

Staff Report 58

PARTY:

California State Lands Commission

PROPOSED ACTION:

Approve the 2026 Category 1 Lake Tahoe Berths, Category 1 Lake Tahoe Buoys, Category 1 Lake Tahoe Temporary / Secondary Mooring Anchors, and Category 2 Lake Tahoe Non-Water Dependent Uses benchmark rates.

LAND TYPE AND LOCATION:

Sovereign land in Lake Tahoe and Donner Lake.

BACKGROUND:

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.

The California Constitution specifically prohibits the Legislature from making or authorizing any gift of public money or thing of value to any individual, municipality, or corporation (Cal. Const., art. XVI, § 6). A "thing of value" includes the use of State-owned land for private benefit.

The Commission has broad discretion in all aspects of leasing state lands, including the method or amount of rent that is most appropriate, and how rent should be adjusted during the term. (Pub. Resources Code, §§ 6501.1, 6503, 6503.5; Cal. Code Regs., tit. 2, §§ 2000, 2003.) Rents must be in the best interests of the State, and may be based on one or more of the following methods, including, but not limited to:

- 9 percent of the appraised value of the leased land.

- A percentage of annual gross income, where the percentage is based on an analysis of the market for like uses and other relevant factors.
- A comparison to rents for other similar land or facilities.
- Benchmarks for regions with large concentrations of similar facilities, with benchmark rental rates to be based on analysis of similar or substitute facilities in the local area.
- Other such methods or information that are based on commonly accepted appraisal practices and principles; and for leases for recreational piers or buoys, rent shall be based on local conditions and local fair annual rental values. (Cal. Code Regs., tit. 2, § 2003; Pub. Resources Code, §§ 6503, 6503.5.)

The Commission may consider the amount of rent the State would receive under various rental methods, and whether relevant, reliable, and comparable data are available concerning the value of the leased land in determining which rent method should apply (Cal. Code Regs., tit. 2, § 2003, subd. (d)(1), (2).) All leases are subject to a minimum rental value (Cal. Code Regs., tit. 2 § 2003, subd. (b)). The current minimum rents for each category of leases are posted on the [Commission's website](#).

Benchmarks are used to establish uniform rental rates in specific geographic regions with large concentrations of similar facilities, mostly private recreational improvements within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) The use of benchmarks improves consistency, transparency, and efficiency in how the Commission establishes rent for large numbers of similar leases, saving time, resources, and money for both the applicant and the State. Periodic benchmark adjustments ensure that the people of the State are fairly compensated according to current market rates for the private use of State-owned land, consistent with the California Constitution. Generally, staff recommends updates to the benchmarks every 5 years.

The Commission has two types of benchmarks for rental rates:

- Category 1, which is generally applied to water-dependent encroachments (e.g., private docks, piers, and buoys); and
- Category 2, which is generally applied to non-water dependent encroachments (e.g., areas of fill, cantilevered decks, sundecks, shoreline protective structures, and other residential-related improvements).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

This staff report proposes an update and slight modification to the methodology for the Category 1 benchmark for berths / slips, an update to the Category 1 benchmark for buoys, a new Category 1 benchmark for the temporary / secondary submerged mooring anchors, and an update to the Category 2 benchmark for the Lake Tahoe and Donner Lake area. While staff generally refer to these benchmarks as the Lake Tahoe benchmarks, they also apply to leases on sovereign lands at Donner Lake (Nevada County). A map showing all the Commission's current benchmark areas is attached as Exhibit A (Benchmark Map), and a list of all the Commission's current benchmark rental rates is attached as Exhibit B (Current Benchmark Rates). Items using this benchmark on the October 2026 agenda use the current benchmark. If approved, this benchmark would apply going forward at future Commission meetings.

Approval of the new benchmark rental rates will not result in a change in the use of or impact on Public Trust resources, and considering the requirements discussed above, provides a reasonable method for determining rents in the geographic regions covered by the benchmarks.

CATEGORY 1 LAKE TAHOE BENCHMARKS METHODOLOGY:

The following summary describes the methodology used to determine the proposed Category 1 Lake Tahoe Benchmarks; more detailed information is included in Exhibit C.

Leases are issued by the Commission for private recreational facilities – such as docks, piers, and buoys – located on sovereign lands. These facilities offer a substitute for the essential functions of a commercial marina, such as a place for the docking and mooring of boats and the loading and unloading of passengers and equipment. These private structures afford the upland owners guaranteed access to mooring facilities that they may not otherwise be able to obtain from commercial marinas. In this manner, these privately-owned facilities represent a substitute for a commercial marina slip. Accordingly, the method of valuation used in estimating a fair rental value in this analysis is based on what an individual would pay for a similar substitute site in a commercial marina. In other words, since a Commission-leased site for a privately-owned dock, pier, or buoy substitutes for the essential functions of a marina slip or a marina buoy, a lessee of the state land should pay a similar amount for the leased site as the state would receive for leasing the land to a commercial marina.

In Lake Tahoe, both privately-owned facilities and commercial marinas occupy state land year-round. However, while most local marinas generate the bulk of their revenue during the peak season, a couple offer in-water boat storage during the winter off-season. Consistent with the 2021 Category 1 Lake Tahoe Benchmark, the 2026 benchmark report initially combines the in-season and off-season rates to reflect the value of year-round state land occupation, detailed in the “Berth / Slip Rent – Including Off-Season Rates” (2021 methodology). But, as explained in the subsequent section, “Berth / Slip Rent – In-Season Rates Only” (current recommended methodology), off-season rates are excluded from the final formula at this time because winter occupancy is exceptionally low and most regional marinas do not offer off-season rentals.

The first step in setting a Category 1 berths rate benchmark is to survey local marinas to determine their rental rates. Marinas usually rent their berths on a per-linear-foot basis, based on the length of the berth or vessel. At Lake Tahoe, berths and buoys are more commonly rented (by choice) on a seasonal basis. In the “Berth / Slip Rent – Including Off-Season Rates (2021 methodology)” section, the average in-season surveyed rental rate, and the lowest off-season surveyed rental rate is used to arrive at an annual gross income. While in the subsequent “Berth / Slip Rent – In-Season Rates Only (current recommended methodology)” section, only the average in-season surveyed rental rate is used as an annual gross income.

For Category 1 benchmarks, the State's rent is based on a 5 percent rate of return of this annual in-season gross income for commercial marinas, which represents a comparable fair market compensation rate for the use of State-owned sovereign land as it is the same rate the Commission typically charges for boat berthing for sites leased to commercial marina operators. The State's rent is then converted to a per-square-foot basis using a table calculated by the California State Parks Division of Boating and Waterways (DBW) 2005 publication titled “Layout and Design Guidelines for Marina Berthing Facilities” (DBW berthing publication). This publication provides formulas and tables for calculating the submerged land area needed to accommodate various sizes and layouts of berths in marinas. Among other variables, the formulas account for the berth length, berth layout (single or double), and the type of vessel (powerboat or sailboat). The publication can be requested from the California Department of Parks and Recreation, [Division of Boating and Waterways website](#).

In terms of the Category 1 benchmark for buoys, unlike berths / slips, none of the marinas in the Lake Tahoe area reported renting buoys in the off-season and, therefore, there is no off-season market data to report. Consequently, the in-season

buoy rate is effectively the annual rate and accounts for all the income generated during the year.

In terms of the new Category 1 benchmark for the temporary / secondary submerged mooring anchors located in Lake Tahoe, since anchors are a component of buoys, the benchmark for these temporary / secondary submerged mooring anchors will be based on a percentage of the buoy benchmark rate.

PROPOSED BERTHS / SLIPS BENCHMARK

Staff surveyed ten local marinas to determine their rental rates. Staff found that seven marinas contain slips. These marinas reported a total of 724 slips, or an average of 103 slips per marina. The in-season occupancy was reported at 100 percent, with all seven marinas reporting full occupancy. In terms of the off-season, only two of the seven marinas offer off-season slip rentals. The off-season marina occupancy rate was reported at 8 percent, with one marina reporting 10 percent occupancy, and the other reporting 5 percent occupancy.

The survey found that berth sizes in Lake Tahoe range from 20 to 33 linear feet, with an average of approximately 27 linear feet. Because berths are more commonly rented on a seasonal basis at Lake Tahoe, the reported seasonal rates range from \$5,008 to \$19,415, with an average of \$13,757. The reported off-season rates range is from \$7,500 to \$8,696, with an average of \$8,098.

However, in the appraiser's opinion, because only two of the seven marinas offer off-season slip rentals, one of those is not located on sovereign lands and the other only has five slips, approximately, that are used for the entire off-season, the off-season slip rental rates from these two marinas should not be considered in the proposed benchmark. Data from five slips is statistically inadequate to establish a rental benchmark for all improvements on the California side of Lake Tahoe. The fact that the state only has five boats stored on its sovereign lands during the off-season is clear evidence that demand for the off-season market is extremely low. In fact, during the off-season, nearly all Lake Tahoe lakefront homeowners completely remove their boats from the water and store them off sovereign lands to avoid damage to the boats. Leaving a boat in a private pier, commercial marina slip, or buoy during a Tahoe winter is virtually impossible due to sub-freezing temperatures, heavy snow loads, and violent lake swells. To protect their investments, most homeowners also follow a strict winterization and relocation process for their own boats. In terms of the year-round occupancy, like a lessee's pier, most commercial marina docks and slips at Lake Tahoe are not removed during the off-season.

