

Staff Report 26

LESSEE:

Alamar, LP

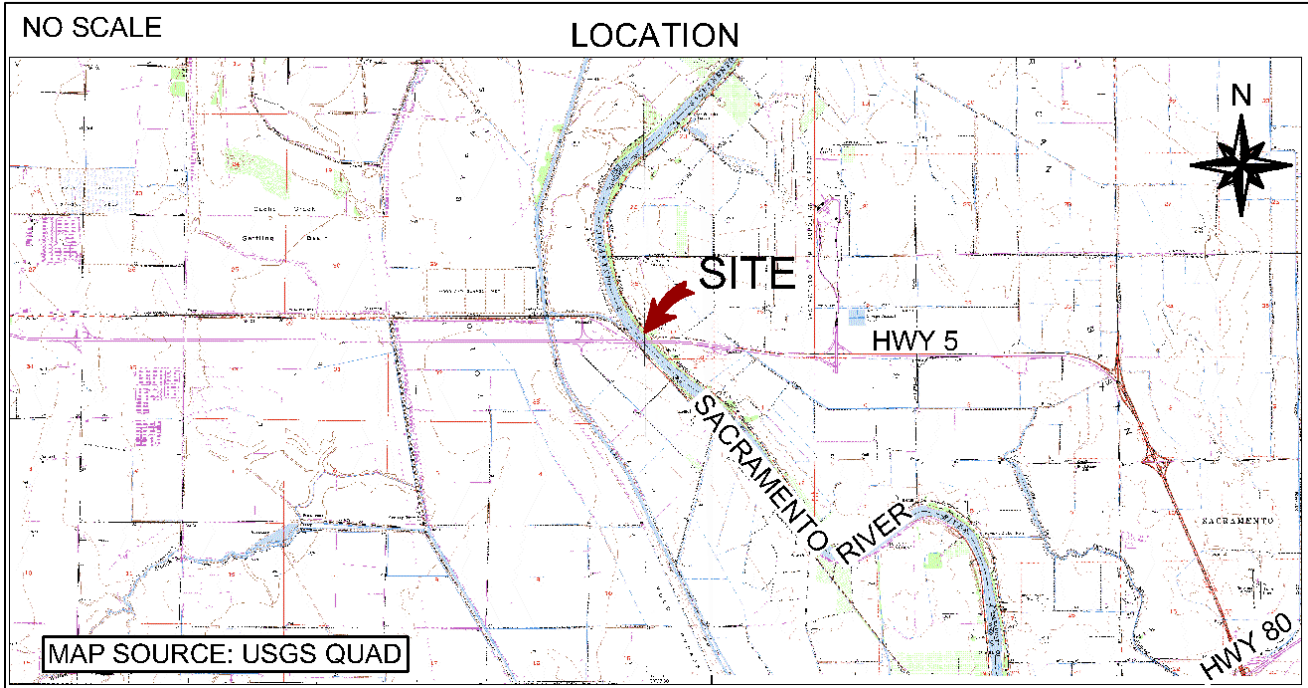
PROPOSED ACTION:

Continuation of Rent and Revision of Bond

AREA, LAND TYPE, AND LOCATION:

1.604 acres, more or less, of sovereign land in the Sacramento River, adjacent to 5999 Garden Highway, near Sacramento, Sacramento County (as shown in Figure 1).

