CALENDAR ITEM
C53

A 4 03/25/08
WP 706.1
S 1 N. Lee

AMENDMENT OF LEASE

LESSEE:
Tahoe Yacht Harbor, LLC
P. O. Box 6510
Tahoe City, CA 96145

AREA, LAND TYPE, AND LOCATION:
Sovereign lands in Lake Tahoe, at the Tahoe City Marina, Tahoe City, Placer County.

EXISTING AUTHORIZED USE:
Operation of a commercial marina, which includes a pier, fueling facility, 41 mooring buoys and ten marker buoys.

LEASE TERM:
40 years, beginning July 1, 1980.

CONSIDERATION:
Five percent of "Gross Income" as defined in the Lease, derived annually from activities on or over the Lease Premises and one and one-half cents per gallon of fuel sold annually on or over the Lease Premises to a maximum of 100,000 gallons and two cents per gallon thereafter. Minimum annual rental of $4,244, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

PROPOSED AMENDMENT:
Amend PRC 706.1 to:

1. Authorize the proposed Phase 1 expansion of the Tahoe City Marina with the following improvements: construction of a 727± foot-long public access pier consisting of 324± feet of crib wall and 403± feet of fixed pier attached to a sheet pile wall; installation of two floating wave attenuators at the north end of the proposed sheet pile wall; installation of one floating dock next to the existing marina; replacement of an existing fueling facility and

pumpout facility; installation of an additional fueling facility and pumpout facility; construction of 81 new boat slips of which 67 will be located on the Lease Premises; conduct dredging during construction; and relocation of a portion of the mooring and marker buoys to accommodate the change in the entry channel;

2. Authorize the operation of power boat, sailing boat and fishing charters;

3. Revise the consideration to adjust the Minimum Annual Rent and surety amount on the first anniversary after completion of construction;

4. Revise the consideration to include ten percent of gross income from unauthorized activities on or over the Lease Premises;

5. Revise Liability Insurance from coverage of no less than $1,000,000 to $3,000,000;

6. Require surety in the amount of $30,000;

7. Require Construction Performance Bond in the amount of $1,500,000;

8. Authorize additional special provisions related to the reporting of annual income, the Commission's Best Management Practice provisions, implementation of future Invasive Aquatic Species management plan, and the construction of the proposed Phase 1 expansion of the Tahoe City Marina; and

9. Replace Section 3 (Land Description) of the Lease, as shown on Exhibit B.

All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Lessee owns the uplands adjoining the Lease Premises.

2. On July 1, 1980, the Commission authorized the issuance of a 40-year lease with one nine-year renewal to K & C. Marine. The Commission authorized an assignment and amendment of Lease No. PRC 706.1 on October 28, 1996, at the time of the transfer of ownership, which arose from a bankruptcy action of the former Lessee, K & C. Marine, to Tahoe Yacht Harbor, LLC. At that time, the lease was bifurcated and a General Lease – Commercial Use, PRC 7920.1, was issued to Tahoe Boat

Company Owners Association. This lease authorizes 88 existing boat slips, docks, sheet pile cribs and a boathouse in the Tahoe City Marina. The dock with fueling facilities and mooring buoys remained authorized under PRC 706.1. On April 26, 2005, the Commission authorized an amendment to retain ten additional existing mooring buoys and ten existing entrance channel marker buoys and authorized an agreement and consent to encumbrancing of the lease. The existing authorized improvements are used in conjunction with the Lessee's commercial marina operation at the Tahoe City Marina.

3. Tahoe Yacht Harbor, LLC is now proposing to expand the Tahoe City Marina. The Lessee prepared a Master Plan for expanding the marina and, according to the Plan, the need for an expanded marina is based on economic trends, future improvements within Tahoe City and surrounding communities, local demand for services, increased need for safe moorage, and the need to remain economically viable. The Tahoe City Marina currently is experiencing unmet demand for mooring facilities. The marina operates at full capacity during the peak summer season and maintains a waiting list of approximately 75 people seeking slips or buoy space. Other primary marinas in the area also operate at full capacity and maintain waiting lists. In addition, the Tahoe City Marina anticipates population growth and shifts in recreational preferences contributing to future demand for boat mooring facilities in the area. Shifts have also occurred in regards to the size of boats and demand has increased for larger boat slips to accommodate the modern, wider and longer boats. The current facilities at the Tahoe City Marina, that were built 20 to 30 years ago, cannot accommodate the now larger boats.

