

Staff Report 27

LESSEE:

Eagle PropCo 4 LLC

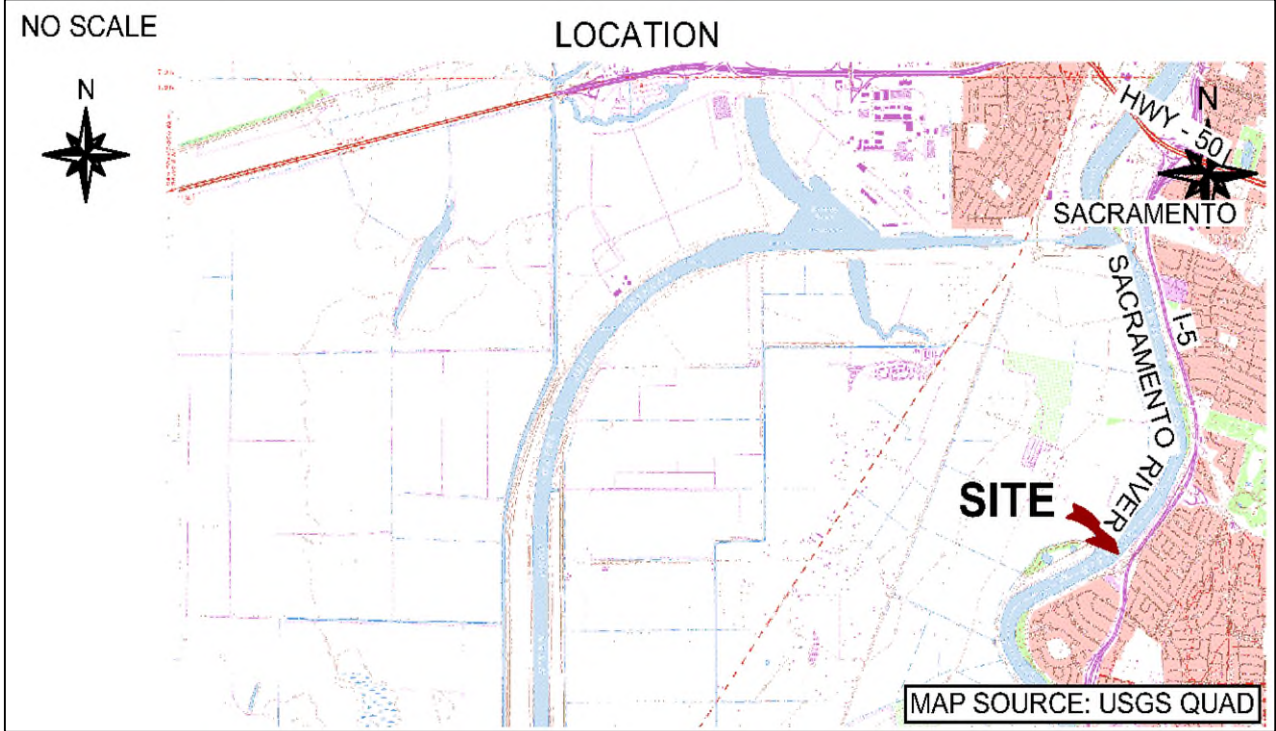
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

2.0 acres, more or less, of sovereign land in the Sacramento River, adjacent to 4800 Riverside Boulevard, Sacramento, Sacramento County (as shown in Figure 1).

