Meeting Date: 08/25/26
Lease Number: 4049
Staff: J. Holt

Staff Report 33

RESCINDING APPLICANT:

Trinity Harbor Village LLC, a California limited liability company

LESSEE/ASSIGNOR/SECURED PARTY-LENDER:

Stockon Marina Properties LLC, a California limited liability company

ASSIGNEE:

Marine Acquisitions LLC, a California limited liability company

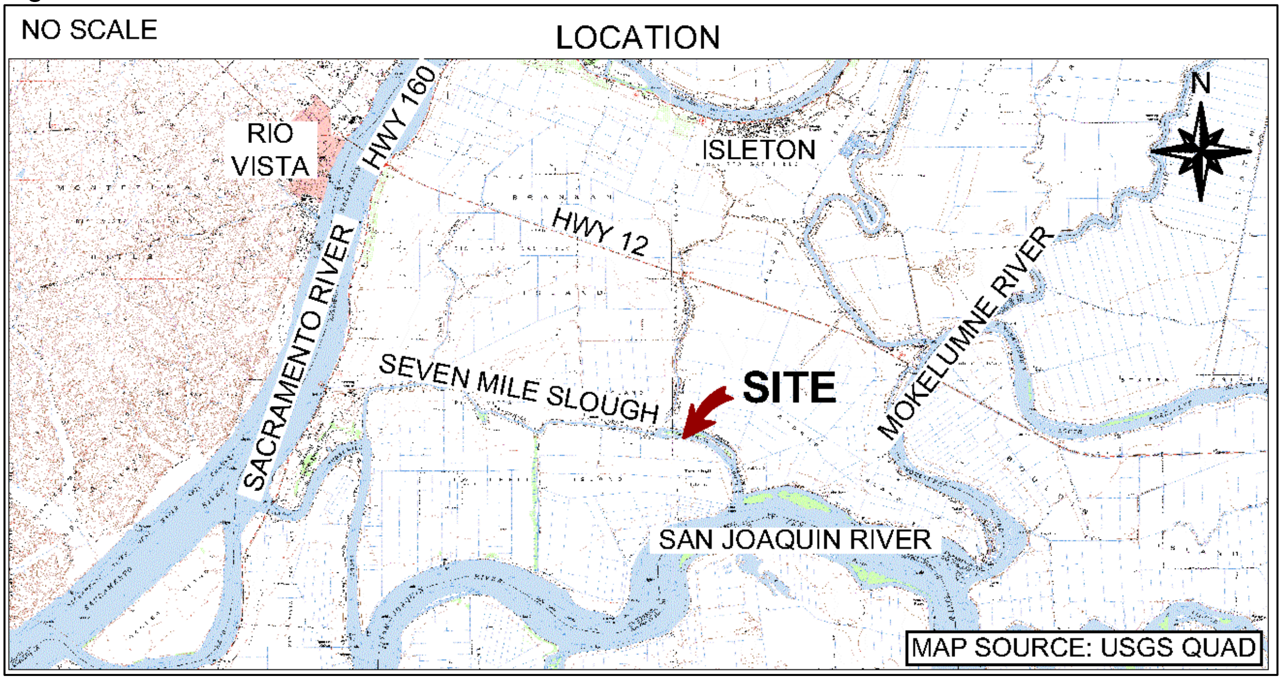
PROPOSED ACTION:

Rescission of Prior Authorization and Assignment 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, below).