Although these improvements occupy state land all year, their primary slip-related use and income is limited to just the summer / in-season months.

Consequently, because the rent these marinas pay the state is derived from the percentage of gross income generated during the active season while physically occupying the space year-round, the appraiser recommends also balancing both partial utility and full annual occupancy when establishing the final pier rental rates. Therefore, in the Berth / Slip Rent – In-Season Rates Only (current recommended methodology) section, the appraiser recommends using only in-season rates to establish final pier rental values. This approach establishes consistency by balancing year-round physical occupancy with actual seasonal utility, ensuring a fair lease value for both the state and the lessees. Because severe winter conditions force most boat owners to remove their watercraft, off-season revenue is virtually non-existent. It is anticipated that off-season rates will be excluded from future benchmarks unless a clear trend of year-round boat berthing emerges with sufficient data to support its inclusion.

Taking all of the aforementioned into account, which means the average in-season rates are included and off-season rates are excluded, the current recommended benchmark rental rate for Lake Tahoe is calculated as follows:

$$\$13,757/\text{berth}/\text{year} \times 5 \text{ percent of gross income} = \$687.85$$

$$\$687.85 \div 705 \text{ square feet} = \$0.976/\text{square foot}.$$

In conclusion, using the current recommended methodology, the recommended benchmark is \$0.976/square foot.

Proposed Berths Benchmark Rental Rate = \$0.976/Square Foot

PROPOSED BUOYS BENCHMARK

In setting the buoys benchmark, staff surveyed nine marinas with mooring buoys. Mooring buoys on Lake Tahoe are commonly rented on a seasonal basis. Unlike berths / slips, none of the marinas in the Lake Tahoe area reported renting buoys in the off-season and, therefore, there is no off-season market data to report. Consequently, the in-season buoy rate is effectively the annual rate and accounts for all the income generated during the year. The survey indicated an average rate of \$11,294. Taking all the inputs into account, the proposed benchmark rental rate is calculated as follows:

$$\$11,294/\text{year} \times 5 \text{ percent of gross income} = \$565.$$

This methodology is identical to the one adopted by the Commission in 2021.

Proposed Buoys Benchmark Rental Rate = \$565/Buoy

PROPOSED TEMPORARY / SECONDARY SUBMERGED MOORING ANCHOR BENCHMARK

Secondary submerged mooring anchors at Lake Tahoe serve as temporary, redundant emergency infrastructure that cannot be used at the same time as the primary buoy. Because they occupy approximately 8 square feet of public lakebed year-round, rent must be charged for this exclusive private use. However, since they lack surface infrastructure, remain invisible, and do not impede navigation, an "Intermittent Use / Redundant Right" easement valuation is required. To avoid double-charging the tenant—who already pays full rent for the primary buoy—a discounted rental rate is recommended based on two appraisal frameworks.

The Bundle of Rights and Shared Utility Split framework recommends a 95 percent discount on the rental rate due to the near-zero added economic utility of secondary submerged mooring anchors. This valuation aligns with standard easement appraisal practice, which applies a 90 percent to 100 percent discount for small subsurface easements with nominal surface impact.¹

The Shared Utility / Shared Time Analogy framework recommends capping the rental discount at 95 percent by treating the standby anchor as a fractional-interest or shared-time asset. Because simultaneous use is prohibited, the asset remains idle for the vast majority of the boating season, leading to a projected utility loss exceeding 95 percent. However, a 5 percent baseline valuation is maintained to account for the anchor's "insurance" or readiness value to the tenant.

In conclusion, based on the two appraisal frameworks above, by applying a 95 percent discount to the recommended \$565 per buoy rate, the annual rent for Temporary / Secondary Submerged Mooring Anchors is calculated to be \$28.25 per anchor ($\$565 \times 0.05$).

Proposed Temporary / Secondary Submerged Mooring Anchor Benchmark Rental Rate = \$28.25/Anchor

¹ More can be read about this valuation approach in the article titled, The Valuation of Easements, published in Right of Way Magazine in November / December 2014.

IMPACT AREA:

The impact area is an additional area, beyond the physical footprint of a structure, where a lessee seeks authorization to conduct activities. In the case of piers in Lake Tahoe, the impact area is generally a nine-foot-wide area along the moorings or under a boat lift. Preferential rights over the public in these areas are a key component to lessees for the utility of their pier. Accordingly, these areas are included in the lease and rent is charged thereon. The Commission's leasing regulations explicitly allow for this. (Cal. Code Regs., tit. 2, § 2003, subd. (e) (2)).

Based on the very low probability that impact areas would be occupied during the off season, staff recommend charging rent for the impact area only when it is actively being used during the in-season. The 2021 Category 1 Lake Tahoe Berths Benchmark was calculated by adding the in-season marina rates to the lowest off-season rate. However, as indicated above, staff do not currently recommend adding the off-season rate at this time. Because the proposed benchmark only includes an in-season component, staff would apply the same rate to calculate rent for the impact area with no further discount. Taking all the inputs into account, the proposed impact area rate is calculated as follows:

$$\$13,757/\text{berth}/\text{year} \times 5 \text{ percent of gross income} = \$687.85$$

$$\$687.85 \div 705 \text{ square feet} = \$0.976/\text{square foot}.$$

Proposed Impact Area Rental Rate = \$0.976/Square Foot

CATEGORY 2 LAKE TAHOE BENCHMARK METHODOLOGY:

The following summary describes the methodology used to determine the proposed Category 2 Lake Tahoe Benchmark; more detailed information is included in Exhibit D.

Staff recommends setting a Category 2 Lake Tahoe Benchmark to establish the fair rental value for non-water dependent use areas extending onto and over sovereign land in Lake Tahoe and Donner Lake. The Commission has approved Category 2 benchmarks in other areas of the State.

At the December 2021 meeting, staff recommended a benchmark rental rate based on nearby upland land values because the improvements (areas of fill, cantilevered decks, sundecks, enclosed residential spaces, and certain other non-water dependent encroachments) essentially represent extensions of the usable area of the adjoining residential lots. These uses are not associated with the traditional Public Trust consistent uses of the docking and mooring of boats.

Appraisal staff uses the following general process for the recommended Category 2 Lake Tahoe benchmark and all other Category 2 benchmarks. First, staff conduct research to identify recent nearby upland property sales. The initial research seeks to identify land value excluding the value of the upland structures because the property being valued for the Commission's leases is the sovereign land underlying the improvements. If vacant land sales are not available, then an allocation method is employed. In an allocation analysis, residential land values are removed from recent sales of single-family houses in the Lake Tahoe area through the improvement percentage assigned by the Placer County and El Dorado County Assessor's Offices. Next, staff analyzes the sales data and determines a per-square-foot value representative of the area. The concluded benchmark is then calculated by applying a 9 percent annual rate of return to the appraised value of the leased land pursuant to California Code of Regulations, title 2, section 2003, subdivision (a)(1). The concluded value is based on the leased land having the same utility as the adjoining upland. If the leased land does not have the same utility, then a discounted benchmark rental rate may be warranted.

Using the methodology described above, appraisal staff researched 68 lakefront home sales and two sales of vacant residential lots adjoining Lake Tahoe in Placer and El Dorado counties. All sales occurred between 2021 and 2026, with sales ranging from \$550,000 to \$27,500,000. The value of the unimproved lands ranges between \$6 and \$771 per square foot. The mean unit value is \$279 per square foot while the median is \$251 per square foot. Based on all the data gathered and analyzed, a unit value between the mean and median, or \$265 per square foot, is concluded as reasonable for the typical upland residential property.

Using the concluded land value of \$265 and applying the 9 percent rate of return results in the proposed 2026 Category 2 Lake Tahoe benchmark rate of \$23.85 per square foot.

Taking all the inputs into account, the proposed Category 2 benchmark rental rate is calculated as follows:

$$\$265/\text{square foot} \times 9 \text{ percent} = \$23.85/\text{square foot}$$

Proposed Category 2 Benchmark Rental Rate = \$23.85/Square Foot

This benchmark rate applies to residential encroachments that should be given no reduction in utility or intensity of use as compared to the upland land value. For example, the undiscounted benchmark applies to fill and fully enclosed residential use of sovereign lands. For features such as open or covered sundecks, staff

recommend the application of a discount up to 75 percent to reflect the reduced utility and intensity of use of the sovereign lands occupied. This approach is consistent with how staff apply discounts for similar facilities throughout the state.

SB 630: LAKE TAHOE SCIENCE AND LAKE IMPROVEMENT ACCOUNT:

Chapter 762, Statutes of 2013 (SB 630), among other things, created the Lake Tahoe Science and Lake Improvement Account (Account) and required all revenue generated from Commission leases at Lake Tahoe to be deposited into the account, rather than into the General Fund. SB 630 authorizes the money to be expended by the California Natural Resources Agency, upon appropriation by the Legislature, for activities and projects that include, but are not limited to, aquatic invasive species prevention projects, projects to improve public access to sovereign land in Lake Tahoe, and projects to improve near-shore water quality monitoring.

The law also authorizes the money in the account to be expended for the costs associated with establishing and operating a bi-state science-based advisory council and authorizes the Secretary of the California Natural Resources Agency to enter into a memorandum of agreement with the Nevada Department of Conservation and Natural Resources to establish the council. Furthermore, the statute requires the California Natural Resources Agency, or another agency designated by it, to annually make certain information available regarding any activity funded from the account. Since its creation, effective January 1, 2014, the Commission has transferred over \$19 million into the Account.

