

Staff Report 48

LESSEE:

Pacific Wind Development, LLC

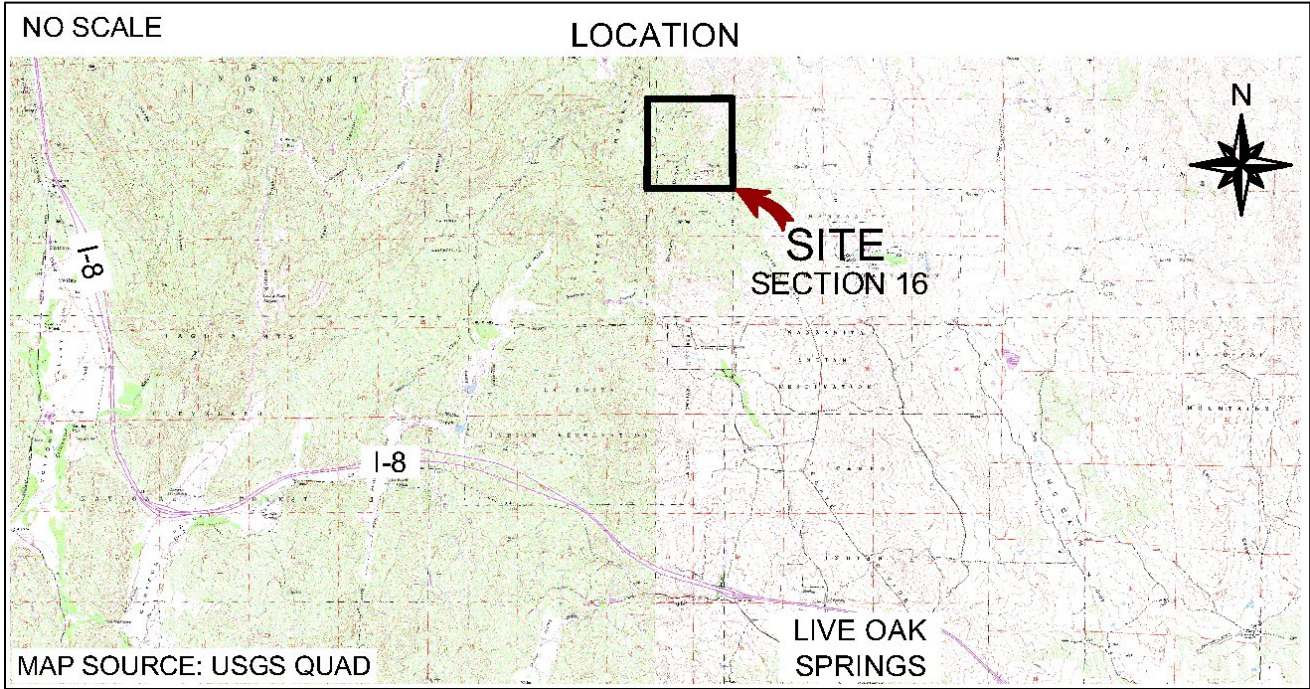
PROPOSED ACTION:

Acceptance of a Lease Quitclaim Deed; and Termination of a General Lease – Industrial Use.

AREA, LAND TYPE, AND LOCATION:

640 acres, more or less, of State-owned school lands identified as Section 16, Township 16 South, Range 6 East, SBM, north of Boulevard, San Diego County (as shown in Figure 1).

