

MINUTE ITEM
This Calendar Item No. 67
was approved as Minute Item
No. 7 by the State Lands
Commission by a vote of 3
to 0 at its 10/23/86
meeting.

CALENDAR ITEM
C07

A 4
S 5

10/23/86
PRC 5441
Maricle

TEMPORARY REDUCTION, LIABILITY INSURANCE

LESSEES: Halvor G. and Toni Schultz
P. O. Box 635
Broderick, California 95605

AREA, TYPE LAND AND LOCATION:
A 2.623-acre parcel of tide and submerged land,
located in the Sacramento River, Yolo County.

LAND USE: Commercial marina, popularly known as Viewpoint
Marina.

TERMS OF EXISTING LEASE:
Initial period: 15 years beginning January 1,
1978.
Surety bond: \$5,000.
Public liability insurance: Combined single
limit coverage of \$750,000.

CONSIDERATION: \$450 per annum or five percent of gross income
per annum, paid annually, whichever is greater,
with the State reserving the right to fix a
different rental on each fifth anniversary of
the lease.

BASIS FOR CONSIDERATION:
Pursuant to 2 Cal. Adm. Code 2003.

STATUTORY AND OTHER REFERENCES:
A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
B. Cal. Adm. Code: Title 2, Div. 3; Title 14,
Div. 6.

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AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

2. The Lessees of Lease PRC 5441 request a temporary reduction of the required liability coverage in that Lease, from \$750,000 to \$500,000. Correspondence from the Lessees include the following statements:

"At the time of execution of the lease, the business operation consisted of three separate elements.

- a. Shop & Dry Storage
- b. Elevator and Haulouts
- c. Covered and open dockage.

"Because of the pending Lighthouse Marina Project in which Viewpoint Marina is an optionor, the shop and dry storage and elevator haulout operations have been discontinued.

"The operations were discontinued when the current tenant's lease expired and no viable tenant was willing to lease the operation without a guarantee of continued renewal options. This guarantee could not be given under the terms of the option entered into with Lighthouse Properties.

"At present, the covered and open dockage is the principal activity of Viewpoint, and pending the exercising of its option to

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Lighthouse, or the declaration of its intentions, all operating improvements and business development has been suspended as being economically unfeasible.

"As marinas go, the present operation is a relatively small function of a viable marina and has a substantially reduced risk exposure than existed at the inception of the lease.

"The value of the boats docking at Viewpoint range from \$500 to over \$100,000 and carry liability insurance coverage of their own. This also provides an additional "buffer" to the State of California if any injury is affiliated with a docked vessel.

"Insurance company landwriters have established policies in multiples of \$100,000, 200,000, 300,000, 400,000, 500,000 and 1,000,000 and so on.

"They will not issue a \$750,000 policy, so if Viewpoint were to request additional coverage they would have to obtain a \$1,000,000 policy, which cost would be prohibitive under its present operation, and force Viewpoint into bankruptcy."

3. The curtailment in operations will result in less risk exposure, and staff has no objection to Mr. Schultz's request, provided that the insurance coverage be restored to the \$750,000 minimum when the shop and dry storage, and elevator and haulout activities are resumed. Mr. Schultz has agreed to this condition in a letter dated August 28, 1986. Staff also believes that such can be achieved by minute item presentation to Mr. Schultz, if this matter meets with Commission approval.

APPROVALS OBTAINED:

None.

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FURTHER APPROVALS REQUIRED:
None.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE, BY MINUTE ITEM PUBLICATION, A TEMPORARY REDUCTION OF LIABILITY INSURANCE COVERAGE REGARDING LEASE PRC 5441, FROM \$750,000 TO \$500,000, PROVIDED THAT SUCH COVERAGE SHALL BE RESTORED TO \$750,000 WHEN THE SHOP AND DRY STORAGE, AND, ELEVATOR AND HAULOUT ACTIVITIES ARE RESUMED.

