

# Staff Report 40

**LESSEE:**

Riverbank Holding Company, LLC

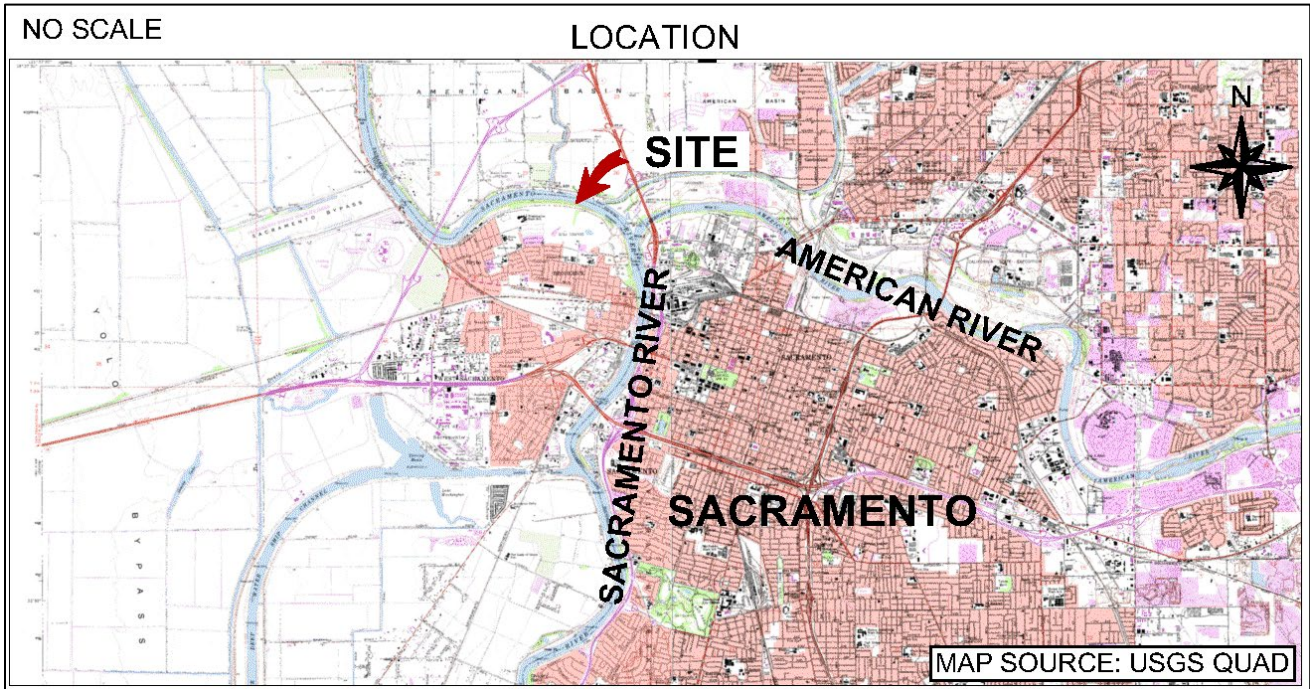
**PROPOSED ACTION:**

Revision of Rent and Bond.

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

5.326 acres, more or less, of sovereign land in the Sacramento River, adjacent to 1371 Garden Highway, Sacramento, Sacramento County (as shown in Figure 1).