CONCLUSION:

Staff's methodologies for setting the 2026 Category 1 Lake Tahoe Benchmark rental rate for buoys and the Category 2 Lake Tahoe Benchmark rate are consistent with the methodologies used for the Commission's other similar benchmarks, as well as all the relevant statutes and regulations that govern the Commission's rent-setting authority. The existing benchmark rates for recreational piers remain in effect until the Commission formally approves a new rate which was based on a slightly modified methodology. The Commission will also need to formally approve the newly proposed Category 1 Benchmark rental rate for the temporary / secondary submerged mooring anchors. Staff's recommended benchmark rates represent fair and equitable rates for the type of use based on the most current and relevant data available.

Approval of the benchmark rental rates will not result in a change in the use of or substantially interfere with or impact Public Trust resources. Staff believe that the benchmark rates provide reasonable and consistent methods for determining rents in their respective geographic coverage areas and are in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. On January 1, 2012, Chapter 585, Statutes of 2011 became law and repealed Public Resources Code section 6503.5 that had allowed rent-free use of state land by certain private parties for their recreational piers. It replaced the former section with a new section 6503.5 which provides that the Commission “shall charge rent for a private recreational pier constructed on state lands.”
2. On May 24, 2012, the Commission reviewed the rent-setting practices at Lake Tahoe, including the use of benchmarks for recreational piers and buoys ([Item 82](#)). After public outreach and consideration of input provided by stakeholders, the Commission confirmed the current methods used.
3. On January 23, 2014, the Commission adopted amendments to Sections 1900, 2002, and 2003 under articles 1 and 2 of title 2, division 3, chapter 1 of the California Code of Regulations that included regulations on rent-setting methods approving the use of benchmarks and the application of the Consumer Price Index ([Item 5](#)).
4. On February 27, 2018, the Commission reviewed and deferred updates to the Category 1 Lake Tahoe Benchmark rental rates and the establishment of a Category 2 Lake Tahoe Benchmark rental rate ([Item 90](#)).
5. On August 23, 2018, the Commission authorized the Executive Officer or designee to solicit proposals, negotiate a fair and reasonable price, and award and execute an agreement for preparation of a Lake Tahoe Rent Methodology Study in accordance with state policies and procedures ([Item 103](#)).
6. On December 8, 2021, the Commission authorized updates to the Category 1 Lake Tahoe Benchmark rental rates and the establishment of a Category 2 Lake Tahoe Benchmark rental rate ([Item 2](#)).
7. This action is consistent with Goal 4 of the Commission's 2021–2025 Strategic Plan “Meeting Evolving Public Trust Needs,” Section 3 – “Maintain fiscal integrity

through transparency, accountability, and: a. Efficient and effective management of the revenue-generation portfolio.”

8. This action is also consistent with Goal 6 “Committing to Collaborative Leadership,” Section 2 - Advance innovation and create clarity of direction by offering continual, robust opportunities for stakeholder and public engagement, and institutionalizing this relationship building so that the process and relationships live through the Commission and not just through individual staff members or leaders.
9. Approval of the 2026 Lake Tahoe benchmark rental rates 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).

EXHIBITS:

- A. Benchmark Map
- B. Current Benchmark Rates
- C. 2026 Category 1 Lake Tahoe Benchmarks Memorandum
- D. 2026 Category 2 Lake Tahoe Benchmark Memorandum

RECOMMENDED ACTION:

It is recommended that the Commission:

PUBLIC TRUST AND STATE’S BEST INTERESTS:

Find that approval of the benchmarks will not result in a change in the use of, or impacts to, Public Trust resources; are consistent with the common law Public Trust Doctrine; and are in the best interests of the State.

AUTHORIZATION:

1. Approve the 2026 Category 1 Lake Tahoe Berths Benchmark rental rate of \$0.976 per square foot, effective October 21, 2026.
2. Approve the 2026 Category 1 Lake Tahoe Buoys Benchmark rental rate of \$565 per mooring buoy, effective October 21, 2026.
3. Approve the 2026 Category 1 Lake Tahoe Temporary / Secondary Submerged Mooring Anchors Benchmark rental rate of \$28.25 per anchor, effective October 21, 2026
4. Approve the 2026 Category 2 Lake Tahoe Non-Water Dependent Uses Benchmark rental rate of \$23.85 per square foot, and the application of a discount as appropriate to adjust for any reduced utility or intensity of use of the sovereign land occupied, effective October 21, 2026

Exhibit A

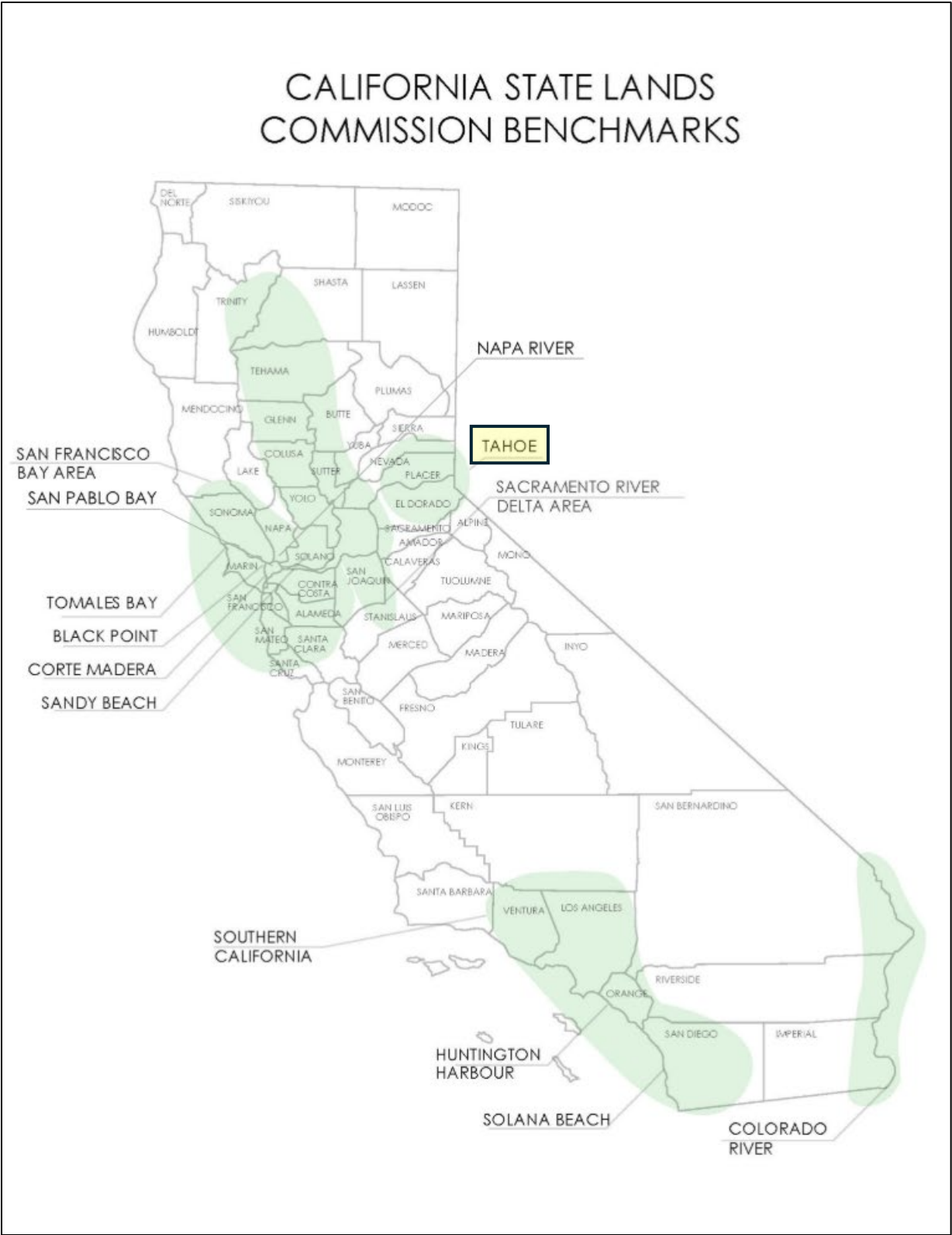


Exhibit B

Category 1 Benchmarks

Location	Rental Rate (\$/SF)	Last Updated	Proposed Update
Tomales Bay berths <i>Proposed rate</i>	\$ 0.133 <i>\$ 0.133</i>	December 2020	October 2026
Tomales Bay buoys * <i>Proposed rate</i>	\$ 140.00 <i>\$ 167.00</i>	December 2020	October 2026
Lake Tahoe berths <i>Proposed rate</i>	\$ 0.814 <i>\$ 0.976</i>	December 2021	October 2026
Lake Tahoe buoys * <i>Proposed rate</i>	\$ 273.00 <i>\$ 565.00</i>	December 2021	October 2026
Lake Tahoe temporary/ secondary submerged anchors *** <i>Proposed rate</i>	N/A <i>\$ 28.25</i>	N/A	October 2026
San Francisco Bay Area	\$ 0.227	February 2022	2027
Southern California	\$ 0.451	June 2022	2027
Colorado River	\$ 0.217	February 2023	2028
San Pablo Bay	\$ 0.206	February 2025	2030
Sacramento River	\$ 0.246	August 2025	2030
Delta Area	\$ 0.197	August 2025	2030

* per buoy

*** per anchor

Exhibit B

Category 2** Benchmarks

Location	Rental Rate (\$/SF)	Last Updated	Proposed Update
Lake Tahoe	\$ 13.05	December 2021	October 2026
<i>Proposed rate</i>	<i>\$ 23.85</i>		
Huntington Harbour	\$ 41.22	June 2022	2027
Solana Beach	\$ 91.53	April 2024	2029
Corte Madera	\$ 5.22	June 2024	2029
Sandy Beach	\$ 5.13	August 2024	2029
Napa	\$ 7.02	April 2025	2030
Black Point	\$ 1.24	December 2025	2030

** The Category 2 Benchmark may be discounted to reflect that the sovereign land being leased may not have the same utility as the upland property.

