Meeting Date: 10/21/26
Lease Number: 7659
Staff: K. Connor

Staff Report 28

LESSEE/APPLICANT:

C&H Sugar Company, Inc.

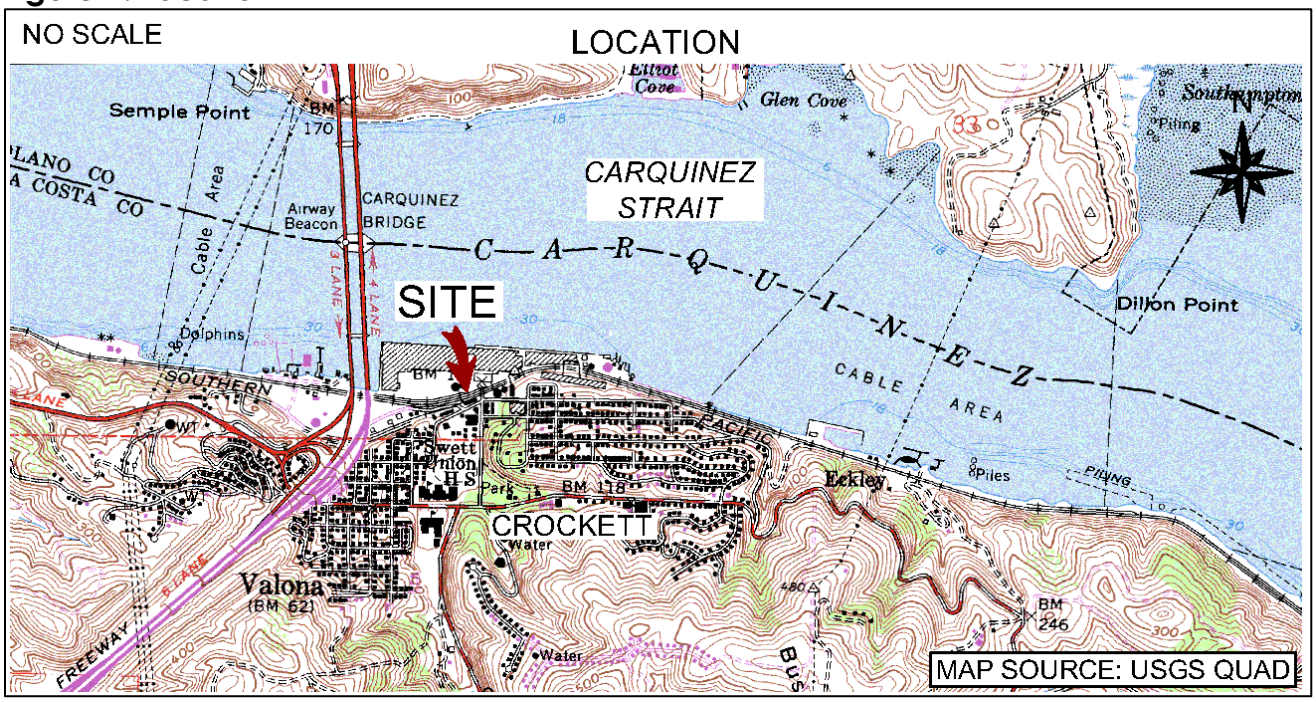
PROPOSED ACTION:

Amendment of General Lease – Industrial Use.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Carquinez Strait, adjacent to 830 Loring Avenue, Crockett, Contra Costa County (as shown in Figure 1).

