Committee Staff Summary for November 12, 2026 MRC

6. Marine Aquaculture: State Water Bottom Leasing Requirements Rulemaking

Today's Item **Information ☒** **Action ☐**

Receive and discuss staff overview of proposed changes to regulations governing the leasing of state water bottoms, focused on strengthening specific lease terms in advance of the renewal of existing state water bottom leases.

Summary of Previous/Future Actions

• Marine Resources Committee (MRC) recommended, and Commission approved, updating aquaculture lease template and prioritizing lease renewal workload	March 12, 2026; MRC and April 15-16, 2026
• Commission referred "state water bottom leasing requirements rulemaking" topic to MRC	October 13-16, 2026
• **Today, initial vetting of rulemaking topics**	**November 12, 2026; MRC**
• MRC discussion and potential recommendation for rulemaking	March 18, 2027; MRC
• Receive MRC recommendation	April 14-15, 2027
• Notice hearing	June 9-10, 2027
• Discussion hearing	August 18-19, 2027
• Adoption hearing	October 13-14, 2027

Background

The Commission has the authority to lease state water bottoms for marine aquaculture under sections 15400 and 15405 of the California Fish and Game Code. Under Section 15406, a lessee that remains actively engaged in aquaculture, as determined by the Commission, has a prior right to renew its lease on terms agreed upon between the Commission and the lessee. If a request for renewal is not made by the lessee, or if terms are not agreed upon, the Commission shall advertise for bids on the lease.

While the Commission serves as the leasing authority and is responsible for approving lease renewals, the Department has primary responsibility for management and administration of aquaculture lease operations. In that role, the Department oversees day-to-day lease administration, monitors lease compliance, and provides technical and operational support to the Commission and leaseholders.

Commission and Department staff work closely to administer leases, ensure lease compliance with lease terms and applicable requirements, coordinate on areas of shared responsibility, and assist leaseholders in addressing emerging issues and operational challenges. Regulations governing state water bottom leases are set forth in Section 237 (Leasing of State Water Bottoms for Aquaculture).

Prioritizing Aquaculture Workload

In March 2026, MRC discussed the status of existing state water bottom leases, pending lease amendment requests, new lease applications, and workload priorities for aquaculture leasing and management. Staff noted that of the 17 state water bottom leases issued by the Commission, 7 are scheduled to expire in 2027 and that renewal or extension of the leases would be necessary for leaseholders to continue aquaculture operations beyond their current lease term. In addition, staff highlighted that there were over 15 pending lease amendment requests including two new lease applications, and noted that a third application was withdrawn following MRC's initial review in 2025. A discussion ensued regarding workload for aquaculture leasing and management, and where limited resources should be prioritized.

Following the discussion, MRC recommended supporting the Commission's existing aquaculture-related commitments, including preparations for upcoming lease renewals, and updating the standard aquaculture lease template (Exhibit 1) to address deficiencies and outdated provisions, and to improve compliance and accountability. The staff summary for the March 2026 MRC discussion is included as Exhibit 2 for background purposes. At its April 2026 meeting, the Commission adopted MRC's recommendation and directed staff to update the standard terms and conditions in the current lease agreement template.

Recognizing the Need for Rulemaking

Over the summer of 2026, staff began implementing the Commission's direction to update the aquaculture lease agreement template. During the effort, staff identified certain priority issues and requirements that could not be addressed solely through revisions to the lease template and that would, instead, need amendments to Title 14 regulations due to statutory requirements. Staff also determined that other provisions being considered for inclusion in lease agreements would be more appropriately established through regulation and applied consistently across all state water bottom leases.

At the October 2026 Commission meeting, staff shared with the Commission the identified limitations and recommended undertaking a narrowly scoped rulemaking in 2027 to implement aspects of the Commission's prior direction that could not be accomplished through revisions to the lease agreement template alone. The Commission approved the recommendation, added to the MRC work plan a state water bottom lease rulemaking topic, and scheduled the topic for initial vetting and discussion at the November MRC meeting (today) and further discussion and potential recommendation at the March 2027 MRC meeting.

Proposed Rulemaking Scope

The scope of the 2027 rulemaking is proposed as a narrowly focused set of amendments to fulfill the Commission's directive to address outdated provisions and formalize key lease terms and conditions that improve clarity, transparency, and enforceability of state water bottom lease administration. The scope is also proposed to include regulations to support the related need for reimbursable contracts that facilitate more expedient processing of CEQA documents, a standard practice by government agencies for CEQA compliance that can only be implemented with statutorily required regulations.

An important context to the discussion about the scope of a rulemaking is that Section 237 has not been amended since 1989; thus, there are many opportunities for improving regulations governing state water bottom leases – too many to pursue all at once in a single rulemaking. Staff envisions that at least two rulemakings will be necessary to bring leasing regulations up to modern standards and management priorities. Hence, the scope proposed by staff for 2027 targets regulatory priorities identified as having an immediate need. Examples include lease termination and assignment processes, the ability to meet lease use requirements through planting seed and stock in addition to production requirements, and defining select general terms and conditions applying to all leases.

Initial Rulemaking Outreach

Following the October meeting, staff continued its initial outreach with leaseholders, stakeholders, and partner agencies regarding elements of a rulemaking as well as upcoming lease renewals; staff highlighted potential regulatory topics, received suggested additions and modifications, and grouped topics into near-term and longer-term priorities. Exhibit 3 summarizes potential topics, the rationale for considering regulatory changes, feedback received to date, and recommended timing for rulemaking.

A portion of the feedback received during outreach meetings consisted of overarching concerns not specific to any one regulatory topic, with impacts of climate change at the top of mind in some of the conversations. The looming “super El Nino” event will place increased pressure on growers by altering their ability to service gear, impacting growing conditions, and increasing risks associated with large storm events. Leaseholders voiced the importance of considering climate change impacts and the need for operational flexibility to adapt to such stressors when amending regulations in the 2027 and future rulemakings. Stakeholders also emphasized the importance of transparency, consistency, and, in some cases, strengthened compliance and enforcement mechanisms.

Lease Renewals in 2026 and 2027

During outreach discussions, leaseholders with pending or upcoming renewals expressed significant concerns regarding incorporating amended regulations into their lease agreements, and the suggestion by staff that two-year extensions could be used to achieve that goal. Leaseholders identified potential unintended consequences, including financial hardships, associated with delaying renewals and raised questions regarding the relationship between upcoming lease renewals and the rulemaking, including whether some of the more complex topics (i.e., rental rate calculations) could be deferred to a future rulemaking to allow upcoming renewals to proceed on standard timelines. Understanding the concerns, staff has been in discussion with other agencies about permitting processes and costs while also evaluating process options for implementing lease renewals that incorporate changes as directed by the Commission, including the possibility of more significant negotiations with individual leaseholders. Staff will bring a recommendation to the December 2026 Commission meeting when the Commission will consider the first two lease renewals.

Today’s Initial Vetting and Discussion

Today, staff will present proposed regulatory changes (Exhibit 4), summarize feedback received during outreach, and seek guidance on any considerations staff should evaluate

before returning to MRC in March 2027. The discussion will also provide an opportunity for MRC to consider the potential scope of the 2027 rulemaking and vet potential regulatory amendment topics with meeting participants.

Significant Public Comments (N/A)

Recommendation

Commission staff: Provide staff with input regarding potential priorities for the 2027 rulemaking and any considerations staff should evaluate before returning to MRC with recommendations in March.

Exhibits

1. Current lease template for general terms and conditions, updated 2011
2. Staff summary for Agenda Item 3, from March 2026 MRC meeting related to aquaculture lease updates (*for background purposes only*)
3. Summary of topics identified for potential regulatory changes, updated November 5, 2026
4. Staff presentation – *to be posted separately*

Committee Direction/Recommendation (N/A)

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
State of California)
Fish and Game State)
1416 Ninth Street, 13th Floor)
Sacramento, CA 95814)

Space Above Line for Recorder's Use Only

LEASE GRANTING THE EXCLUSIVE PRIVILEGE OF CONDUCTING AQUACULTURE AT STATE WATER BOTTOM NO. M-000-00

THIS LEASE GRANTING THE EXCLUSIVE PRIVILEGE OF CONDUCTING AQUACULTURE AT STATE WATER BOTTOM NO. M-000-00 ("Lease") is made and entered into as of [DATE], by and between [NAME], ("Tenant") and the California Fish and Game Commission ("State") with reference to the following facts:

RECITALS

Tenant wishes to lease a State Water Bottom for the purpose of propagating, cultivating, maintaining and harvesting aquatic plants and/or animals in marine waters of the state.

