

Staff Report 27

LESSEE:

Selena Ray and Billy Ray (Cliff's River Marina)

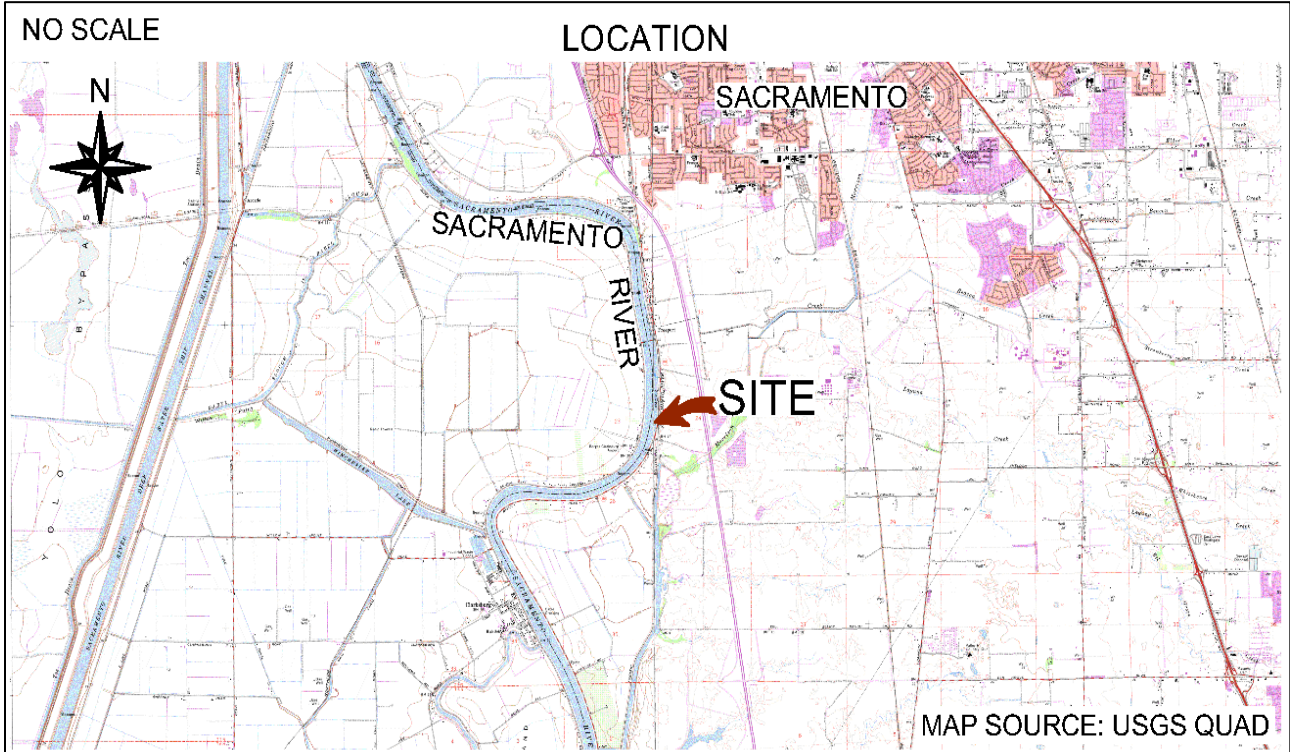
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

5.13 acres, more or less, of sovereign land in the Sacramento River, adjacent to 8651 River Road, near Freeport, Sacramento County (as shown in Figure 1).

