

**CALENDAR ITEM
C13**

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04/26/13
PRC 5167.1
V. Caldwell

REVISION OF RENT

LESSEE:

Buffer Properties, LLC

AREA, LAND TYPE, AND LOCATION:

One acre, more or less, of sovereign land in the Sacramento River, adjacent to 1577 Garden Highway, near the city of Sacramento, Sacramento County.

AUTHORIZED USE:

Continued operation, use, and maintenance of an existing commercial marina known as the Virgin Sturgeon.

TERM:

49 years beginning June 18, 1976.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease and recommends that the minimum annual rent be revised, effective June 18, 2013, from \$17,393 per year, paid in 12 equal installments, to \$21,750 per year, paid in 12 equal installments; against six percent of the gross annual income derived from the commercial activities from berthing, docking, and mooring of boats; one and one-half percent of gross income from the restaurant and bar operations; 25 percent of gross income from the operation of coin-operated vending and electronic game machines; and 10 percent of all other gross income generated on the Lease Premises.

SPECIFIC LEASE PROVISIONS:

This lease provides that Lessor may increase the amount of the surety bond or other security periodically during the lease term. Pursuant to this provision, staff recommends an increase in the surety bond or other security from \$20,000 to \$50,000, effective June 18, 2013.

CALENDAR ITEM NO. **C13** (CONT'D)

OTHER PERTINENT INFORMATION:

1. Lessee owns the upland adjoining a portion of the lease premises.
2. On June 22, 1976, the Commission authorized a General Lease – Commercial Use to John K. Johnson, Loraine C. Patching, and John D. Cox for a term of 15 years with one 10-year renewal period. That lease expired June 17, 1991. On February 27, 1996, the Commission authorized an amendment of Lease PRC 5167.1 to extend the term of the Lease to expire on June 17, 2025.

Subsequently, on September 22, 1983, the Commission approved an assignment of the General Lease – Commercial Use to Virgin Sturgeon, Inc.

On December 9, 2003, the Commission authorized an assignment from Virgin Sturgeon, Inc., to Buffer Properties, LLC. Following the assignment, the Commission authorized a sublease from Buffer Properties, LLC back to Virgin Sturgeon, Inc. That sublease expires June 17, 2025.

3. The staff recommends that the Commission find that the subject revision of rent does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

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

CALENDAR ITEM NO. **C13** (CONT'D)

AUTHORIZATION:

1. Approve the revision of rent for Lease No. PRC 5167.1 from a minimum annual rent of \$17,393 per year, paid in 12 equal installments to a minimum annual rent of \$21,750 per year, paid in 12 equal installments, effective June 18, 2013.
2. Approve the increase in the surety from \$20,000 to \$50,000, effective June 18, 2013.

NO SCALE

SITE



1577 Garden Highway, Sacramento

NO SCALE

LOCATION



MAP SOURCE. USGS QUAD

Exhibit A

PRC 5167.1
 BUFFER PROPERTIES LLC
 APN 274-0320-035
 274-0300-032
 GENERAL LEASE -
 COMMERCIAL USE
 SACRAMENTO COUNTY



MEF 11/7/12

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