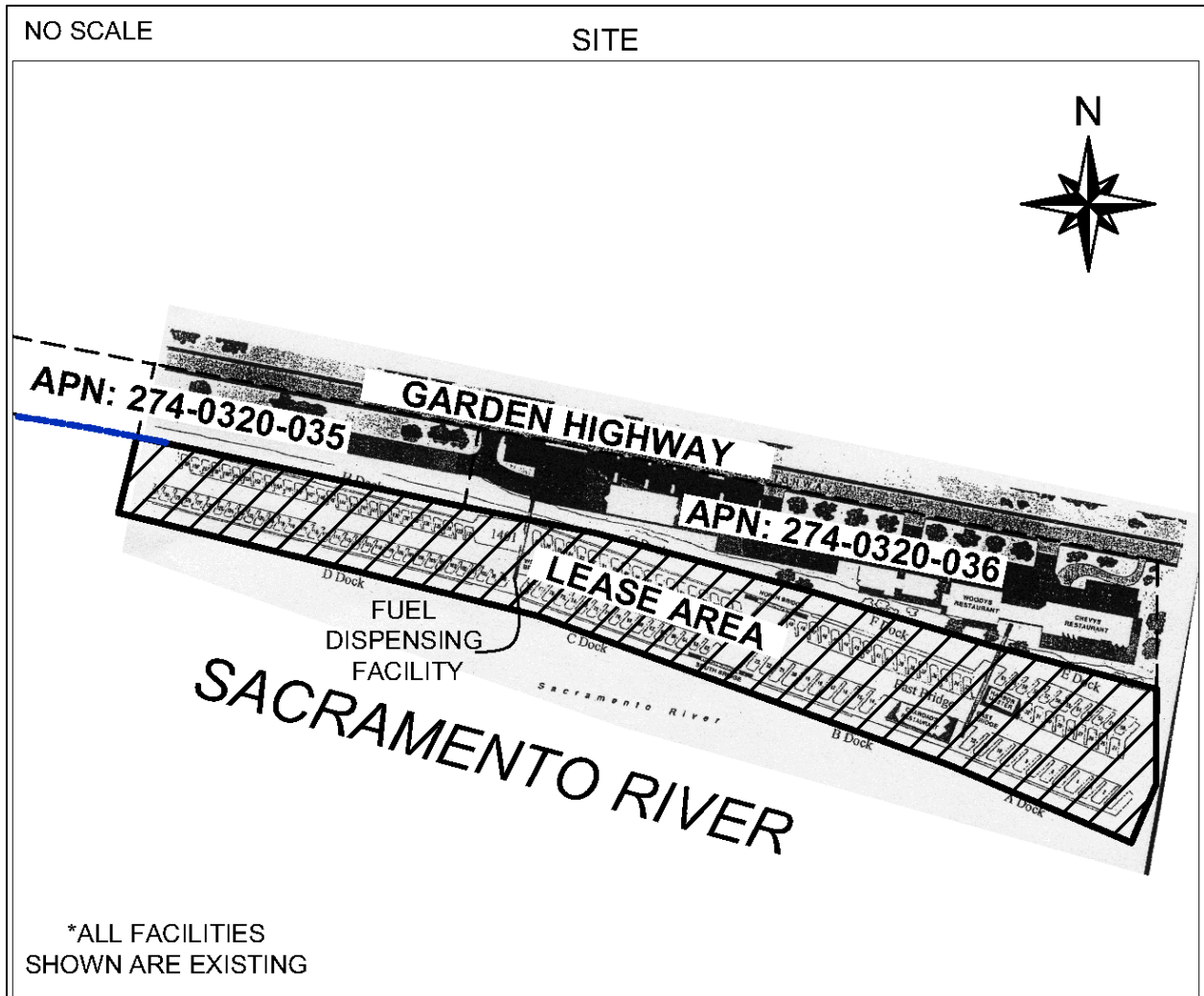
**Figure 1. Location**



**AUTHORIZED USE:**

Continued use and maintenance 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:**

31 years, beginning September 1, 2013.

**CONSIDERATION:**

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent and bond under this lease and recommends that the base rent be revised from \$50,438 per year to \$61,000 per year, and the bond revised from \$50,000 to \$150,000, effective September 1, 2023.

## OTHER PERTINENT INFORMATION:

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1. Approval or denial of the revision of rent and bond 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 September 20, 2013, the Commission authorized a 31-year General Lease – Commercial Use ([September 20, 2013, item 16](#)) for the operation, use, and maintenance of an existing commercial marina, known as Riverbank Marina, and the endorsement of three subleases. On June 28, 2019, the Commission approved a revision of minimum annual rent ([June 28, 2019, Item 39](#)) from \$45,000 to \$50,438, effective September 1, 2019. The lease will expire on August 31, 2044.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$50,000. 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 with an increase in rent and 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 the marina at this location. Staff recommends increasing the bond from \$50,000 to \$150,000 to minimize the gap between ability to pay and protecting the state's liability.
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. Approving the revision of rent and 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:**

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It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of the base rent for Lease PRC 6427 from \$50,438 per year to \$61,000 per year, and an increase in the bond from \$50,000 to \$150,000, effective September 1, 2023.