

Meeting Date: 12/16/25  
Lease Number: 4049  
Staff: J. Holt

# Staff Report 61

## **LESSEE:**

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Stockon Marina Properties LLC

## **APPLICANT:**

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Trinity Harbor Village LLC, a California limited liability company

## **SECURED PARTY-LENDER:**

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Celtic Bank Corporation

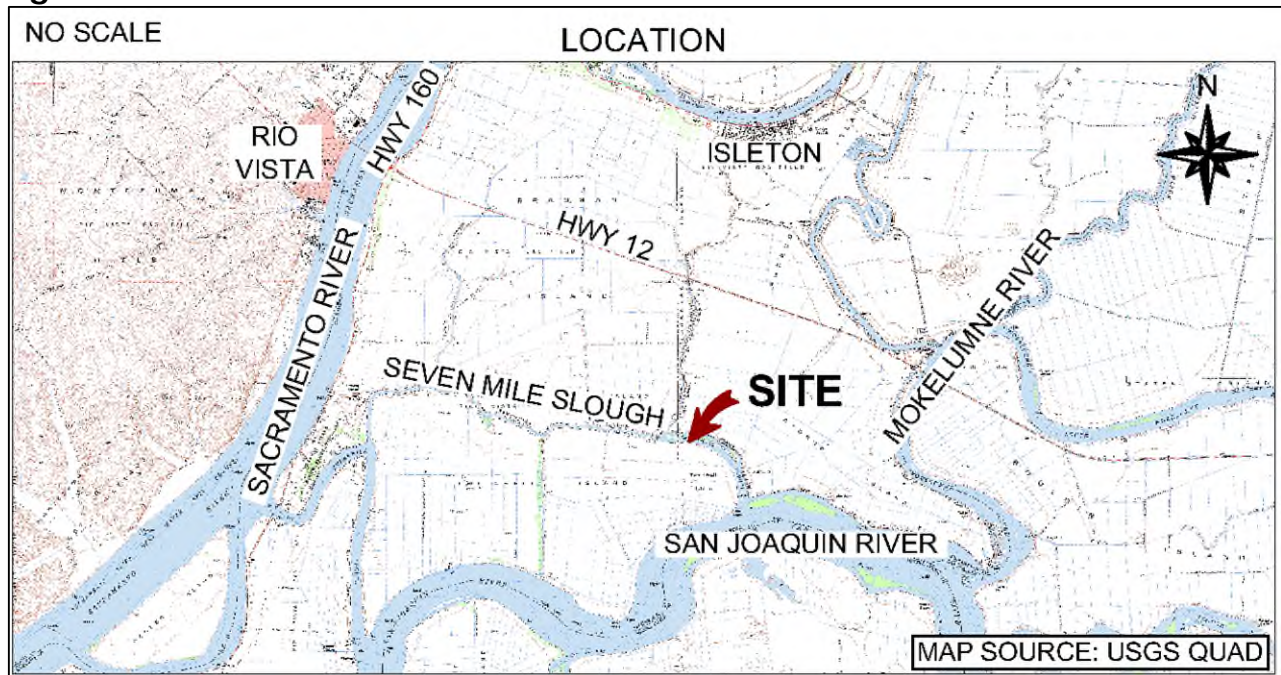
## **PROPOSED ACTION:**

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Acceptance of a Lease Quitclaim Deed; Issuance of a General Lease – Commercial Use; and Authorization of an Agreement and Consent to Encumbrance of Lease.