Exhibit C

State of California

California State Lands Commission

MEMORANDUM

To: Brian Bugsch, Chief
Land Management Division

Date: August 21, 2026

File: W 27088

From: Chaun Wong, Associate Property Appraiser
Land Management Division

Subject: 2026 Category 1 Lake Tahoe Benchmarks

As requested, I have updated the Category 1 benchmarks for Lake Tahoe. The benchmarks were last updated in September 2021. I have also created a new Category 1 benchmark for the temporary / secondary submerged mooring anchors located in Lake Tahoe. Since anchors are a component of buoys, the benchmark for these temporary / secondary submerged mooring anchors will be based on a percentage of the buoy / mooring pole benchmark rate. There has been a slight modification to the methodology for the Category 1 berths / slips. Due to the significantly low occupancy levels during the off-season, the recommended updated annual rate for berths / slips will not include any commercial marina off-season rates, only in-season rates. This represents a more accurate reflection of the appropriate rates. In terms of the buoys, the current update follows the same methodology used in the prior benchmark report.

The recommended benchmarks are summarized in the following table with the 2021 benchmarks.

Table 1. Lake Tahoe Benchmark Summary

Benchmark Date	2021	2026
Berths / Slips		
Rental Rate (Per Square Foot)	\$0.814	\$0.976
Buoys / Mooring Poles		
Per Buoy	\$273	\$565
Temporary / Secondary Submerged Mooring Anchors		
Per Anchor	N/A	\$28.25

An appraisal is the act or process of developing an opinion of value that must be numerically expressed as a specific amount, as a range of numbers, or as a relationship to a previous value opinion or numerical benchmark. This report

Lake Tahoe Category 1 Benchmarks

constitutes an appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). Accordingly, this appraisal has been performed, and the report has been prepared in substantial compliance with USPAP. The compiled research, analyses, and conclusions presented in this appraisal represent a correlation of market rents into benchmark rental rates for private recreational facilities (e.g., docks and piers) located within the California portion of Lake Tahoe. The benchmarks are intended to be used by Commission staff for rent setting purposes.

Benchmarks establish uniform rental rates in specific geographic regions with concentrations of similar facilities within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) For proposed leases involving certain types of improvements or uses in regions where benchmarks have been approved, staff will recommend annual rent based on the applicable benchmark and the lease area. Benchmark rental rates are based on an analysis of similar uses or substitute facilities in the local area.¹ Generally, staff recommend updates to the benchmarks every 5 years. The use of benchmarks improves consistency and transparency throughout a geographic region, improves staff efficiency in setting and adjusting rent for large numbers of leases, and saves time and money for both the applicant and the State.

Introduction

Leases are issued by the California State Lands Commission for private recreational facilities – such as docks, piers, and buoys – located on sovereign lands. These facilities offer a substitute for the essential functions of a commercial marina, such as a place for the docking and mooring of boats and the loading and unloading of passengers and equipment. These private structures afford the upland owners guaranteed access to mooring facilities that they may not otherwise be able to obtain from commercial marinas. In this manner, these privately-owned facilities represent a substitute for a commercial marina slip or buoy. Accordingly, the method of valuation used in estimating a fair rental value in this analysis is based on what an individual would pay for a similar substitute site in a commercial marina.

¹ Since temporary / secondary submerged mooring anchors are used in conjunction with the buoys, its rate is solely based on an analysis of the buoy benchmark rental rate. Furthermore, a substitute rental market for such anchors is not known to exist, locally or elsewhere.

Lake Tahoe Category 1 Benchmarks

Since a Commission-leased site for a privately-owned pier or dock substitutes for the essential functions of a marina slip, a lessee of the state land should pay a comparable amount for the leased site as the state would receive for leasing the land to a commercial marina. Both privately-owned facilities and commercial marinas occupy state land year-round. However, while most local marinas generate the bulk of their revenue during the peak season, a couple offer in-water boat storage during the winter off-season. Consistent with the 2021 Category 1 Lake Tahoe Benchmark, this update initially combines in-season and off-season rates to reflect the value of year-round state land occupation, detailed below in “Berth / Slip Rent – Including Off-Season Rates (2021 methodology).” But, as explained in the subsequent section, “Berth / Slip Rent – In-Season Rates Only (current recommended methodology),” off-season rates are excluded from the final formula at this time because winter occupancy is exceptionally low and most regional marinas do not offer off-season rentals.

Scope

The scope of the research included the following:

- Identifying marinas with boat slips and/or buoy fields in the Lake Tahoe area.
- Surveying the number and type of moorings at marinas (berths, slips, buoys), occupancy rate, mooring sizes, in-season rates, and off-season rates.
- Compiling the survey results into averages for slip size, buoy size, in-season rate, and off-season rate. (Please see following discussion regarding the boating season at Lake Tahoe).
- Using the “Layout and Design Guidelines for Marina Berthing Facilities” publication (last updated July 2005) from the State Department of Boating and Waterways to determine the amount of submerged land area necessary to accommodate a given mooring size.
- Calculating the in-season rate, the off-season rate, and the combined annual rental rate using the above information and State valuation guidelines.

Lake Tahoe Category 1 Benchmarks

There are estimated to be ten active marinas and/or buoy fields in Lake Tahoe.² All of these marinas were contacted in the course of the survey, and all cooperated to varying degrees.

Methodology

To determine the benchmark rental rate for a lease area (pier, dock, etc.), it is necessary to determine the income that can typically be generated by a commercial marina³; the area occupied by the average or typical marina slip in a well-designed marina; and the rent for that average or typical sized boat. An annual rate of return is then applied to the product of the above.

The Commission typically charges 5 percent of gross income for boat berthing for sites leased to commercial marina operators.

In terms of buoys, the benchmark rent is based on a 5 percent rate of return applied to the average of the seasonal rents for buoys in the commercial marinas surveyed.

Berth / Slip Rent – Including Off-Season Rates (2021 methodology)

According to the survey, seven of the ten marinas surveyed contain berths / slips⁴. By choice, all seven marinas rent slips during the in-season, and two of the seven marinas rent slips during the off-season. These marinas reported a total of 724 slips⁵, or an average of 103 slips per marina. The in-season marina occupancy rate was reported at 100 percent, with all seven marinas reporting full occupancy. While the off-season marina occupancy rate was reported at 8 percent, with one reporting 10 percent occupancy, and the other reporting 5 percent occupancy. The survey found that most marina berths at Lake Tahoe

² Timber Cove Marina and Meeks Bay Marina are currently inactive marinas on the California side of Lake Tahoe.

³ It is noted that while a typical marina at Lake Tahoe does not generate slip income during the off-season as most marinas only rent their slips during the in-season (by choice); two of the seven marinas with slips do generate income during the off-season. The annual rental rate must reflect the fact that a lessee's pier occupies state land all year round, during both the in-season and off-season. Therefore, if the off-season slip rental data is deemed sufficient, consideration of off-season slip income must be accounted for in the lessee's annual rental rate.

⁴ Note: Slip and berth are used interchangeably in the text hereafter.

⁵ Ski Run Marina reported slips, but because they are all reserved for use by rental boats and fishing boats, they are not included in the count above.

Lake Tahoe Category 1 Benchmarks

range from 20 to 33 feet in length, with an average berth size of approximately 27 feet. Similarly, a 27-foot length was used in the 2021 Lake Tahoe Benchmark. Our research and survey indicates that the marinas have not significantly changed in size or layout since the last benchmark.

Rent for berths is commonly expressed in terms of dollars per linear foot. Most marinas rent berths on a monthly basis; however, at Lake Tahoe, berths and buoys are more commonly rented (by choice) on a seasonal basis. According to the survey respondents, the in-season ranges from four and one-half months to six months, with the typical season ranging from May to September. The in-season berth rates reported range is from \$5,008 to \$19,415, with an average of \$13,757. The off-season rates reported range is from \$7,500 to \$8,696, with an average of \$8,098.

While there is generally little or no boating during the off-season, a lessee's pier occupies state land year-round. There is also the possibility for private pier owners to use their facilities outside of the typical 5-month marina season for boating as well as other non-boating related activities. The piers at Lake Tahoe are fixed structures that are not removed during the winter. These large structures extend across the shore and into the water, meaning that pedestrian or non-motorized boaters will have to navigate around them at all times. The combination of the in-season and off-season rates accounts for the year-round occupation of state land as an annual rate.