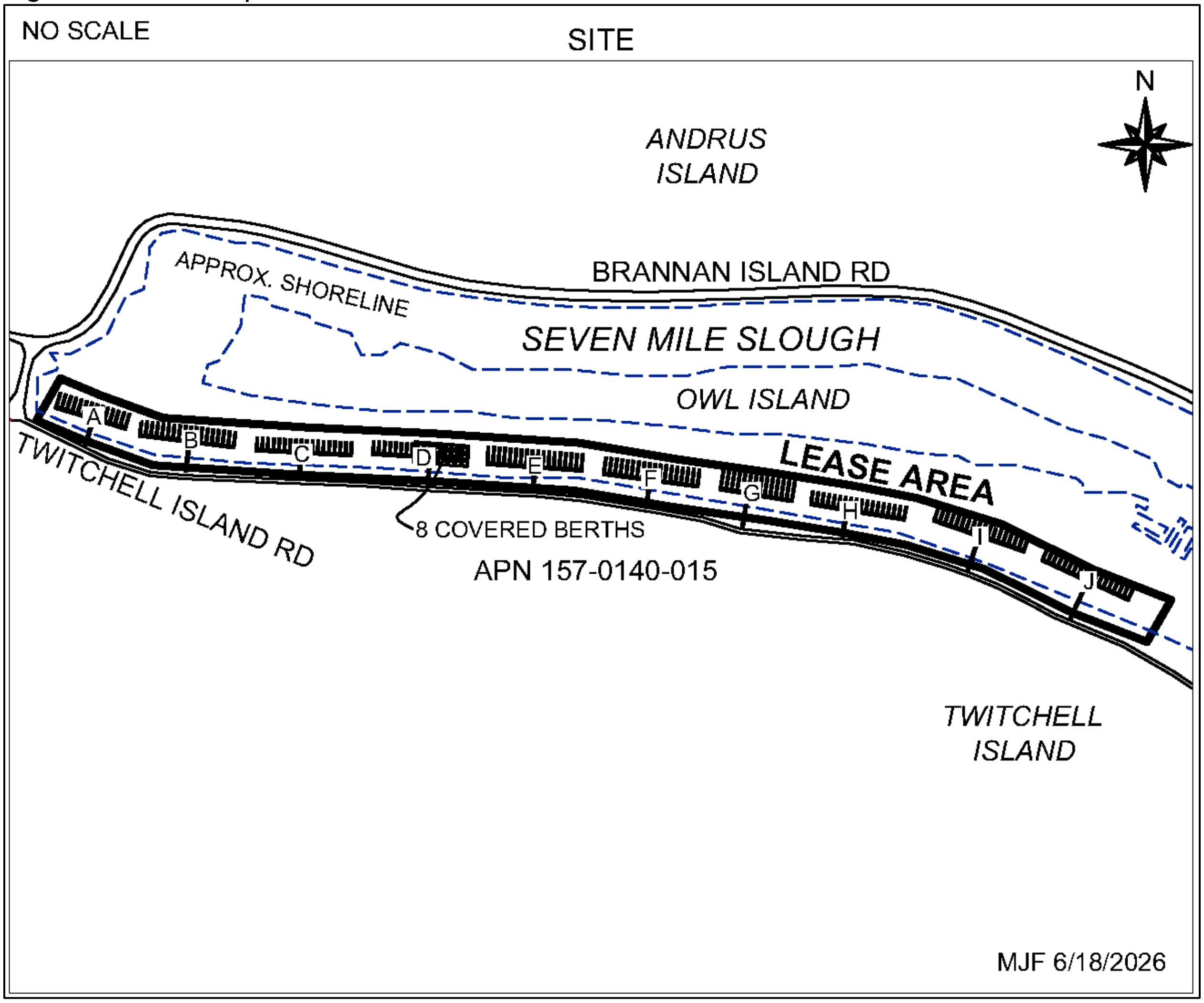
Figure 1. Location



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, below).

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:

21 years; beginning March 3, 2009, ending March 2, 2030.

CONSIDERATION:

Annual rent of five percent of the gross annual income derived from the berthing, docking and mooring of boats; and ten percent of all other gross income generated on the Lease Premises; with a minimum annual rent of $23,379; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

Specific Lease Provisions:

- Liability insurance in an amount no less than $3,000,000 combined single limit coverage.
- Surety bond or other security in an amount no less than $100,000.
- Best Management Practices for Marina Owners/Operators.
- Best Management Practices for Berth Holders and Boaters.

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.

Public Trust and State's Best Interests:
On January 29, 2009, the Commission authorized issuance of a 21-year General Lease – Commercial Use to Stockon Marina Properties LLC, for operation, use, and maintenance of a commercial marina known as Owl Harbor Marina in Seven Mile Slough (Item 18). On April 4, 2024, the Commission authorized a revision of the minimum annual rent from $15,198 to $23,379 and an increase in the bond from $50,000 to $100,000, effective March 3, 2025 (Item 30).