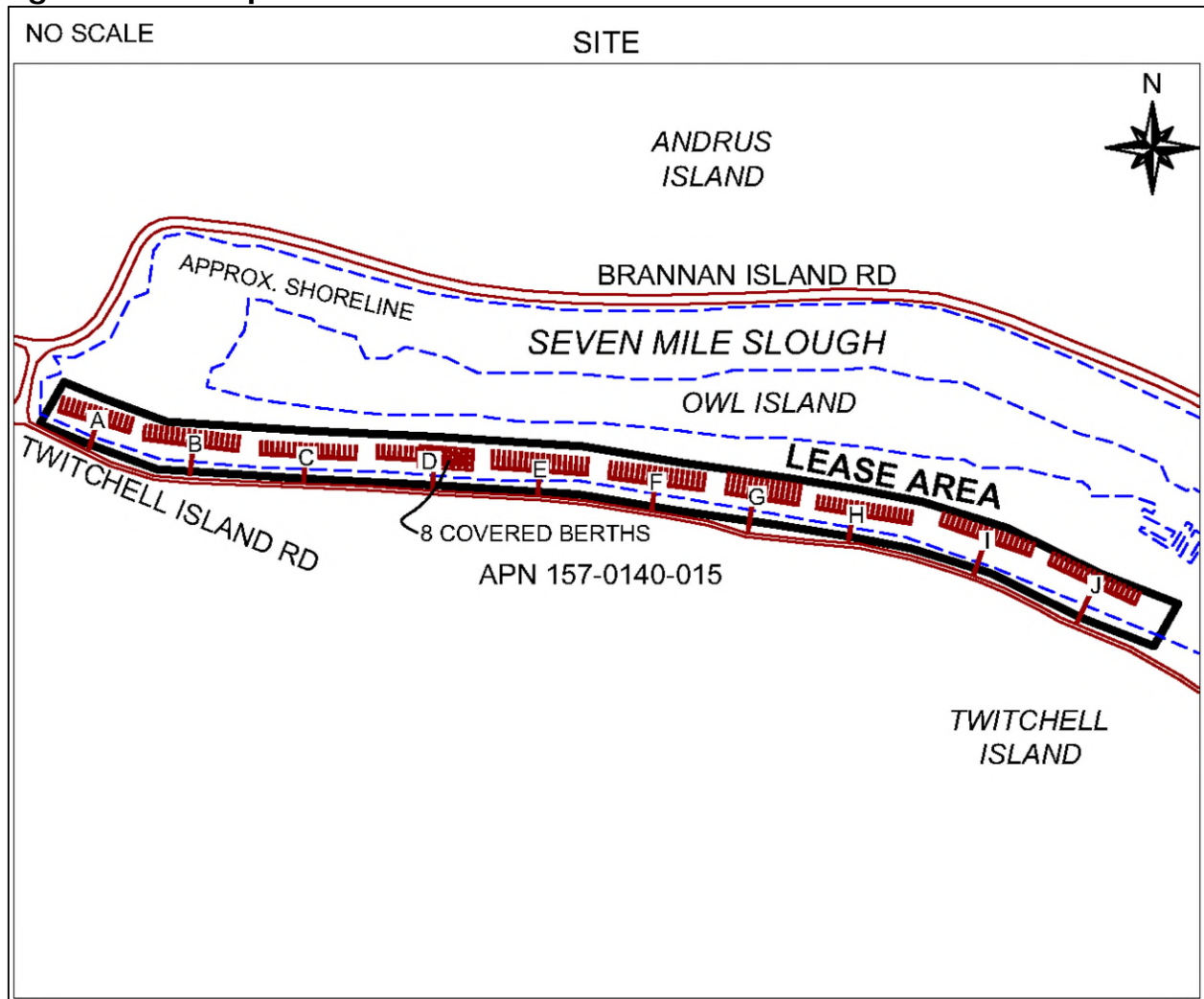
## **AREA, LAND TYPE, AND LOCATION:**

Sovereign land located in Seven Mile Slough, adjacent to 1550 West Twitchell Island Road, near Isleton, Sacramento County (as shown in Figure 1).

**Figure 1. Location****AUTHORIZED USE:**

Operation and use of an existing commercial marina, known as Owl Harbor Marina, consisting of ten docks with a total of eight covered berths, 135 berths, 20 end ties, 73 side ties; connecting walkways; 14 gangways; three restrooms; electrical and water hookups; individual utility meters, and allow no more than ten navigable vessels to be used as residences for security purposes only (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 16, 2025, or upon close of escrow, but no later than January 28, 2026.

**CONSIDERATION:**

\$26,675 per year, with an annual Consumer Price Index adjustment and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

**SPECIFIC LEASE PROVISIONS:**

- Surety or other security instrument in the amount of \$100,000 within 30 days of lease authorization.
- The lease contains provisions requiring implementation of the Commission's "Best Management Practices for Marina Owners/Operators" and encouraging implementation of the Commission's "Best Management Practices for Berth Holders and Boaters," including additional Best Management Practices (BMPs) the Commission subsequently deems appropriate for either of the above categories.
- Lessee or its operators may issue, without Lessor's prior approval, individual berth subleases in conjunction with normal commercial marina subleasing practices for terms of one year or less.

**STAFF ANALYSIS AND RECOMMENDATION:**

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**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.

**PUBLIC TRUST AND STATE'S BEST INTERESTS:**

On January 29, 2009, the Commission authorized issuance of a 21-year General Lease – Commercial Use to the Lessee, for operation, use and maintenance of a commercial marina known as Owl Harbor Marina in Seven Mile Slough ([Item 18, January 29, 2009](#)). The Applicant is applying for a new General Lease - Commercial Use and encumbrance of lease, to reflect a transfer of marina ownership from the Lessee to the Applicant. The estimated sale closing date is December 16, 2025. To ensure a clean transfer of responsibility, staff requested a lease quitclaim deed from the Lessee, releasing its interest in the area associated with Lease 4049. The Commission's accounting records show that the rent has been paid through January 28, 2025. Staff recommends starting the proposed new lease to the Applicant on December 16, 2025, or upon close of escrow but no later than January 29, 2026.