4. The Lessee proposes to implement the expansion project in two phases. An Environmental Impact Report was prepared and Phase 1 was adopted by Placer County and the Tahoe Regional Planning Agency, the lead agencies. The Lessee has submitted for consideration by the Commission an application to amend its lease for the authorization of the proposed Phase 1 of the expansion project. Phase 2 of the project has not yet been adopted, but could include the following components – removal/reconstruction of an existing 290 foot pier, extension of an existing seawall, installation of a floating dock and 100 additional boat slips. In the event the Lessee decides to proceed with Phase 2 of the expansion project, the Lessee will need to apply to the Commission for authorization before proceeding.

5. Phase 1 will involve expansion of the marina as well as improvements to the upland parking facilities. The proposed expanded marina facility will

be open to the public and will provide expanded berthing, fueling and pumpout facilities, public view access on the pier, and recreational operations available to the public. The portion of the Phase 1 project that will be located on State-owned sovereign land will include a new 727± foot-long public access pier. The pier will sit partially upon a new ten-foot wide crib wall that will extend 324± feet out into the lake. From the end of the crib wall, the fixed pier will extend another 403± feet next to a sheet pile wall. The fueling and pumpout facilities on the existing dock will be removed and replaced. Near the end of the proposed sheet pile wall, a new fueling and pumpout facility will be installed on a nine-foot by nine-foot fuel dock.

6. To provide energy dissipation for incoming waves, two floating wave attenuators will be installed at the north end of the proposed sheet pile wall. In addition, a floating dock will be installed adjacent to the existing marina wall at the existing entrance location.

7. The Lessee is proposing to construct 81 new boat slips in Phase 1. The boat slips will range in size from 20 to 65 feet with 67 of the proposed boat slips located on State-owned sovereign land. To accommodate these slips, the marina expansion and the change in the entry channel, a portion of the existing 41 mooring buoys and ten marker buoys will be relocated to the west adjacent to the proposed sheet pile wall. In addition, dredging will be required in several locations west of the existing marina in order to provide additional depth needed for the new boat slips. The dredging will occur in areas that have been previously dredged. Pursuant to its proposed Resolution, No. R6T-2008, the California Regional Water Quality Control Board, Lahontan Region, will be considering on March 12, 2008 authorization of the dredging through an Order for Clean Water Act Section 401 Water Quality Certification with a Monitoring and Reporting Program. Prior to commencement of dredging, pilings for the crib and sheet pile walls will be installed, which will be used to secure turbidity curtains around the entire perimeter of the dredging area.

8. Phase 1 of the Tahoe City Marina Expansion Project is anticipated to take approximately two years. Construction will begin once all approvals have been obtained.

9. An EIR was prepared and certified for this project by the Placer County Planning Department on March 24, 2005. The California State Lands Commission staff has reviewed such document and Mitigation Monitoring Program prepared in conformance with the provisions of the CEQA (Public Resources Code Section 21081.6) and adopted by the lead agency.

Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are contained on file in the Sacramento Office of the California State Lands Commission.

10. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

Placer County
California Department of Fish and Game

FURTHER APPROVALS REQUIRED:

California Regional Water Quality Control Board, Lahontan Region (March 12-13, 2008)
Tahoe Regional Planning Agency (March 26, 2008)
United States Army Corps of Engineers

EXHIBITS:

A. Site and Location Map
B. Legal Description

PERMIT STREAMLINING ACT DEADLINE:

September 22, 2008

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT AN EIR WAS PREPARED AND CERTIFIED FOR THIS PROJECT BY PLACER COUNTY PLANNING DEPARTMENT ON MARCH 24, 2005 AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTIONS 15091 AND 15096 (h), AS CONTAINED ON FILE IN THE SACRAMENTO OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION. ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED ON FILE IN THE SACRAMENTO OFFICE OF THE CALIFORNIA STATE LANDS COMMISSION.

