

Staff Report 03

PARTY:

California State Lands Commission

PROPOSED ACTION:

Approve the 2025 Category 1 San Pablo Bay Benchmark rental rate.

LAND TYPE AND LOCATION:

Sovereign land in and along San Pablo Bay and through the Carquinez Strait into the near reaches of the Delta and any tributaries and rivers emptying into the San Pablo Bay, specifically the Napa River and Petaluma River, Contra Costa, Solano, Sonoma, Marin, and Napa Counties.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6501.1, 6503, 6503.5, and 6505.5; California Code of Regulations, title 2, sections 2000 and 2003.

The California Constitution specifically prohibits the Legislature from making or authorizing any gift of public money or thing of value to any individual, municipality, or corporation (Cal. Const., art. XVI, § 6). A “thing of value” includes the use of State-owned land for private benefit.

The Commission has broad discretion in all aspects of leasing state lands, including the method or amount of rent that is most appropriate, and how rent should be adjusted during the term. (Pub. Resources Code, §§ 6501.1, 6503, 6503.5; Cal. Code Regs., tit. 2, §§ 2000, 2003.) Rents must be in the best interests of the State, and may be based on one or more of the following methods, including, but not limited to:

- 9 percent of the appraised value of the leased land.
- A percentage of annual gross income, where the percentage is based on an analysis of the market for like uses and other relevant factors.
- A comparison to rents for other similar land or facilities.
- Benchmarks for regions with large concentrations of similar facilities, with benchmark rental rates to be based on analysis of similar or substitute facilities in the local area.
- Other such methods or information that are based on commonly accepted appraisal practices and principles; and for leases for recreational piers or buoys, rent shall be based on local conditions and local fair annual rental values. (Cal. Code Regs., tit. 2, § 2003; Pub. Resources Code, §§ 6503, 6503.5.)

The Commission may consider the amount of rent the State would receive under various rental methods, and whether relevant, reliable, and comparable data are available concerning the value of the leased land in determining which rent method should apply (Cal. Code Regs., tit. 2, § 2003, subd. (d)(1), (2).)

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Benchmarks are used to establish uniform rental rates in specific geographic regions with large concentrations of similar facilities, mostly private recreational improvements within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) The use of benchmarks improves consistency, transparency, and efficiency in how the Commission establishes rent for large numbers of similar leases, saving time, resources, and money for both the applicant and the State. Periodic benchmark adjustments ensure that the people of the State are fairly compensated according to current market rates for the private use of State-owned land, consistent with the California Constitution. Generally, staff recommends updates to the benchmarks every 5 years.

The Commission has two types of benchmarks for rental rates:

- Category 1, which is generally applied to water-dependent encroachments (e.g., private docks and piers).
- Category 2, which is generally applied to non-water dependent encroachments (e.g., shoreline protective structures and other residential-related improvements).

This staff report addresses the Category 1 benchmark for San Pablo Bay (in Contra Costa, Solano, Sonoma, Marin, and Napa Counties), which includes leases in and along San Pablo Bay and through the Carquinez Strait into the near reaches of the Delta and any tributaries and rivers emptying into the San Pablo Bay, specifically the Napa River and Petaluma River.

METHODOLOGY:

Category 1 San Pablo Bay Benchmark

Leases are issued by the Commission for private recreational facilities – such as docks and piers – located on sovereign lands. These facilities offer a substitute for the essential functions of a commercial marina, such as a place for the docking and mooring of boats and the loading and unloading of passengers and equipment. In a market where there is significantly more demand than supply, these private structures afford the upland owners guaranteed access to mooring facilities that they may not otherwise be able to obtain from commercial marinas. In this manner, these privately-owned facilities represent a substitute for a commercial marina slip. Accordingly, the method of valuation used in estimating a fair rental value in this analysis is based on what an individual would pay for a similar substitute site in a commercial marina. In other words, since a Commission-leased site for a privately-owned pier or dock substitutes for the essential functions of a marina slip, a lessee of the state land should pay a similar amount for the leased site as the state would receive for leasing the land to a commercial marina.

