

# Staff Report 30

**LESSEE:**

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Stockon Marina Properties, LLC

**PROPOSED ACTION:**

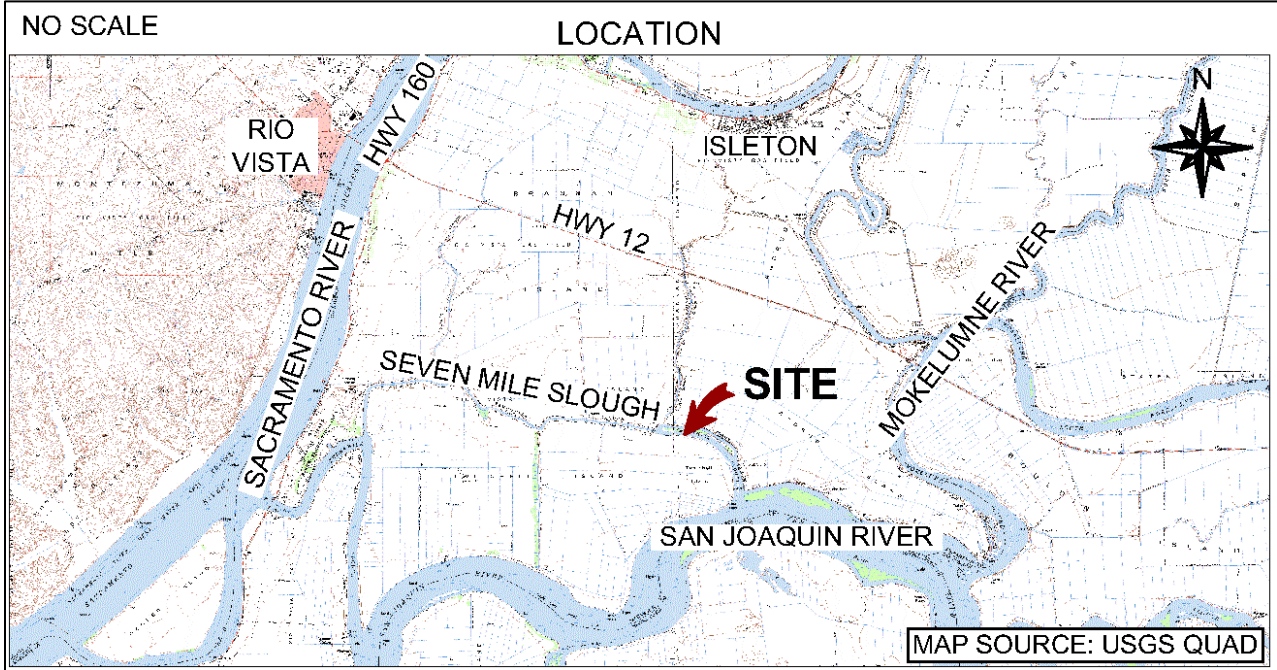
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Revision of Rent and Bond.

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

8.57 acres, more or less, of sovereign land in the Seven Mile Slough, adjacent to 1550 West Twitchell Island Road, near Isleton, Sacramento County (as shown in Figure 1).