There are two marinas offering off-season rates, Tahoe Keys Marina and Sierra Boat Company. Tahoe Keys Marina has the higher rate of the two, but the marina is located in an inland artificial cut and is not located on sovereign land. Tahoe Keys Marina reported a 10 percent occupancy level during the off-season. Assuming a 6-month off-season at Tahoe Keys Marina, the average occupied slip rate was calculated to be \$8,696 per off-season. While Sierra Boat Company reported a flat monthly rental rate during the winter months, or \$1,000 per month, regardless of slip size. They reported a lower 5 percent occupancy level during the off-season. Only five of their 106 total slips are used for the entire off-season. Assuming a 7.5-month season at Sierra Boat Company, the average occupied slip rate was calculated to be \$7,500 per off-season.

Due to the limited amount of market data and lower occupancy of marinas during the off-season, more weight should be given to the lower range of the off-season rates. Consequently, taking into consideration both use and occupancy of state-owned land of a pier throughout the year, the average in-

Lake Tahoe Category 1 Benchmarks

season rate plus the lowest off-season rate (which is still within the range of market data) represents the gross annual income per slip generated by a commercial marina making full use of state land in Lake Tahoe. This amount is considered a similar amount to the leased site as the state would receive for leasing the land to a commercial marina given the choice to rent their slips all year round.

The gross annual income is then multiplied by 5 percent to arrive at the income attributable to the submerged land. That amount is then converted to a per square foot basis for rent-setting purposes. This is accomplished through use of a publication entitled "Layout and Design Guidelines for Small Craft and Berthing Facilities" by the California Department of Boating and Waterways last updated in 2005. This publication provides formulas and tables for calculating the submerged land area needed to accommodate various sizes and layouts of berths in marinas. Among other variables, the formulas take into account the berth length, berth layout (single vs. double), and the type of vessel (powerboat vs. sailboat). The submerged land area used in this benchmark analysis is based on a double berth layout (on the premise that it represents the typical marina berth layout in the area and is the most economically efficient for the marina operator) and represents an average of the powerboat and sailboat areas. The publication can be requested from the Department of Boating and Waterways through their website: dbw.parks.ca.gov.

From the tables in the publication, a submerged area of 705 square feet is shown as being necessary to accommodate the 27-foot average slip length indicated by the survey for Lake Tahoe. Taking all of the aforementioned into account along with the 2021 methodology, the benchmark rental rate comprised of the average in-season rental rate and the lowest off-season rental rate for Lake Tahoe is calculated as follows:

- Average in-season rate / average in-season gross annual income: \$13,757 / berth / year
- Lowest off-season rate / lowest off-season gross annual income: \$7,500 / berth / year
- Average boat length: 27 linear feet
- Submerged land area necessary to accommodate a 27-foot boat slip: 705 sq. ft.
- Percent of income attributable to the submerged land: 5 percent

Lake Tahoe Category 1 Benchmarks

$$\$13,757 + \$7,500 = \$21,257$$

$$\$21,257 \times 5\% \text{ of gross income} = \$1,062.85$$

$$\$1,062.85 \div 705 \text{ square feet} = \$1.508 \text{ per square foot rental rate}$$

Benchmark Rental Rate (Including Off-Season Rates) = \$1.508 per sq. ft.

Using the 2021 methodology, which includes the lowest off-season rate, the indicated benchmark rental rate for Lake Tahoe area is \$1.508 per square foot. In contrast, the 2021 benchmark was \$0.814 per square foot. The indicated benchmark therefore represents an overall increase of \$0.694 from the 2021 benchmark. The increase in the rental rate is attributed to the limited supply and increased demand for berths / slips in Lake Tahoe over the last five years.

Berth / Slip Rent – In-Season Rates Only (current recommended methodology)

In the appraiser's opinion, because only two of the seven marinas offer off-season slip rentals, one of those is not located on sovereign lands and the other only has five slips, approximately, that are used for the entire off-season, the off-season slip rental rates from these two marinas should not be considered in the above equation at this time. Data from five slips is statistically inadequate to establish a rental benchmark for all improvements on the California side of Lake Tahoe. The fact that the state only has five boats stored on its sovereign lands during the off-season is clear evidence that demand for the off-season market is extremely low. In fact, during the off-season, nearly all Lake Tahoe lakefront homeowners completely remove their boats from the water and store them off sovereign lands to avoid damage to the boats. Leaving a boat in a private pier, commercial marina slip, or buoy during a Tahoe winter is virtually impossible due to sub-freezing temperatures, heavy snow loads, and violent lake swells. To protect their own investments, most homeowners also follow a strict winterization and relocation process for their own boats. In terms of the year-round occupancy, like a lessee's pier, most commercial marina docks and slips at Lake Tahoe are not removed during the off-season. For example, Tahoe City Marina, Tahoe Keys Marina, and North Tahoe Marina utilize heavy, permanent, or semi-permanent piling-secured and floating dock systems that stay in the water year-round.⁶ Although these improvements are occupied on state land all year, their

⁶ Tahoe Regional Planning Agency (TRPA) heavily regulates and caps shoreline structures, making the installation and removal of commercial-scale dock systems impractical on a seasonal basis. Docks are only taken out of the water

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primary slip-related use and income is limited to just the summer / in-season months.

Consequently, because the rent these marinas pay the state is derived from the percentage of gross income generated during the active season while physically occupying the space year-round, the appraiser recommends also balancing both partial utility and full annual occupancy when establishing the final pier rental rates. Therefore, the appraiser recommends using only in-season rates to establish final pier rental values. This approach establishes consistency by balancing year-round physical occupancy with actual seasonal utility, ensuring a fair lease value for both the state and the lessees. Because severe winter conditions force most boat owners to remove their watercraft, off-season revenue is virtually non-existent. Therefore, off-season rates will be excluded from future benchmarks unless a clear trend of year-round boat storage emerges with sufficient data to support it.

Taking all of the aforementioned into account, which means the average in-season is included and off-season rates are excluded, the current recommended benchmark rental rate for Lake Tahoe is calculated as follows:

- Average in-season rate / average in-season gross annual income: \$13,757 / berth / year
 - Average boat length: 27 linear feet
 - Submerged land area necessary to accommodate a 27-foot boat slip: 705 sq. ft.
 - Percent of income attributable to the submerged land: 5 percent
- $\$13,757 \times 5\% \text{ of gross income} = \$687.85$
- $\$687.85 \div 705 \text{ square feet} = \$0.976 \text{ per square foot rental rate}$

Benchmark Rental Rate (In-Season Rates Only) = \$0.976 per sq. ft.

Excluding the off-season slip rental rates, the recommended benchmark rental rate for Lake Tahoe area is \$0.976 per square foot. In contrast, the 2021 benchmark was \$0.814 per square foot. The recommended benchmark therefore represents an overall increase of \$0.162 from the 2021 benchmark. The increase in the rental rate is attributed to the limited supply and increased

when undergoing major federally or regionally mandated reconstruction or environmental retrofits (such as replacing old foam floatation).

demand for berths / slips in Lake Tahoe over the last five years, as well as inflation.

Buoy Rent

To value the occupation of state land by buoys similarly required examination of both market data and the impacts of the occupation.

The survey revealed that there were nine marina facilities in California on Lake Tahoe with mooring buoys. These facilities reported a total of 399 buoys. The in-season marina occupancy rate ranged from 60 to 100 percent, with an average occupancy rate of 94 percent. Seven of these facilities reported occupancy rates of 100 percent; one reported 60 percent, and another 85 percent. The survey indicated that the in-season rates on Lake Tahoe range from \$5,000 to \$24,595, with an average of \$11,294. Mooring buoys on Lake Tahoe are commonly rented on a seasonal basis, with the typical season running from May through September. But unlike boat slips, none of the marinas on Lake Tahoe reported renting buoys in the off-season so there is no off-season market data to report. Consequently, the in-season buoy rate is effectively the annual rate and accounts for all the income generated during the year. As mentioned in the methodology section above, 5 percent of the average in-season buoy rate is determined to be a fair rent for both use and occupancy of submerged land. This results in a rental rate of **\$565 per buoy** ($\$11,294 \times 0.05$).

In contrast, the 2021 benchmark for buoys was \$273 per buoy. The recommended benchmark therefore represents an overall increase of \$292 from the 2021 benchmark. The increase in the rental rate is attributed to the limited supply and increased demand for buoys in Lake Tahoe over the last five years. It should be noted that this rental rate is based on the same methodology used in the previous 2021 Lake Tahoe benchmark for buoys.

Temporary / Secondary Submerged Mooring Anchor Rent

At Lake Tahoe, secondary buoy anchors function solely as temporary, standby emergency infrastructure that cannot be used concurrently with the primary buoy. Each anchor occupies approximately 8 square feet of sovereign land all year round. Because these anchors are only used as substitutes when the primary lease area is unusable, they do not interfere with navigation or general Public Trust use. Furthermore, they lack rigging, chain, or surface infrastructure, meaning they will not have boats attached, will remain invisible on the lake surface, and will not impede navigation.

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While no recreational businesses or governments lease isolated, submerged mooring anchors without rigging, chain or surface infrastructure, a market rent must still be established for the exclusive right to occupy this specific footprint of public seafloor with a private fixture. Given their role as strictly redundant, non-concurrent emergency infrastructure, this valuation requires appraising an "Intermittent Use / Redundant Right" easement.

Because the tenant already pays full fair market rent for the primary buoy, charging full price for a secondary emergency anchor would penalize them twice for the same water-use utility. The lessee would not be authorized to use both the primary mooring anchor and the temporary, standby, emergency infrastructure simultaneously. Therefore, a discount applied to the benchmark rate is recommended. To support a lower rental rate for these anchors, the following two recognized appraisal frameworks are considered:

The Bundle of Rights and "Shared Utility" Split

In standard right-of-way and easement appraisal practice, when a property owner grants an easement that doesn't completely strip them of the land's use, a "utility impact factor" is applied.

