Meeting Date: 08/25/26
Lease Number: 6127
Staff: J. Bryant

Staff Report 31

LESSEE:

Peninsula Owner LLC

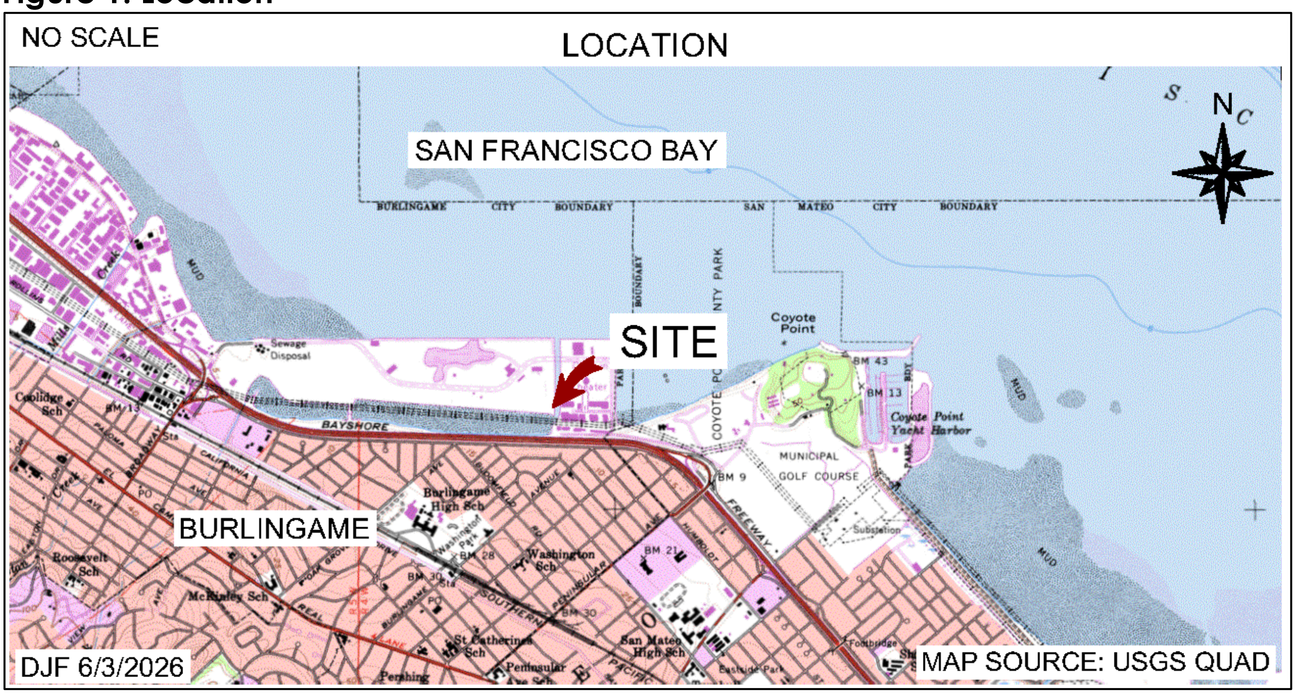
PROPOSED ACTION:

Revision of Rent.

AREA, LAND TYPE, AND LOCATION:

1.978 acres, more or less, of filled tidelands located in the San Francisco Bay, adjacent to 555 and 577 Airport Boulevard, Burlingame, San Mateo County (as shown in Figure 1).