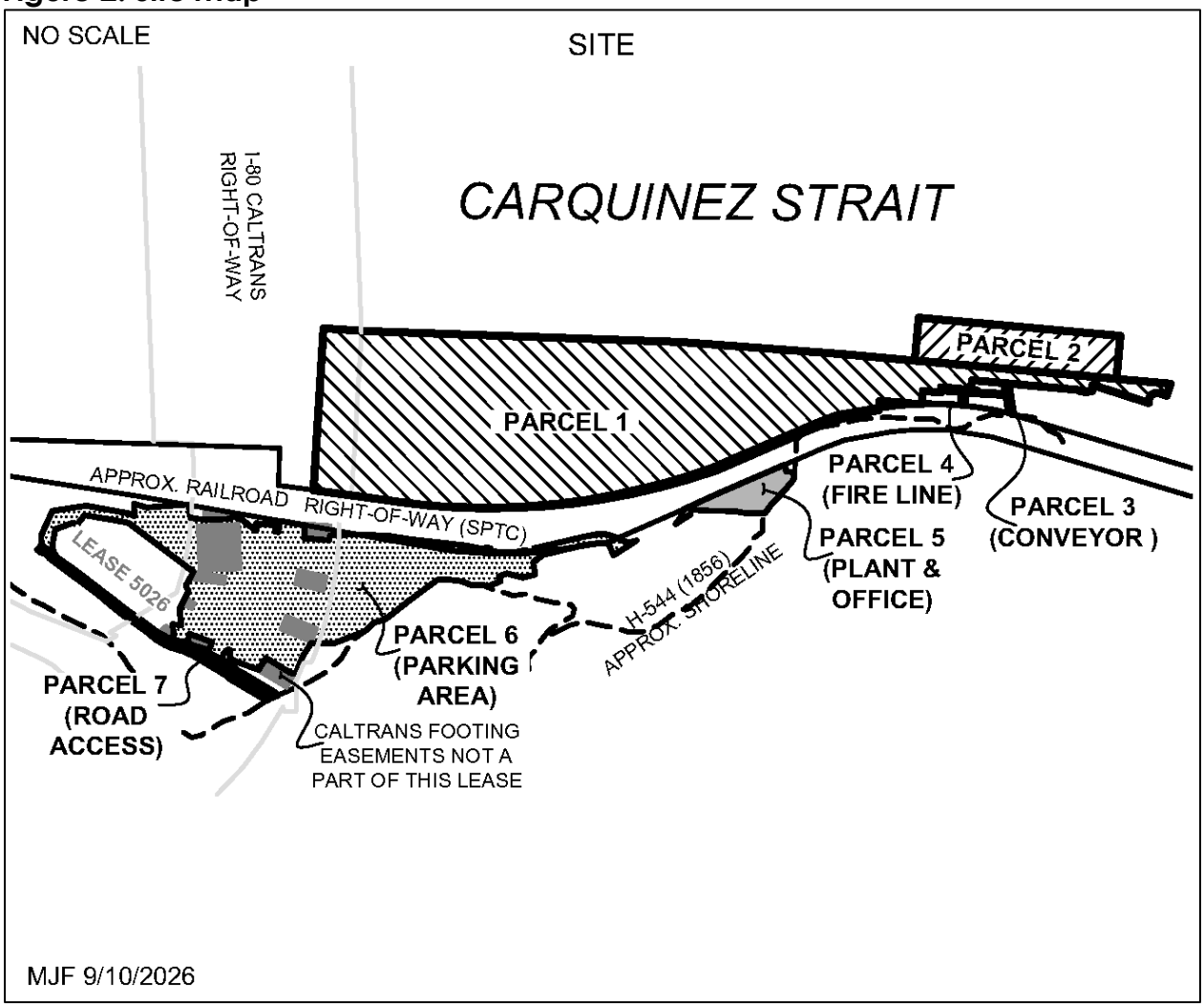
Figure 1. Location



AUTHORIZED USE:

Use and maintenance of an existing sugar refinery, dock, 42-inch diameter outfall line, and appurtenant facilities (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 September 24, 2022.

CONSIDERATION:

$593,958, with the State reserving the right to fix a different rent on every fifth anniversary of the lease term, as provided for in the lease.

PROPOSED AMENDMENT:

- Section 1, Land Use or Purpose, is deleted in its entirety and replaced with: Use and maintenance of an existing sugar refinery, dock, 42-inch-diameter outfall pipeline, unimproved trailer parking lot, and appurtenant facilities.
- Section 1, Consideration, is deleted in its entirety and replaced with: $1,181,789 per year, subject to modification as detailed in paragraph 2 of Section 2, Special Provisions.
- Section 2, Paragraph 9, is deleted in its entirety.
- Lessee shall not unreasonably restrict, limit, or obstruct other uses of the access road, including public use during daylight hours, and acknowledges that the existing access road is used by other lessees.
- Lessee shall be responsible for all maintenance of the paved access road.
- Replace the existing Exhibit "A", Land Description, and Exhibit "B", Site and Location Map, with a new Exhibit "A", Land Description, and Exhibit "B", Site and Location Map (for reference purposes only), in the lease.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

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

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On August 23, 2022, the Commission authorized a 25-year General Lease – Industrial Use, Lease 7659, to the Lessee for the use and maintenance of an existing sugar refinery, dock, 42-inch diameter outfall line, and appurtenant facilities (Item 14). The lease will expire on September 23, 2047. The Lessee is now applying to amend the lease to include an unimproved trailer parking lot, previously authorized under Lease 5026.

The unimproved trailer parking lot is a dirt area used by semi-trucks and trailers that support the operation of the sugar refinery. The area was previously authorized under Lease 5026, for the C&H Joint Wastewater Treatment Facility (Facility). However, during review of the application for the Facility, it was determined that the appropriate lease to authorize the trailer parking lot was Lease 7659, as the lot supports operations of the refinery. The Lessee subsequently submitted an application to amend the lease to include the trailer parking lot into Lease 7659. The Commission will also consider issuance of a new lease 5026 covering the Facility at the October 21, 2026 meeting. Lease 5026 has a proposed start date of August 1, 2026. Therefore, staff recommends making the amendment of Lease 7659, effective August 1, 2026, to coincide with the proposed beginning date of Lease 5026.

