

Staff Report 32

LESSEE:

Koket Resort, LLC

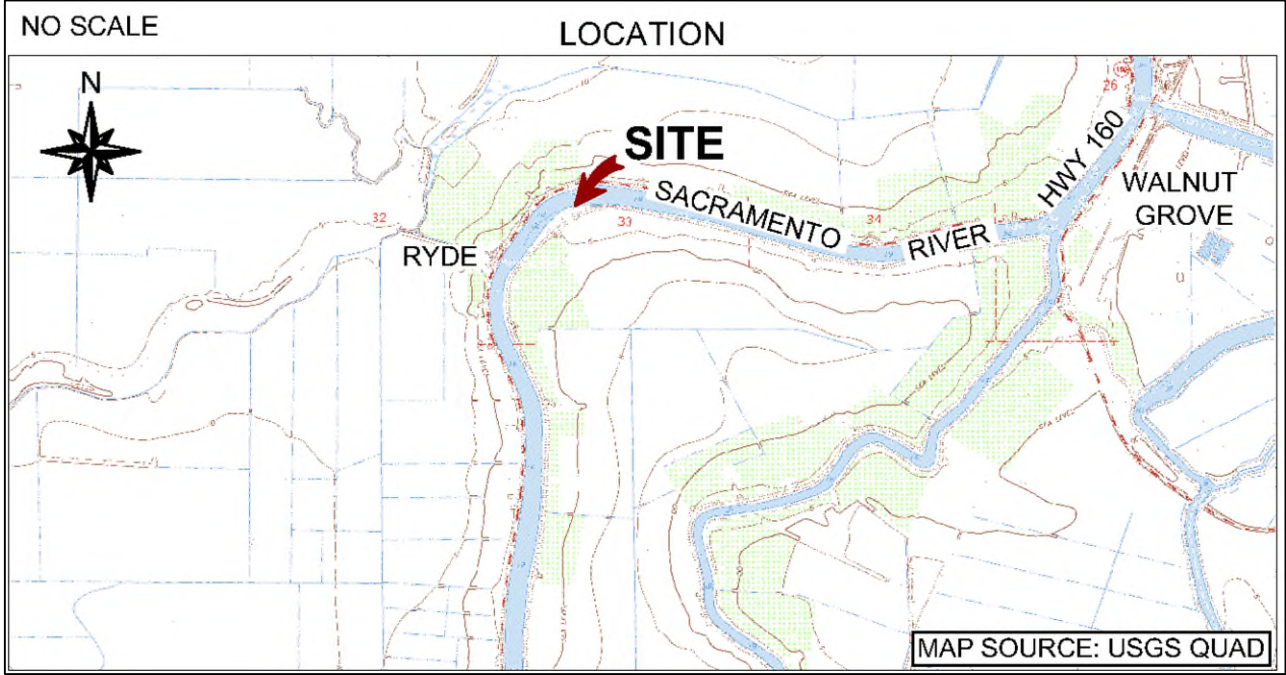
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

0.48 acres, more or less, of sovereign land located in the Sacramento River, adjacent to 14174 Isleton Road, near Walnut Grove, Sacramento County (as shown in Figure 1).