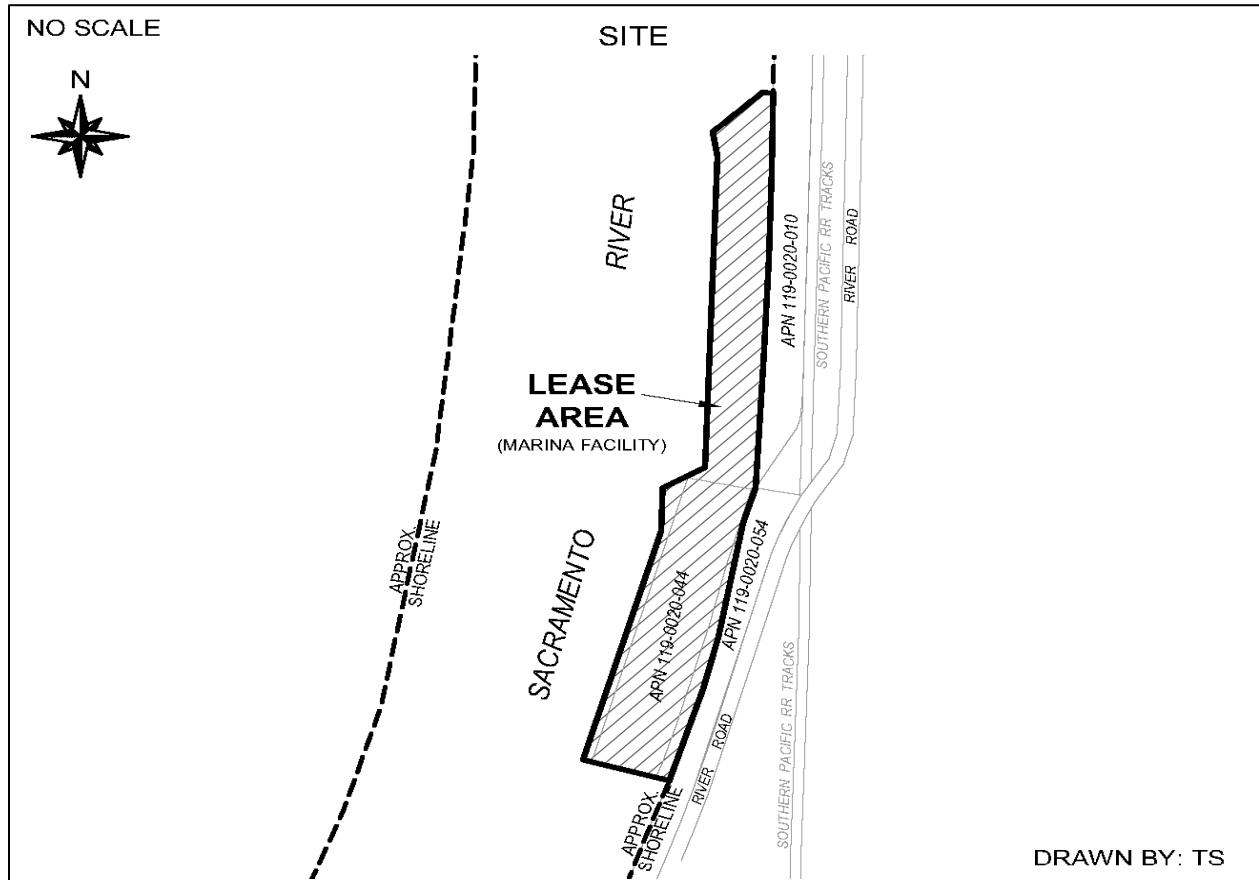
Figure 1. Location



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:

25 years, beginning June 1, 2004.

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 \$6,800 per year to \$14,183 per year, paid in monthly installments of \$1,182, against a percentage of annual gross income, and the bond increased from \$20,000 to \$100,000, effective June 1, 2024.

OTHER PERTINENT INFORMATION:

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 and bond, 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 June 7, 2004, the Commission authorized General Lease – Commercial Use ([Item 15, June 7, 2004](#)) to the Cliff's River Marina, Inc. for the operation, use, and maintenance of an existing commercial marina. On March 29, 2012, the Commission authorized a continuation of rent and an increase in the liability insurance from \$1,000,000 to \$2,000,000, effective June 1, 2012 ([Item 38, March 29, 2012](#)). On February 20, 2015 ([Executive Officer's Report, February 20, 2015](#)) and on April 15, 2019 ([Executive Officer's Report, April 5, 2019](#)) the Commission authorized a continuation of rent. On October 21, 2021 ([Item 05, October 21, 2021](#)), the Commission authorized an assignment from the Cliff's River Marina, Inc. to Serena Ray and Billy Ray, effective June 28, 2019. The lease will expire on May 31, 2029.

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 with an increase in rent and to keep it consistent with estimated removal costs for similar facilities. Staff recommends increasing the bond from \$20,000 to \$100,000 to minimize the gap between the ability to pay and protecting the state's liability. Lessor and Lessee agree to annual deposit of \$20,000 into an authorized security account beginning on June 1, 2024, and continuing annual deposits of \$15,000 until the account reaches \$100,000.

3. 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.
4. 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:

It is recommended that the Commission:

AUTHORIZATION:

1. Approve the revision of base rent for Lease PRC 3264 from \$6,800 per year to \$14,183 per year, paid in monthly installments of \$1,182, against a percentage of annual gross income effective June 1, 2024, and an increase in the bond (or other security) from \$20,000 to \$100,000; \$20,000 increase effective June 1, 2024, with continuing annual increases of \$15,000 until the amount reaches \$100,000.
2. Authorize the Executive Officer, or designee, to approve the annual deposits into an authorized security account, beginning on June 1, 2024.