Fish and Game Code section 15400 authorizes the State to lease to any person the exclusive privilege to conduct aquaculture in any designated State Water Bottom if it determines that such lease is in the public interest.

[New lease]: On [DATE] the State awarded the lease for State Water Bottom No. M-000-00 to Tenant.

[Renewal]: On [DATE(s)] the State authorized renewal of the Lease for State Water Bottom No. M-000-00 to Tenant.

[Other]: On [DATE] [Note here any other significant events concerning the lease, e.g. amendment, assignment or designation of successor-in-interest.]

TERMS AND CONDITIONS

1. **LEASE.** The State hereby grants to Tenant the exclusive privilege to conduct aquaculture upon State Water Bottom No. M-000-00, subject to the terms and conditions of this Lease.

2. DESCRIPTION. This Lease covers that area comprising approximately 000.00 acres designated as State Water Bottom No. M-000-00 and shown on the Map and Description attached as **Exhibit A**, which is made a part of this Lease by this reference.

3. TERM. This Lease is for a period of 0.00 years commencing on [START DATE] and ending on [END DATE], unless renewed or sooner terminated in accordance with its terms.

4. ANNUAL RENT. The base rent for the Lease area is $000.00 per acre, calculated to recover Tenant's share of the State's operational costs of the aquaculture bottom leasing program attributable to shellfish cultivation. The base rent shall be annually adjusted in the following manner:

> The Department of Fish and Game shall determine the change in the "Implicit Price Deflator for State and Local government Purchases of Goods and Services," as published by the U.S. Department of Commerce, for the quarter ending March 31 of the current year compared to the quarter ending March 31 of the previous year. The relative amount of the change shall be multiplied by the amount of the annual rent.

No more frequently than at five-year intervals, the State, in its sole discretion, may recalculate the productivity classification by which the annual rent is calculated for Tenant to reflect changes in the State's operational costs of the aquaculture bottom leasing program attributable to shellfish cultivation. The 10-year average oyster production values fall into three productivity classifications:

- High productivity = >100,000 oysters/acre = $150.00 per acre/year
- Moderate productivity = >20,000-99,000 oysters/acre = $100.00 per acre/year
- Low productivity = >2,000-19,999 oysters/acre = $50.00 per acre/year

Whenever such formula is updated, the annual rent first charged Tenant thereafter shall become the new base rent, subject to the foregoing adjustments for inflation thereafter.

Notice of the annual adjusted rent for the upcoming calendar year shall be given to Tenant by December 1. Until the notice of the annual adjustment is provided, Tenant remains obligated to pay rent at the previous rate. Pursuant to Fish and Game Code section 15407, the annual rent shall be paid within 30 days of the commencement date in Section 3, and within 30 days of each anniversary. Tenant shall remit such rent to: Department of Fish and Game, Fiscal and Administrative Services Branch, 1416 Ninth Street, 12th Floor, Sacramento, California 95814 RE: State Water Bottom Lease No. M-000-00.

Payment shall be made to the State in lawful money of the United States, provided that, if any payment made by a check, draft or money order is returned to The State due to insufficient funds or otherwise, the State shall have the right, upon written notice to Tenant, to require Tenant to make all subsequent payments in cash, or by cashier's or certified check.

5. LATE PAYMENT. Annual payment of rent is due and payable on the commencement date of this Lease or any anniversary thereafter, and is timely if received by the State within thirty (30) days of such commencement date or anniversary. Any annual payment not received by the State within thirty (30) days of the Lease commencement date or anniversary thereof, regardless of whether the 30th day falls on a Saturday, Sunday or holiday, will be subject to a late penalty consisting

of an administrative charge on the late amount, calculated at the rate of five percent (5%) of the amount of the late payment. The parties agree that the late charge represents a fair and reasonable estimate of the costs the State will incur because of late payment. Acceptance of the late charge by the State shall not constitute a waiver of Tenant's default for the overdue amount, nor prevent the State from exercising other rights and remedies granted under this Lease. Tenant shall pay the late charge as additional rent within 30 days of the due date of the original payment.
Any annual payment not received by the State within ninety (90) days of the commencement date of the Lease or within ninety (90) days of any anniversary thereof shall constitute a breach of Lease, giving rise to the State's remedies as set forth herein.

Annual rent due to the State, if not received by the State within ninety (90) days following the due date, will bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate legally permitted. Interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that legally permitted. Payment of interest shall not excuse nor cure any default by Tenant.

Upon written request by Tenant to the State, demonstrating unusual or extenuating circumstances causing the late payment, the State, in its sole discretion, may waive the late charge.

6. INSURANCE. Tenant shall furnish to the State certificate(s) of insurance stating that Public Liability Insurance is presently in effect for the Tenant and will be in effect throughout the period of this Lease with a combined single liability limit of not less than One Million Dollars ($1,000,000.00) per occurrence, and shall insure against all liability of Tenant and its employees and agents arising out of or in connection with Tenant’s use and occupancy of the leased Lease area. The certificate(s) of insurance shall:

(a) Be furnished to the State by the insurance companies, and no such policy shall be cancelable or subject to reduction of coverage or other modification except after 30 days prior written notice to the State.

(b) Include the State of California, its officers, agents, employees and servants are included as additional insured but only insofar as the operations under the Lease are concerned.

(c) Provide that the State shall not be responsible for any premiums or assessments on any policy of insurance hereunder.

(d) Comply with those standards as determined by the State of California, Department of General Services, Office of Risk and Insurance Management.

Tenant agrees that the insurance required herein shall be in effect at all times during the term of this Lease, at the cost of Tenant. In the event said insurance, or any of it, expires or lapses at any time during the term of this Lease, the Tenant agrees to provide, no later than fifteen (15) days after said expiration or lapse, written evidence of required insurance coverage from the date of loss of the earlier insurance and continuing for not less than the remainder of the term of the Lease. Tenant's failure to

keep in effect at all times all insurance required by this Lease shall be grounds for termination of the Lease, in addition to any other remedies available to the State.

Where Tenant has any employees, a program of workers' compensation insurance, in an amount and form to meet all applicable requirements of the Labor Code of California, shall be in place throughout the term of this Lease. Such insurance shall include employer's liability coverage of One Million Dollars ($1,000,000.00) and shall specifically cover all persons providing services by or on behalf of Tenant and shall cover all risks to such persons under this Lease.

7. INDEMNITY AND WAIVER. (For purposes of this Section 7, the term, "State", shall include the Department of Fish and Game as well as the Fish and Game Commission.) Tenant hereby waives all claims and recourse against the State, including the right to contribution for loss or damage to persons or property arising from, or in any way connected with or incident to this Lease, except claims arising from, and only to the extent of the gross negligence or willful misconduct of the State, its officers, agents or employees. Tenant shall notify the Department of Fish and Game Aquaculture Coordinator immediately in case of any serious accident, injury, or casualty on, or potentially related to, the Lease area.

Tenant shall protect, indemnify, hold harmless, and defend the State, its officers, agents or employees, against any and all claims, demands, damages, costs, expenses or liability costs arising out of the use by Tenant, including its employees and agents, of the Lease area, except for liability arising out of, and to the extent of, the gross negligence or willful misconduct of the State, its officers, agents or employees for which the State is found liable by a court of competent jurisdiction.

Should the State be named as a defendant in any claim or legal action arising out of the use by Tenant, including its employees and agents, of the Lease area, upon tender of the claim or action by the State to Tenant, the Tenant shall assume the State's defense and represent the State in such legal action at Tenant's expense, subject to the provisions herein.

