SISKIYOU COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
STAFF REPORT

MEETING DATE:	August 11, 2026
TO:	Flood District Board of Directors
FROM:	Assistant County Counsel, Natalie E. Reed
SUBJECT:	Mt. Shasta Resort: Lease Amendment Procedures

I. **BACKGROUND**

In 1992, the Siskiyou County Flood Control and Water Conservation District leased a portion[1] of its property to Fryer & Sons for a period of 40 years for development of recreational facilities and nongovernmental retail/service retail compatible with both the District's uses and its then-operative Davis-Grunsky Act Agreement. In 1993, this lease was assigned to Siskiyou Lake Golf Resort, Inc., and thereafter, recreational and retail improvements, including a golf course, tennis courts, clubhouse, pro shop, restaurant, bar, and chalets, were completed at and surrounding the subject property. This lease, which has been twice amended to provide for an additional tennis court and a revision to the subject property description, continues to serve as an important source of revenue generation for the District. The lease not only funds the work and operations of the District, it also enhances recreational opportunities for the public on District property.

The District and Siskiyou Lake Golf Resort, Inc., are interested in extending the term of this lease through an addendum that would amend the termination date from May 11, 2032 to May 11, 2072 (adding 40 years), update the lease's insurance provisions, and increase compensation to be paid to the District.

II. **PROCEDURE AND PROPOSED BOARD RESOLUTION**

To extend the lease, the District must comply with procedures and requirements under both its own originating Act[2] and the Surplus Land Act.[3]

a. **Flood District Act and Leasing District Property**

The District's Act provides that the Board of Directors may lease its property "in the manner provided by law for the disposition and sale of property of counties".[4] Government Code

[1] Portions of 1000 Siskiyou Lake Boulevard, Mount Shasta, CA 96067.
[2] See Cal Uncod. Water Deer, Act 1240 (hereinafter "District Act").
[3] Government Code, §§ 54220-54234.
[4] District Act, § 14.

sections 25536(a) allows counites, by a 4/5 vote of the board, to directly enter into leases or concessionaire contracts without competitive bidding when the property subject to the lease is devoted to or held for amusement, park, or recreation uses, among others, or for commercial development incidental thereto or not inconsistent therewith.[5] The subject property is developed with a golf course, tennis courts, and chalets, and is devoted to recreational uses and commercial development incidental thereto. Thus, under the District's Act, the District may rely upon Section 25536(a) (applicable to counties) to directly enter into a lease addendum to extend the lease with Siskiyou Lake Golf Resort so long as the addendum receives a 4/5 vote of approval.

b. Surplus Land Act and Leasing District Property

In addition to the District's Act, the District must also comply with the Surplus Land Act. The primary goal of the Surplus Land Act (SLA) is to ensure that publicly owned land that is no longer needed for government use is prioritized for the development of affordable housing. The SLA functions as a "right of first refusal" law. Before a county or special district can dispose of its surplus land, it must formally offer the property to affordable housing developers. In recent years the SLA was amended to define "disposition" of land as including leases that exceed 15 years (including extension or renewal options).[6] This brings long-term leases and addendums under SLA regulations, unless an exemption applies.

Here, staff is recommending the Board adopt a resolution asserting two alternative bases for exempting the proposed 40-year lease extension from the SLA. The first is a declaration that the subject property may fall outside the scope of the Surplus Land Act entirely because the District has reserved certain rights in the lease to access the subject property and maintain public trails, and thus it is not "surplus property" and remains necessary to serve the District's purposes. A second basis for exemption is that the subject property is "exempt surplus land" pursuant to Government Code Section 54221(f)(1)(N) because the subject property is used by a special district for "agency use" expressly authorized in subdivision (c) of Government Code section 54221.[7]

Upon the District Board making these declarations, the District must send to the California Department of Housing and Community Development ("HCD") a written notification, including a Board authorized Resolution, declaring the property exempt at least 30 days

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[5] See Gov. Code, § 25536(a).

[6] There are two types of leases that are not considered a "disposition" under the SLA and are excepted from SLA requirements: 1) Leases for 15 years or less, and 2) Leases of any term which do not allow development or demolition to occur. (See Government Code § 54221(d)(2).)

[7] "Agency's use" for special districts includes commercial and non-governmental retail uses for generation of revenue. See Government Code, § 54221(c)(2)(B).

prior to disposition (i.e., execution of an addendum to extend term). Within 30 days of receipt of the declaration, HCD will notify the District whether the property qualifies as exempt or not.[8]

III. **RECOMMENDATION AND NEXT STEPS**

Staff recommends the District Board adopt the Resolution described above and attached hereto declaring the subject property is exempt surplus land, finding the project to be categorically exempt from the California Environmental Quality Act (CEQA Guidelines, § 15301, §15304, and/or §15061(b)(3)), and delegating authority to the Executive Director to do all things that are necessary to give effect to and comply with the terms and intent of the Resolution. Staff will return to the Board with the proposed Third Addendum upon receipt of confirmation from HCD that the subject property is exempt from SLA notice and negotiation requirements.

[8] Seeking HCD's concurrence is important for both regulatory compliance and protecting the Flood District's revenue. HCD’s enforcement of the SLA can involve financial penalties for violations, which penalties are a percentage of the lease’s "disposition value".