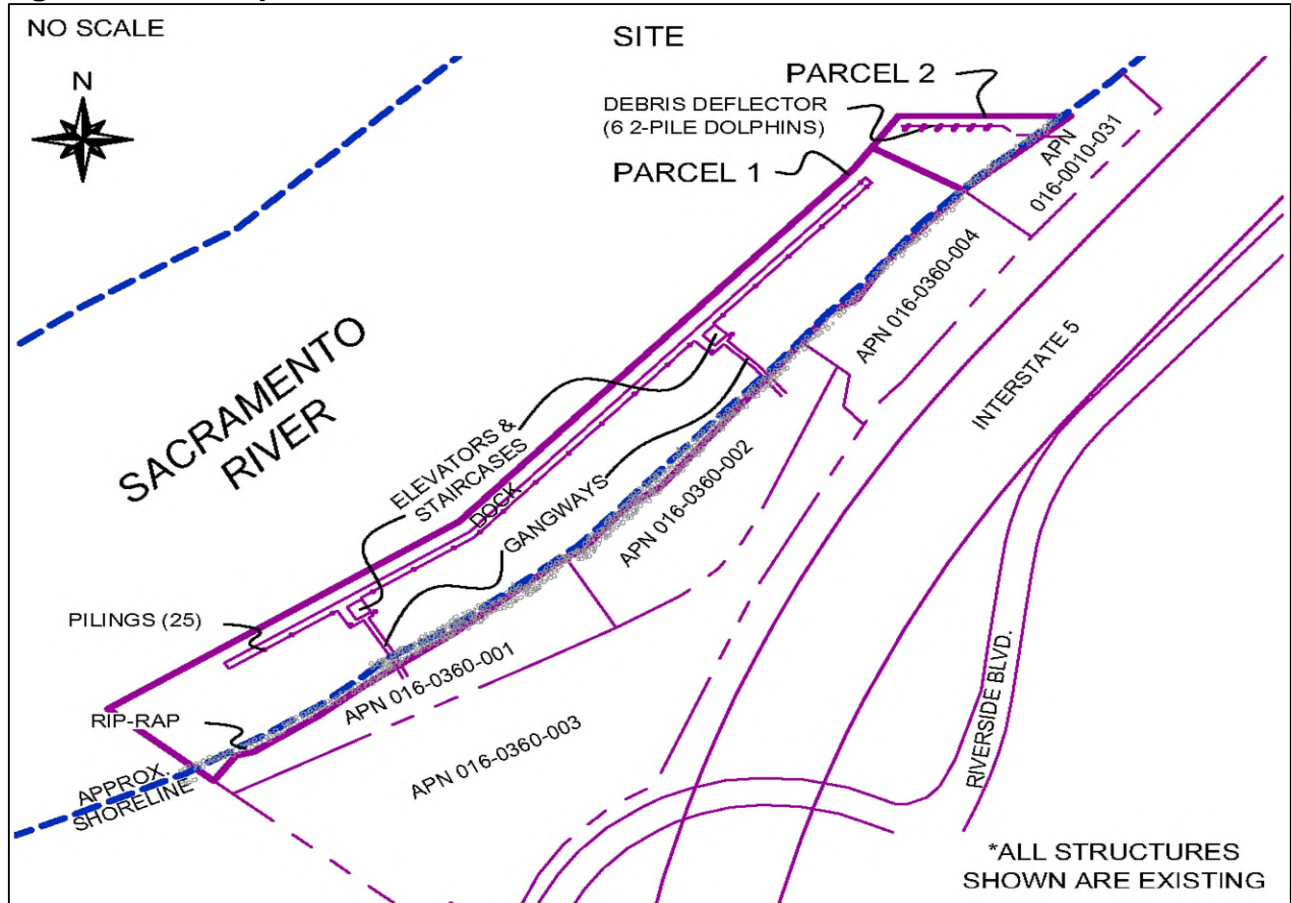
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a commercial marina and bank protection (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 December 12, 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 under this lease and recommends a revision of rent from \$12,864.58 per year to

\$25,483 per year, adjusted annually by the Consumer Price Index and an increase in the bond from \$25,000 to \$100,000, effective December 12, 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. The Lessee has no right to a new lease or to renewal of any previous lease.
2. On October 14, 2014, the Commission authorized a 20-year General Lease – Commercial and Protective Structure Use ([Item 08, October 14, 2014](#)) to Urban Commons Riverside Blvd., LLC, and a sublease to Brighton Management LLC with an effective date of December 12, 2013. The sublessee had day-to-day management and operation of the marina along with the upland existing Westin Hotel and Restaurant facility. On March 29, 2021, Urban Commons filed Chapter 11 bankruptcy, which included the lease. On May 28, 2021, the bankruptcy court approved a sale agreement transferring the upland property and facilities, including the lease, to Madison Phoenix LLC, with subsequent holding to its affiliate Eagle PropCo 4 LLC.
3. The marina is located on 2.0 acres in the Sacramento River, adjacent to 4800 Riverside Boulevard, Sacramento, Sacramento County. The authorized improvements consist of 1,032 linear feet of dockage and appurtenant facilities for berthing and side ties, an accommodation dock, debris deflector, and bank protection. The authorized facilities are being maintained in good condition but are not currently open and operating as a commercial marina as the lessee continues to work through permitting issues. The lease will expire on December 11, 2033.
4. 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 on the leased premises upon lease termination or lease abandonment. A bond adjustment is appropriate 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 state's potential liability.

5. 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.
6. 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease PRC 8540 from \$12,864.58 per year to \$25,483 per year, adjusted annually by the Consumer Price Index and an increase in the bond from \$25,000 to \$100,000, effective December 12, 2024.