

Staff Report 34

LESSEE:

Knob Hill Mines, Inc. dba Hastings Island Land Company

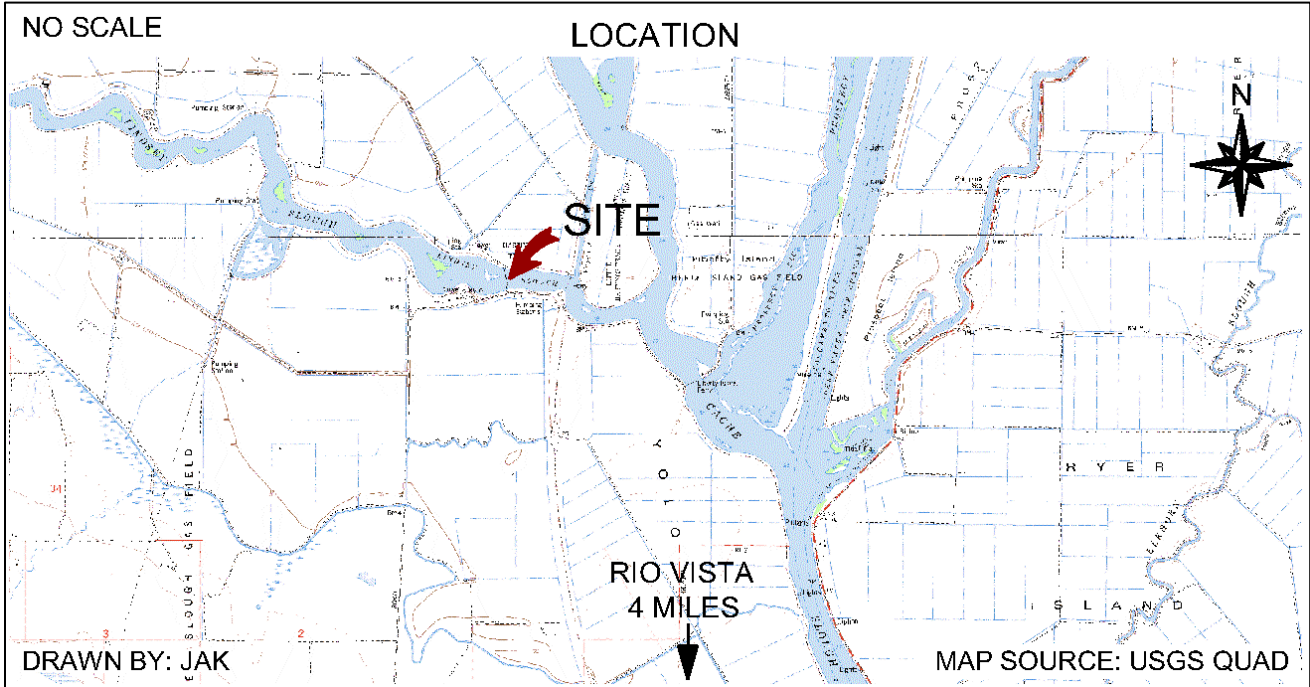
PROPOSED ACTION:

Revision of Rent and Bond

AREA, LAND TYPE, AND LOCATION:

1.58 acres, more or less, of sovereign land in Lindsey Slough, near Rio Vista, Solano County (as shown in Figure 1).

