

Staff Report 60

LESSEE:

Phillips 66 Company

PROPOSED ACTION:

Revision of Rent and Surety Bond

AREA, LAND TYPE, AND LOCATION:

Filled and unfilled sovereign land in San Pablo Bay, town of Rodeo, Contra Costa County.

AUTHORIZED USE:

Continued use and maintenance of a marine oil terminal and annual maintenance dredging of a maximum of 90,000 cubic yards of material.

TERM:

30 years, beginning September 1, 2001.

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease and recommends that the annual rent be revised. The base rent of \$287,628 was set by the Commission on January 26, 2012 with annual Consumer Price Index (CPI) adjustments. The current rent is \$406,935. Staff recommends the base rent to be revised to \$489,607 per year with annual CPI adjustments; and the surety bond be increased from \$2,000,000 to \$2,600,000, effective January 1, 2023.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, it exercises legislatively delegated authority and responsibility as trustee of the

State's Public Lands as authorized by law. The Lessee has no right to a new lease or to renewal of any previous lease.

2. On September 17, 2001, the Commission authorized a General Lease – Industrial Use for a marine oil terminal to Tosco Corporation ([Item 52, September 17, 2001](#)), effective September 1, 2001. On January 1, 2003, the Lessee's name was changed to ConocoPhillips Company. On January 26, 2012, the Commission authorized ([Item 36, January 26, 2012](#)) a revision in rent from \$235,000 to \$287,628, effective January 1, 2012. On December 5, 2012, the Commission authorized the amendment of the lease to include maintenance dredging, revise the lease area, and assign the lease to Phillips 66 Company ([Item 36, December 5, 2012](#)), effective December 5, 2012. The lease will expire on December 31, 2031.
3. The Lessee is working towards compliance with the Commission's Marine Oil Terminal Engineering and Maintenance Standards.
4. An EIR, State Clearinghouse No. 2020120330, was prepared for the Phillips 66 Rodeo Renewed Project by Contra Costa County Planning Commission and certified on March 30, 2022. This project proposes to convert the Rodeo Refinery to a renewable transportation fuels production facility. The Lessee has submitted an application for amendment of the lease to authorize the proposed renewable fuels project. The application is under review.
5. This action is consistent with the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021 – 2025 Strategic Plan.
6. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

A. Site and Location Map

RECOMMENDED ACTION:

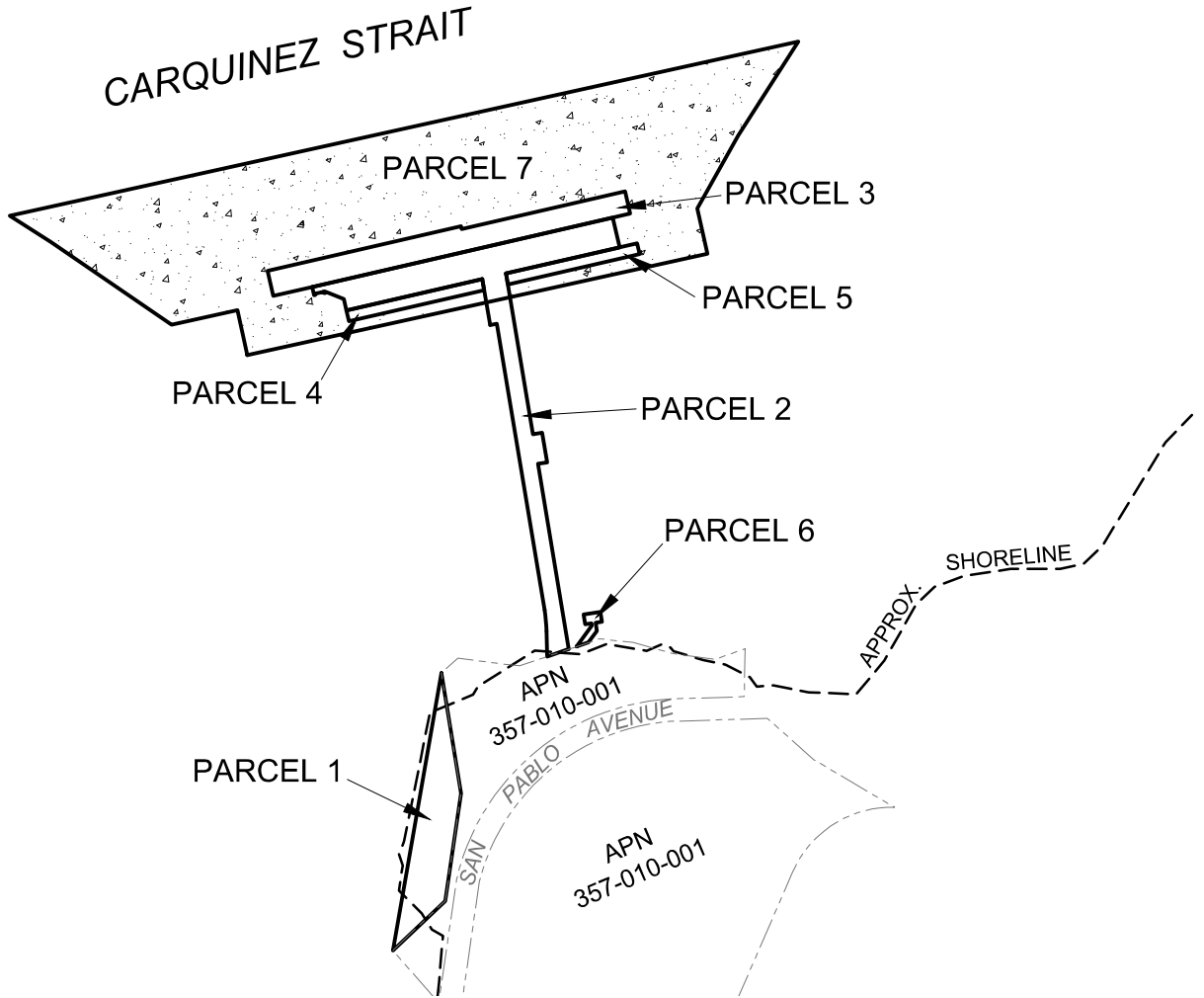
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease PRC 600 to establish a new base rent of \$489,607 per year and increase the surety bond from \$2,000,000 to \$2,600,000, effective January 1, 2023.

NO SCALE

SITE



CARQUINEZ STRAIT NEAR 1380 SAN PABLO AVE., RODEO

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 600
 PHILLIPS 66 COMPANY
 APN 357-010-001
 GENERAL LEASE -
 INDUSTRIAL USE
 CONTRA COSTA COUNTY



THIS EXHIBIT IS SOLELY FOR PURPOSES OF GENERALLY DEFINING THE LEASE PREMISES, IS BASED ON UNVERIFIED INFORMATION PROVIDED BY THE LESSEE OR OTHER PARTIES AND IS NOT INTENDED TO BE, NOR SHALL IT BE CONSTRUED AS, A WAIVER OR LIMITATION OF ANY STATE INTEREST IN THE SUBJECT OR ANY OTHER PROPERTY.

TS 12/14/2022