Staff Report

To: Board of Harbor Commissioners

From: Mike Rademaker, CEO/Harbormaster

Date: July 12, 2026

Subject: Approval of Commercial Land Leases for Redwood Harbor Village RV Park and Bayside RV Park

Background

The Board previously considered proposed long-term leases for the Redwood Harbor Village RV Park and Bayside RV Park as part of the District's effort to secure professional private management, improve the condition and operation of the properties, and facilitate their continued rehabilitation and development as harbor-serving hospitality and tourism facilities.

Since the Board's most recent public consideration of the proposed leases, the documents have been updated to identify the proposed tenant as Crescent City Beach Village LLC, a California limited liability company. This change reflects the legal entity through which the lessee proposes to enter into and perform the leases. Daniel H. Dahan, who has represented the proposed lessee throughout the negotiations, remains the Manager of the tenant entity and the individual responsible for its management and communications with the District. Accordingly, the change in the named lessee does not represent a change in the principal representative or proposed management of the properties.

The leases have also been updated to establish **August 1, 2026**, as the rent and operational commencement date. This date will allow the parties to coordinate the transfer of operational responsibilities, resident and customer records, deposits, prepaid rents, utility responsibilities, insurance documentation, and other transition matters associated with the two properties. Finally, a cross-default provision has been added to both leases as explained in more detail below.

Discussion

The Redwood Harbor Village and Bayside leases use substantially the same commercial lease structure and contain materially consistent provisions governing the term, percentage rent, annual rent adjustments, maintenance, utilities, insurance, indemnification, improvements, assignment, financing, defaults, regulatory compliance, and surrender of the properties.

Each lease provides for an initial term of fifteen years and three options to extend the term for five years each, subject to the conditions contained in the leases. Each is structured as a triple-net lease under which the tenant will generally be responsible for the costs of operating, maintaining, and occupying the respective property.

The Redwood Harbor Village lease provides for monthly minimum rent of **$7,500**. The Bayside lease provides for monthly minimum rent of **$5,000**. Under both leases, the tenant will also pay percentage rent equal to the amount, if any, by which **ten percent** of monthly Gross Sales exceeds the applicable monthly minimum rent. The minimum rent will be adjusted annually by the greater of two percent or the average annual change in the applicable Consumer Price Index over the seven most recently published annual periods.

The principal differences between the leases relate to the characteristics of the individual properties. In particular, the Bayside lease contains additional provisions governing the assignment and assumption of existing resident agreements, the transfer and accounting of security deposits and prepaid rents, and the allocation of responsibility for matters occurring before and after the operational transition. The leases also contain reciprocal provisions addressing defaults under the related lease, reflecting the District's expectation that the two properties will be managed as a coordinated operation.

These updated lease versions make clear that August 1, 2026, is the operative commencement date for rent and operational responsibilities. The leases and memoranda of lease will be conformed as needed before execution to ensure that all elements, such as Effective Date, term commencement, rent commencement, and operational transition provisions are internally consistent.

Staff reviewed the two documents for internal and cross-consistency. Minor drafting errors and omissions were identified, such as with the signature information; internal section cross-references, captions, and document footers; and other non-substantive formatting and typographical corrections such as extraneous commas and mis-formatted property addresses. The provisions requiring the same tenant entity to remain responsible for both leases were adjusted to be consistent in both documents. Additionally, the Bayside provisions concerning existing residents were reconciled with the general restriction against future long-term rental use and a clarifying sentence was added to the end of section 9(b)(6).

Fiscal Impact

The leases will produce combined minimum rent of $12,500 per month, or $150,000 annually, before annual rent adjustments and any additional percentage rent.

The triple-net structure will also transfer responsibility for most operating expenses, utilities, taxes and assessments, maintenance, insurance, and other property-related costs to the tenant.

Conclusion

The conforming corrections noted above do not change the principal financial or business terms previously presented to the Board. Staff recommends approval of both leases as submitted.