Full Lease (100 percent Value): Gives the user full, unrestricted, exclusive 365-day access to a space.

Standby / Emergency Use Only: The tenant has stripped themselves of the right to use this asset independently. Because it cannot be used at the same time as the primary asset, the added economic utility is near zero.

The Valuation Split: According to a study of easements and an easement valuation matrix found in the article, *The Valuation of Easements*, published in *Right of Way Magazine* in November / December 2014, small subsurface easements are typically valued at 0 percent to 10 percent of the fee-simple land value (representing a 90 percent to 100 percent discount). The remaining 90% plus value stays with the primary rights-holder or primary leaseholder. While the impact on the surface is nominal, the anchors physically occupy a distinct portion of the subsurface. This physical exclusion prevents any other concurrent use of that exact space, which represents a tangible encumbrance on the property bundle of rights. Furthermore, the presence of submerged anchors alters the subsurface topography and restricts future engineering or development options (such as dredging, piling installation, or utility line routing) within that specific zone. Therefore, based on the matrix, because temporary /

secondary submerged mooring anchors are considered to have a nominal effect on use and utility of the land, a percentage near the middle of the range above, or a 95 percent discount is recommended.

The Shared Utility / Shared Time Analogy

Because the lease explicitly states that the tenant cannot use both assets simultaneously, the standby anchor functions like a fractional-interest or shared-time asset. Since the property can only be used on a highly limited, conditional basis, the percentage of time the asset sits idle can be deducted from its valuation.

If a primary buoy operates during 100 percent of the boating season, and an emergency buoy is statistically projected to be used less than 5% of the season, the resulting utility loss exceeds 95 percent. However, in the appraiser's opinion, the maximum discount should be capped at 95 percent, ensuring the asset's "insurance" or "readiness" value to the tenant is still accounted for.

In conclusion, based on the two appraisal frameworks above, by applying a 95 percent discount to the recommended \$565 per buoy rate, the annual rent for Temporary / Secondary Submerged Mooring Anchors is calculated to be **\$28.25 per anchor** ($\$565 \times 0.05$).

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Table 2. Marina Survey – Berths / Slips

No.	Name	County	# Slips	Avg. Length (feet)	In-Season	Months (In-Season)	In-season Occupancy Rate	In-Season Rates	In-Season Equivalent Rate (\$/LF/Mo.)	Off-Season	Months (Off-Season)	Off-Season Occupancy Rate	Off-Season Rates	Off-Season Equivalent Rate (\$/LF/Mo.)
1	Lakeside Marina	El Dorado	63	20	May 15 - September 30	4.5	100%	\$5,008	\$55.64	N/A	N/A	N/A	N/A	N/A
2	Ski Run Marina	El Dorado	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Tahoe Keys Marina	El Dorado	261	33	May 1 - October 31	6.0	100%	\$19,415	\$98.06	November 1 - April 30	6	10%	\$8,696	\$43.92
4	Camp Richardson Marina	El Dorado	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	Obexer's Boat Company	Placer	37	27	May 1 - September 30	5.0	100%	\$11,870	\$87.93	N/A	N/A	N/A	N/A	N/A
6	Homewood Marina	Placer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Sunnyside Marina	Placer	24	25	May 15 - September 30	4.5	100%	\$18,000	\$160.00	N/A	N/A	N/A	N/A	N/A
8	Tahoe City Marina	Placer	218	27	May 1 - October 31	6.0	100%	\$10,467	\$64.61	N/A	N/A	N/A	N/A	N/A
9	Sierra Boat Company	Placer	106	25	May 15 - September 30	4.5	100%	\$12,540	\$111.47	October 1 - May 14	7.5	5%	\$7,500	\$40.00
10	North Tahoe Marina	Placer	15	32	May 1 - September 30	5	100%	\$19,000	\$118.75	N/A	N/A	N/A	N/A	N/A
Totals			724											
Averages			103	27		5	100%	\$13,757	\$99.49			8%	\$8,098	\$41.96

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Table 3. Marina Survey – Buoys / Mooring Poles

No.	Name	County	Total Buoys	In-Season	Months (In-Season)	In-Season Occupancy Rate	In-Season Rates	In-Season Rate Per Month	Off-Season	Months (Off-Season)	Off-Season Occupancy Rate	Off-Season Rates	Off-Season Rate Per Month
1	Lakeside Marina	El Dorado	10	May 15 - September 30	4.5	100%	\$5,850	\$1,300	N/A	N/A	N/A	N/A	N/A
2	Ski Run Marina	El Dorado	10	May 15 - September 15	5.0	100%	\$5,000	\$1,000	N/A	N/A	N/A	N/A	N/A
3	Tahoe Keys Marina	El Dorado	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Camp Richardson Marina	El Dorado	110	May 15 - October 15	6.0	60%	\$5,200	\$867	N/A	N/A	N/A	N/A	N/A
5	Obexer's Boat Company	Placer	16	May 1 - September 30	5.0	100%	\$7,500	\$1,500	N/A	N/A	N/A	N/A	N/A
6	Homewood Marina	Placer	125	May 1 - September 30	5.0	85%	\$24,595	\$4,919	N/A	N/A	N/A	N/A	N/A
7	Sunnyside Marina	Placer	24	May 15 - September 30	4.5	100%	\$15,000	\$3,333	N/A	N/A	N/A	N/A	N/A
8	Tahoe City Marina	Placer	41	May 1 - September 30	5.0	100%	\$8,000	\$1,600	N/A	N/A	N/A	N/A	N/A
9	Sierra Boat Company	Placer	15	May 15 - September 30	4.5	100%	\$13,500	\$3,000	N/A	N/A	N/A	N/A	N/A
10	North Tahoe Marina	Placer	48	May 1 - September 30	5	100%	\$17,000	\$3,400	N/A	N/A	N/A	N/A	N/A
Totals			399										
Averages			44			5	94%	\$11,294	\$2,324				

Exhibit D

State of California

California State Lands Commission

MEMORANDUM

To: Brian Bugsch, Chief
Land Management Division

Date: July 28, 2026

File: W 27088

From: Chaun Wong, Associate Property Appraiser
Land Management Division

Subject: Lake Tahoe Category 2 Benchmark 2026 - Rental rate for non-water-dependent use areas extending on and over sovereign land in Lake Tahoe, Placer and El Dorado Counties, California

As requested, I have conducted research relevant to establishing a benchmark rental rate for non-water dependent use areas extending onto and over sovereign land in Lake Tahoe, Placer and El Dorado Counties, California. These non-water dependent uses consist of sun decks, fill, and other residential-related improvements that extend onto and over sovereign lands and essentially represent extensions of the usable area of the adjoining residential lots.

An appraisal is the act or process of developing an opinion of value that must be numerically expressed as a specific amount, as a range of numbers, or as a relationship to a previous value opinion or numerical benchmark. This report constitutes an appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). The compiled research, analyses, and conclusions presented in this appraisal represents a correlation of residential land values into benchmark rental rates for non-water dependent use areas located on Lake Tahoe. The benchmark is intended to be used by Commission staff in negotiations with lessees. It should also be noted that this appraisal has been performed and the report has been prepared in substantial compliance with USPAP as it relates to value of sovereign land. Presented on the following pages are the introduction, the scope of the research, and discussions of the pertinent findings resulting in the benchmark rental rate.

Benchmarks establish uniform rental rates in specific geographic regions with concentrations of similar facilities within the Commission's jurisdiction. (Cal. Code Regs., tit. 2, § 2003, subd. (a)(5).) For proposed leases involving certain types of improvements or uses in regions where benchmarks have been approved, staff will recommend an annual rent based on the applicable benchmark and the lease area. Benchmark rental rates are based on an analysis of similar land uses

or substitute facilities in the local area. Generally, staff recommends updates to the benchmarks every 5 years. The use of benchmarks improves consistency and transparency throughout a geographic region, improves staff efficiency in setting and adjusting rent for large numbers of leases, and saves time and money for both the applicant and the State.

Introduction

The State Lands Commission is responsible for leasing sovereign lands at Lake Tahoe. These sovereign lands consist of the bed of Lake Tahoe waterward of the low water mark at elevation 6,223-feet Lake Tahoe Datum. The area between the low and high-water mark (6,228.75-feet Lake Tahoe Datum) is subject to the Public Trust easement for access, recreation, navigation, fisheries, and environmental preservation. The Commission currently has more than 715 leases for piers, buoys, and other water-related structures at Lake Tahoe. The rent for these improvements is covered by the Lake Tahoe Category 1 benchmark.

Some of the piers at Lake Tahoe have sundecks, sleeping quarters, or other non-water dependent uses. Additionally, there are some areas where fill has been placed, thereby extending the usable upland residential property. This Lake Tahoe Category 2 benchmark is intended to address these improvements and uses.

Methodology

The Commission's authority to lease lands and charge rent comes from the California State Constitution, the Public Resources Code, and the California Code of Regulations.

The Commission's mandate to charge rent comes from the Gift Clause of the California State Constitution, which states in part that:

"The Legislature shall have no power to...make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever..." Cal. Const. Art. XVI -6.

Section 6503 of the Public Resources Code states that:

"The Commission shall appraise the lands and fix the annual rent or other consideration thereof."

