



**CITY OF**

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# **NEWPORT BEACH**

## **City Council Staff Report**

July 22, 2025  
Agenda Item No. 16

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Seimone Jurjis, Assistant City Manager/Community Development Director - 949-644-3232, [sjurjis@newportbeachca.gov](mailto:sjurjis@newportbeachca.gov)

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**TITLE:** Amendment No. One to Agreement for Lease of Submerged Public Trust Lands with San Pedro Bait Co. for Seasonal Operation of a Live Bait Barge in Newport Harbor

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**ABSTRACT:**

Since 1987, a bait barge has operated in Newport Harbor near the channel entrance, providing live bait to support the City of Newport Beach's sportfishing and recreational fishing industries. San Pedro Bait Co. has successfully operated the bait barge since 2009. With the current lease agreement set to expire on December 31, 2025, San Pedro Bait Co. is requesting City Council consideration of an amendment to extend the lease term (Attachment A) to allow continued use of the City-managed tidelands for two additional five-year renewal options. The request also includes a waiver of City Council Policy F-7, *Income from City Property and Other Property*.

**RECOMMENDATIONS:**

- a) Determine this action exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because this action will not result in a physical change to the environment, directly or indirectly;
- b) Authorize the City Manager and City Clerk to execute Amendment No. One to Agreement for Lease of Submerged Public Trust Lands with San Pedro Bait Co., for seasonal operation of a live bait barge in Newport Harbor and use of City-managed submerged public trust lands, in a form substantially similar to the agreement attached to the staff report; and
- c) Approve a waiver of City Council Policy F-7 – *Income and Other Property* based on the findings contained in this staff report and the Agreement, that conducting an open bid process or changing the tenant would result in excessive vacancy, and the use of the property provides an essential or unique marine related service to the community and is of a public benefit, and might not otherwise be provided were an open bid be required.

## **DISCUSSION:**

The City Council first approved a permit to allow the operation of a bait barge in Newport Harbor in 1987. Since that time, the bait barge is positioned seasonally near the channel entrance to the harbor as shown in Figure 1 below. The bait barge operates from April to November each year, unless fishing conditions allow for a longer or shorter season. During the offseason the bait barge is kept on a mooring, generally in Field A near the end of the Balboa Peninsula.