As part of its review of the lease area, staff became aware that the access road, known as Dowrelio Road, adjacent to the trailer parking lot and Facility, was on sovereign land and under the Commission's jurisdiction. The access road is used and maintained by the Lessee for both the Facility operations and access to the parking area. However, the access road is also the primary public access point to the Crockett waterfront.

The Crockett waterfront is one of the few easily accessible areas for the community to access the Carquinez Strait for recreation. The access road offers a significant public benefit and year-round access to a water-dependent recreational amenity. From the waterfront, the public can fish in the Carquinez Strait and enjoy scenic views. The availability of open space and outdoor recreation areas helps offset social and environmental strains on the community's general population.

The trailer parking lot and access road are on filled lands and have been developed for decades; both support industrial operations conducted at the C&H sugar refinery and support marine operations at the associated wharf. Staff believes the proposed amendment of the lease to add the existing trailer parking lot, access road, and appurtenant facilities will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease.

The proposed amendment of lease does not alienate the State's fee simple interest or permanently impair public rights. The lease is limited to a 25-year term, and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the Lessee may be required to remove all improvements from State land and restore the lease premises to their original condition. The amendment of lease also

requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved and for the Lessee to indemnify the State.

CLIMATE CHANGE:

INTRODUCTION:

The climate crisis and rising sea levels are impacting coastal California now. As underscored in the State of California Sea Level Rise Guidance (Ocean Protection Council, 2024), the combination of extreme weather events and the persistent and accelerating rise in sea levels will lead to increased coastal hazards, such as wave runup, storm surges, flooding, and erosion. Shorelines will move inland due to rising seas, exposing more of the natural and human-built environment to coastal hazards. The resulting damage will occur repeatedly and incrementally over years and, in extreme cases, over the span of a few large winter storms. These impacts may affect the existing sugar refinery, dock, 42-inch diameter outfall line, unimproved trailer parking lot, and appurtenant facilities, located adjacent to the Carquinez Strait.

DATA & PROJECTIONS:

Water levels in tidally-influenced estuaries 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:

Commission staff used the online sea level rise mapping tool, Our Coast Our Future, to evaluate risks to the lease premises and structures from sea level rise. At present sea levels, the lease premises are already regularly flooded and subjected to wave impacts and erosion, which could potentially damage any structures or improvements on the lease premises. Episodic or short-term events, such as extreme storms, very high or King tides, and El Niño events, alone or in combination, will increase the vulnerability of the lease premises and expose it to higher water levels and stronger wave runup, overtopping, and erosion.

Changes to the timing and amount of runoff from the higher elevations of the watershed, stronger storm surge, and rising water levels could also result in higher flood risks. Bank stability may be compromised due to increased channel erosion and undercutting from more intense precipitation and floods. This increase in sea level combined with more frequent and stronger storm events will likely expose the lease area to higher flood risks, comprised of greater total water levels for longer periods of time and could potentially make the unimproved trailer parking lot unusable for its intended purpose.

RECOMMENDATIONS:

To reduce the likelihood of adverse impacts to the lease premises and improvements, the lessee should consider reducing erosion along the Carquinez Strait by planting or restoring native vegetation (shrubs, trees) as an adaptation

strategy to improve resiliency to climate change. 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 approval of the proposed amendment of lease 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, or for the term of the lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the proposed amendment is a discretionary action by the Commission. Each time the Commission approves or rejects the use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. The lessee has no right to a new lease or renewal of any previous lease.
2. This action is consistent with the "Leading Climate Activism," "Prioritizing Social, Economic, and Environmental Justice," "Partnering with Sovereign Tribal Governments and Communities," "Meeting Evolving Public Trust Needs," and Committing to Collaborative Leadership" Strategic Focus Areas of the Commission's 2021-2025 Strategic Plan.
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (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 the activity 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 amendment of the lease will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize amendment of Lease 7659, a General Lease – Industrial Use, effective August 1, 2026; to authorize an existing unimproved trailer parking lot, access road, and appurtenant facilities as authorized improvements, with annual rent of $1,181,789 per year effective August 1, 2026, with the State reserving the right to fix a different rent on every fifth anniversary of the lease term, as provided in the lease; include special provisions regarding the access road, existing easements, and rent; replace the existing Exhibit "A", Land Description, and Exhibit "B", Site and Location Map, with a new Exhibit "A", Land Description, and Exhibit "B", Site and Location Map (for reference purposes), in the lease; all other terms and conditions of the lease will remain in effect without amendment.