SIGNIFICANT LANDS INVENTORY FINDING:

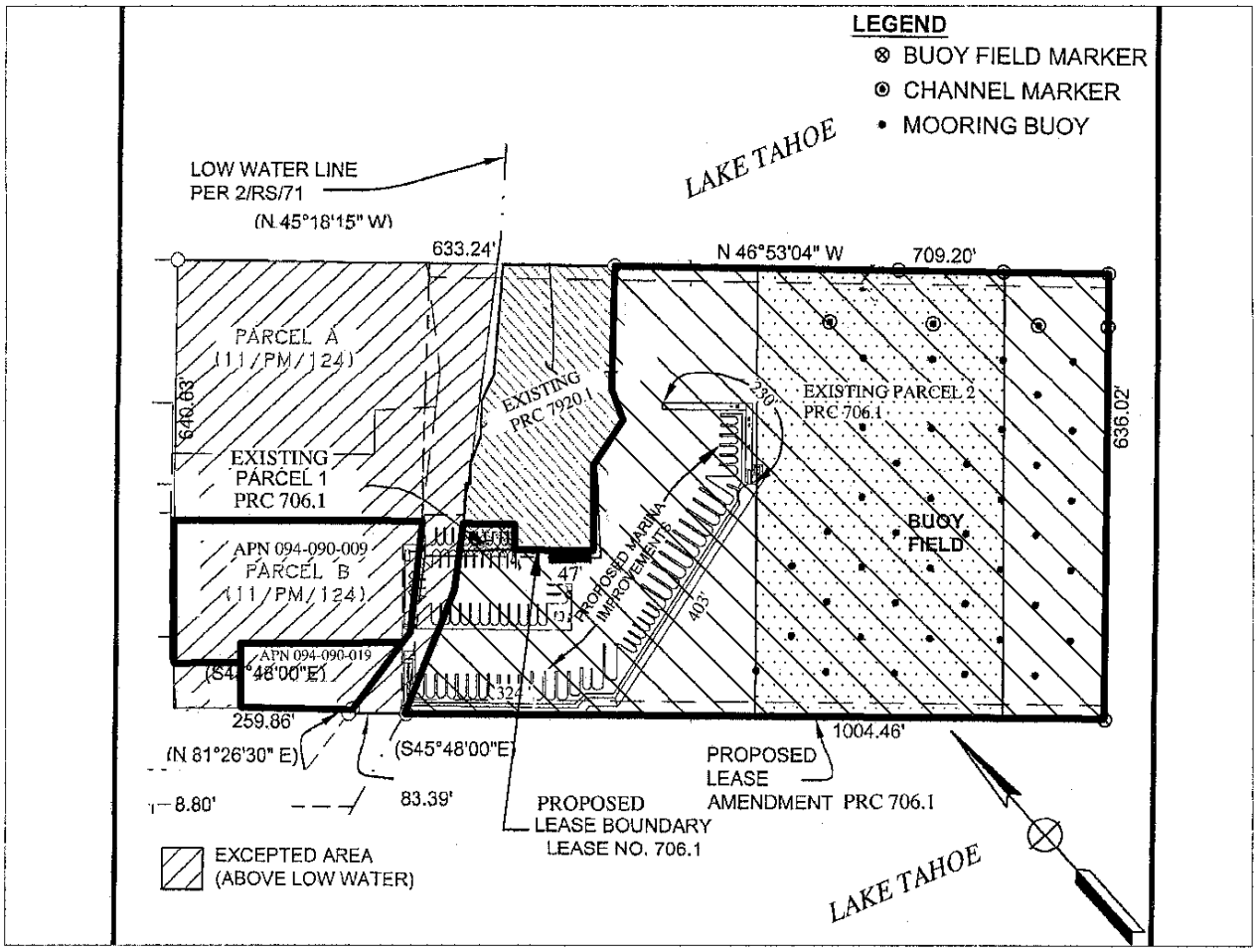
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 706.1, A GENERAL LEASE – COMMERCIAL USE, OF LANDS AS SHOWN ON EXHIBIT A AND DESCRIBED IN EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE MARCH 25, 2008, TO AUTHORIZE THE PROPOSED PHASE 1 EXPANSION OF THE TAHOE CITY MARINA; AUTHORIZE THE OPERATION POWER BOAT, SAILING BOAT AND FISHING CHARTERS; REVISE CONSIDERATION TO ADJUST THE MINIMUM ANNUAL RENT AND SURETY AMOUNT ON THE FIRST ANNIVERSARY AFTER COMPLETION OF CONSTRUCTION; REVISE CONSIDERATION TO INCLUDE TEN PERCENT OF GROSS INCOME FROM UNAUTHORIZED ACTIVITIES ON OR OVER THE LEASE PREMISES; REVISE LIABILITY INSURANCE FROM COVERAGE OF NO LESS THAN $1,000,000 TO $3,000,000; REQUIRE SURETY IN THE AMOUNT OF $30,000; REQUIRE CONSTRUCTION PERFORMANCE BOND IN THE AMOUNT OF $1,500,000; AUTHORIZE ADDITIONAL SPECIAL PROVISIONS RELATED TO THE REPORTING OF ANNUAL INCOME, THE COMMISSION'S BEST MANAGEMENT PRACTICE PROVISIONS, IMPLEMENTATION OF FUTURE INVASIVE AQUATIC SPECIES MANAGEMENT PLAN, AND THE CONSTRUCTION OF THE PROPOSED PHASE 1 EXPANSION OF THE TAHOE CITY MARINA; AND REPLACE SECTION 3 (LAND DESCRIPTION) OF THE LEASE, AS SHOWN ON EXHIBIT B; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

