Meeting Date: 10/21/26
Lease Number: 532
Staff: J. Holt

Staff Report 16

APPLICANT:

Henris Investments, L.P., a California limited partnership

SUBLESSEE:

Lind Marine Inc., a California corporation

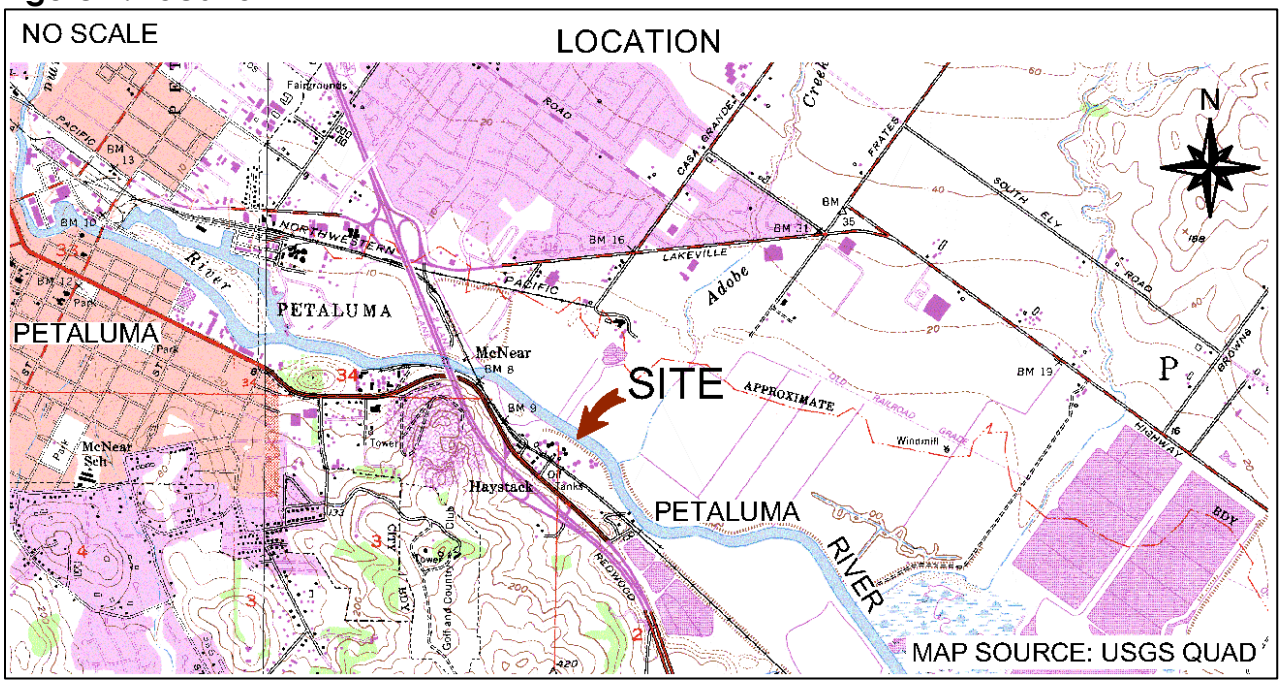
PROPOSED ACTION:

Issuance of a General Lease – Industrial Use and Endorsement of a Sublease.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Petaluma River, adjacent to 150 Landing Way, near Petaluma, in Sonoma County (as shown in Figure 1).