The subject marina directly promotes Public Trust uses and waterborne activities. The marina facilities accommodate, promote, and foster the public's need for maritime services and the public's enjoyment of the State's waterways.

Recreational boating is a water-dependent use that is generally consistent with the common law Public Trust Doctrine. The adjacent upland is developed as a commercial marina and parking area for recreational vehicles.

The proposed lease includes certain provisions and BMPs intended to protect the public use of the proposed lease area, including a limited lease term of 20 years. The facilities have existed at this location for many years; they do not significantly alter the land, they do not permanently alienate the State's fee simple interest in the underlying land, and they do not permanently impair public rights. Upon termination of the lease, the lessee may be required to remove any improvements and restore the lease premises to their original condition. Furthermore, the lease requires that the Applicant insure the lease premises and provide a performance surety or other security instrument in the amount of \$100,000 within 30 days of lease authorization. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

The Applicant is requesting authorization for an Agreement and Consent to Encumbrance of Lease, in favor of Celtic Bank Corporation, not to exceed \$1,900,000. The purpose of the loan is to acquire the commercial marina on sovereign land and the adjacent upland property. The marina is in good repair and does not need improvement and investment at this time. The onsite marina manager performs regular visual inspections of the improvements. The marina has a regular clientele of recreational boaters and visitors. It facilitates uses of the waterway which is consistent with the Public Trust. These include boating, fishing, and navigation of the Slough. The encumbrance of the lease is a condition of the Secured Party-Lender. The proposed authorization of encumbrance of the lease would be implemented through a document, "Agreement and Consent to Encumbrance of Lease," which will provide the Secured Party-Lender with certain rights if the Lessee defaults on the lease or is otherwise unable to perform. The Commission agrees to provide the Secured Party-Lender with notice and opportunity to cure defaults of the lease, and sixty (60) days' notice prior to terminating the lease. The agreement also limits the right of the lessee and Commission to amend, modify, or replace the lease without receiving the written consent of the Secured Party-Lender. Additionally, the agreement contains a process whereby the Secured Party-Lender can assume the lease should the Applicant reject the lease in a bankruptcy action, provided the Secured Party-Lender cures all defaults and agrees to all the lease terms. The Agreement and Consent to Encumbrance of Lease provides the Commission with another party who may be able to step in if a default of the lease occurs. Additionally, if the

Secured Party-Lender becomes the lessee, it shall be bound by all terms and conditions of the lease.

The lease and the encumbrance of the lease does not alienate the State's fee simple interest in the underlying land, and it does not impair public rights. Based on the foregoing, Commission staff believe that the proposed lease and the Agreement and Consent to Encumbrance will not substantially interfere with Public Trust needs, at this location, at this time, or for the foreseeable term of the proposed lease. By encumbering the lease, the Lessee can obtain funds for the acquisition and maintenance of existing improvements. The lender effectively acts as the guarantor of Lessee's performance of its lease obligations.

## **CLIMATE CHANGE:**

### ***INTRODUCTION:***

The climate crisis and rising sea levels are impacting California's coastal and inland waterways now. Likely impacts to the lease premises include, but are not limited to, sea level rise, saltwater intrusion, prolonged drought, extreme heat, and changes to the intensity and timing of precipitation events. These impacts can exacerbate natural hydrological processes such as erosion, scour, and sedimentation. These impacts may affect the existing structures subject to the proposed lease, located in Seven Mile Slough near Isleton.

### ***DATA & PROJECTIONS:***

Water levels in tidally-influenced rivers will rise as sea levels rise. The California Ocean Protection Council updated the [State of California Sea Level Rise Guidance](#) in 2024 to provide a synthesis of the best available science on sea level rise projections and rates for multiple emissions scenarios. Commission staff evaluated the "intermediate-high" and "high" scenarios due to the vulnerability and exposure of the lease location and the continued global reliance on fossil fuels. The San Francisco tide gauge was used for the projected sea level rise scenario for the lease area, as listed in Table 1.

**Table 1. Projected Sea Level Rise for San Francisco**

Year	Intermediate-High (feet)	High (feet)
2040	0.7	0.8
2050	1.0	1.3
2070	2.2	2.9
2100	4.8	6.5

Source: Table 6, State of California Sea Level Rise Guidance: 2024 Update

Note: Projections are with respect to a 2000 baseline.