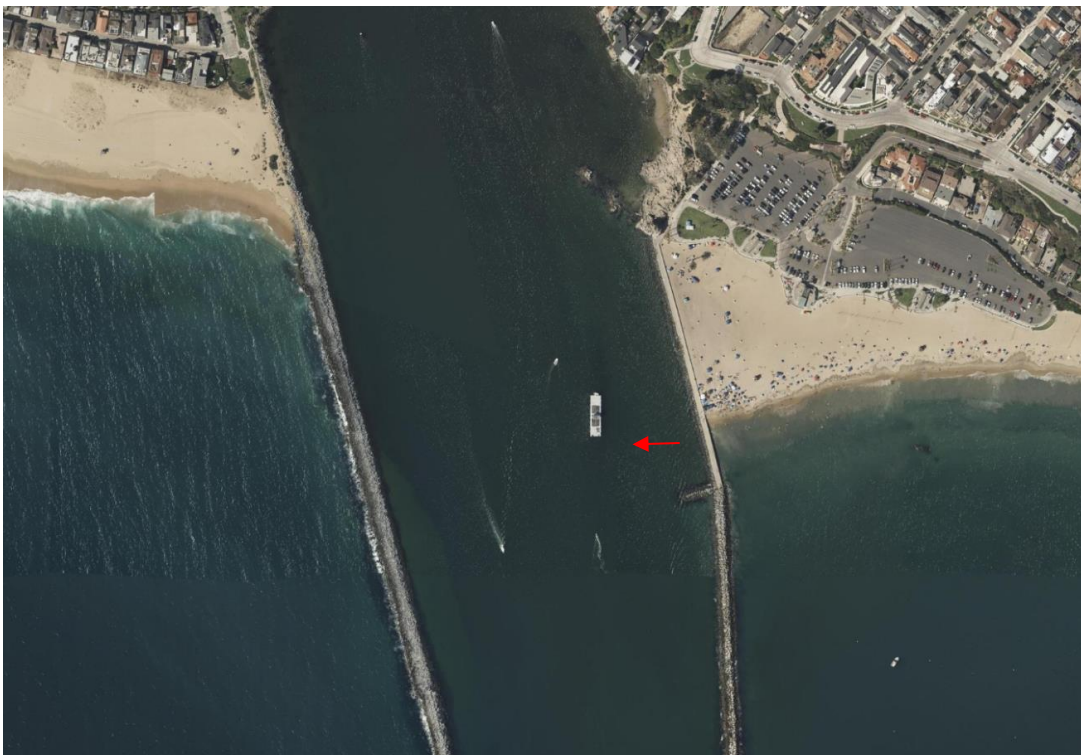


Figure 1 – Aerial map view of bait barge located in the entrance channel to Newport Harbor

Operation of the bait barge has been overseen under various permits and agreements by several companies in the last 38 years, and operators were selected through a formal procurement process in 2010 and 2015. The City received only one proposal as a result of each of the last two solicitations, with the current operator, San Pedro Bait Co. (Tenant) selected both times. In 2015, the Tenant was granted an Agreement for Lease dated January 1, 2016 (Lease) to operate the bait barge for five years with one renewal term of five years, which expires on December 31, 2025. The Tenant has requested to amend its Lease to extend the term to continue use of the tidelands in Newport Harbor and continue to operate the bait barge.

## **Tide and Submerged Lands**

Pursuant to State of California (State) statutes, the City holds in trust and administers certain tidelands and submerged lands (collectively, tidelands) in Newport Harbor on behalf of the people of the State. The City manages the public tidelands property under the guidance of the Beacon Bay Bill (Chapter 74 of the Statutes of 1978, as amended).

The tidelands were granted to the City primarily for the promotion and accommodation of commerce, fishing, recreational boating, and navigation. The tidelands can be granted for private uses consistent with those specified in the trust. The conditions for private use include governing the use under a lease or permit agreement and limiting such an agreement to no more than 50 years. Additionally, when tidelands are used by third parties, like mooring a bait barge in the harbor, and the navigable waters are not available for general public use, the City is required to obtain rent in exchange for that exclusive use.

### Operation

Fishing with live bait is one of the most effective ways to catch fish and having a source for live bait in Newport Harbor is critical to the success of recreational fishing, sportfishing, and other fishing businesses and programs in the harbor.