In lieu of tender to Tenant of the claim or action against the State, the State may elect to represent itself, in which event, the State shall bear its own litigation costs, expenses and attorney fees. Notwithstanding the foregoing, in the event the State is required to represent itself because of a conflict of interest by counsel representing Tenant, then Tenant, upon demand by the State, shall reimburse the State for the State's litigation costs, expenses and attorney fees. Costs shall include, without limitation, all attorney fees and costs, court costs, if any, costs of mediators or arbitrators, experts and consultants, and any other costs reasonably incurred in response to any claim.

In the event the State is found to be concurrently liable with Tenant by a court of competent jurisdiction for loss or damage to persons or property arising out of the use by Tenant, its employees and agents, of the Lease area, the State and Tenant shall cooperate and use their best efforts to seek and obtain an apportionment of liability from the court and neither party shall request a jury apportionment.

In the event the State is found to be liable for any other wrongful act, for which liability to another is determined by a court of competent jurisdiction for loss or damage to persons or property arising out of the use by Tenant, its employees and agents, of the

Lease area, the State shall bear its own litigation costs, expenses and attorney fees. If Tenant has paid for any such costs which are the responsibility of the the State under this provision, the State shall reimburse Tenant at Tenant's request. The State, in its sole discretion, may provide any reimbursement required in the form of a credit against any other money due the State under this Lease.

8. RENEWAL. Tenant may provide written notice to the Department of Fish and Game Aquaculture Coordinator that it is exercising its right to seek renewal of this lease at least 120 days and not more than 364 days (one year) prior to the expiration date in Section 3 pursuant to Fish and Game Code section 15406. So long as Tenant, during the period specified herein, is still actively engaged in aquaculture, as determined by the State, Tenant shall have a prior right to renew for a period of 0.00 years on terms to be agreed upon between the State, in consultation with the Department of Fish and Game Aquaculture Coordinator, and Tenant. If Tenant fails to give such notice of its right to seek renewal during the period specified herein, the Lease, including any remaining right to seek renewal, shall terminate upon expiration of the then-current term. Moreover, if Tenant is in default on the date of giving such notice, the notice shall be ineffective; if Tenant cures the default and provides a new notice thereafter all within the period specified herein for giving notice, that new notice shall be sufficient to exercise Tenant's prior right to renew. Provided, further, that if on the date a renewal term is to commence Tenant is in default, the renewal term shall not commence and this Lease shall expire at the end of the current term. However, if the State continues negotiating renewal terms after the prior term expires, then the holdover provisions of Section 9 may apply. In no event shall the term of this Lease, or the term of any renewal thereof, extend beyond 25 years each.

9. HOLDOVER. If the Term in Section 3 expires and the Lease has not been renewed pursuant to Section 8, and Tenant remains in possession of the Lease area with State's express or implied permission, Tenant shall become a tenant from month to month only, subject to all the provisions of this Lease except Sections 3, 4 and 5. During this holdover tenancy, a monthly rent representing one-twelfth of the current adjusted annual rent shall be payable on or before the first day of each month. It is expressly understood that a holdover tenancy does not create any right of renewal beyond that provided by Fish and Game Code section 15406 as set forth in Section 8, and that the only purpose of a holdover tenancy is to allow continuity of use of the property while the State continues to negotiate renewal terms or undertakes to issue a new lease to the highest responsible bidder pursuant to Fish and Game Code section 15406, or to allow the holdover tenant time to terminate and remove the aquaculture operation consistent with Fish and Game Code section 15409(a). If either party desires to terminate such holdover tenancy, it shall give the other party not less than thirty days advance written notice of the date of termination.

10. POSSESSORY INTEREST. Tenant understands and acknowledges that, pursuant to Revenue and Taxation Code section 107.6(a), any possessory interest created by this Lease may be subject to the payment of property taxes levied on that possessory interest.

Tenant agrees to pay, before delinquency, all lawful taxes, assessments, license fees and any other charges of any type whatsoever which at any time may be levied by the State, County, City or any tax or assessment-levying body upon any interest in or

created by this Lease, or any possessory right which Tenant may have in or to the Lease area covered hereby.

11. USE. Tenant shall use the Lease area only for the purpose stated in this Lease, and such use shall be continuous from commencement of the Lease term until its expiration or termination. Pursuant to Fish and Game Code section 15414, the State may require the Tenant to submit any periodic reports it deems necessary for the proper administration of State Water Bottom M-000-00.

The Lease area shall be continuously used by Tenant to conduct aquaculture operations, as aquaculture is defined in Fish and Game Code section 17. Tenant shall not use or permit the Lease area to be used in whole or in part during the term of this Lease for any purpose, other than as set forth herein, without the prior written consent of the State.

The possessory interest herein given to the Tenant does not exclude the general public from the Lease area, and Tenant may not unreasonably impede public access to state waters for purpose of fishing, navigation, commerce or recreation or other public trust values. However, Tenant may limit public access to the extent necessary to avoid damage to the Lease area and the aquatic life culture therein. This Lease is not intended to confer third party beneficiary status to anyone benefiting from the terms of this Lease. The possessory interest is further subject to all valid and existing contracts, leases, licenses, encumbrances, and claims of title which may affect the Lease area.

This Lease provides a tenancy of a temporary nature. The parties to this Lease agree that no Relocation Payment or Relocation Advisory Assistance will be sought or provided in any form as a consequence of this tenancy.

This Lease is of no force or effect until signed by both parties and all approvals are secured. Tenant may not commence performance until such approval has been obtained. Any commencement of performance prior to Lease approval shall be done at the Tenant's own risk. Nothing in this Lease may be waived, modified, amended or discharged except by a writing signed by the State and Tenant and approved by the State in a public meeting.

12. SHELLFISH PRODUCTION IMPROVEMENTS.

[Oyster Cultivation.

[(A) Bottom culture: leases must be improved at an average rate of at least two cases of seed-bearing shell (160 pounds of seed-bearing shell) or 30 bushels of shellfish one or more years of age per acre over the allotted acreage per year. Improvements by unattached, single seed (less than one year old) shall consist of planting an average rate of 10,000 single seed per acre per year over the allotted acreage. Term of improvement shall be four years for seed-bearing shell and three years for oysters one or more years of age.

[(B) Off-bottom culture: leases must be improved at an average rate of at least one case of seed-bearing shell (80 pounds of seed-bearing shell), or 15 bushels of oysters one or more years of age per acre over the allotted acreage per year. Improvement by unattached single seed (less than one year old) shall consist of planting an average

rate of 5,000 single seed per acre per year over the allotted acreage. Term of improvement shall be four years for seed-bearing shell and three years for oysters one or more years of age.

[(C) Production requirements: the annual harvest rate shall be an average of 2,000 oysters per acre (over one year of age) over the allotted acreage effective three years after the effective date of the lease. Harvest reports shall be recorded in the form of a receipt in quadruplicate furnished by the Department of Fish and Game. The triplicate copy shall be delivered to the Department of Fish and Game on or before the first and sixteenth day of each month.

[(2) Miscellaneous Aquatic Species.

[(A) A lease for the cultivation of species other than oysters will include minimum planting and harvesting requirements for the species to be cultivated to insure that water bottoms so encumbered will be used for the purpose intended.

[(B) Harvest amounts shall be recorded in the form of a receipt in quadruplicate furnished by the Department of Fish and Game. The triplicate copy shall be delivered to the Department of Fish and Game on or before the first and sixteenth day of each month.]

13. NO WARRANTY. This Lease is made without warranty of title, condition or fitness of State Water Bottom M-000-00 for the Tenant's intended purpose or use.

Tenant agrees to accept the Lease area in its presently existing condition, "As Is", and that the State shall not be obligated to make any alterations, additions or betterments thereto except as otherwise provided in the Lease.

14. COMPLIANCE. As a necessary condition for this Lease, Tenant must obtain and maintain all necessary registrations, permits and any other entitlements. Tenant shall comply with all applicable federal, state and local laws, including laws relating to public health and safety, zoning, resource conservation and environmental protection including, but not limited to, the Coastal Zone Act, the Porter-Cologne Water Quality Act, and the California Environmental Quality Act.

