

Staff Report 18

LESSEE:

5 Bros Marina LLC

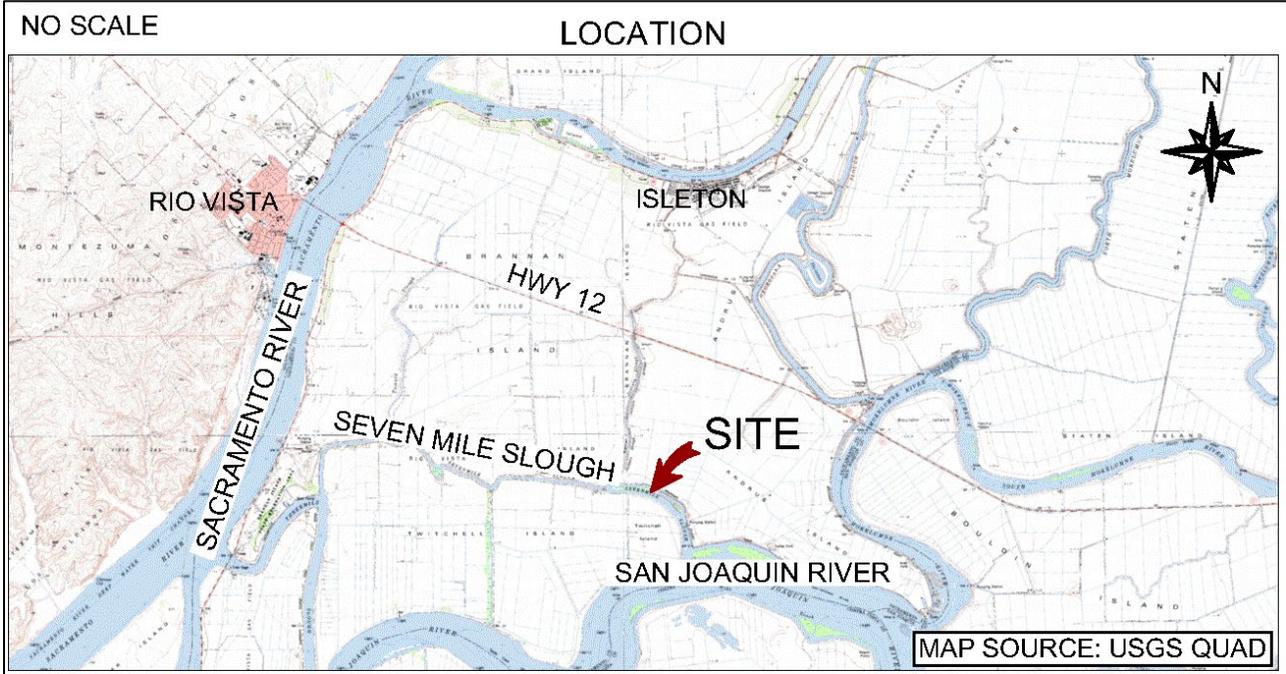
PROPOSED ACTION:

Continuation of Rent and Revision of Bond and Insurance.

AREA, LAND TYPE, AND LOCATION:

5.83 acres, more or less, of sovereign land in the Seven Mile Slough, adjacent to 1200 West Brannan Island Road, near Isleton, Sacramento County (as shown in Figure 1).