The California Code of Regulations¹ provides the Commission with broad discretion in all aspects of leasing.

“Leases or permits may be issued to qualified applicants and the Commission shall have broad discretion in all aspects of leasing including category of lease or permit and which use, method or amount of rental is most appropriate...based on what it deems to be in the best interest of the State”

The Regulations then outline the types of leases and the methods of setting rent for each. Of these, the “9 percent of the appraised value of the leased land”² method is considered the most directly applicable. The land to be leased is sovereign land located waterward of the low water mark. Since there is not an active real estate market for sovereign land, the basis for the benchmark rental rate is the adjoining upland property. At Lake Tahoe, the adjoining upland property generally consists of single-family homes on residential lots. The rent to be set is based on the value of the underlying land and does not include the value of any improvements. Thus, for valuation purposes, the value of lakefront residential lots at Lake Tahoe is the basis of the rental rate.

The market value of residential land is typically estimated through use of the Sales Comparison Approach. In this approach, recent sales and current listings of similar properties are compared to the subject on the basis of pertinent factors such as location, size, shape, etc. Typically, an indication of value is then concluded based on a comparative analysis of these factors. Lakefront residential lots are typically valued on either a per-lot or on a per-lakefront-foot basis. However, because the lease areas generally do not represent a full residential lot, the unit of comparison used is the price per square foot of land area. Per Regulations, rent is then set based on 9 percent of the appraised value of the leased land. It should be noted that because this is a benchmark appraisal – intended to be applied to a number of different lease areas – there is no specific subject property or lease area. Accordingly, there are no specific adjustments (for location, size, shape, etc.) made. Instead, the benchmark rental rate is intended to represent the general characteristics of the benchmark’s geographic area. The methodology used here for the Lake Tahoe

¹ Title 2, Administration, Division 3, State Property Operations, Article 2 Section 2000, General (b).

² Title 2, Administration, Division 3, State Property Operations, Article 2 Section 2003(a)(1).

Category 2 benchmark is consistent with the methodology used for all Category 2 benchmarks throughout the state.

Market Value of Upland Property

On LightBox Vision³, a search was made to find recent sales⁴ of vacant residential lots (typical in size, ranging from 0.10 acre to two acres)⁵ fronting on Lake Tahoe in Placer and El Dorado Counties. The research also entailed conversations and verifications with the county Assessor's Offices. Due to its built-up nature, only two comparable sales of vacant lakefront lots were found. Rather than use comparable sales that do not front the lake, which would necessitate adjustments for location, an allocation method⁶ is employed. In this analysis, residential land values are removed from recent sales of single-family houses in the Lake Tahoe area through use of the improvement percentage assigned by the Placer County and El Dorado County Assessor's Offices. For instance, if a house sold for \$1,000,000 and had an improvement percentage of 40 percent, then the allocated value of the land is 60 percent, or \$600,000. For analysis purposes, the unit of comparison used is the price per square foot of land area.

³ LightBox Vision is a map-based real estate application that provides real estate, government, and many other industries with comprehensive map-based property search, analysis, management, and presentation capabilities.

⁴ It should be noted that current listings were also considered, however, the sales utilized were deemed the strongest indicators of market value for the subject property. In an attempt to fully bracket the uniqueness of each subject property in terms of location, size, shape, etc., sales were compiled from the last five years, or more specifically, from June 18, 2021, the date of report when the benchmark was last approved.

⁵ The typical residential lot size around Lake Tahoe is judged to be between approximately 0.10 acre and two acres. Properties below 0.10 acre in size are typically sales of condominiums or townhouses, where the lot size is usually determined by the footprint of the building. In the appraiser's opinion, these sales are not considered indicative of land value. Properties above two acres in size are not considered in the appraiser's land value dataset due to the scarcity of these sales along the lakefront.

⁶ Allocation is the general process of separating value between the component parts of a property. A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.

Summarized in the Comparable Sales Table (see Table 2, pages 9 – 16) are the pertinent details of 68 sales of single-family residences and two sales of vacant residential lots (land values of \$272/SF and \$512/SF) in Placer and El Dorado Counties. The sales took place between July 2021 and February 2026. All of these sales involve lakefront lots on the California side of Lake Tahoe in Placer and El Dorado Counties. According to the Indications of Comparable Sales Table (see Table 3, page 17), the lot sizes range from 5,227 to 74,052 square feet, with a mean of 21,638 square feet and a median of 17,952 square feet. The sale prices for the lakefront lots ranged from a low of \$550,000 to a high of \$27,500,000, with a mean of \$8,053,086, and a median of \$5,975,000. According to the Assessor's allocations, the value of the land in these transactions accounted for between 33.16 percent and 100.00 percent of the total price. Based on these percentages, the value of unimproved residential lakefront land lies between \$7 and \$771 per square foot. The mean unit value is \$279 per square foot, while the median is \$251 per square foot.

Analysis of the sales revealed no recognizable trends relating to typical lot area and land value relationships (i.e., unit prices decreasing as sizes increase). The lack of a size/price relationship is illustrated in the following table (see Table 1). The presentation of the sales is based on the lot area (SF) of the sales, going from smallest to largest.

Table 1. Lot Area to Land Value Per SF Table

Lot Area (SF)	Land Value Per SF
5,227	\$154
5,227	\$148
6,049	\$512
6,104	\$363
6,452	\$771
7,107	\$422
7,405	\$378
7,405	\$378
7,840	\$150
7,891	\$316
8,651	\$635
9,755	\$359
10,078	\$273
10,392	\$505

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Lot Area (SF)	Land Value Per SF
10,748	\$465
12,174	\$493
12,196	\$272
12,632	\$245
12,941	\$761
13,003	\$360
13,221	\$608
13,833	\$123
14,013	\$271
14,374	\$226
15,245	\$328
15,321	\$310
15,681	\$257
16,117	\$135
16,120	\$100
17,210	\$270
17,253	\$126
17,674	\$183
17,699	\$565
17,738	\$338
17,859	\$224
18,045	\$64
18,156	\$681
18,163	\$344
18,587	\$300
18,725	\$80
19,602	\$408
20,586	\$272
20,644	\$78
20,664	\$124
20,821	\$168
20,825	\$493
20,908	\$184
22,215	\$105
23,522	\$79
25,195	\$291

Lake Tahoe Category 2 Benchmark 2026

Lot Area (SF)	Land Value Per SF
26,477	\$226
26,723	\$107
26,940	\$558
29,185	\$186
29,620	\$338
29,893	\$268
31,008	\$144
31,861	\$325
33,602	\$238
34,412	\$81
35,719	\$58
36,154	\$110
36,186	\$221
37,897	\$158
40,075	\$149
43,560	\$6
52,272	\$186
59,677	\$168
74,052	\$172
74,052	\$163

As mentioned earlier, lease areas impacted by the Lake Tahoe Category 2 Benchmark are of various lot areas, lake frontages, locations, shapes, topographies, zonings, etc. Due to the uniqueness of each lease area and the lack of significant land value trends relating to the above elements of comparison; no particular sale is deemed a better indicator in concluding a land value benchmark. Therefore, since no particular sale is more informative than any other, weight is given to the overall dataset in concluding land value for the Lake Tahoe Category 2 Benchmark. As previously stated, the value of the unimproved land lies between \$6 and \$771 per square foot. The mean unit value is \$279 per square foot, while the median is \$251 per square foot. Based on all the data gathered and analyzed, a unit value of \$265 per square foot is concluded as reasonable for the typical upland residential property.

Market Value of Upland Property \$265 per square foot

Benchmark Rental Rate

Applying the 9 percent annual rate of return to the previously concluded market value of the upland property results in an annual rental rate of \$23.85 per square foot⁷.

Benchmark Rental Rate \$23.85 per square foot

The concluded value is based on the leased land having the same utility as the adjoining upland. If the leased land does not have the same utility, then a discounted benchmark rental rate may be warranted.

⁷ Calculated as $\$265 \times 0.09 = \$23.85$.

Table 2. Comparable Sales Table

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
1	026-022-007-000	761 Lakeview Ave	2/10/2026	\$1,610,000	50.00%	\$805,000	5,227	\$154
2	117-060-011-000	6480 N Lake Blvd	12/15/2025	\$6,840,000	65.10%	\$4,453,093	31,008	\$144
3	085-250-003-000	4290 W Lake Blvd	12/8/2025	\$8,500,000	65.70%	\$5,584,334	18,587	\$300
4	097-122-033-000	5010 W Lake Blvd	12/1/2025	\$5,600,000	100.00%	\$5,600,000	20,586	\$272
5	090-141-027-000, -038-000	8712 - 8714 Brockway Vista Ave	11/18/2025	\$7,400,000	74.18%	\$5,489,347	8,651	\$635
6	092-200-008-000	4210 N Lake Blvd	10/23/2025	\$5,950,000	91.18%	\$5,425,000	29,185	\$186
7	092-142-023-000	3970 N Lake Blvd	9/30/2025	\$3,000,000	73.91%	\$2,217,391	6,104	\$363
8	093-094-038-000	3334 Edgewater Dr	9/25/2025	\$10,000,000	59.77%	\$5,977,278	26,477	\$226
9	098-191-021-000	20 Moana Cir	9/12/2025	\$3,950,000	54.95%	\$2,170,330	17,253	\$126
10	090-324-003-000	9910 Lake St	9/9/2025	\$14,500,000	85.26%	\$12,362,994	18,156	\$681