Tenant shall comply with all applicable resource management and preservation mandates in the conduct of all activities that impact cultural, natural, or scenic resources. These mandates include, but are not limited to, those found in Public Resources Code sections 5024 and 5097 and the United States Secretary of the Interior's Guidelines for Historic Preservation. Tenant's operations under this Lease shall ensure that the State's goals of ensuring historical preservation and proper cultural, scenic and natural resource management are continually achieved in a manner consistent with applicable law.

15. RECORD KEEPING. The State may require periodic reports from Tenant as the State deems necessary for the proper administration of the State's water bottoms.

Tenant agrees that the Fish and Game Commission, Department of Fish and Game, and the Bureau of State Audits, or their designated representative, shall have the right to review and copy any records and supporting documentation pertaining to the

performance of this Lease. Tenant agrees to maintain such records for possible audit for a minimum of three years after final payment. Tenant agrees to allow the auditor(s) prompt access to such records during normal business hours and similarly to allow interviews of any employees who might reasonably have information related to such records. Tenant agrees to include a similar right of the State to audit records and to interview staff in any sublease or contract related to performance of this Lease.

16. WAIVER AND CONSENT. Unless expressly acknowledged by the State in writing, no term, covenant, or condition of this Lease and no default or breach is waived by the acceptance of a late or nonconforming performance. The State's consent for one transaction or event under this Lease is not consent to any subsequent occurrence of the same or any other transaction or event.

17. BREACH. The occurrence of any one of the following shall constitute a breach of this Lease by Tenant: (1) Failure of Tenant to make any annual Lease payment within ninety (90) days of the commencement date of the Lease or within ninety (90) days of any anniversary thereof; (2) Failure of Tenant to make any other payment more than thirty (30) days after such payment is due; (3) abandonment of the Lease area determined after the State has followed the procedures set forth in Civil Code section 1951.3; or (4) any failure by Tenant to comply with laws applicable to the conduct of aquaculture.

Should a threat to public health or safety or to the environment be created or exist on the Lease area, the State may declare an emergency event and, unless an alternative arrangement is preferable in the State's discretion, may enter upon and take possession of the Lease area to remedy the emergency without prior notice and/or demand an assignment of the right to operate the Lease area. Upon entering the Lease area under this Section, the State shall provide immediate notice of such action by hand delivery or fax of its declaration to Tenant. The State may retain possession of the Lease area until the emergency event has been completely and adequately addressed to the State's satisfaction. Where a breach of this Lease has caused or exacerbated the emergency event, or where the Tenant is non-cooperative in allowing or addressing any remedial action necessary because of the emergency event, the State may terminate the Lease. The State shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of the State's entry in the Lease area as provided herein, except damage resulting from the active negligence or willful misconduct of the State or its authorized representatives.

Any failure by Tenant to observe or perform another provision of this Lease where such failure continues for twenty (20) days after written notice thereof by the State to Tenant; any such notice shall be deemed to be the notice required under Code of Civil Procedure section 1161. However, if the nature of Tenant's breach is such that it cannot reasonably be cured within the twenty (20) day period, Tenant shall not be deemed to be in breach if Tenant shall commence such cure within the twenty (20) day period and thereafter diligently prosecutes such cure to completion.

Neither this Lease nor any interest of Tenant hereunder in the Lease area shall be subject to involuntary assignment or transfer by operation of law in any manner whatsoever, including, without limitation, the following: (a) transfer by testacy or intestacy; (b) assignments or arrangements for the benefit of creditors; (c) levy of a writ

of attachment or execution on this Lease; (d) the appointment of a receiver with the authority to take possession of the Lease area in any proceeding or action in which the Tenant is a party; or (e) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or of a petition for reorganization or arrangement under any law relating to bankruptcy. Any such involuntary assignment or transfer by operation of law shall constitute a breach by Tenant and the State shall have the right to elect to take immediate possession of the Lease area, to terminate this Lease and/or invoke other appropriate remedies, in which case this Lease shall not be treated as an asset of Tenant.

Notices of breach shall specify the alleged breach and the applicable Lease provision and shall demand that Tenant perform the provisions of this Lease within the applicable time period or quit the Lease area. No such notice shall be deemed a forfeiture or a termination of this Lease unless the State specifically so states in the notice.

18. REMEDIES. In the event of breach by Tenant, the State shall have the following remedies. These remedies are not exclusive; they are cumulative and are in addition to any other right or remedy of the State at law or in equity.

Collection of Rent: In any case where the State has a cause of action for damages, the State shall have the privilege of splitting the cause to permit the institution of a separate suit for rent due hereunder, and neither institution of any suit, nor the subsequent entry of judgment shall bar the State from bringing another suit for rent; it being the purpose of this provision to provide that the forbearance on the part of the State in any suit or entry of judgment for any part of the rent reserved under this Lease, to sue for, or to include in, any suit and judgment the rent then due, shall not serve as defense against, nor prejudice a subsequent action for, rent or other obligations due under the Lease. The claims for rent may be regarded by the State, if it so elects, as separate claims capable of being assigned separately.

Continued Performance: At the State's option, Tenant shall continue with its responsibilities under this Lease during any dispute.

Termination of Tenant's Right to Possession: Upon an event of breach of this Lease by Tenant, in addition to any other rights or remedies it may have, the State may give Tenant a three-day notice to cure the breach or quit the Lease area. If Tenant fails to do either, the State may bring a statutory proceeding in unlawful detainer to regain possession of the Lease area. Any notice give by the State pursuant to this Section does not constitute a termination of this Lease unless expressly so declared by the State in the notice. In the absence of written notice from the State, no act by the State, including, but not limited to, acts of maintenance, efforts to re-let and/or assign rights to possession of the Lease area, or the appointment of a receiver on the State's initiative to protect the State's interest under this Lease shall constitute an acceptance of Tenant's surrender of the Lease area, or constitute a termination of this Lease or of Tenant's right to possession of the Lease area. Upon such termination, the State has the right to recover from Tenant: (a) the worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease; (b) the worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of the award exceeds the amount of loss of rent that Tenant proves could have reasonably been avoided; (c) the worth, at the time of the award, of the amount by which the unpaid rent for the balance

of the term after the time of the award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and (d) any other amount necessary to compensate the State for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease, and costs of clearing the State's title of any interest of Tenant, commissions, attorneys' fees, and any other costs necessary or appropriate to make the Lease area operational by a new Tenant.

“The worth, at the time of the award," as used herein above shall be computed by allowing interest at the lesser of a rate of ten percent (10%) per annum or the maximum legal rate.

Receiver: If Tenant is in breach of this Lease, the State shall have the right to have a receiver appointed to collect rent and conduct Tenant's business or to avail itself of any other pre-judgment remedy. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by the State to terminate this Lease.

Right to Cure Tenant's Breach: At any time after Tenant commits a breach, the State can cure the breach at Tenant's cost. If the State, at any time by reason of Tenant's breach, pays any sum or does any act that requires the payment of any sum, the sum paid by the State shall be due immediately from Tenant to the State, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by the State until the State is reimbursed by Tenant.

Personal Property of Tenant: In the event any personal property or trade fixtures of Tenant remain at the Lease area after the State has regained possession, that property or those fixtures shall be dealt with in accordance with the provisions for Surrender of the Lease area provided below.

State's Obligations After Breach: The State shall be under no obligation to observe or perform any covenant of this Lease on its part to be observed or performed that accrues after the date of any breach by Tenant. Such nonperformance by the State shall not constitute a termination of Tenant's right to possession nor a constructive eviction.

No Right of Redemption: Tenant hereby waives its rights under California Code of Civil Procedure sections 1174 and 1179 or any present or future law that allows Tenant any right of redemption or relief from forfeiture in the event the State takes possession of the Lease area by reason of any breach by Tenant.

Other Relief: The State shall have such rights and remedies for failure to pay any and all monetary obligations under this Lease as the State would have if Tenant failed to pay rent due. The remedies provided in this Lease are in addition to any other remedies available to the State at law, in equity, by statute, or otherwise.

Attorney’s Fees and Costs: Tenant shall reimburse the State on demand for all reasonable attorney fees and expenses incurred by the State as a result of a breach under this Lease, provided that, in any litigation between the parties to this Lease concerning it, the prevailing party shall be entitled to recover court costs, reasonable attorney fees, and other costs reasonably incurred to secure the remedy obtained in the action.

