

# Staff Report 15

## LESSEE:

SDC Tahoe City, LLC

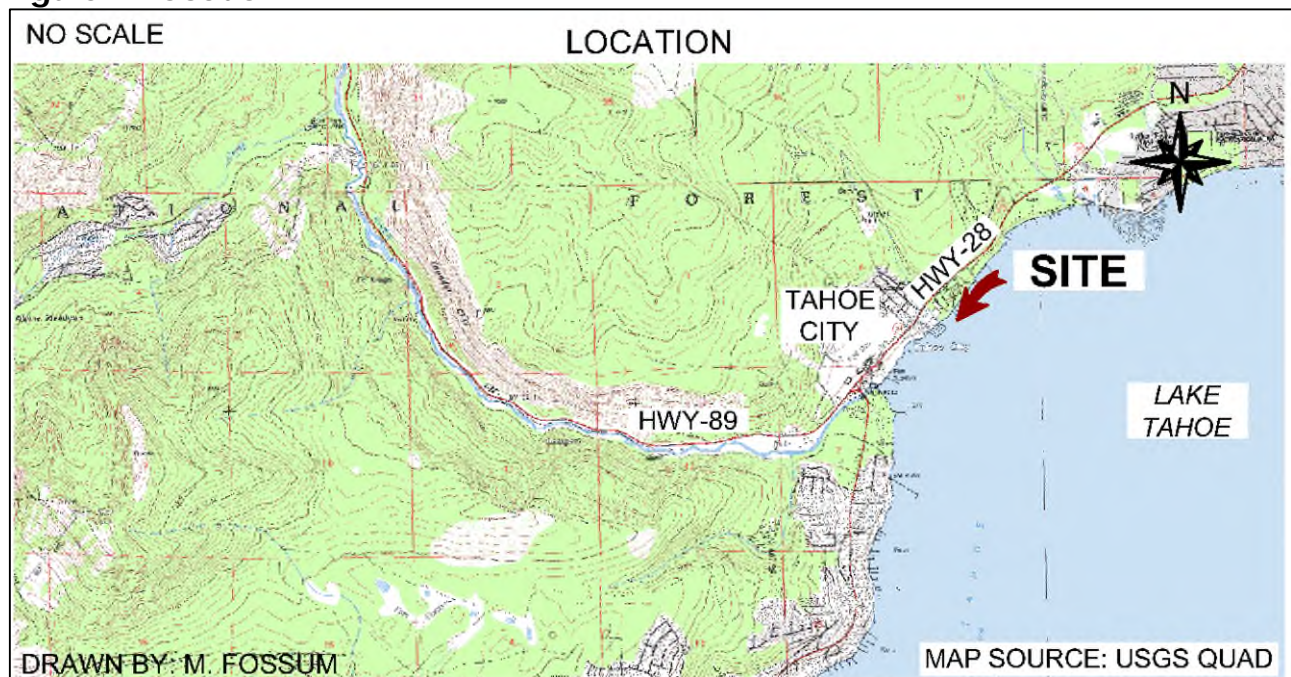
## PROPOSED ACTION:

Revision of Rent and Bond.

## AREA, LAND TYPE, AND LOCATION:

Sovereign land in Lake Tahoe, adjacent to 950 North Lake Boulevard, Tahoe City, Placer County (as shown in Figure 1).

