

# Staff Report 57

LESSEE:

Stockton Delta Resort, LLC

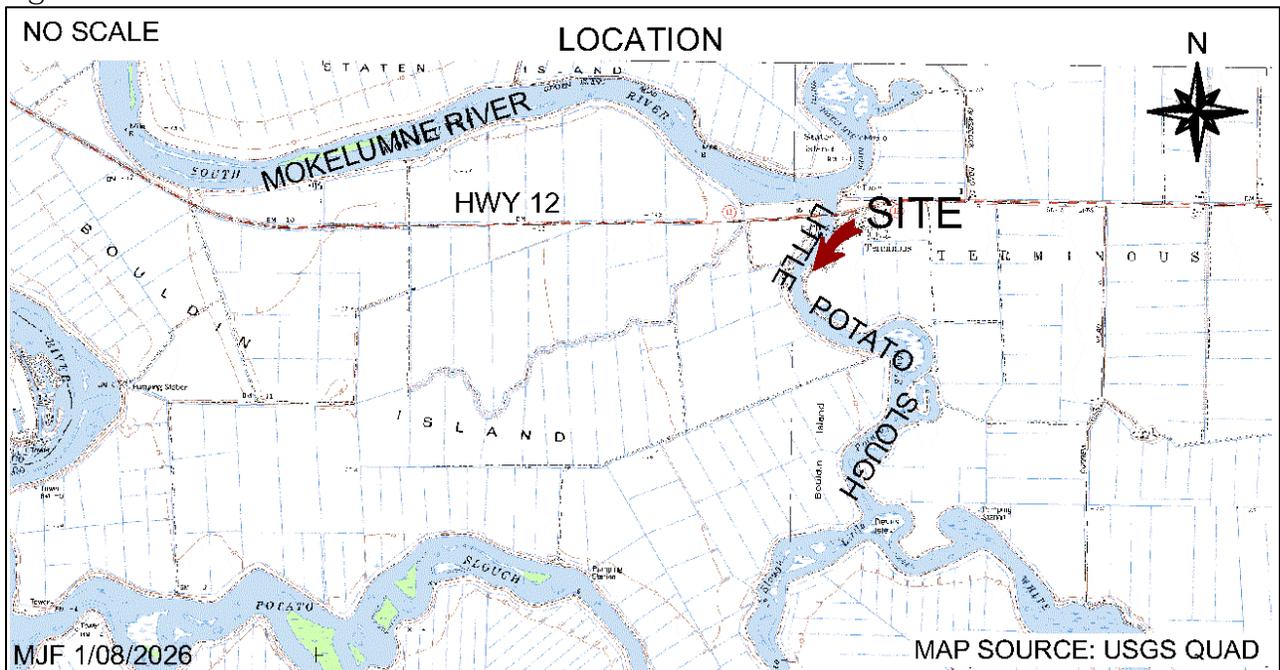
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

13.93 acres, more or less, of sovereign land in Little Potato Slough located adjacent to 14900 W. Highway 12, near Lodi, San Joaquin County (as shown in Figure 1).

