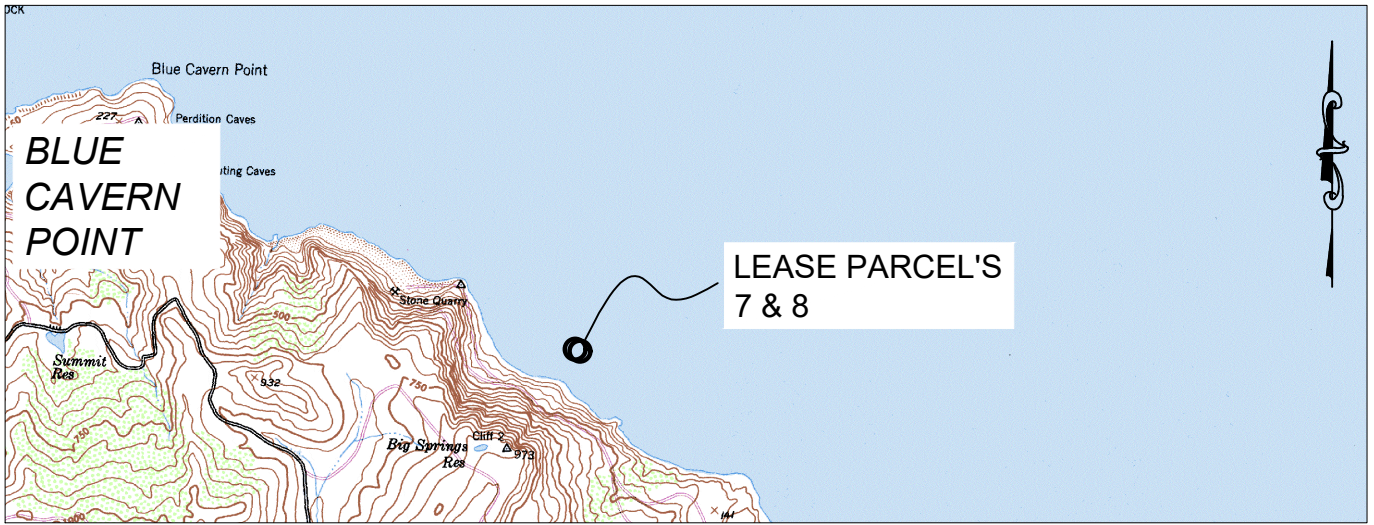
### **AUTHORIZATION:**

Approve the revision of the annual rent for Lease PRC 4193 from \$18,435 per year to \$8,850 per year, and the surety bond increased from \$10,000 to \$50,000; and an increase in liability insurance from \$1,000,000 per occurrence to \$2,000,000 per occurrence, effective January 1, 2023.



NO SCALE

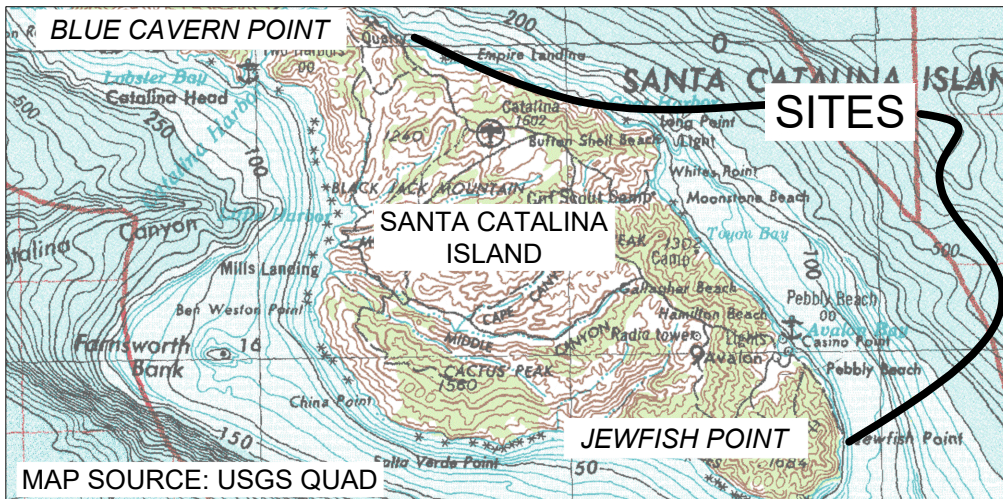
# SITES



## SANTA CATALINA ISLAND

NO SCALE

# LOCATION



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.

# Exhibit A

PRC 4193  
 CONNOLLY - PACIFIC CO.  
 GENERAL LEASE -  
 INDUSTRIAL USE  
 LOS ANGELES COUNTY



TS 10/11/2022