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
11	026-021-009-000	731 Lakeview Ave	9/5/2025	\$3,200,000	36.72%	\$1,175,066	7,840	\$150
12	093-094-001-000	3250 Edgewater Dr	8/21/2025	\$6,950,000	67.28%	\$4,675,986	13,003	\$360
13	117-020-013-000, -016-000	6259 N Lake Blvd	8/20/2025	\$2,900,000	55.36%	\$1,605,357	16,120	\$100
14	094-160-023-000	1830 N Lake Blvd	8/18/2025	\$15,500,000	62.63%	\$9,708,192	52,272	\$186
15	093-094-037-000	3280 Edgewater Dr	7/31/2025	\$19,250,000	38.05%	\$7,325,218	25,195	\$291
16	092-190-067-000	4250 N Lake Blvd	7/29/2025	\$15,500,000	63.52%	\$9,845,240	12,941	\$761
17	092-130-007-000	3870 N Lake Blvd	5/19/2025	\$3,950,000	72.39%	\$2,859,499	26,723	\$107
18	094-160-005-000	1510 N Lake Blvd	3/11/2025	\$5,650,000	82.30%	\$4,650,000	17,210	\$270
19	085-040-028-000	2895 W Lake Blvd	2/4/2025	\$3,600,000	71.20%	\$2,563,057	20,664	\$124
20	084-154-003-000	2020 W Lake Blvd	1/31/2025	\$27,500,000	46.42%	\$12,765,515	74,052	\$172

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
21	115-050-035-000	4940 N Lake Blvd	1/23/2025	\$6,200,000	80.65%	\$5,000,000	15,245	\$328
22	029-101-028-000	3865 Beach Rd	11/22/2024	\$2,450,000	88.89%	\$2,177,781	16,117	\$135
23	016-063-008-000	8323 Meeks Bay Ave	11/21/2024	\$4,820,000	83.75%	\$4,036,865	15,681	\$257
24	097-182-002-000	5520 W Lake Blvd	10/30/2024	\$9,702,000	82.46%	\$8,000,000	36,186	\$221
25	022-431-008-000	20 Lighthouse Shores Dr	10/22/2024	\$6,250,000	61.49%	\$3,842,907	20,908	\$184
26	098-041-001-000, - 042-001-000	6200 W Lake Blvd W / 6210 Mckinney Dr	10/10/2024	\$4,825,000	33.16%	\$1,600,000	20,644	\$78
27	094-175-001-000	2800 Lake Terrace Ave	9/25/2024	\$4,200,000	77.03%	\$3,235,294	17,674	\$183
28	116-220-052-000	5526 N Lake Blvd	9/25/2024	\$19,500,000	51.28%	\$10,000,000	59,677	\$168
29	085-030-012-000	2750 W Lake Blvd	9/6/2024	\$18,450,000	54.20%	\$10,000,000	17,699	\$565

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
30	032-120-004-000, -005-000	3073 - 3077 Jameson Beach Rd	9/6/2024	\$2,675,000	86.82%	\$2,322,404	22,215	\$105
31	016-081-021-000	8399 Meeks Bay Ave	9/6/2024	\$3,500,000	80.00%	\$2,800,000	7,405	\$378
32	098-031-001-000, -032-005-000	6115 - 6120 W Lake Blvd	8/19/2024	\$3,425,000	33.58%	\$1,150,000	18,045	\$64
33	085-202-011-000	3795 Bellevue Ave	8/12/2024	\$15,987,000	62.55%	\$10,000,194	29,620	\$338
34	092-100-010-000	3830 N Lake Blvd	8/9/2024	\$4,995,000	80.08%	\$4,000,000	17,859	\$224
35	094-263-003-000	656 Olympic Dr	7/22/2024	\$11,850,000	67.80%	\$8,033,898	13,221	\$608
36	117-060-018-000	6350 N Lake Blvd	6/25/2024	\$5,600,000	62.50%	\$3,500,000	9,755	\$359
37	084-132-002-000	2560 W Lake Blvd	6/24/2024	\$17,600,000	45.45%	\$8,000,000	33,602	\$238
38	026-022-008-000	765 Lakeview Ave	5/24/2024	\$1,700,000	45.59%	\$775,000	5,227	\$148

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
39	016-051-035-000	8209 Meeks Bay Ave	3/29/2024	\$7,300,000	42.33%	\$3,090,000	12,632	\$245
40	092-130-005-000	3890 N Lake Blvd	11/6/2023	\$7,750,000	80.65%	\$6,250,000	18,163	\$344
41	117-130-035-000	7432 N Lake Blvd	10/25/2023	\$3,100,000	100.00%	\$3,100,000	6,049	\$512
42	097-182-007-000	5620 W Lake Blvd	10/20/2023	\$19,500,000	52.63%	\$10,263,158	20,825	\$493
43	090-141-019-000	8748 Brockway Vista Ave	10/20/2023	\$4,500,000	66.67%	\$3,000,000	7,107	\$422
44	092-110-034-000	3730 N Lake Blvd	9/15/2023	\$9,250,000	64.86%	\$6,000,000	12,174	\$493
45	093-072-013-000, -027-000	3216 Edgewater Dr	8/10/2023	\$16,500,000	62.70%	\$10,344,828	31,861	\$325
46	085-050-032-000	2975 W Lake Blvd	5/8/2023	\$5,300,000	38.90%	\$2,061,634	35,719	\$58
47	016-091-056-000	8435 Meeks Bay Ave	3/10/2023	\$3,100,000	90.32%	\$2,800,000	7,405	\$378
48	083-162-012-000	1340 W Lake Blvd	11/28/2022	\$15,000,000	80.54%	\$12,080,537	74,052	\$163

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
49	117-020-007-000	6073 N Lake Blvd	10/17/2022	\$3,900,000	38.46%	\$1,500,000	18,725	\$80
50	026-021-005-000	741 Lakeview Ave	10/3/2022	\$3,250,000	56.92%	\$1,850,000	23,522	\$79
51	026-021-011-000	747 Lakeview Ave	8/24/2022	\$2,900,000	96.45%	\$2,797,163	34,412	\$81
52	018-191-014-000	2201 Cascade Rd	7/28/2022	\$5,500,000	59.09%	\$3,250,000	14,374	\$226
53	016-251-006-000	8857 Rubicon Dr	7/22/2022	\$7,900,000	75.95%	\$6,000,000	37,897	\$158
54	016-063-014-000	8311 Meeks Bay Ave	6/29/2022	\$6,000,000	99.59%	\$5,975,663	40,075	\$149
55	117-020-005-000	6049 N Lake Blvd	5/31/2022	\$2,350,000	72.34%	\$1,700,000	13,833	\$123
56	117-140-015-000	7708 N Lake Blvd	5/3/2022	\$4,650,000	59.14%	\$2,750,000	10,078	\$273
57	092-130-003-000	3910 N Lake Blvd	4/21/2022	\$2,950,000	84.43%	\$2,490,549	7,891	\$316

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
58	115-020-042-000	5256 N Lake Blvd	4/19/2022	\$6,450,000	73.52%	\$4,742,236	15,321	\$310
59	094-173-018-000	2765 Aqua Dr	1/14/2022	\$4,550,000	83.52%	\$3,800,000	14,013	\$271
60	092-200-027-000	4240 N Lake Blvd	1/11/2022	\$23,650,000	33.83%	\$8,000,000	19,602	\$408
61	097-122-025-000	5070 W Lake Blvd	12/28/2021	\$21,715,000	69.19%	\$15,024,216	26,940	\$558
62	094-273-013-000	636 Olympic Dr	12/21/2021	\$8,750,000	60.00%	\$5,250,000	10,392	\$505
63	115-070-002-000	4760 N Lake Blvd	12/17/2021	\$6,850,000	72.99%	\$5,000,001	10,748	\$465
64	032-120-024-000	3107 Jameson Beach Rd	12/14/2021	\$10,826,000	36.88%	\$3,992,904	36,154	\$110
65	117-130-036-000	7422 N Lake Blvd	9/9/2021	\$7,821,000	63.57%	\$4,971,893	6,452	\$771
66	117-180-039-510	8010 N Lake Blvd	8/31/2021	\$550,000	50.00%	\$275,000	43,560	\$6
67	016-081-045-000	8381 Meeks Bay Ave	7/30/2021	\$4,525,000	73.37%	\$3,320,000	12,196	\$272

Lake Tahoe Category 2 Benchmark 2026

No.	APN	Address	Sale Date	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
68	098-191-012-000	56 Moana Cir	7/26/2021	\$9,250,000	86.70%	\$8,019,969	29,893	\$268
69	098-180-006-000	6700 Powderhorn Ln	7/9/2021	\$4,100,000	85.28%	\$3,496,320	20,821	\$168
70	094-176-007-000	2940 Lake Terrace Ave	7/6/2021	\$8,900,000	67.42%	\$6,000,000	17,738	\$338

Table 3. Indications of Comparable Sales Table

Overall Indications	Sale Price	% Assessed Land Value	Land Value	Lot Size (SF)	Land Value Per SF - Lot Size
Low	\$550,000	33.16%	\$275,000	5,227	\$6
High	\$27,500,000	100.00%	\$15,024,216	74,052	\$771
Mean	\$8,053,086	66.73%	\$5,070,404	21,638	\$279
Median	\$5,975,000	66.97%	\$4,244,979	17,952	\$251