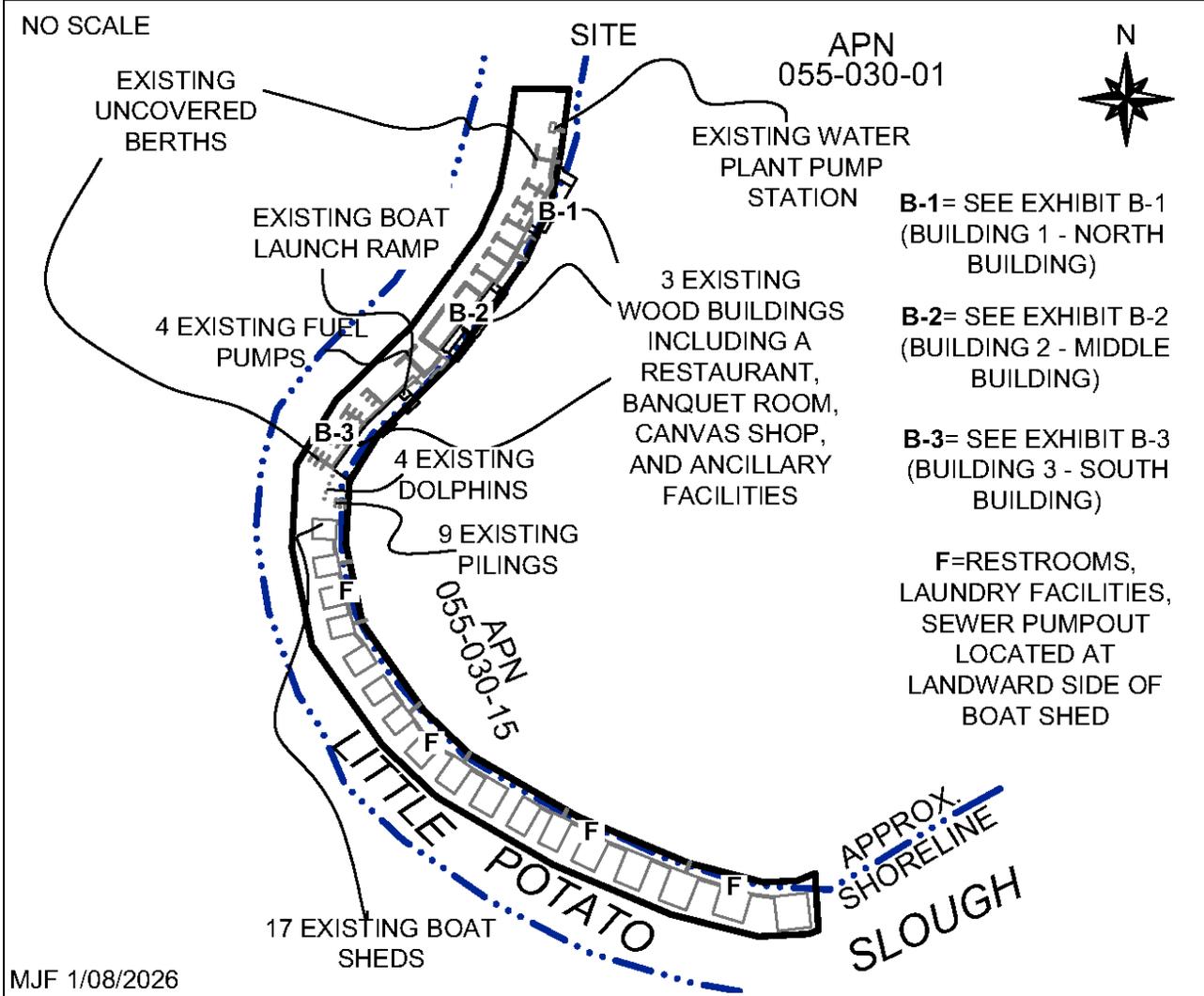
Figure 1. Location



AUTHORIZED USE:

Continued 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 January 1, 2016.

CONSIDERATION:  
The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent and bond under this lease and recommends that the rent be revised from

\$89,599.33 per year to \$93,633 per year, and the bond increased from \$100,000 to \$150,000, effective January 1, 2027.

## 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 June 28, 2016, the Commission authorized a 25-year General Lease – Commercial Use ([Item 29, June 28, 2016](#)) for the operation, use, and maintenance of an existing commercial marina, known as Tower Park Resort and Marina, on 13.93 acres, more or less, of sovereign land in Little Potato Slough, adjacent to 14900 W. Highway 12, near the city of Lodi, San Joaquin County. The authorized improvements consist of 17 boat sheds accommodating approximately 365 boats, 17 end ties, restaurant, bar, banquet room, general store, retail store, canvas shop, boat detailing facility, boat rentals, dry dock storage spaces, elevator/launch ramp, T-shape fuel dock with four marine fuel pumps, accommodation dock with two marine fuel pumps and uncovered docks, restroom facilities, laundry room facilities, sewage pumpout facilities, water plant pump station, bulkhead, and bank protection. On June 22, 2017, the Commission authorized an Agreement and Consent to Encumbrancing of Lease ([Item 30, June 22, 2017](#)) allowing Lessee to pledge Lessee's right, title, and interest as partial security in obtaining a loan for marina upgrades, repairs, and renovations, effective June 22, 2017. The lease provides for a ten-year rent review. The lease expires December 31, 2040.
3. 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 \$100,000. Staff recommend increasing the security to \$150,000 to account for inflation and the increased need for security to cover the potential costs of restoration and compliance with lease provisions, consistent with the approach taken for other similar leases.

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:

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It is recommended that the Commission:

### AUTHORIZATION:

Approve the revision of rent for Lease PRC 4194 from \$89,599.33 per year to \$93,633 per year, and an increase in the bond from \$100,000 to \$150,000, effective January 1, 2027.