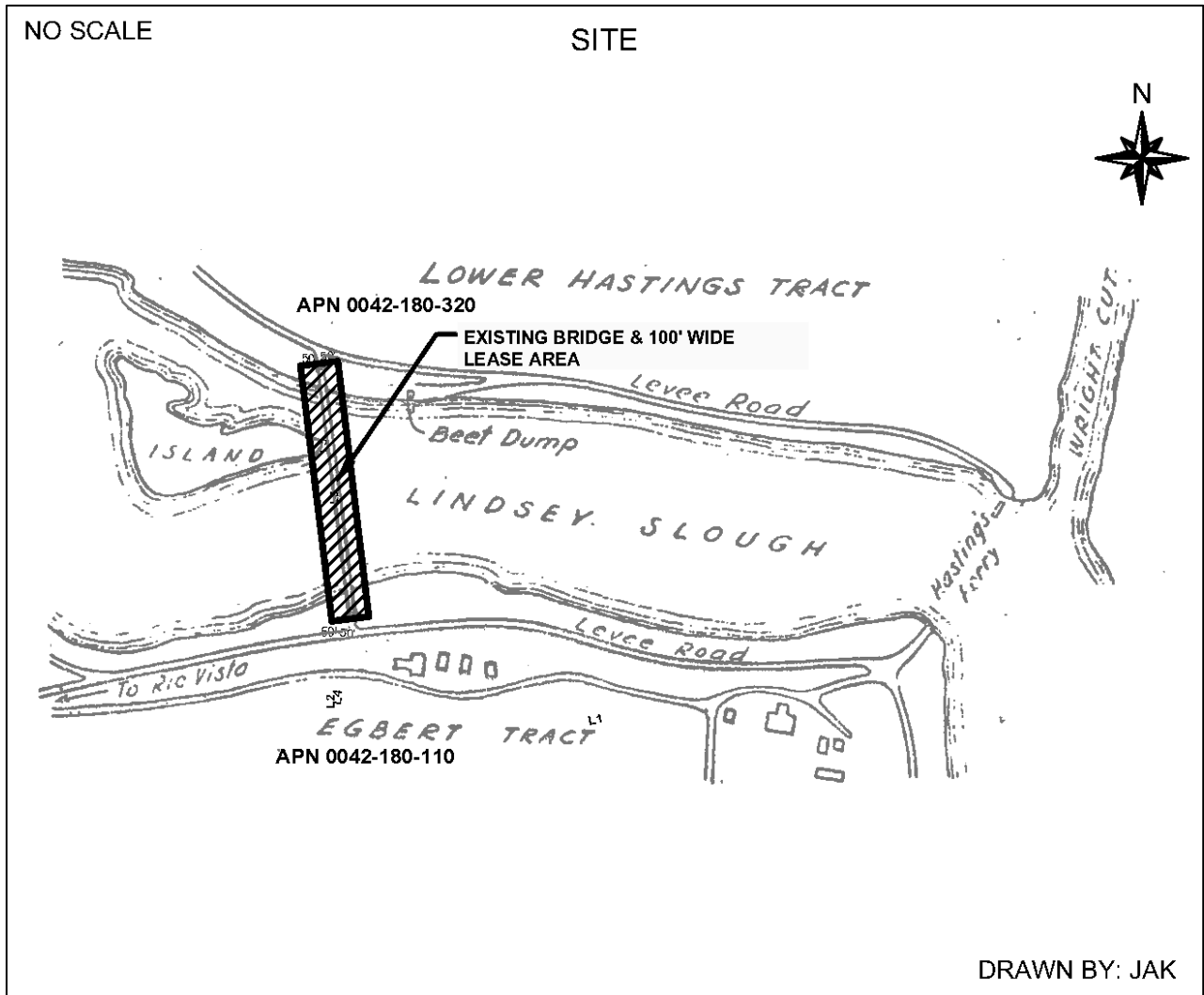
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a vehicular bridge and a telecommunication cable in conduit attached to the bridge (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

20 years, beginning October 1, 2008.

CONSIDERATION:

The lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, the staff has conducted a review of the rent under this lease and recommends that the rent be revised from \$851 per year to \$1,154 per year, and an increased in the bond from \$10,000 to \$50,000, effective October 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 December 17, 2009, the Commission authorized a 20-year General Lease – Right-of-Way use ([December 17, 2009, Item 12](#)) to the lessee for a vehicular traffic bridge and a copper telecommunication cable attached in a conduit crossing Lindsey Slough, near Rio Vista, Solano County. The bridge connects Lower Hastings Tract with Egbert Island at Hastings Island Road. The lease also authorized a sublease between the lessee and Citizens Telecommunications Company of California, Inc, dba Frontier Communications of California for the telecommunication cable attached to the bridge. On August 23, 2018, the Commission authorized an increase in the annual rent from \$721 to \$851, effective October 1, 2018 ([August 23, 2018, Item 58](#)). The lease will expire on September 30, 2028.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$10,000. This amount is subject to increases over the lease term and serves the purpose of being able to mitigate costs that might otherwise be shouldered by the state, including where the state must take restorative actions with the leased premises upon lease termination or lease premises abandonment. A bond adjustment is currently appropriate with an increase in rent and to keep it consistent with estimated removal costs for similar facilities. Staff are aware that the bond increase may not cover the full liability. Staff recommends increasing the bond to minimize the gap between ability to pay and protecting the state's liability.
4. This action is consistent with the "Address current and future risk and liabilities" in the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-25 Strategic Plan.
5. Approving the revision of rent and increase in bond 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).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease PRC 3323 from \$851 per year to \$1,154 per year, and an increase in the bond from \$10,000 to \$50,000, effective October 1, 2023.