The first step in setting a Category 1 berthing rate benchmark is to survey local marinas to determine their rental rates. Marinas usually rent their berths on a per-linear-foot basis, based on the length of the berth or vessel. For benchmark purposes, the average surveyed rental rate is used. The rate is multiplied by the average or typical berth length as indicated in the survey data. Based on these inputs, the annual gross income is calculated. For Category 1 benchmarks the State's rent is based on a 5 percent rate of return of this annual gross income, which represents a comparable fair market compensation rate for the use of State-owned sovereign land. The State's rent is then converted to a per-square-foot basis using a table calculated by the California State Parks Division of Boating and Waterways 2005 publication titled "Layout and Design Guidelines for Marina Berthing Facilities" (DBW berthing publication). This publication provides formulas and tables for calculating the submerged land area needed to accommodate various sizes and layouts of berths in marinas. Among other variables, the formulas account for the berth length, berth layout (single or double), and the type of vessel

(powerboat or sailboat). The publication can be requested from the Department of Boating and Waterways through their website: dbw.parks.ca.gov.

The San Pablo Bay is a tidal estuary that forms the northern extension of the San Francisco Bay in the East Bay and North Bay regions of the San Francisco Bay Area in northern California. The bay is shared between Contra Costa County on the southern and eastern shore, and Solano, Sonoma and Marin Counties on the northern and western shores. It should be noted that Napa County also connects to the San Pablo Bay, but indirectly, through the waterways of the Napa Slough and Sonoma Creek, the Napa-Sonoma Marshes, and the Napa River which flows into the Carquinez Strait via the Mare Island Strait near its entrance into the bay.

The attached San Pablo Bay Benchmark appraisal survey consists of eight marinas located along the San Pablo Bay. The survey found that the average berth/slip size in the coverage area is approximately 35 linear feet.

Berthing rates are reported on a per linear foot basis. The average berthing rates, based on survey data collected within the coverage area, ranged from \$6.51 to \$13.50 per linear foot with an overall average of \$10.27 per linear foot. The benchmark rental rate for berths is calculated by multiplying the overall average berth length by the average rental rate. This product is then multiplied by 12 months to arrive at the gross annual income. The gross annual income is then multiplied by 5 percent to arrive at the income attributable to the submerged land. That amount is then converted to a per square foot basis for rent-setting purposes using the DBW berthing publication described above. The submerged land area used in this benchmark analysis is based on a double berth layout (on the premise that it represents the typical marina berth layout in the area and is the most economically efficient for the marina operator) and represents an average of the powerboat and sailboat areas.

From DBW berth publication data, a submerged area of 1,049 square feet is indicated as necessary to accommodate the 35-foot average slip length identified by the survey for this area. Taking all the previously described inputs into account, the rental rate for the proposed San Pablo Bay Benchmark is calculated as follows:

$$\$4,313.40/\text{berth}/\text{year} \times 5 \text{ percent of gross income} = \$215.67$$

$$\$215.67 \div 1,049 \text{ square feet} = \$0.206 \text{ square foot rounded}$$

Proposed Category 1 San Pablo Bay Benchmark Rental Rate = \$0.206 per square foot

IMPACT AREA:

The impact area is an additional area, beyond the physical footprint of a structure, where a lessee seeks authorization to conduct activities. For recreational structures used for the docking and mooring of boats within the benchmark’s coverage area, the impact area is generally a nine-foot-wide strip along the mooring areas or under a boat lift. Accordingly, these areas are included in a lease and rent is charged thereon. The Commission’s leasing regulations explicitly allow for this. (Cal. Code Regs., tit. 2, § 2003, subd. (e) (2)).

CONCLUSION:

Staff’s methodology for setting the proposed Category 1 San Pablo Bay Benchmark rental rate is consistent with the methodology used for the Commission’s other similar benchmarks, as well as all the relevant statutes and regulations that govern the Commission’s rent-setting authority. Staff’s recommended benchmark rate represents a fair and equitable rate for the type of use based on the most current and relevant data available.

Approval of the new benchmark rental rate will not result in a change in the use of, or substantially interfere with or impact Public Trust resources. Staff believes that the benchmark provides a reasonable and consistent method for determining rent in its geographic coverage area and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. In 2011, Chapter 585, Statutes of 2011 became law and repealed Public Resources Code section 6503.5 that had allowed rent-free use of state land by certain private parties for their recreational piers. It replaced the former section with a new section 6503.5 which provides that the Commission “shall charge rent for a private recreational pier constructed on state lands.”
2. In 2014, the Commission adopted amendments to Sections 1900, 2002, and 2003 under articles 1 and 2 of title 2, division 3, chapter 1 of the California Code of Regulations that included regulations on rent-setting methods approving the use of benchmarks and the application of the Consumer Price Index ([Item 5, January 23, 2014](#)).
3. This action is consistent with Goal 4 of the Commission’s 2021–2025 Strategic Plan “Meeting Evolving Public Trust Needs,” Section 3 – “Maintain fiscal integrity

through transparency, accountability, and: a. Efficient and effective management of the revenue-generation portfolio.”