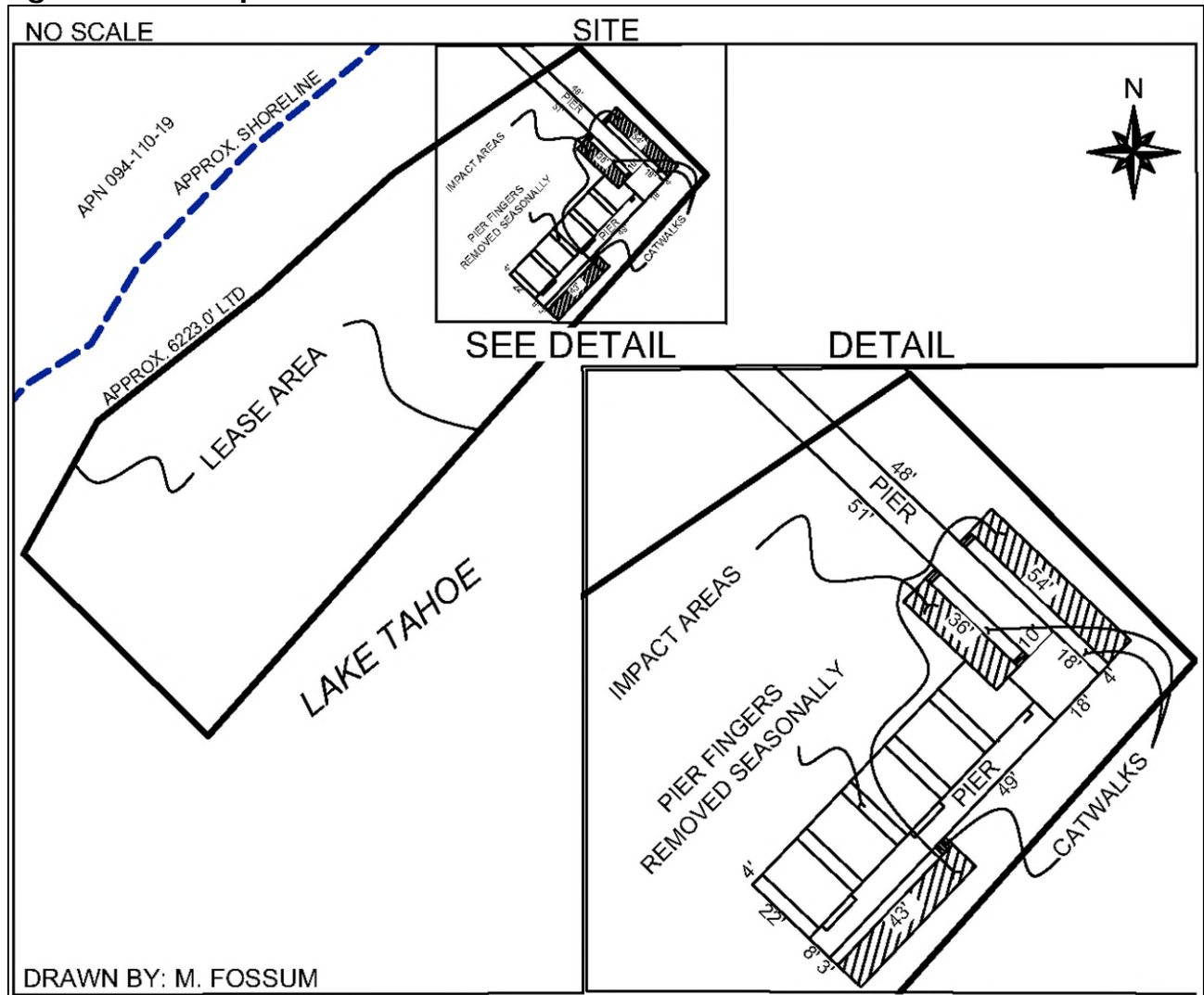
**Figure 1. Location**



**AUTHORIZED USE:**

Continued use and maintenance of a commercial pier (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 30, 2010.

**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 \$3,781 per year to \$4,295 per year, and the bond increased from \$20,000 to \$100,000, effective December 30, 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 March 29, 2012, the Commission authorized a 20-year General Lease – Commercial Use to SDC Tahoe City, LLC ([Item 46, March 29, 2012](#)) of sovereign land in Lake Tahoe, adjacent to 950 North Lake Boulevard, Tahoe City, Placer County, for an existing commercial pier. On June 29, 2015, the Commission authorized an amendment of lease and revision of rent ([Item 44, June 29, 2015](#)) from \$4,383 to \$3,781 per year and to replace the existing Exhibit B, Site and Location Map, with a new Exhibit B, Site and Location Map, indicating impact areas, effective December 30, 2015. On October 22, 2020, the Commission authorized a continuation of rent ([EO Report, October 22, 2020](#)) at \$3,781 per year, effective December 30, 2020. The lease expires on December 29, 2030.
3. The pier is adjacent to the upland parcel which is owned by the Lessee. The Lessee entered into an agreement for a tour boat operation to operate from the pier. The operator is North Tahoe Cruises. North Tahoe Cruises currently operates a tour boat from the pier under a separate lease with the Commission (PRC 8663).
4. The Commission requires a bond or security instrument to protect the interest of the state as it relates to rent payments and lease provision compliance, especially the requirement to restore the leased premises upon lease termination. The lease currently requires a bond or security instrument in the amount of \$20,000. Staff attempted to obtain an estimate of cost for removal but were unsuccessful. Staff recommend increasing the surety bond to \$100,000 to account for inflation and the increased need for security to adequately cover the potential costs of restoration and compliance with lease provisions. This is consistent with the approach taken for other similar leases.

5. 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.
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:**

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It is recommended that the Commission:

### **AUTHORIZATION:**

Approve the revision of rent for Lease PRC 3495 from \$3,781 per year to \$4,295 per year, and an increase in the bond from \$20,000 to \$100,000, effective December 30, 2025.