The State shall not be in breach of the performance of any obligation required of it under this Lease unless and until it has failed to perform such obligation for more than thirty (30) days after written notice by Tenant to the State specifying the alleged breach and the applicable Lease provision giving rise to the obligation. However, if the nature of the State's obligation is such that more than thirty (30) days is required for its performance, then the State shall not be deemed in breach if it shall commence performance within such 30-day period and thereafter diligently prosecute the same to completion.

19. ASSIGNMENT AND SUBLEASES. Pursuant to Fish and Game Code section 15412, this Lease may not be assigned, in whole or in part, by Tenant, either voluntarily or by operation of law, and no subleases or other rights may be granted under it by Tenant without the prior written approval of the State, subject to the conditions that it prescribes. At the election of the State, any attempted assignment or subletting without such prior approval of the State shall terminate this Lease.

20. TERMINATION. In the event the Lease area becomes unsuitable for the practical cultivation or harvest of shellfish, or in the event the Tenant becomes unable to continue operating the Lease for aquaculture for reasons beyond Tenant's ability to control, Tenant may terminate the Lease after thirty (30) days written notice to the State. Tenant may terminate the Lease for any other reason through a written request presented to and approved by the State at a public hearing held for purposes of consideration of Tenant's termination request. Such termination shall be effective thirty (30) days after State approval.

On expiration of or within thirty (30) days after earlier termination of the Lease, Tenant shall surrender the Lease area to the State. Tenant shall remove all of its personal property as well as all man-made material deposited during Tenant's occupancy within the above stated time unless otherwise agreed to in writing.

If Tenant fails to surrender the Lease area to the State on the expiration, or within thirty (30) days after earlier termination of the term as provided by this Section, Tenant shall hold the State harmless for all damages resulting from Tenant's failure to surrender the Lease area.

21. QUITCLAIM. Tenant shall, within ninety (90) days of the expiration or sooner termination of this Lease, execute, acknowledge and deliver to the State in a recordable form provided by the State a release of all rights under this Lease. Should Tenant fail or refuse to deliver such a release, a written notice by the State reciting such failure or refusal shall, from the date of its recordation, be conclusive evidence against Tenant of the expiration or termination of this Lease.

22. TIME OF THE ESSENCE. Time is of the essence of this Lease and any term, covenant or condition in which performance is a factor.

23. CHANGES. Nothing in this Lease may be waived, modified, amended, or discharged except by an instrument in writing signed by Tenant and the State, in consultation with the Department of Fish and Game Aquaculture Coordinator. At its discretion, the Department of Fish and Game may charge Tenant for any and all costs it incurs in any lease amendment requested by Tenant.

24. SEVERABILITY. If a court of competent jurisdiction determines that a Lease provision is legally invalid, illegal or unenforceable, and such decision becomes final, the provision shall be severed and deleted from the Lease and the remainder reasonably interpreted to achieve its intent. Tenant and the State agree to replace such void or unenforceable provision with a valid and enforceable provision that will achieve, to the extent possible, the purpose of the original provision.

25. SITE CLEANUP. Tenant shall provide to the State financial assurance sufficient to ensure that, upon termination or abandonment of this Lease, the Lease area is surrendered in a condition that is in accordance with Section 20, to the satisfaction of the State.

The financial assurance amount shall be calculated based on an analysis of the physical activities and materials necessary to surrender the site in the required condition; the unit costs or costs for third party contracting, for each of the identified activities as applicable; the number of units of these activities; and a contingency amount not to exceed ten percent (10%) of the costs of the activities.

Financial assurances may take the form of surety bonds executed by an admitted surety insurer, as defined in subdivision (a) of section 995.120 of the Code of Civil Procedure, irrevocable letters of credit, trust funds, or other forms of financial assurances specified by the State which it reasonably determines to be adequate to perform restoration of the site. Personal surety bonds cannot provide financial assurance under this requirement. The financial assurance shall be payable to the State and shall remain in effect throughout the duration of the tenancy under the Lease, and until the State accepts surrender of the Lease area or until replaced by an equivalent financial assurance.

The financial assurance shall be applied by the State to place the Lease area in the condition required for surrender under Section 20, whenever the Tenant fails or refuses to accomplish such activities, and to reimburse the State for all its costs of achieving that condition of the Lease area. Any assets remaining from the financial assurance after all costs to the State, including administrative costs to secure the funds, have been reimbursed therefrom, shall be returned to the Tenant.

26. NON-DISCRIMINATION. In its use of the Lease area, Tenant shall not discriminate against, harass, or allow harassment against any person or class of persons on the basis of race, color, creed, religion, national origin, ancestry, sex, sexual orientation, age, marital status, medical condition or disability. Tenant shall ensure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment.

Tenant shall comply with the provisions of the Fair Employment and Housing Act (Government Code section12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285.0 et seq.). Tenant shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Tenant shall include the non-discrimination and compliance provisions of this clause in all contracts to perform work under and/or in connection with this Lease.

Tenant shall be solely responsible for complying with the requirements of the Americans With Disabilities Act of 1990 (P.L. 101-336, commencing at section 12101 of Title 42, United States Code and including Titles I, II and III), the Rehabilitation Act of 1973, and all related regulations, guidelines and amendments to both laws.

27. DRUG-FREE WORKPLACE. Tenant will comply with the requirements of the Drug-Free Workplace Act of 1990, as amended, and will provide a drug-free workplace by taking the following actions:

(a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

(b) Establish a Drug-Free Awareness Program to inform employees about: (1) the dangers of drug abuse in the workplace; (2) the Tenant's policy of maintaining a drug-free workplace; (3) any available counseling, rehabilitation and employee assistance programs; and, (4) penalties that may be imposed upon employees for drug abuse violations.

(c) Provide that every employee who works on the Lease area will: (1) receive a copy of the Tenant's drug-free policy statement; and, (2) agree to abide by the terms of the Tenant's statement as a condition of employment on the Lease area.

Failure to comply with these requirements may result in suspension or termination of this Lease, and Tenant may be ineligible for award of any future State Water Bottom Leases if the State determines that any of the following has occurred: (1) the Tenant has made false certification, or (2) violated the certification by failing to carry out the requirements as noted above.

28. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties, and an agreement hereafter shall be ineffective to change, modify or discharge it in whole or in part, unless such agreement is in writing and contains the authorized signature of the party against whom enforcement of the change, modification or discharge is sought.

29. CONSTRUCTION. This Lease shall be governed by and construed in accordance with the laws of the State of California. The Section titles in this Lease are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or intent of this Lease or in any way affect this Lease.

Tenant shall maintain annual registration of its aquaculture facility in accordance with Fish and Game Code sections 15101 and 15103 and shall keep current with all fees and surcharges, including any penalties for late payment of same, required by those statutes.

30. INCORPORATION BY REFERENCE. The provisions of Chapters 1 through 8 of Division 12 of the Fish and Game Code (commencing with section 15000) and the provisions of Chapter 9 of Division 1 of Title 14, California Code of Regulations (commencing with section 235), as may be amended from time to time, are made part of this Lease by this reference. If there is a conflict between any term or condition of

this Lease and any of the provisions incorporated by reference in it, the incorporated provisions shall control.

31. CONFLICTS OF INTEREST. Tenant warrants that no official, employee in the state civil service or other appointed state official, or any person associated with same by blood, adoption, marriage, cohabitation, and/or business relationship: (a) has been employed or retained to solicit or aid in the procuring of this Lease; or (b) will be employed in the performance of this Lease without the immediate divulgence of such fact to the State. In the event the State determines that the employment of any such official, employee, associated person, or business entity is not compatible, Tenant shall terminate such employment immediately. For breaches or violations of this Section, the State shall have the right to annul this Lease without liability.

32. EXPATRIATE CORPORATION. Tenant hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation, within the meaning of Public Contract Code sections 10286 and 10286.1 and is eligible to contract with the State.

33. NO AGENCY. The Tenant, and the agents and employees of the Tenant in the performance of the Lease, shall act in an independent capacity and not as officers or agents of the State of California.