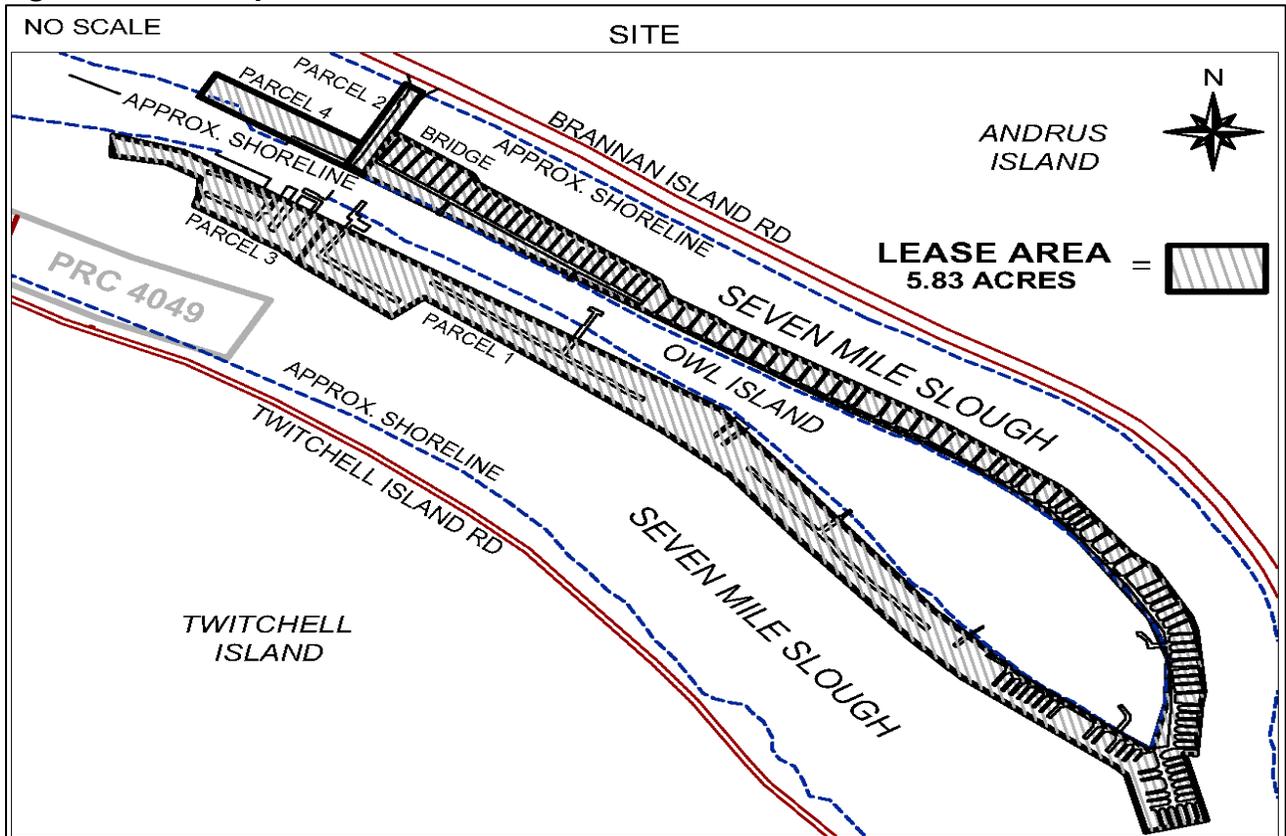
Figure 1. Location



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:

20 years, beginning January 29, 2013.

CONSIDERATION:

The lease provides that Lessor may modify the rent, bond and insurance periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent, bond, and insurance under this lease and recommend a continuation of annual rent of \$19,426, adjusted annually by the Consumer Price Index, an increase in the surety bond from \$25,000 to \$100,000 and an increase in the liability insurance coverage from \$2,000,000 to \$3,000,000 per occurrence, effective January 29, 2025.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the continuation of rent and revision of bond and insurance is a discretionary action by the Commission. Each time the Commission approves or rejects a recommended authorization, 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 December 5, 2012, the Commission authorized a General Lease – Commercial Use to Brannan Island, LLC ([Item 11, December 5, 2012](#)). On February 28, 2020, the Commission authorized an assignment of lease ([Item 18, February 28, 2020](#)) from Brannan Island, LLC to 5 Bros Marina, LLC, effective September 11, 2019.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$25,000. 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 where the rent is annually adjusted and to keep it consistent with estimated removal costs for similar facilities. Staff recommends increasing the bond from \$25,000 to \$100,000 to minimize the gap between ability to pay and protecting the state's liability. The lease will expire on January 28, 2033.
4. This action is consistent with the “Address the 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 continuation of rent and revision of bond and insurance 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 a continuation of annual rent at \$19,426 for Lease PRC 6855, adjusted annually by the Consumer Price Index, an increase in the bond from \$25,000 to \$100,000, and an increase in the liability insurance from \$2,000,000 to \$3,000,000, effective January 29, 2025.