Figure 1. Location

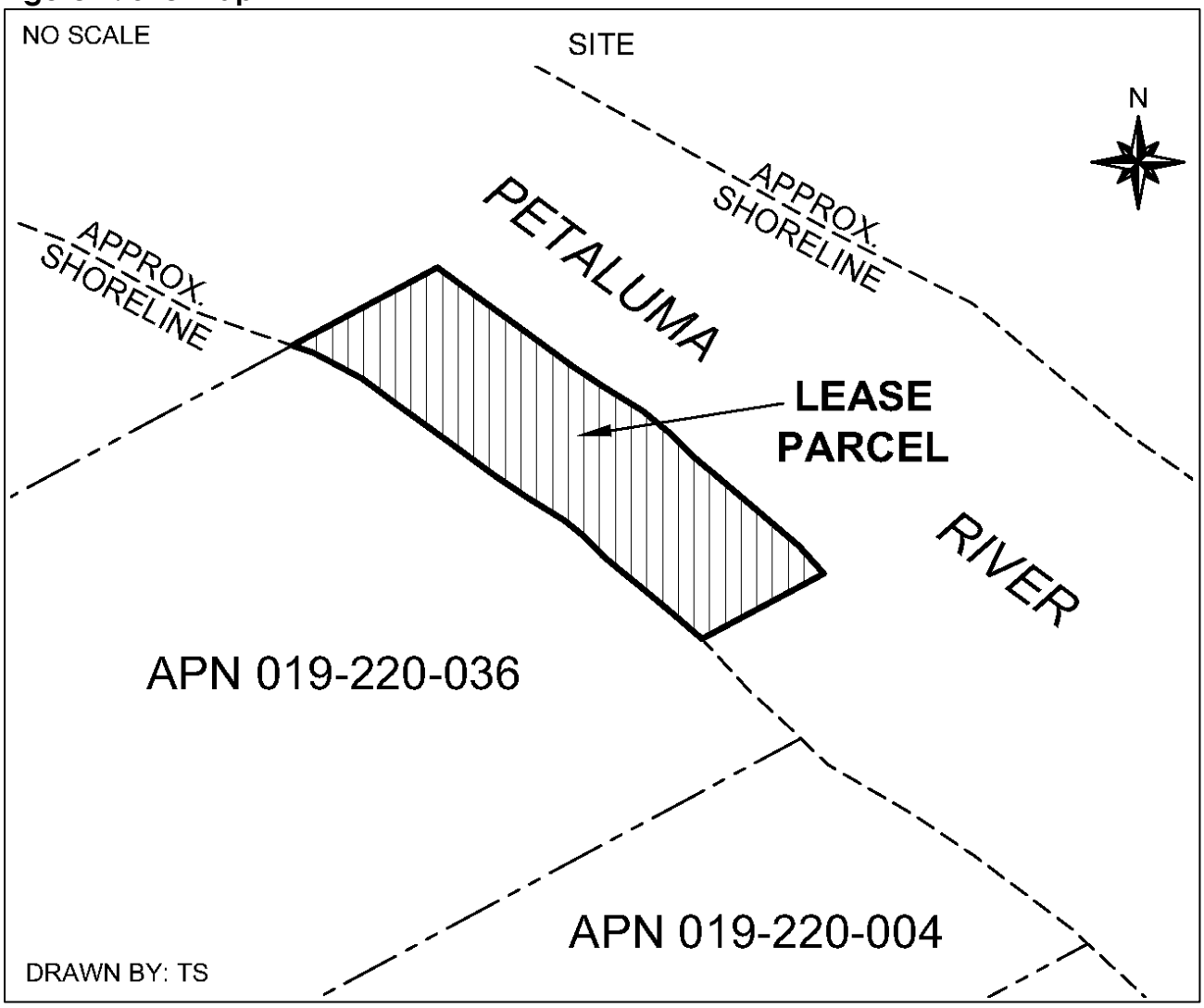


AUTHORIZED USE:

Lessee: Use of an existing loading pier with dolphins and an off-loading dock in the Petaluma River, for sand and gravel distribution (as shown in Figure 2).

Sublessee: Use of an existing loading pier with dolphins and an off-loading dock in the Petaluma River, for sand and gravel distribution.

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:

Lease: 20 years, beginning November 9, 2026.

Sublease: 10 years, beginning on or after November 9, 2026.

CONSIDERATION:

$20,507 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to fix a different rent at 5-year intervals during the lease term as provided for in the lease.