34. CLOSURE. Neither the State nor the Department of Fish and Game shall have any liability arising from a closure of waters by the Department of Fish and Game Director pursuant to Fish and Game Code section 5654, where aquaculture operations are taking place.

35. NOTICES. Notices to the parties to this Lease shall be made in writing and may be given by delivery in person, by U.S. Mail with postage prepaid, or by receipt-confirmed facsimile to:

FISH AND GAME COMMISSION Executive Director 1416 Ninth Street, 13TH Floor Sacramento, CA 95814 Telephone: (916) 653-4899 Facsimile: (916) 653-5040	[BUSINESS NAME] [PERSON/TITLE] [ADDRESS] [CITY/STATE/ZIP] Telephone: (000) 000-0000 Facsimile: (000) 000-0000

Notices shall be deemed given upon delivery to the addressee. Any notice given by facsimile shall also be given to the addressee by U.S. Mail, with postage prepaid. If a notice given by facsimile is delivered to the addressee after 5:00 p.m. Pacific time, or on a Saturday, Sunday or State of California or national holiday, the notice shall be deemed given on the next business day. Either party may change its address for notice purposes by giving written notice to the other party in the manner provided in this Section.

36. SPECIAL CONDITIONS. [THIS SPACE RESERVED FOR ANY SITE-SPECIFIC PROVISIONS OR EXCEPTIONS/MODIFICATIONS TO THE PRECEDING SECTIONS.]

SIGNATURE PAGE

This Lease and any amendment(s) may be executed in counterparts, each of which, when executed and delivered by the State and Tenant, shall be an original and together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

Each signatory attests he or she is duly authorized to execute this Lease on behalf of the principal he or she represents.

Where Tenant is a corporation, the signature of the Tenant on this Lease will be verifying that Tenant is currently qualified to do business in the State of California, as defined in Revenue and Taxation Code section 23101, in order to ensure that all obligations to the State are fulfilled. Both domestic and foreign corporations (those incorporated outside the State of California) must be in good standing in order to be qualified to do business in California.

STATE,

California Fish and Game Commission

By: _____
[NAME], Executive Director

Date: _____

TENANT,

[BUSINESS NAME]

By: _____
[NAME], [TITLE]

Date: _____

EXHIBIT A

Official Map and Description of State Water Bottom M-000-00

Committee Staff Summary for March 12, 2026 MRC

(For background purposes only…)

3. Marine Aquaculture on State Water Bottom Leases

Today's Item **Information ☒** **Action ☐**

(A) ***Status of Existing Leases and Pending Requests***

Receive and discuss update on the status of existing leases, pending leaseholder requests, and pending lease applications.

(B) ***Best Management Practices (BMPs)***

Receive and discuss Department update on BMPs and possibilities for progressing development of BMP plans for all state aquaculture leases.

Summary of Previous/Future Actions

(A) ***Status of Existing Leases and Pending Requests***

• MRC received overview of leases and future lease planning	Mar 6, 2018; MRC
• Annual status updates	Mar 2019 – 2025; MRC, various meetings
• **Today, receive annual update**	**March 12, 2026; MRC**

(B) ***BMPs***

• Aquaculture leases and debris public meeting	August 2015; public meeting
• Discussed BMPs in shellfish aquaculture	2016 – 2017; Commission and MRC, various
• MRC prioritized BMP statewide information-gathering and public engagement efforts to define requirements for BMP plans in regulation	March 2018; MRC
• MRC directed staff to draft proposed requirements for BMPs, provide opportunity for public review of draft language, and schedule for MRC review	July 2018; MRC
• MRC requested staff revise the draft proposed requirements and release for public review, for consideration in March 2019	November 2018; MRC
• MRC placed BMPs on hold	March 2019; MRC
• MRC requested the Department prepare a timeline for re-engaging in BMP developments	March 13, 2025; MRC
• Received Department update on potential for developing BMP requirements	July 16-17, 2025; MRC
• **Today, receive Department update on potential BMP plan resumption**	**March 12, 2026; MRC**

Committee Staff Summary for March 12, 2026 MRC

(For background purposes only…)

Background

(A) *Status of Existing Leases and Pending Requests*

The Commission has the authority to lease state water bottoms for marine aquaculture under sections 15400 and 15405 of the California Fish and Game Code, while the Department maintains primary responsibility for management and administration. Commission and Department staff work closely to ensure lease compliance, coordinate on areas of mutual responsibility, and assist leaseholders with emerging issues.

In March 2018, in response to stakeholder interest and a request from MRC, the Department provided a comprehensive overview of existing leases —including location, acreage, lease terms, and ongoing management initiatives. The information informed subsequent discussion about how Department and interagency management efforts may support future aquaculture planning. Since 2018, the Department has provided MRC with annual updates on state marine aquaculture leasing.

Overview of Existing Leases and Pending Applications

Existing leases: Currently, there are 17 active Commission-issued state water bottom leases held by 10 growers across Tomales Bay, Morro Bay, and coastal Santa Barbara; 16 leases are for cultivating shellfish and 1 is for seaweed.

Applications: Three applications for new leases were previously submitted. Two have undergone initial vetting; one applicant (Santa Barbara Sea Ranch) withdrew its proposal after MRC vetting in 2025. The remaining two (San Andreas Shellfish in Tomales Bay, and Malibu Oyster Company in coastal Los Angeles Conty) are still at the early stages and have not yet entered environmental review under the California Environmental Quality Act (CEQA). Commission staff remain in communication with applicants, who are not ready to proceed to CEQA review. Two additional applications are anticipated soon and currently entering phase zero (0) of the Commission's enhanced leasing process steps, approved in 2023, which includes evaluating if a new lease is in the public interest.

In the Department's most recent update to MRC (March 2025), staff reported 15 pending lease action requests, with 12 for existing leases and 3 for new leases (see Exhibit A1).

Recent Updates

Since the 2025 MRC update, six pending lease requests have been closed: one amendment request was withdrawn, lease amendments were executed for 4 previously approved requests, and, as noted above, one of the new lease applications was withdrawn. Five new lease action requests were submitted by existing leaseholders during the past year. In total, there are currently 15 pending lease action requests in addition to the two pending applications for new leases.

Lease action requests include additions of new species, changes to cultivation methods, and other adaptive needs. Progress on the actions often requires substantial coordination with other agencies, additional communication with applicants, developing CEQA documents, and multiple levels of review.

Other lease management and oversight efforts have included Commission and Department staff contribution to a new *Guide to [state and federal] Leasing, Permitting, and Authorizing Commercial Aquaculture Operations off the California Coast*, as members of the Southern California Offshore Aquaculture Interagency Working Group; collaborative development of a draft aquaculture action plan, as members of the State Aquaculture Leadership Team; co-development of an improved escrow agreement template for required financial surety (near completion); and direct engagement with growers to address lease compliance accountability, as needed.

Staffing and Workload Considerations

Staff capacity was reduced during a four-month vacancy at the end of 2025. The temporary environmental scientist position assisting with aquaculture leasing reached the end of its term, though a new limited-term position was subsequently made available for one year, with a potential one-year extension; the position was filled in December 2025 by former California Sea Grant State Fellow Caroline Newell, who assumed lead responsibility for aquaculture. Caroline has initiated more regular communication with growers and is working closely internally and with the Department to strengthen coordination and support shared progress and oversight.

On average, the environmental scientist dedicates about 40% of their time to aquaculture and kelp bed lease tasks, while also supporting other priorities such as the Experimental Fishing Permit Program, marine protected area petitions, materials to inform Commission decision-making and MRC recommendations, fishery management efforts, and Coastal Fishing Communities Policy implementation. The competing demands limit staff time available for aquaculture needs.

Within aquaculture leasing, staff's primary obligation is to fulfill core lease management responsibilities — processing lease action requests, reviewing compliance, preparing for lease renewals, and communicating with leaseholders — before advancing broader initiatives such as a State aquaculture action plan, programmatic environmental impact reports (EIRs), ground-truthing cultivation methods, or BMP plans.

Looking ahead, staff anticipates additional workload associated with lease renewals, as seven leases are set to expire in 2027. Staff has also identified concerns with the existing lease template, last updated 15 years ago, and may propose revisions to improve clarity, including provisions related to enforcement of lease terms.

