

**CALENDAR ITEM
C10**

A 9
S 6

10/27/11
PRC 6015.1
V. Caldwell

REVISION OF RENT

LESSEE:

River View Marina, a Limited Partnership
135 Third Street, Suite 150
San Rafael, California 94901

AREA, LAND TYPE, AND LOCATION:

3.86 acres, more or less, of sovereign land in the Sacramento River, adjacent to 1801 Garden Highway, city of Sacramento, Sacramento County.

AUTHORIZED USE:

A commercial marina with 56 covered berths, 32 uncovered berths, 450 lineal feet of side ties, debris diverter, restaurant/bar operation, harbor master barge, yacht sales, tour excursion boats, pump out station, and bank protection.

LEASE TERM:

48 years, beginning January 1, 1981.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that the Minimum Annual Rent be revised from \$15,000 per year to \$14,000 per year, effective January 1, 2012.

SPECIFIC LEASE PROVISIONS:

Insurance:

This lease provides that Lessor may increase the amount of liability insurance periodically during the lease term. Pursuant to this provision, staff recommends an increase in liability insurance from \$1,000,000 to \$3,000,000, effective January 1, 2012.

Bond:

This lease provides that Lessor may increase the amount of the surety bond periodically during the lease term. Pursuant to this provision, staff

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recommends an increase in the surety bond from \$20,000 to \$50,000, effective January 1, 2012.

OTHER PERTINENT INFORMATION:

1. Lessee owns the uplands adjoining the lease premises.
2. On June 24, 1981, the Commission issued a 30-year General Lease – Commercial Use to River View Marina, a Limited Partnership, for a commercial marina. On January 27, 1983, the Commission authorized the change of the beginning lease date from May 18, 1981, to January 1, 1981. On April 5, 2004, the Commission approved an Agreement and Consent to Encumber the Lease in favor of Gateway Financial Corporation, a California Corporation, in the amount of \$450,000 and extended the lease 25 years. The lease expires December 31, 2029.
3. The lease contains a special provision allowing for a temporary reduction in the minimum annual rent in the event that the Lessee's subtenants no longer conduct business on the lease premises. In 2006, a restaurant sublessee vacated the lease premises, causing a significant reduction to the Lessee's gross revenue. The Lessee is now requesting that this special lease provision, to temporarily reduce the minimum annual rent, be considered during this 5-year rent review.
4. Staff is recommending a reduction in the Minimum Annual Rent at the request of the Lessee. For two of the last three years, the Lessee has demonstrated a reduction in gross revenue resulting in a rent due, based on gross income, below the minimum. However, in 2011, rent due based on gross income exceeded the minimum annual rent. The rent is a minimum rent paid quarterly against a percentage of annual gross revenue at the rate of 5.5% for berthing, 1.5% for restaurant/bar operation; 25% for coin-operated vending and game machines; 0.5% for yacht sales; 1% for tour or excursion boats; and 10% of all other income. Currently, there is no restaurant, tour or excursion boats, or yacht sales operating at the marina, and no coin-operated vending or game machines
5. Staff is recommending that the insurance and bond amounts be increased to levels currently being applied to similar marina leases.

EXHIBIT:

- A: Site and Location Map

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RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

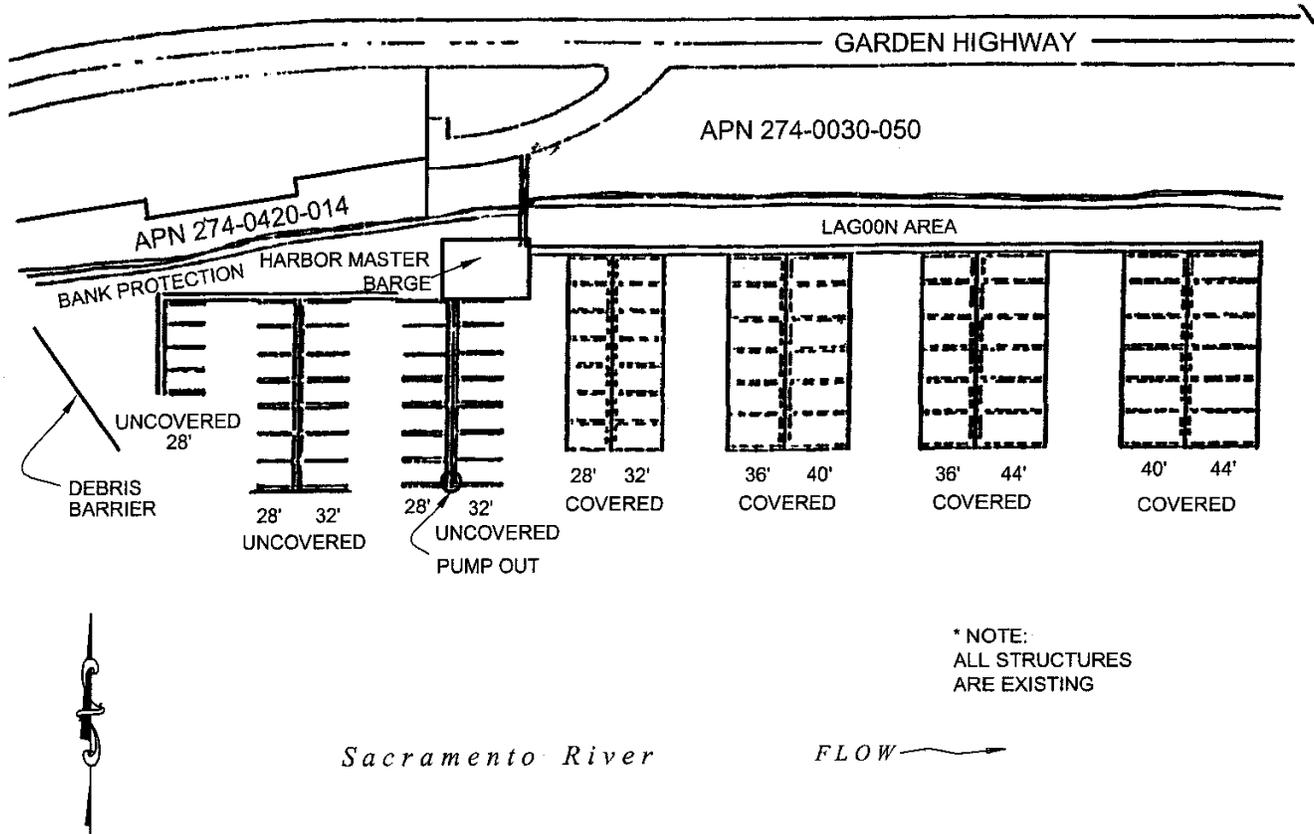
Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

1. Approve a revision of the Minimum Annual Rent for Lease No. PRC 6015.1 from \$15,000 per year to \$14,000 per year, effective January 1, 2012.
2. Acknowledge the increase in liability insurance from \$1,000,000 to \$3,000,000, effective January 1, 2012
3. Acknowledge the increase in the surety bond from \$20,000 to \$50,000, effective January 1, 2012.

NO SCALE

SITE



1801 GARDEN HIGHWAY, RIVER VIEW MARINA

NO SCALE

LOCATION



Exhibit A

RIVER VIEW MARINA
 PRC 6015.1
 APN 274-0420-014
 GENERAL LEASE-
 COMMERCIAL USE
 SACRAMENTO CO.



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.