NO SCALE

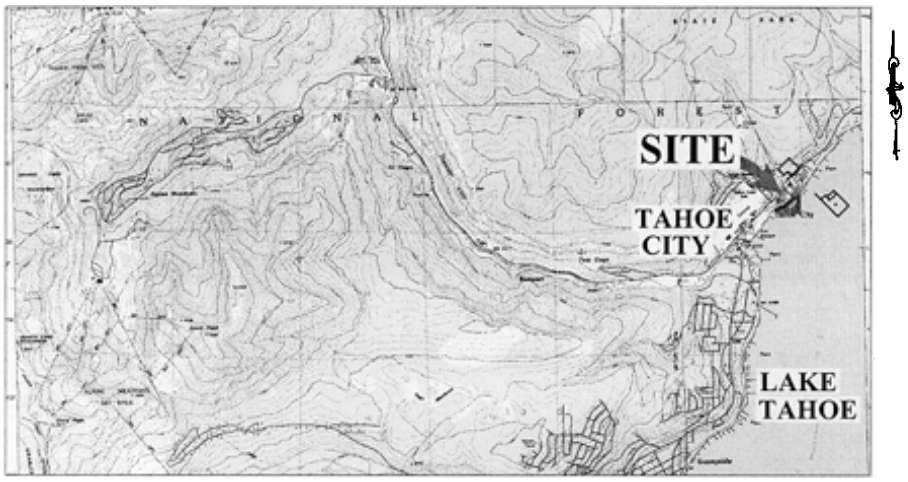
SITE



700 N LAKE BLVD, TAHOE CITY
PLACER COUNTY

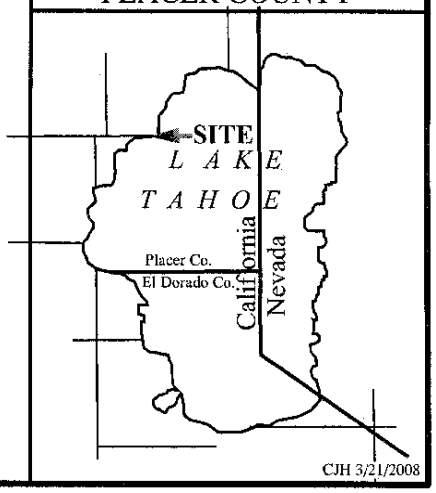
NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit A

WP 706
TAHOE YACHT CLUB
GENERAL LEASE
COMMERCIAL USE
TAHOE CITY
PLACER COUNTY