4. Approval of a benchmark rental rate 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).

EXHIBIT:

A. 2025 Category 1 San Pablo Bay Benchmark

RECOMMENDED ACTION:

It is recommended that the Commission:

PUBLIC TRUST AND STATE’S BEST INTERESTS:

Find that approval of the benchmark will not result in a change in the use of, or impacts to, Public Trust resources; is consistent with the common law Public Trust Doctrine; and is in the best interests of the State.

AUTHORIZATION:

Approve the 2025 Category 1 San Pablo Bay Benchmark rental rate of \$0.206 per square foot, effective February 25, 2025.

MEMORANDUM

To: Brian Bugsch, Chief 
Land Management Division

Date: February 28, 2025

File: W 27279

From: Chaun Wong, Associate Property Appraiser
Land Management Division

**Subject: San Pablo Bay Category 1 Benchmark 2025
Contra Costa, Solano, Sonoma, Marin, and Napa Counties**

The San Pablo Bay Category 1 Benchmark is a newly proposed benchmark. It should be noted, the San Pablo Bay is currently a submarket area of the geographically larger Category 1 San Francisco Bay Area Benchmark which was last updated by staff of the California State Lands Commission (Commission) in 2022. Upon further investigation of the San Francisco Bay Area Benchmark and its various submarkets, staff believes that a more specific benchmark should apply to the San Pablo Bay, currently the lowest of the group. The San Pablo Bay Benchmark follows essentially the same methodology as used in the prior San Francisco Bay Area benchmark, except now it is more location specific to just the San Pablo Bay. Reference is made to the 2022 study for additional background material that may be needed for the reader to more fully understand what the benchmark is used for and how it is set.

The recommended benchmark is summarized in the following table.

Table 1. San Pablo Bay Benchmark Summary

Benchmark Date	Rental Rate (per sq. ft.)
2025	\$ 0.206

An appraisal is the act or process of developing an opinion of value that must be numerically expressed as a specific amount, as a range of numbers, or as a relationship to a previous value opinion or numerical benchmark. This report constitutes an appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). Accordingly, this appraisal has been performed, and the report has been prepared in substantial compliance with USPAP. The compiled research, analyses, and conclusions presented in this appraisal represent a correlation of market rents into benchmark rental rates for private

San Pablo Bay Category 1 Benchmark

recreational facilities (e.g., docks and piers) located on San Pablo Bay. The benchmark is intended to be used by Commission staff for rent setting purposes.

Benchmarks establish uniform rental rates in specific geographic regions with concentrations of similar facilities within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) For proposed leases involving certain types of improvements or uses in regions where benchmarks have been approved, staff will recommend annual rent based on the applicable benchmark and the lease area. Benchmark rental rates are based on an analysis of similar uses or substitute facilities in the local area. Generally, staff recommend updates to the benchmarks every 5 years. The use of benchmarks improves consistency and transparency throughout a geographic region, improves staff efficiency in setting and adjusting rent for large numbers of leases, and saves time and money for both the applicant and the State.

Introduction

Leases are issued by the California State Lands Commission for private recreational facilities – such as docks and piers – located on sovereign lands. These facilities offer a substitute for the essential functions of a commercial marina, such as a place for the docking and mooring of boats and the loading and unloading of passengers and equipment. In a market where there is significantly more demand than supply, these private structures afford the upland owners guaranteed access to mooring facilities that they may not otherwise be able to obtain from commercial marinas. In this manner, these privately-owned facilities represent a substitute for a commercial marina slip. Accordingly, the method of valuation used in estimating a fair rental value in this analysis is based on what an individual would pay for a similar substitute site in a commercial marina.

Since a Commission-leased site for a privately-owned pier or dock substitutes for the essential functions of a marina slip, a lessee of the state land should pay a similar amount for the leased site as the state would receive for leasing the land to a commercial marina.

Scope

The scope of the research included the following:

- Identifying marinas with boat slips in the San Pablo Bay.

San Pablo Bay Category 1 Benchmark

- Surveying the number and type of moorings at marinas (berths / slips), occupancy rate, mooring sizes, and rates.
- Compiling the survey results into averages for slip size and rate.
- Using the “Layout and Design Guidelines for Marina Berthing Facilities” publication (last updated July 2005) from the State Department of Boating and Waterways to determine the amount of submerged land area necessary to accommodate a given mooring size.
- Calculating the annual rental rate(s) using the above information and State valuation guidelines.