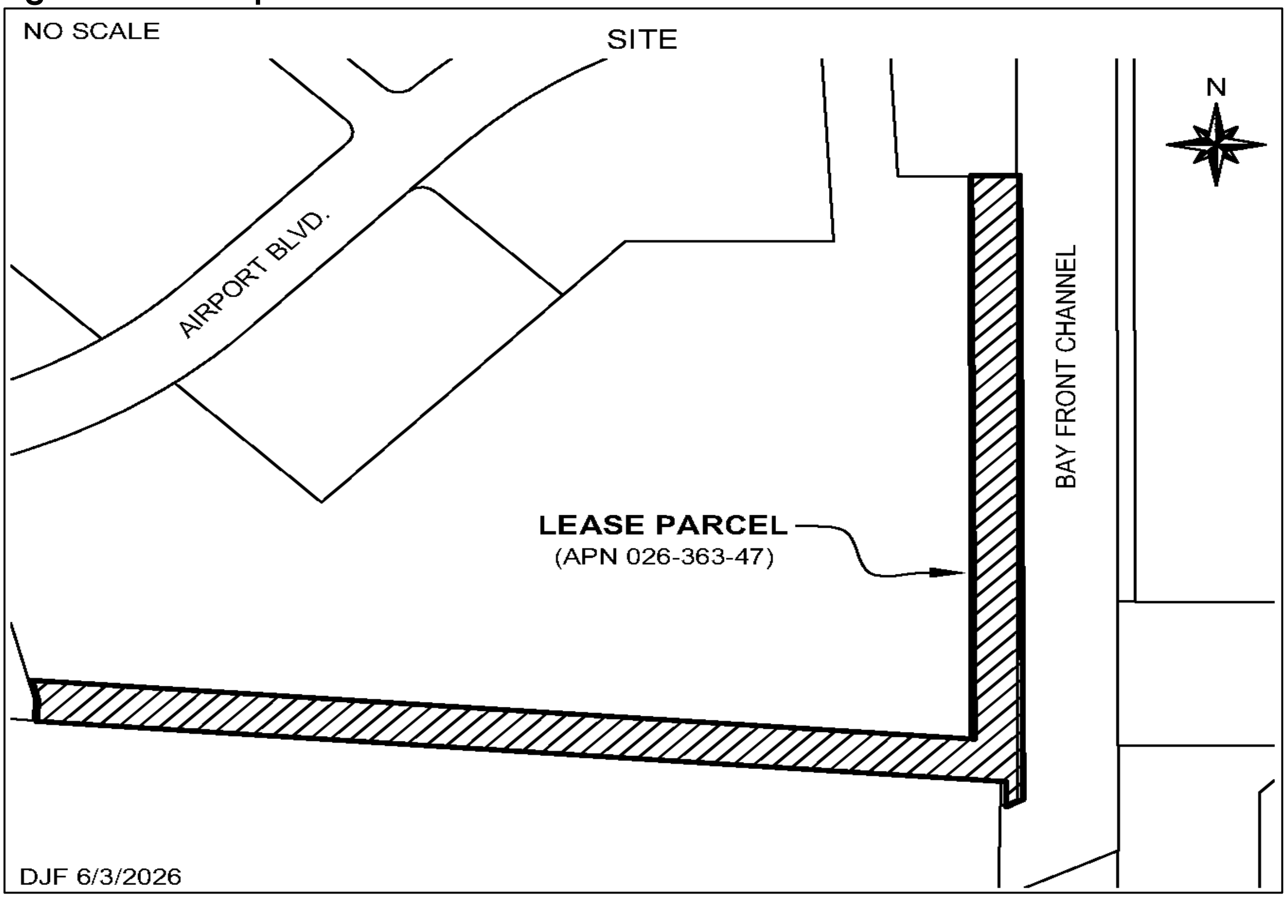
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a segment of the San Francisco Bay Trail and commercial parking (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 July 1, 2021.

CONSIDERATION:

The lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, the staff has conducted a review of the rent under this lease and recommends that the rent be revised from $27,551 per year to $38,357 ~~$64,924~~ per year for the commercial parking areas, adjusted annually by the Consumer Price Index, effective July 1, 2026; consideration for the portion of the San Francisco Bay Trail and amenities to continue as public use and benefit.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, 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 February 25, 2022, the Commission authorized a 25-year General Lease – Commercial Use (Item 31) to Peninsula Owner LLC for the continued use and maintenance of an existing segment of the San Francisco Bay Trail and commercial parking, on 1.978 acres, more or less, of filled tidelands located in the San Francisco Bay, adjacent to 555 and 577 Airport Boulevard, Burlingame, San Mateo County. On June 23, 2022, the Commission authorized an agreement and consent to encumbrance of lease (Item 35) in favor of JP Morgan Chase Bank, N.A., effective May 15, 2022. The lease expires June 30, 2046.
3. This action is consistent with the "efficient and effective management of the revenue generation portfolio" elements in the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-25 Strategic Plan.
4. Approving the revision of rent is not a project as defined by the California Environmental Quality Act (CEQA) 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 6127 from $27,551 per year to $38,357 ~~$64,924~~ per year, adjusted annually by the Consumer Price Index, effective July 1, 2026.