MINUTE ITEM
42
Virgin Sturgeon
(Riverbank Holding Company)

8/26/82
PRC 5167.1
Reese

Executive Officer Dedrick indicated that this matter had not been scheduled for Commission action; therefore, no decision could be made by the Commission at this meeting.

Riverbank Holding Company has asked by letter to be heard at this meeting, relative to termination of the lease with the Virgin Sturgeon on the Sacramento River. Ms. Dedrick also informed the Commission that in staff's opinion, the lessee is not in violation of the lease terms. The original lease required that the lessee have the permission of the upland owners, which, at the time of the original lease, the lessee had. Subsequently, 2/3 of the upland have been taken over by the Riverbank Holding Company, which has not given permission to our lessee.

Riverbank Holding Company maintains that this constitutes a violation of the lease. Commission counsel advises this is not a true statement.

Commission-Alternate Dave Ackerman asked whether a formal letter petitioning Commission action was filed. Chief Counsel Robert Hight indicated the letter from Riverbank Holding Company was received after the deadline for the August 26 agenda, but that input from the Commission at this time would be appropriate.

Mr. Tom McLaughlin, Project Manager for Riverbank Holding Company, appeared to ask the Commission to consider the termination of that portion of the State lease now held by the Virgin Sturgeon which adjoins land owned by the Riverbank Holding Company. Mr. McLaughlin indicated that 75 percent of the shoreline involved with the State lease is owned by the Riverbank Holding Company.

The property was purchased from Sacramento Savings in December, 1980, subject to a month-to-month tenancy held by the Virgin Sturgeon. Riverbank Holding Company notified the Virgin Sturgeon of an increase in rent, effective July 1, 1981. On October 5, the Virgin Sturgeon notified the Riverbank Holding Company that they were terminating the lease with Riverbank Holding Company. Mr. McLaughlin stated that his company has tried to come to some terms with the owners

of the Virgin Sturgeon. It is the understanding of the Riverbank Holding Company that a severance of the leasehold interest from the littoral lands can be grounds for a termination of the State lease. Mr. McLaughlin stated that the Virgin Sturgeon no longer has an interest in 75 percent of the uplands adjoining the State lease. The Virgin Sturgeon no longer has vehicular access to the dock or the barge, and they have lost a major portion of their parking.

Riverbank Holding Company is also proposing a substantial project on the five acres in question. Specifically, Riverbank Holding Company envisions restaurants, shops and a major marina. Mr. McLaughlin indicates his company feels this project would be of definite interest to the public. The portion of the land that the Virgin Sturgeon dockage adjoins is involved in this project. Mr. McLaughlin stated the Draft EIR for this proposed project has been completed and is now going through the review process. He also indicated that late December 1982 is the date for hearings by the City of Sacramento Planning Commission and the City Council, with groundbreaking scheduled for early summer of 1983.

Mr. Thomas Natope, partner in Riverbank Holding Company, appeared, stating that there were many problems with the marina operated by Mrs. Patching. Mr. Natope would like this matter sent back to staff, who could work with Riverbank Holding Company and Ms. Patching.

Chairman Cory stated that he would be reluctant to approve the proposed project by Riverbank Holding Company, based on the information presented today. Mr. Cory also stated that he felt it might be worthwhile for staff to assist in discussions between Riverbank Holding Company and Ms. Patching. However, in Mr. Cory's opinion, the terms of the lease have been met.

Ms. Lori Patching appeared briefly to express her interest, indicating that she has a valid lease with the State and has been operating a business for six years.

Mr. Cory stated that it was not the purpose of the Commission to determine liability.

Commission-Alternate Susanne Morgan felt that the only reason for staff involvement would be to see that the terms of the State lease are being met. Ms. Morgan also stated the allegations of disrepair and potential liability are ones which staff should look into.

There was no further discussion.