A total of nine marinas were investigated. Of the nine marinas, a total of eight marinas were surveyed on the attached Marina Survey spreadsheet. The marina excluded from the survey did not participate. The eight marinas used in this analysis rent slips on a monthly basis, which is considered closest to the long-term use of a private dock by a Commission lessee.

Methodology

In order to determine the benchmark rent for a leased area (pier, dock, etc.), it is necessary to determine the income that can typically be generated by a commercial marina; the area occupied by the average or typical marina slip in a well-designed marina; and the rent for that average or typical sized boat. An annual rate of return is then applied to the product of the above.

The Commission typically charges 5 percent of gross income for boat berthing for sites leased to commercial marina operators.

Berth / Slip Rent

The San Pablo Bay is a tidal estuary that forms the northern extension of the San Francisco Bay in the East Bay and North Bay regions of the San Francisco Bay Area in northern California. The bay is shared between Contra Costa County on the southern and eastern shore, and Solano, Sonoma and Marin Counties on the northern and western shores. It should be noted that Napa County also connects to the San Pablo Bay, but indirectly, through the waterways of the Napa Slough and Sonoma Creek, the Napa-Sonoma Marshes, and the Napa River which flows into the Carquinez Strait via the Mare Island Strait near its entrance into the bay.

San Pablo Bay Category 1 Benchmark

Within these identified boundaries, the survey found that the average berth size was approximately 35 linear feet.

The responding marinas reported a total of 1,740 slips, or an average of 218 slips per marina. The average occupancy was reported at 65.70 percent.

Berthing rates are reported on a per linear foot basis. The berthing rate averages, based on data collected, ranged from \$6.51 to \$13.50 per linear foot and had an overall average rent of \$10.27 per linear foot.

The benchmark rental rate for berths is calculated by multiplying the average berth length by the overall average monthly rental rate. This product is then multiplied by 12 months to arrive at the gross annual income. The gross annual income is multiplied by 5 percent to get the income attributable to the submerged land. The income attributable to the submerged land is then divided by the amount of submerged land needed to accommodate the average berth length within a marina.

The submerged land area needed to accommodate an average berth is found in a publication entitled "Layout and Design Guidelines for Small Craft and Berthing Facilities" by the California Department of Boating and Waterways last updated in 2005. The publication can be requested from the Department of Boating and Waterways through their website at <https://dbw.parks.ca.gov/pages/28702/files/Guide05.pdf>. This publication provides formulas and tables for calculating the submerged land area needed to accommodate various sizes and layouts of berths in marinas. Among other variables, the formulas take into account the berth length, berth layout (single vs. double), and the type of vessel (powerboat vs. sailboat). The submerged land area used in this benchmark analysis is based on a double berth layout (on the premise that it represents the typical marina berth layout in the area and is the most economically efficient for the marina operator) and represents an average of the powerboat and sailboat areas.

From the tables in the publication, a submerged area of 1,049 square feet is shown as being necessary to accommodate the 35-foot average slip length indicated by the survey for San Pablo Bay. Taking all of the aforementioned into account, the current benchmark rental rate for San Pablo Bay is calculated as follows:

- Average berth rate: \$10.27
- Average boat length: 35 linear feet

San Pablo Bay Category 1 Benchmark

- Submerged land area necessary to accommodate a 35-foot boat slip: 1,049 sq. ft.
- Percent of income attributable to the submerged land: 5 percent

Benchmark Rental Rate = \$0.206 per sq. ft.

The indicated benchmark rental rate for San Pablo Bay is \$0.206 per square foot.

Table 2. Marina Survey – San Pablo Bay

Number	Name	Total Slips	Occupancy Rate	Occupied Slips	Average Length	Average Rate
1	Benicia Marina	269	N/A	N/A	36	\$13.35
2	Glen Cove Marina	194	75%	146	34	\$10.83
3	Lowrie Yacht Harbor	95	90%	86	39	\$9.00
4	Martinez Marina	278	48%	133	34	\$6.51
5	Napa Valley Marina	163	85%	139	35	\$10.03
6	Petaluma Marina	163	36%	59	31	\$8.58
7	San Rafael Yacht Harbor	160	N/A	N/A	37	\$13.50
8	Vallejo Municipal Marina	418	60%	251	37	\$10.32
	Averages		65.7%		35	\$10.27