On December 16, 2025, the Commission authorized acceptance of a lease quitclaim and issuance of a new lease to Trinity Harbor Village LLC, a California limited liability company (Rescinding Applicant) (Item 61). Several attempts were made to finalize documents memorializing the Commission's authorization but were unsuccessful. Staff was advised on January 5, 2026, that the purchase of the marina and operations between Stockon Marina Properties LLC and Trinity Harbor Village LLC would not be completed. Ultimately, neither the lease quitclaim deed nor the new lease documents were executed by the Commission because of the buyer's cancellation of the real estate purchase and withdrawal of the lease application. As the sale contemplated did not occur, staff recommends a rescission of the prior action.

The Lessee is applying for an assignment of lease to Marine Acquisitions LLC, a California limited liability company (Assignee). Staff recommend making the assignment effective on June 1, 2026, to coincide with the transfer of the upland property. The Assignee is qualified to hold the lease, and staff have not discovered any information that would provide a basis for withholding the assignment. Thus, staff believe that assigning the lease is in the State's best interest to ensure that a capable lessee is committed to managing the improvements and fulfilling the lease obligations. The proposed assignment does not alienate the State's fee simple interest or permanently impair public rights.

Additionally, the Assignee is requesting authorization for an Agreement and Consent to Encumbrance of Lease, in favor of Stockon Marina Properties LLC, a California limited liability company (Secured Party-Lender), not to exceed $1,500,000. The purpose of the loan was to acquire and maintain the commercial marina on sovereign land and the adjacent upland property. The upland (outside of the Commission's leasing jurisdiction) associated with the marina includes a clubhouse, management office, restrooms and outdoor seating. Staff conducted a recent site visit and have confirmed the improvements within the upland are in good condition. The marina is also 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. S believe the whole of the operations between the upland and marina facilitates use of the waterway which is consistent with the Public Trust.

The proposed 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 generally 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 if the Lessee rejects the lease in bankruptcy, provided the Secured Party-Lender cures all defaults and agrees to all the lease terms. If the Secured Party-Lender becomes the lessee, it shall be bound by all terms and conditions of the lease.

The assignment of lease and encumbrance of the lease do 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 assignment and encumbrance of the lease 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 Assignee satisfies a lender requirement for the loan to purchase and maintain the 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 floating accommodation docks and slips, connecting walkways, gangways, and pilings, subject to the proposed lease, located in Seven Mile Slough in the Sacramento-San Joaquin River Delta.

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" scenarios due to the lower vulnerability and exposure of the lease location and the adaptability of the existing pier, offloading dock, and dolphins. The San Francisco tide gauge was used for the projected sea level rise scenario for the lease region, as listed in Table 1.

Table 1. Projected Sea Level Rise for San Francisco

Year	Intermediate (feet)
2040	0.6
2050	0.8
2070	1.4
2100	3.1

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 (Fifth National Climate Change Assessment: Southwest Region, 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.

The lease is a 21-year General Lease – Commercial Use that began on January 29, 2009, and may be subject to the climate change effects and projected sea level rise scenarios provided above. Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation and dislodgement. Further climate change impact analyses on the leased facilities would be assessed if a new lease is considered in 2030, and would be based on projected climate change and sea level rise scenarios at that time.

CONCLUSION:

For all the reasons above, staff believes approval of this lease assignment and authorization of the Agreement and Consent to Encumbrance will not substantially interfere with Public Trust needs at this location, at this time, and for the remaining term of the lease; is consistent with the common law Public Trust Doctrine; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

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 lease would not be assigned. The assignee 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 Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.

3. Recission, assignment, and encumbrance of lease are not projects as defined by the California Environmental Quality Act 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).

RECOMMENDED ACTION:

It is recommended that the Commission:

PUBLIC TRUST AND STATE'S BEST INTERESTS:

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

AUTHORIZATION:

1. Rescind the Commission's prior authorizations on December 16, 2025, Item 61, for Lease 4049, a General Lease – Commercial Use, to Trinity Harbor Village LLC, a California limited liability company.

2. Authorize the assignment of Lease 4049, a General Lease – Commercial Use of sovereign land, from Stockon Marina Properties LLC, a California limited liability company to Marine Acquisitions LLC, a California limited liability company, effective June 1, 2026.

3. 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 $1,500,000, in favor of Stockon Marina Properties LLC, a California limited liability company in substantially the same form as that on file in the Sacramento office of the Commission, effective upon execution by both parties.