In addition to rising seas, warmer temperatures have led California and the Southwest region to experience a megadrought from 2000 to 2022, measured as the driest 22 years in the past 1200 years, and more megadroughts are projected through the end of the century ([U.S. Global Change Research Program, Ch. 28. Southwest. In: Fifth National Climate Assessment. 2023.](#)). Hotter and drier conditions have led to declines in snowpack volumes, higher-elevation snow lines, earlier snowmelt, and reduced overall runoff. Streamflow and river volumes are lower and will be drawn down farther as temperatures continue to rise and demand for water increases. Despite the region's increasing aridity, flooding from extreme precipitation events is projected to increase, attributed to earlier snowmelt, sea level rise, and more intense and frequent atmospheric rivers. Minor and moderate flooding (flooding events defined as disruptive to damaging), attributed to higher water levels, is expected to increase five to ten orders of magnitude by 2100, according to [NOAA's 2022 Sea Level Rise Technical Report](#).

### **ANALYSIS:**

The lease premises are likely to experience more extreme conditions over the lease term than in the past, due to climate change. Changes to the timing and amount of runoff from the higher elevations of the watershed, stronger storm surge, and rising water levels will result in higher flood risks. Bank stability may be compromised due to increased channel erosion and undercutting from more intense precipitation and floods. Structures on the lease premises may be exposed to saltier water and corrode faster than before. Conversely, drought could lower water levels for longer portions of the year and expose structures that were historically designed to be submerged to more air, wind, and heat. They could cease to function as intended, as water-related, water-dependent infrastructure (e.g., fixed docks could become disconnected from the water). Floating structures may be more adaptable to changing water levels than those that are fixed, but all



structures may be at increased risk for damage from exposure to extreme heat and floods.

**RECOMMENDATIONS:**

To reduce the likelihood of adverse impacts to the lease premises and improvements, the lessee should consider the following adaptation strategies to improve resiliency to climate change: 1) reduce erosion along the riverbank by planting or restoring native vegetation (shrubs, trees); 2) inspect fixed structures frequently and monitor for degradation, replacing damaged parts when necessary and elevating or relocating structures when exposure to flooding compromises structural function and integrity; and 3) monitor floating structures for corrosion and degradation, especially joints, brackets, hinges, and piling hoops, and replace as necessary. Any future construction or activities on State land would require a separate authorization from the Commission. For more information regarding nature-based strategies, please refer to the [2023 Shoreline Adaptation and the Public Trust](#) report.

Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland are located in an area that may be subject to the effects of climate change, including sea level rise.

**CONCLUSION:**

For all the reasons stated above, staff believes that issuance of the proposed lease authorization and the Agreement and Consent to Encumbrance will not substantially impair the public rights to navigation and fishing or substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the proposed lease; is consistent with the common law Public Trust Doctrine; and is in the best interests of the State.

**OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. If the Commission denies the application, the Applicant must remove the improvements and restore the



property to its original condition. The lessee has no right to a new lease or to renewal of any previous lease

2. This action is consistent with the “Meeting Evolving Public Trust Needs, and “Leading Climate Activism” Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.
3. Acceptance of the quitclaim deed and encumbrance of lease are not projects as defined by the California Environmental Quality Act (CEQA) because they are administrative actions 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).

4. Staff recommends that the Commission find that issuance of the lease is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061.

## **RECOMMENDED ACTION:**

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It is recommended that the Commission:

### **CEQA FINDING:**

Find that issuance of the lease is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

### **PUBLIC TRUST AND STATE’S BEST INTERESTS:**

Find that the proposed lease and the Agreement and Consent to Encumbrance will not substantially impair the public rights to navigation and fishing or substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; is consistent with the common law Public Trust Doctrine; and is in the best interests of the State.

**AUTHORIZATION:**

1. Accept a Lease Quitclaim Deed for Lease 4049, effective December 15, 2025.
2. Authorize the Executive Officer or designee to execute the document titled "Agreement and Consent to Encumbrance of Lease," allowing Lessee's right, title, and interest in Lease 4049 to be pledged as partial security for a loan in the principal amount not to exceed \$1,900,000, in favor of Celtic Bank Corporation in substantially the same form as that on file in the Sacramento office of the Commission, effective upon execution by both parties.
3. Authorize issuance of a General Lease – Commercial Use to the Applicant beginning December 16, 2025, or upon close of escrow, but no later than January 28, 2026, for a term of 20 years, for the operation and use of an existing commercial marina, known as Owl Harbor Marina, consisting of ten docks with a total of eight covered berths, 135 berths, 20 end ties, 73 side ties; connecting walkways; 14 gangways; three restrooms; electrical and water hookups; individual utility meters, and allow no more than ten navigable vessels to be used as residences for security purposes only; annual rent in the amount of \$26,675 with an annual Consumer Price Index adjustment, and the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease; liability insurance in an amount no less than \$3,000,000 per occurrence; and a surety or other security instrument in the amount of \$100,000.
4. Authorize the Executive Officer or designee to execute, acknowledge, accept, and record all related documents as may be reasonably necessary to complete the transaction.