Next Steps

At today's meeting, the Department will provide a more detailed presentation on the status of existing leases and pending lease action requests (see Exhibit A2). Because the Department was actively synthesizing recent statistics at the time this staff summary was prepared, staff included additional context in this section to support understanding of upcoming management needs for marine aquaculture leasing.

(B) ***Best Management Practices (BMPs)***

Project History and Context

Background (2015-2019). Development of shellfish and seaweed BMP plans for state water bottom leases was initiated in response to persistent community concerns — primarily in Tomales Bay — about legacy and new aquaculture-related debris, displaced gear, and plastic pollution. From 2015 through 2018, the Commission and Department engaged growers and regional stakeholders through meetings and MRC discussions to explore lease-specific BMP plan requirements, with interest in periodic review and tailoring to site-specific conditions. ~~The last formal MRC discussion was in March 2019 (see Exhibit B1 for background).~~ **The last formal MRC discussions were in November 2018. During the March 2019 MRC meeting, staff notified MRC of delays in developing a final recommendation (see exhibits B1 and B2 for background information, including the draft BMP plan requirements proposed by staff and discussed during the meeting).**

Pause and Intervening Factors (2019–2024). Progress paused in 2019 due to staffing constraints (medical leave, acting assignments, and the new service-based budgeting initiative). The first new lease applications in over 25 years were received between 2018 and 2021, and collided with the COVID-19 pandemic in 2020, further delaying the BMP effort while staff prioritized lease application processing.

Recent Context (2025). During the March 2025 annual update, public input urged resuming BMP plan development; the Department aquaculture coordinator committed to returning with a potential timeline. At the July 2025 MRC meeting, the Department reviewed the history of BMP efforts and current context, noting that while the formal BMP project remains paused, several elements have advanced since 2019:

- Many growers voluntarily adhere to BMP principles and, in Tomales Bay, growers have contributed to regular bay-wide clean-ups; some growers have voluntarily implemented or expanded BMPs to reduce gear loss, improve training, minimize debris, and invest in clean-up.
- Some growers are members of the Pacific Shellfish Growers Association (PCSGA), whose guidance outlines ethical standards and BMP concepts, providing options adaptable to individual operations.
- Agency coordination has addressed aspects of the original BMP objectives through permit conditions (e.g., updated California Coastal Commission coastal development permits and U.S. Army Corps of Engineers permits requiring BMPs and clean-up measures), and development of joint interagency Guiding Principles for Sustainable Marine Aquaculture in California through the State Aquaculture Leadership Team and adopted by California Ocean Protection Council in 2021, which set the foundation for developing an aquaculture action plan.
- Department and Commission staff pursued federal funding for removal of legacy debris, although the program funding was cut in 2025 before awards were granted.

Need for BMP Plans

State water bottom leases for aquaculture are governed by California Fish and Game Code Section 15400 et seq. and California Code of Regulations, Title 14, Section 237. While Section 15400 prescribes BMP standards for any future marine finfish aquaculture (currently prohibited in California), shellfish aquaculture leases do not have an explicit statutory or regulatory suite of required BMP standards — leaving this as a discretionary Commission policy or regulatory choice.

Gaps Remain. Despite progress via coastal development permit conditions and voluntary industry practices, some issues — such as consistent on-lease gear management, debris minimization and clean-up protocols, and standardized training — are uneven and vary across leaseholders. These were part of the Commission's original rationale for pursuing lease-specific BMP plans and continue to be areas of public and Commission interest.

Potential MRC Considerations

- *Policy choice.* MRC may consider whether to renew focus on flexible, lease-specific BMP plan requirements that are periodically reviewed to support environmental performance and operational consistency, or rely on current mechanisms (coastal development permit conditions, voluntary industry BMPs, and the forthcoming aquaculture action plan), recognizing limited staff capacity and ongoing program needs.

- *Pathways for Implementation.*

  Revisiting the lease-by-lease approach. Ensuring that leaseholders conform to environmental standards and operational practices currently relies on the language and conditions contained in each individual lease agreement. While MRC previously directed staff to pursue a regulatory approach, BMP requirements could be introduced individually at renewal or amendment. This approach risks introducing inconsistencies in requirements across leaseholders and delay universal adoption until at least 2035 (based on latest lease renewal timeline).

  Regulatory approach. Pursuing regulations requiring all leaseholders to prepare BMP plans aligned with statewide standards would provide a pathway for applying uniform requirements simultaneously across leases. However, compliance would still occur over time, as growers develop and refine draft plans and staff conduct iterative reviews and offer feedback. With limited staff capacity and 17 plans to evaluate, initial implementation would require a phased strategy. Plans could be required to be reviewed and approved by the Commission on a recurring cycle (e.g., every five years). Prior to rulemaking, Department and Commission staff would need to actively engage leaseholders and the public in developing the proposal, and assess staffing and process needs for both initial rollout and ongoing reviews; BMP plan approvals would be exempt from CEQA under a categorical exemption.

- *Alignment with Statewide Efforts.* The current draft aquaculture action plan includes an action item expressly devoted to cross-agency BMP coordination through the Statewide Aquaculture Leadership Team, offering a potential avenue for broader, coordinated implementation and alignment with statewide frameworks.

- *Workload Trade-Offs and Prioritization.* Any resumption of BMP plan requirements should account for competing priorities, including upcoming lease renewals, progress on pending aquaculture lease action requests, new lease applications, and broader aquaculture oversight initiatives.

Update

At the November 2025 MRC meeting, staff were directed to revisit BMP planning in parallel with aquaculture action plan discussions to evaluate the next steps and priorities.

Today, ~~the Department will present an overview of the BMP project's history, the range of possible approaches, and considerations for a potential rulemaking. Additionally,~~ aquaculture growers have been invited to share some of their operational practices and ongoing clean-up efforts. ~~The Department's presentation~~ **In lieu of a presentation, staff provides the staff report and exhibits from the November 2018 MRC meeting** (Exhibit B1)**, which include draft requirements for a BMP plans regulation, and** provide more detailed context needed for MRC discussion in refining BMP expectations, clarifying the pathway for future BMP plan requirements, and determining whether and how to resume development of those requirements.

Aquaculture Leasing Priorities and Needs

Staff and the Department have maintained a focus on established leasing priorities intended to collectively advance multiple goals for improving aquaculture operations and management, which are:

- Plan for lease renewal requests, evaluate when received, and execute approved renewals
- Advance pending and new requests for lease amendments
- Directly engage with growers to address lease compliance concerns and ensure accountability
- Participate in completing and implementing a State aquaculture action plan
- Complete a financial surety template and deploy across all leases
- Advance new lease applications through the enhanced leasing process

Additional needs staff and the Department have identified for potential future focus include:

- Update the aquaculture lease template related to compliance accountability measures (optimally, prior to any lease renewal decisions in 2027)

- Develop and complete a rulemaking to establish Commission authority for reimbursement of consultant fees and staff time related to CEQA implementation
- Ground-truth and standardize culturing gear and methods in marine aquaculture lease agreements
- Support development of regional programmatic environmental impact reports for marine shellfish and algae aquaculture
- Overhaul Title 14 regulations related to state water bottom leases for aquaculture purposes
- Develop and complete a rulemaking related to BMP plans

Today, is an opportunity for MRC to develop a recommendation to the Commission regarding existing and future priorities related to state water bottom leases for aquaculture purposes.

Significant Public Comments

(A) A state water-bottom leaseholder communicates ongoing frustrations with his experiences related to Commission and Department lease oversight. He reports that his long-standing request to add two native species to his lease remained unresolved for five years before he withdrew it to prioritize a new proposal for the Santa Barbara Community Kelp Farm (Exhibit A3). He noted that the new request has remained in phase 0 for four months with no indication of multi-agency review beginning. Based on past delays, he is concerned that approval could extend into 2031–2034.

The leaseholder expressed interest in how an aquaculture action plan may improve processing timelines, transparency, and accountability. He also expressed appreciation for recent communication from Commission staff and noted the positive impact of new staff engagement. He emphasized his long-term commitment to California aquaculture and the importance of continued support (Exhibit A4).

