

Staff Report 12

LESSEE:

Lakehouse Mall Property Management, Inc.

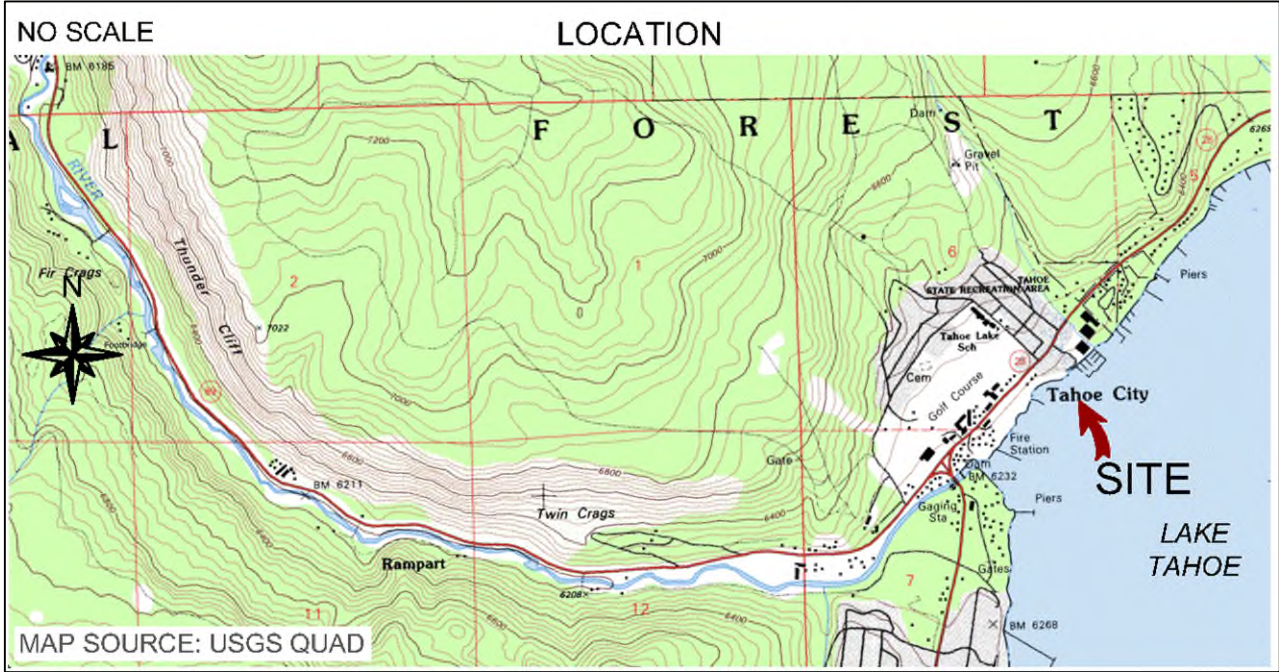
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Lake Tahoe located adjacent to 120 Grove Street, Tahoe City, Placer County (as shown in Figure 1).