SPECIFIC LEASE PROVISIONS:

- Lessee shall limit any vehicles, equipment, or machinery to be used on the Lease Premises to those which are directly required to perform the authorized use.
- No dredging of any kind shall be conducted under the terms of this Lease without separate authorization from the Lessor.
- Lessee shall not add, or allow the placement by any other party, any permanent improvements on the Lease Premises without the prior express written consent of Lessor.
- Lessee agrees the provisions of Section 3, Paragraph 11 shall also extend to the period of Lessee's unauthorized occupation of state-owned lands from November 9, 2024, through November 8, 2026.
- Surety bond or similar security instrument in the amount of $145,000.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6303, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On February 8, 2000, the Commission authorized a General Lease – Industrial Use to Henris Investments, L.P., and a sublease to Northern California Building Materials, Inc. (NorCal), for the use and maintenance of an existing loading pier with dolphins and off-loading dock in the Petaluma River (Item 36). That lease expired on November 8, 2024. The Applicant is applying for a new 20-year General Lease – Industrial Use, for the existing loading pier with dolphins and an off-loading dock in the Petaluma River, for sand and gravel distribution. The improvements are located

adjacent to 150 Landing Way, near Petaluma, in Sonoma County. Additionally, the Applicant is requesting endorsement of a sublease with Lind Marine Incorporated, a California corporation (Sublessee). The Sublessee has managed operations at this site for many years. It possesses more than 50 years of experience in marine repair, construction, and remediation. Therefore, staff find no reason to withhold endorsement of the sublease.

According to the Commission's accounting records, the annual rent is paid through November 8, 2026. Staff recommends starting the proposed lease on November 9, 2026, to align with the lease history and annual rent payment cycle. The proposed lease will require the Applicant to indemnify the State for the entire period between the previous lease's expiration and the start date of the proposed lease, ensuring the State is protected.

The Applicant operates a construction materials company adjacent to the Petaluma River, where it receives delivery of materials via barge. The barge ties off near the pier and dock, along the upland property's river frontage. After docking, the materials are offloaded to the upland property. The subject improvements facilitate movement of sand and gravel from the San Francisco Bay and Delta to the lease area and privately-owned upland. Transportation of material by barge is a Public Trust-consistent use of the waterway because commercial navigation and transportation are recognized Public Trust uses. Additionally, staff has determined that the continued use of the pier and dock for this purpose do not substantially interfere with the public's use of the river for recreation and navigation of the waterway. The adjacent upland is developed as a materials storage area. The Sublessee oversees transportation, offloading, and storage.

The proposed lease includes provisions to protect the State and the proposed lease area. The facilities have existed at this location for many years and do not significantly alter the land. Upon termination of the lease, the Lessee may be required to remove any improvements and restore the lease premises to their original condition. The lease also requires financial security for the faithful performance of the lease obligations, including a surety in the amount of $145,000 within 60 days of the lease authorization date. In addition, the lease requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

The proposed lease does not alienate the State's fee simple interest or permanently impair public rights. The proposed lease is limited to a 20-year term, does not grant the Lessee exclusive rights to the lease premises, and requires the Lessee to insure

the lease premises and indemnify the State for any liability incurred as a result of the Lessee's activities thereon.

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 on the Petaluma River.

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" scenario due to the lower vulnerability and exposure of the lease location. 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.

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 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. 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 above, staff believe the issuance of the lease and endorsement of the sublease will not substantially interfere with the Public Trust needs at this location at this time, or 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 Applicant will need to remove the existing pier with dolphins and offloading dock on state-owned lands. The lessee has no right to a new lease or to renewal of any previous lease
2. This action is consistent with the "Leading Climate Activism" and "Meeting Evolving Public Trust Needs" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.
3. Endorsement of a sublease 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).
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:

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 endorsement of a sublease will not substantially impair the public rights to navigation and fishing or substantially interfere with 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. Authorize issuance of a General Lease – Industrial Use to the Applicant beginning November 9, 2026, for a term of 20 years, for use of an existing loading pier with dolphins and an off-loading dock for sand and gravel distribution; annual rent in the amount of $20,507, with an annual Consumer Price Index adjustment, and subject to modification by the State at 5-year intervals during the lease term as provided for in the lease; liability insurance in an amount no less than $2,000,000 per occurrence; and a surety in an amount of $145,000.

2. Authorize endorsement of a sublease between Henris Investments L.P., a California limited partnership and Lind Marine Incorporated, a California corporation.