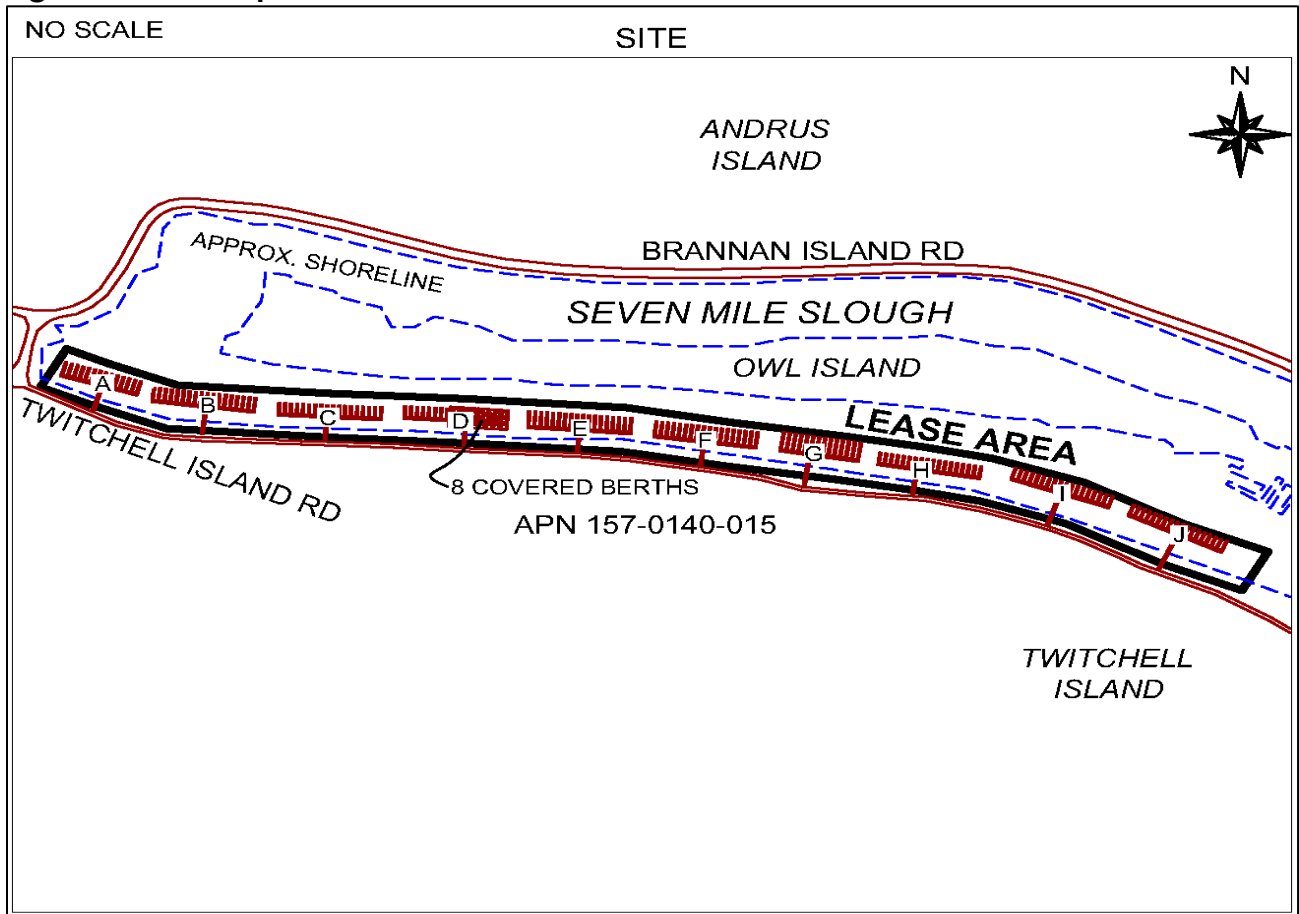
**Figure 1. Location**



**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:**

21 years, beginning March 3, 2009.

**CONSIDERATION:**

The lease provides that Lessor may modify the rent and surety 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 a revision of annual base rent of \$15,198 to \$23,379, against a percentage of annual gross income, and an increase in the surety bond from \$50,000 to \$100,000, effective March 3, 2025.

## 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 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 January 29, 2009, the Commission authorized a General Lease – Commercial Use to Stockon Marina Properties, LLC for a marina known as Owl Harbor; an approval of sublease to CS Marine Contractors, Inc.; and an agreement and consent to encumber the lease ([Item 18, January 29, 2009](#)), effective March 3, 2009. On February 21, 2014, the Commission authorized a revision of the base rent ([Item 01, February 21, 2014](#)) from \$12,000 to \$10,169, effective March 3, 2014, and on February 4, 2019, the Commission authorized a revision of the base rent ([Item 53, February 4, 2019](#)) from \$10,169 to \$15,198, effective March 3, 2019.
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 where there is a rent increase and to keep it consistent with estimated removal costs for similar facilities. Staff recommends increasing the bond from \$50,000 to \$100,000 to minimize the gap between Lessee's ability to pay and protecting the state's liability. The lease will expire on March 2, 2030.
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 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 a revision of annual base rent from \$15,198 to \$23,379 for Lease PRC 4049, against a percentage of annual gross income, and an increase in the bond from \$50,000 to \$100,000, effective March 3, 2025.