(B) A concerned member of the public reiterates that enforceable BMPs are urgently needed to prevent environmental harm on public trust tidelands, a concern he has raised since 2015. Drawing on more than a decade of documenting gear loss and debris in Tomales Bay, he notes his view that decades of unsecured or abandoned shellfish aquaculture equipment have altered natural processes and contributed to armoring of the bay floor. He urges the Commission to adopt effective BMP requirements and ensure consistent compliance across leaseholders (Exhibit B3).

Recommendation

Commission staff: Recognizing current commitments and emerging priorities, recommend the Commission: (1) support the current suite of aquaculture-related commitments, which include: preparing for upcoming lease renewals, completing pending lessee requests to amend existing leases, directly engaging with growers to address lease compliance concerns and ensure accountability, participating in the development and implementation the State aquaculture action plan, completing an improved financial surety template and deploying

across leases, and advancing new lease applications through the enhanced leasing process; and (2) direct staff to initiate updating the aquaculture lease template related to compliance accountability. Consider identifying priorities for potential future focus as other commitments are completed.

Exhibits

A1. Staff summary for Agenda Item 3(B), March 13, 2025 MRC meeting, related to the status of existing leases for marine aquaculture (*for background purposes only)*

A2. Department presentation: Existing leases and pending requests ~~(*to be posted separately)*~~ ***(added March 11, 2026)***

A3. Commission letter to Bernard Friedman, CEO, Santa Barbara Mariculture Company, confirming withdrawal of lease amendment request for new species, sent February 20, 2026

A4. Email from Bernard Friedman, CEO, Santa Barbara Mariculture Company, received February 26, 2026

B1. ~~Department presentation: Aquaculture BMP plans (*to be posted separately)*~~ **Staff summary for Agenda Item 6, November 2018 MRC meeting, and exhibit with proposed requirements for shellfish aquaculture BMP plans regulation, dated October 24, 2018 (*for background purposes only, added March 11, 2026)***

B2. Staff summary for Agenda Item 9, March 2019 MRC meeting, related to aquaculture BMPs (*for background purposes only*)

B3. Email from Richard James, Coastodian, received February 27, 2026

Motion

The Marine Resources Committee recommends that the Commission support staff focusing on existing workload priorities for marine aquaculture on state water bottom lease management and direct staff to initiate a lease template update, as recommended by staff.

OR

The Marine Resources Committee recommends that the Commission support staff focusing on existing workload priorities for marine aquaculture on state water bottom lease management and direct staff to initiate a lease template update, as recommended by staff, except for the following: _____.

California Fish and Game Commission

Staff-Proposed State Water Bottom Lease Rulemaking Topics and Time Frames

November 7, 2026

In April 2026, the California Fish and Game Commission (Commission) directed staff to update the standard terms and conditions in the current aquaculture lease agreement template to address deficiencies and outdated provisions, and to improve compliance and accountability. As staff began implementing the Commission's direction, it became clear that certain priority issues and requirements could not be addressed solely through revisions to the lease template and that would, instead, need amendments to Title 14 regulations due to statutory requirements. Staff also determined that other provisions being considered for inclusion in lease agreements would be more appropriately established through regulation to apply consistently across all state water bottom leases. In addition, state water bottom lease regulations have not been updated since 1989, and other opportunities exist to modernize the regulations. After conversations with other agencies, stakeholders, and leaseholders, staff acknowledges that more than one rulemaking will be needed over time to consider the various items identified as needs or opportunities for regulatory improvement.

At its October 2026 meeting, the Commission added to its regulatory calendar a rulemaking for 2027 related to state water bottom leasing regulations that would be narrowly focused on addressing the lease agreement template updates, and added the rulemaking to its Marine Resources Committee work plan for initial discussion in November 2026, with discussion and potential recommendations in March 2027.

Table 1, informed by initial outreach to interested parties, provides an overview of topics identified for potential rulemaking, with a short title for each topic, a brief justification for why a change to regulations should be pursued, a summary of outreach responses to the topic to date, and whether the topic is recommended by staff to be pursued in 2027 or at some future time. The list of topics is not exhaustive, though it represents some of the more pressing items identified during discussions about the aquaculture lease agreement template; the rows for those topics recommended for the 2027 rulemaking are highlighted in green.

Table 1: Proposed State Water Bottom Leasing Rulemaking Topics and Timing

Rulemaking Topic	Justification	Initial Outreach Takeaways	Proposed Time Frame
Assignment Process	A clearer assignment (transfer) process defined in regulation would improve transparency and support consistent implementation and enforcement of legacy debris removal requirements when lease assignments are transferred to new lessees.	Generally supported	2027
Best Management Practices (BMP) Plans	Standardize requirements for lessees to develop BMP plans for Commission approval to improve lease stewardship, accountability, and consistency across leases. BMP plan requirements could include measures for preventing, responding to, and reporting debris associated with aquaculture operations.	While a high priority for many, implementation of BMP plans will require a significant increase in staff capacity to implement a new requirement through reviewing proposed plans and enforcing approved plans across all leases.	Future Rulemaking
Culture Method Terminology - Standardize	Adoption of a “catalog” of standardized culture method terminology and definitions would improve consistency across leases, increase permitting efficiency, and support interagency coordination by providing a common framework for determining when proposed changes require a lease amendment.	N/A	Future Rulemaking
Length of Lease Agreements	For new leases, the Commission has identified a preferred lease term of 15-years, with subsequent renewals of 10 years. Codifying these terms in regulation would provide greater clarity and predictability for lessees and the Commission.	Generally supported	2027
Production Requirements	Allowing either planting *or* harvesting activity as evidence of beneficial use would provide greater operational flexibility while maintaining accountability for productive lease use.	Generally supported	2027

Rulemaking Topic	Justification	Initial Outreach Takeaways	Proposed Time Frame
Reimbursable Contracts for CEQA Consulting Services	Regulations are required under the Public Contract Code to authorize the Commission to retain CEQA consultants and have project proponents reimburse associated costs. This would supplement limited staff capacity and specialized expertise, improving timeliness of CEQA review for lease applications and amendments.	Generally supported	2027
Rent Calculation	Current rents are based on production tiers approved as lease terms but were never formalized in regulation. Because the existing structure is based primarily on oyster production, it is increasingly difficult to apply consistently across diversified aquaculture operations (such as those focused on mussels or kelp). A regulatory framework would improve consistency, transparency, and adaptability as the industry evolves. Annual rent amounts for most leases are adjusted using the Implicit Price Deflator for State and Local Government Purchases of Goods and Services after a lease operation is assigned to a tier. Regulations could establish a standard base year for rent adjustments, reducing variability among leases that results from differing lease issuance or assignment dates.	This is a complex topic with a significant amount of work needed to establish fair pricing. Outreach participants raised questions regarding how future rent-related changes would be coordinated with upcoming lease renewals if pursued in the 2027 rulemaking.	Future Rulemaking
Species and Methods - Authorize by region through regulations informed by programmatic environmental impact report (PEIR) findings	Improve efficiency for CEQA processes associated with requests to add species or culture methods to individual state water bottom leases, which currently require lease-by-lease environmental review, even when the same species or method are already authorized on adjacent farms.	While authorizing a range of species for a region or bay is a high priority for many, regulations must be preceded by development of regional PEIRs, upon funding, to inform regulatory changes that operationalize PEIR findings.	Future Rulemaking

Rulemaking Topic	Justification	Initial Outreach Takeaways	Proposed Time Frame
Termination Process	Current lease agreements contain termination provisions, but the procedures are not clearly defined, leading to uncertainty for lessees and the Commission. Establishing a clear, stepwise remedy process through regulation, as required by Fish and Game Code Section 15408; would improve transparency, consistency, and compliance.	Generally supported	2027
Terms and Conditions - Standardize	Required by Fish and Game Code Section 15400(a), moving commonly applied lease terms and conditions from lease templates into regulation would create a more consistent framework across leases, regardless of template version, while improving transparency, reporting requirements, and enforceability.	Received requests to consider inclusion of recurring clean-up requirements and gear-marking requirements.	2027