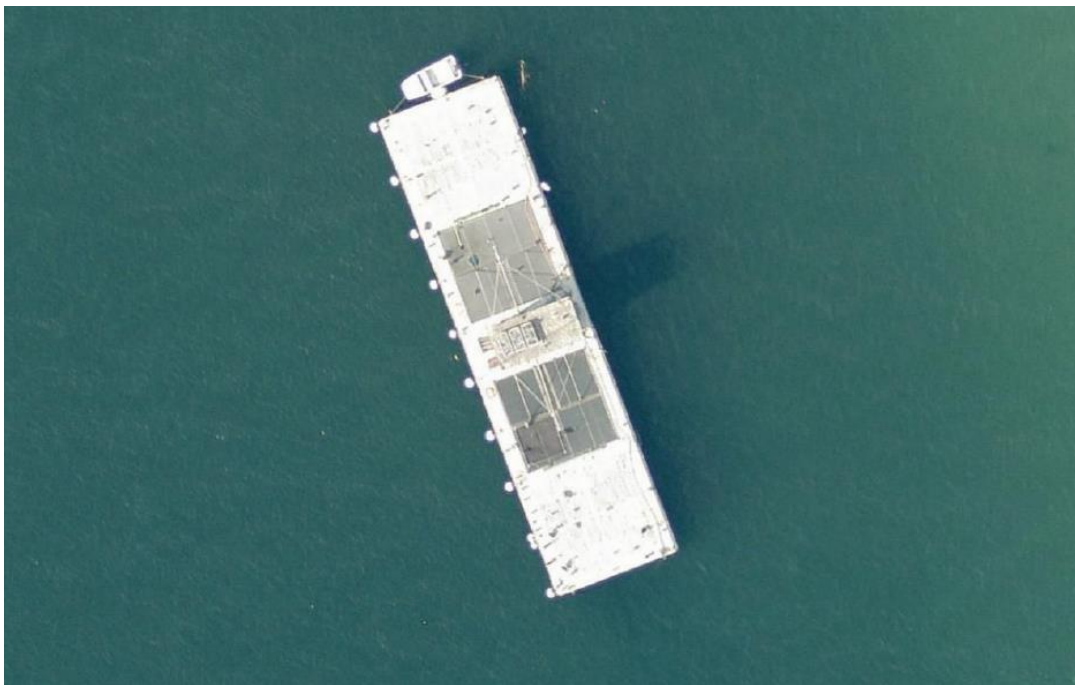


Figure 2 – Aerial view of bait barge anchored in harbor entrance channel.

Under the Lease, the approved size of the barge is approximately 28 feet wide by 114 feet long (see Figure 2 above). The tenant was granted use of a portion of the submerged lands in the entrance channel of the harbor. The bait barge operates 24 hours per day, from April 1 through November 30 of each calendar year, providing live bait and limited retail items – such as shirts, sweatshirts and sun visors - to commercial, charter and private vessels. The sale or rental of other goods, including food, beverages or general concessions, is expressly prohibited.

Structures on the barge are limited to those necessary for employee operations. Only short-term berthing is permitted for loading bait, conducting retail transactions, and servicing the barge. A tender or dinghy used for employee transport is also permitted.

Additional lease conditions address signage, lighting, generator noise, and the management of sea lions and birds.

The Tenant is responsible for maintaining the barge in good condition and performing all necessary repairs at its sole expense, in compliance with applicable federal, state and local laws and regulations. The Tenant must also provide the City with proof of insurance acceptable to the City's Risk Management Division and pay a monthly rent of \$1,029.98 during the operational fishing season.

City Council Policy F-7, *Income and Other Property*

Due to the unique, marine-related services provided to the community, the limited number of similar businesses in Southern California and the limited response to prior formal procurements, and the significant time and cost involved with changing the operator, staff did not conduct an open bid process to solicit proposals from other operators, as is typically required by City Council Policy F-7, *Income and Other Property* (Policy) (Attachment C).

Staff believes the following findings can be made, as required by the Policy, when an open bid is not conducted and a waiver is requested:

1. Converting the property to another use or changing the operator of the property would result in excessive vacancy, which would outweigh other financial benefits; and
2. The Tenant provides an essential or unique marine-related service to the community and members of the public that might not otherwise be provided were an open bid required.

Proposed Amendment No. One

The proposed terms of the Amendment are summarized below:

1. The term of the Lease is revised to include two additional five-year renewal option terms, for a total possible term of 20 years, unless terminated earlier as provided by the Lease. The new expiration date of the Lease shall be December 31, 2030; and if the last renewal option is exercised, in accordance with the terms of the Lease, the expiration date shall be December 31, 2035.

The Agreement has been prepared by the City Attorney's Office and has been approved as to form. The Tenant has reviewed and approved the proposed Agreement, and their signatures are included on Attachment A.

**FISCAL IMPACT:**

Revenues collected pursuant to the Lease, approximately \$6,000 for Fiscal Year 2025-2026, will continue to be posted to the Tidelands Fund Real Property account in the Community Development Department (100-10050505-551225).

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. The City Council's action authorizes execution of the Amendment for the Tenant's continued use of the tidelands to seasonally anchor and operate the bait barge.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

Attachment A – Amendment No. One

Attachment B – Lease Agreement

Attachment C – City Council Policy F-7, *Income and Other Property*