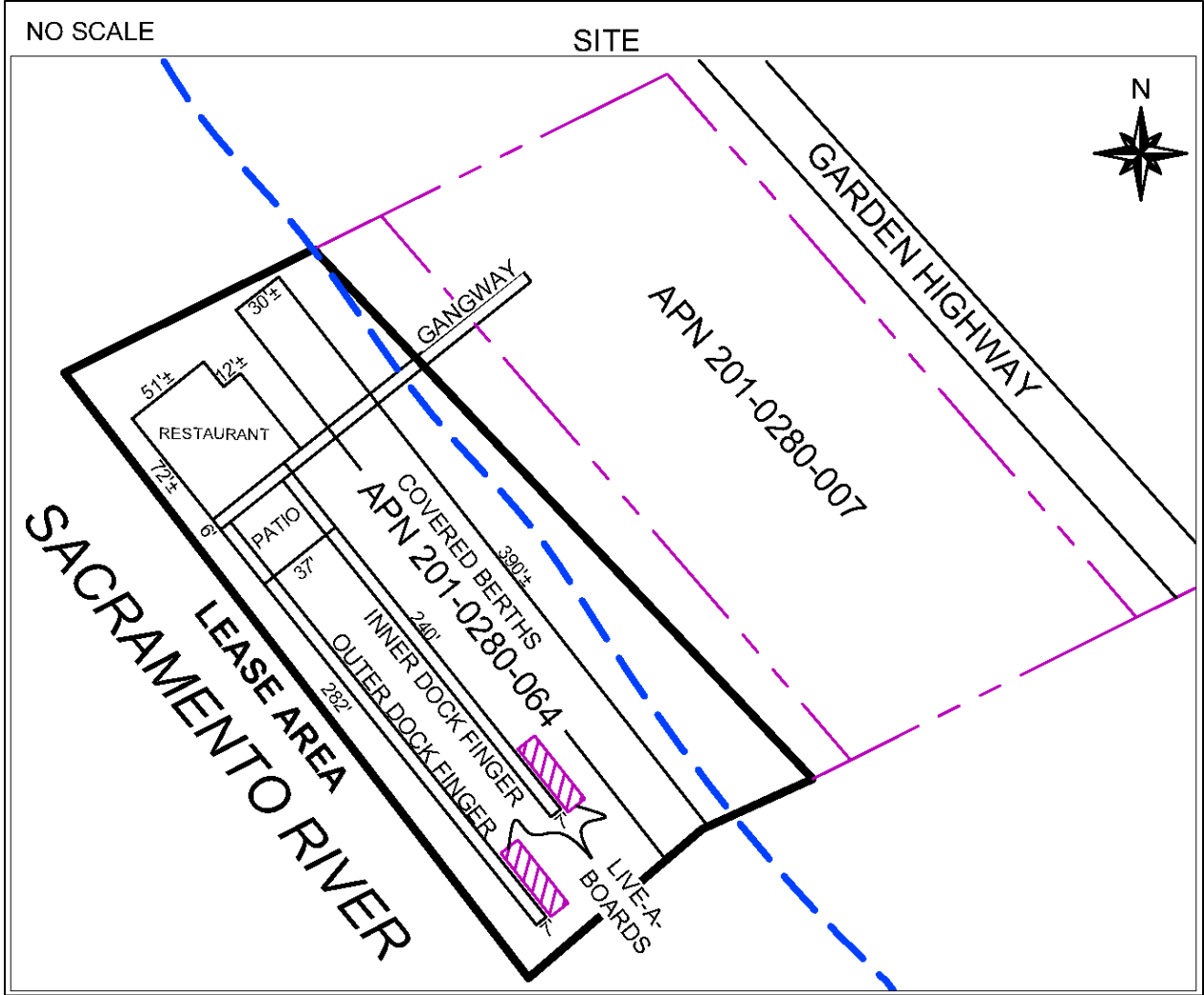
Figure 1. Location



AUTHORIZED USE:

Continued use of a commercial marina (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

20 years, beginning August 1, 2012.

CONSIDERATION:

The 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 a continuation of base annual rent at \$4,230 and an increase in the surety bond from \$20,000 to \$30,000, effective August 1, 2023.

OTHER PERTINENT INFORMATION:

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. The Lessee has no right to a new lease or to renewal of any previous lease.
2. On March 29, 2012, the Commission authorized a General Lease – Commercial Use to Hugh Turner, for a commercial marina, known as Alamar Marina, ([March 29, 2012, Item 23](#)), effective August 1, 2012. On June 22, 2017, the Commission approved an assignment of lease ([June 22, 2017, Item 34](#)) due to a reorganization of operation from Hugh Turner to Alamar, LP, effective February 19, 2013, along with a revision of minimum annual rent from \$5,426 to \$4,230, effective August 1, 2017.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$20,000. This amount is subject to increases over the lease term and serves the purpose of being able to mitigate costs that might otherwise be shouldered by the state, including where the state must take restorative actions with the leased premises upon lease termination or lease premises abandonment. A bond adjustment is currently appropriate to keep it consistent with estimated removal costs for similar facilities. Staff are aware that the bond increase may not cover the full liability of the state if the lessee were to abandon the lease premises, however, increasing the existing bond to cover full liability for removal will exceed the lessee's ability to operate a marina at this location. Staff recommends increasing the bond to reduce the state's potential liability. The lease will expire on July 31, 2023.
4. This action is consistent with the "Address current and future risk and liabilities" in the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-25 Strategic Plan.
5. Approval of the continuation rent and increase in bond 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).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the continuation of base annual rent at \$4,230 for Lease PRC 5110 and an increase in the surety bond from \$20,000 to \$30,000, effective August 1, 2023.