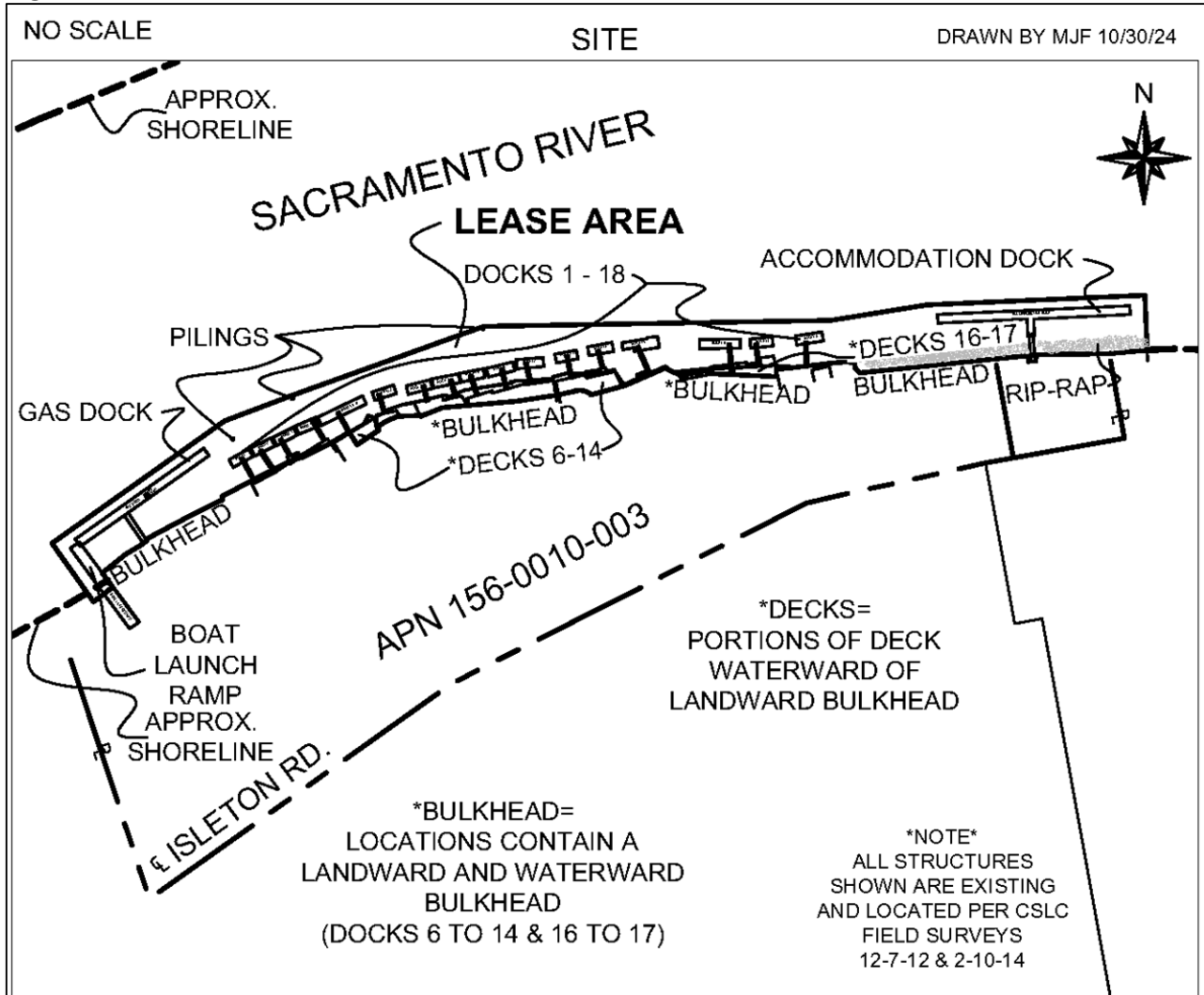
Figure 1. Location



AUTHORIZED USE:

Continued operation, 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 December 18, 2014.

CONSIDERATION:

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, the staff has conducted a review of the rent and bond under this lease and recommends that the rent be revised from \$3,724 per year to \$4,544 per year, and the bond increased from \$5,000 to \$100,000, effective December 18, 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 April 23, 2014, the Commission authorized a 25-year General Lease – Commercial Use to Dale E. Dorn 1983 Revocable Trust, dba Ko-Ket Resort ([Item 34, April 23, 2014](#)). As staff later became aware of an additional trustee, the Commission authorized a correction of the Lessee name to Dale E. Dorn and Willa Dean Dorn, Trustees of the Dale E. Dorn 1983 Revocable Trust, dba Ko-Ket Resort ([Item 4, June 19, 2014](#)). On February 27, 2018, the Commission authorized an assignment of lease to KoKet Resort LLC ([Item 42, February 27, 2018](#)). On October 24, 2019, the Commission authorized a revision of rent ([Item 34, October 24, 2019](#)) from \$3,259 to \$3,724, effective December 18, 2019.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$5,000. 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 an increase in rent and to keep it consistent with similar facilities. Staff recommend increasing the bond from \$5,000 to \$100,000 to protect the state from the liability associated with KoKet Resort's infrastructure. The lease will expire on December 7, 2039.
4. This action is consistent with the “efficient and effective management of the revenue generation portfolio” and “addresses current and future risk and

liabilities" elements 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, 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 2049 from \$3,724 per year to \$4,544 per year, and an increase in the bond from \$5,000 to \$100,000, effective December 18, 2024.