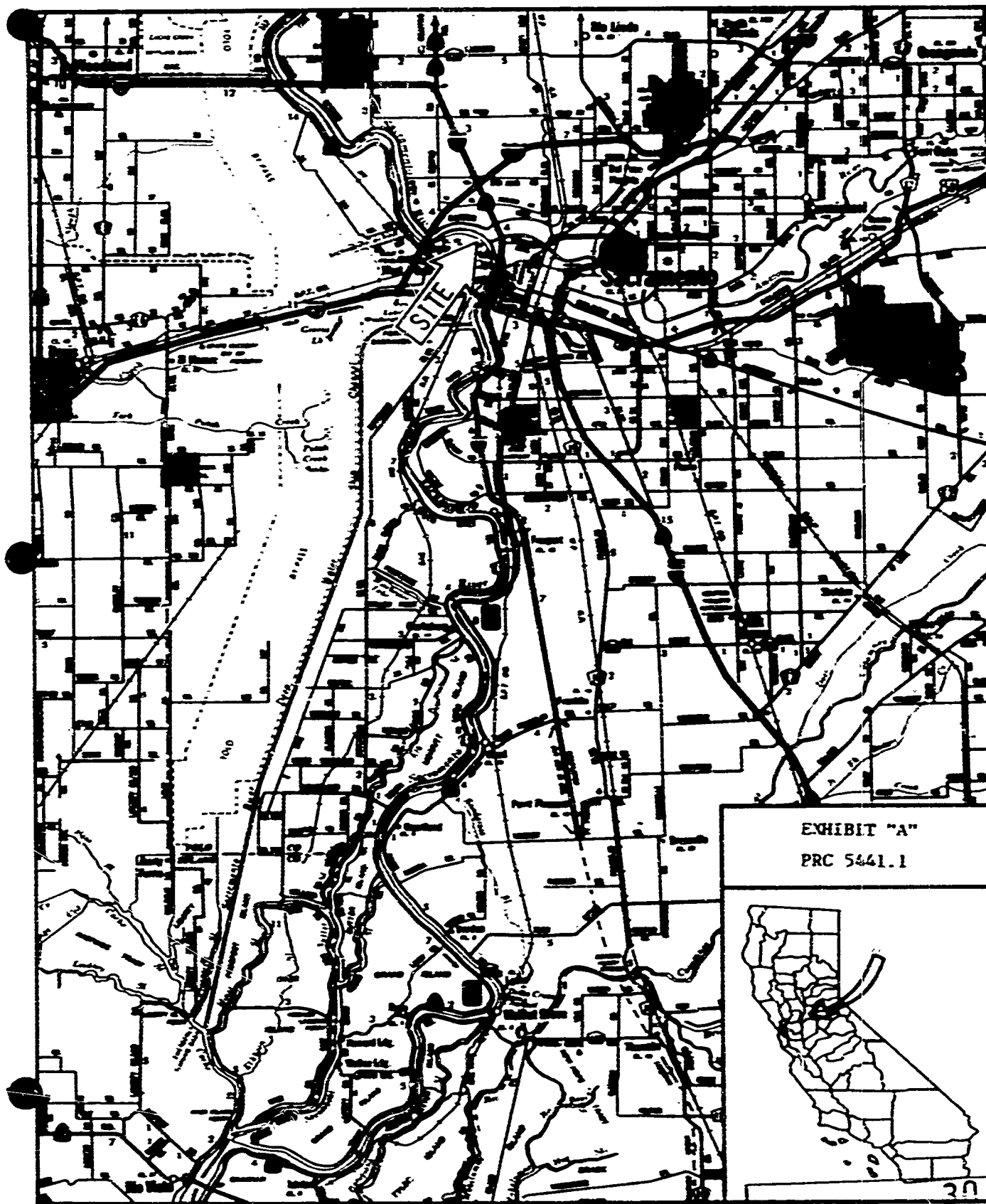


EXHIBIT "A"

PRC 5441.1



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