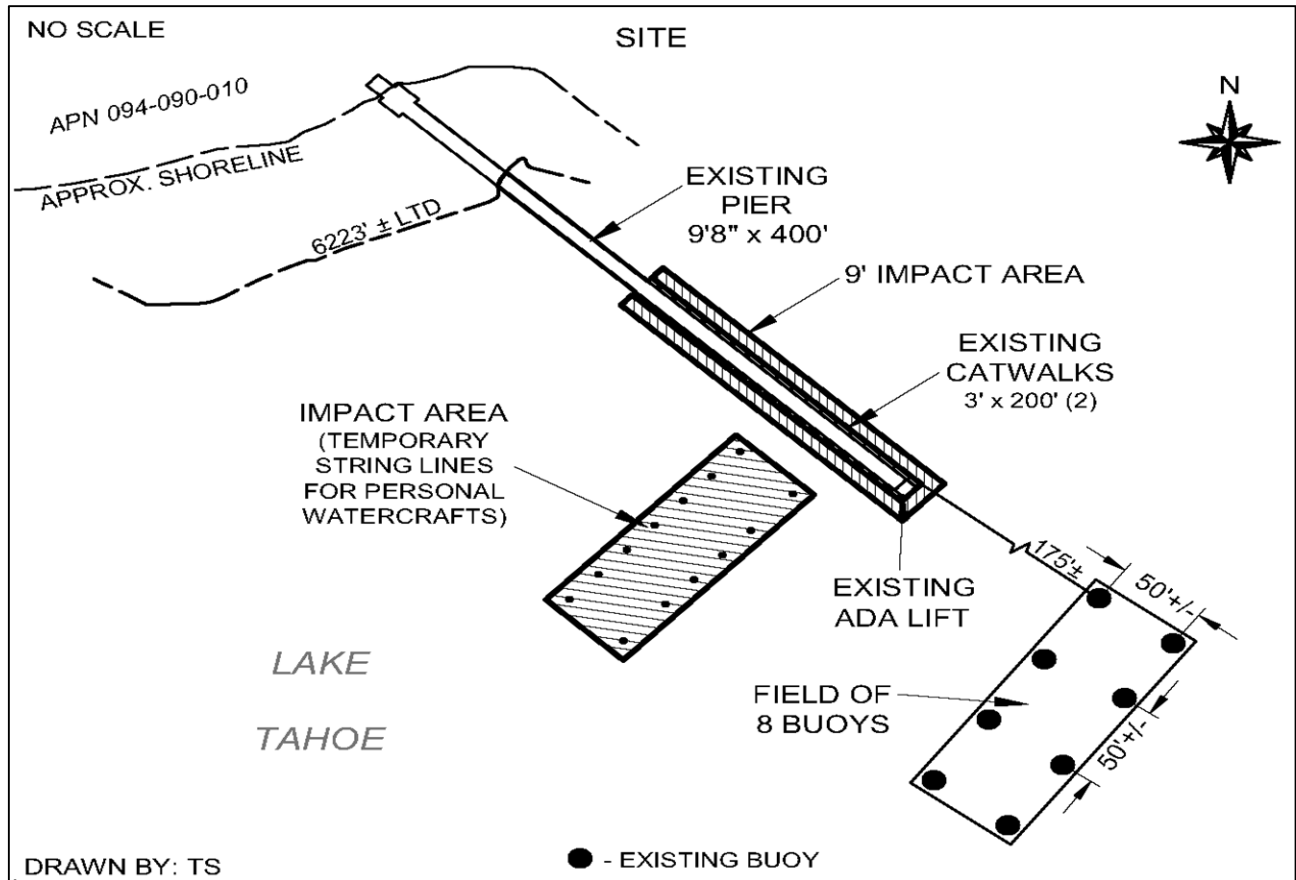
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a commercial pier with an Americans with Disabilities Act lift, eight mooring buoys, and two string lines (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 March 1, 2013.

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 \$5,104 per year to \$13,094 per year, adjusted annually by the Consumer Price Index, and the bond increased from \$25,000 to \$90,000, effective March 1, 2025.

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 August 15, 2014, the Commission authorized a 20-year General Lease – Commercial Use and Endorsement of a Sublease ([Item 36, August 15, 2014](#)) to Lakehouse Mall Property Management, Inc. for the operation, use, and maintenance of an existing commercial use pier with an Americans with Disabilities Act lift, eight mooring buoys, and two seasonal string lines. The lease authorization included an endorsement of a sublease to Tahoe Water Adventure for management and operation of a watercraft rental operation consisting of four power boats and five personal watercrafts. The sublease is in force and extended in 2022 for a five-year term with an additional five-year extension to 2032. The pier is open to the public with access from the upland commercial property and by the adjacent shoreline multi-use public trail. The commercial watercraft rental operation uses the pier for patron loading and unloading with four of the eight buoys used for mooring the rental boats when not in use and the remaining four mooring buoys are open for public use. The string lines offshore of the pier are used for mooring the five personal watercraft with both the string lines and watercraft removed from the lake at the end of each day.
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 there is a rent increase and to keep it consistent with estimated removal costs for similar facilities. Staff recommends increasing the bond from \$25,000 to \$90,000 to minimize the gap between ability to pay and protecting the state's liability. The lease will expire on February 28, 2033.
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 5354 from \$5,104 per year to \$13,094 per year, adjusted annually by the Consumer Price Index, and an increase in the bond from \$25,000 to \$90,000, effective March 1, 2025.