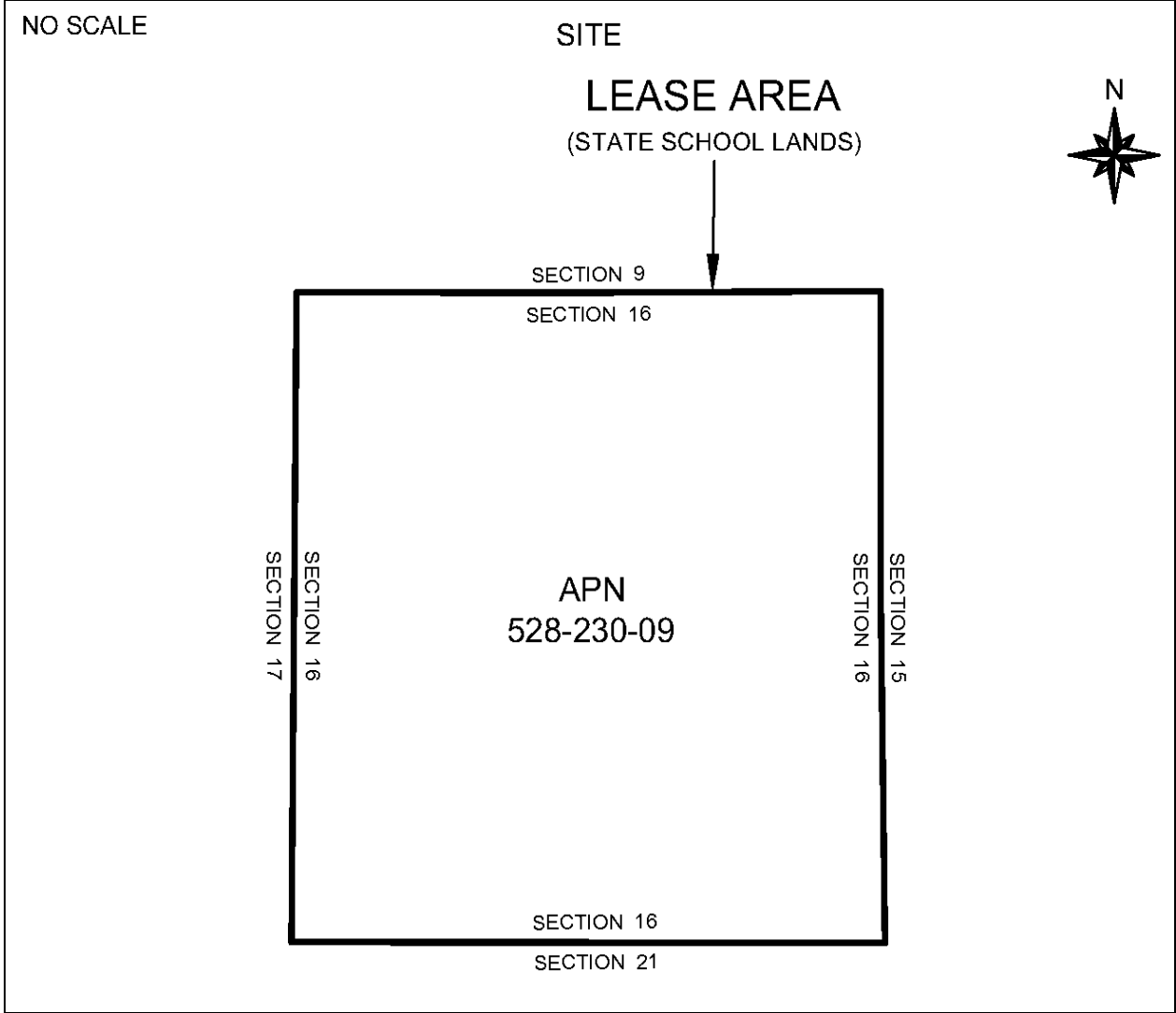
Figure 1. Location



AUTHORIZED USE:

Construction, operation, maintenance, and decommissioning of a new wind energy facility consisting of up to seven wind turbines of up to 3.0 megawatts capacity each (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:

40 years, beginning October 13, 2016.

CONSIDERATION:

Base Rent of \$135,500 per year with an annual Consumer Price Index adjustment, or an Operating Fee (beginning at 5 percent of gross revenue, increasing to 5.25 percent after 10 years, increasing to 5.5 percent after 20 years, and increasing to 5.75 percent after 30 years), whichever is greater, with the State reserving the right to adjust the base rent at each 10-year anniversary, as provided in the lease. In addition, the Applicant will establish a reimbursement account in the amount of \$40,000 for remediation and closure of abandoned mines on the lease premises and a reimbursement account in the amount of \$15,000 for lease compliance and administration of the Mitigation Monitoring Program.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, and 6501.1; California Code of Regulations, title 2, section 2000.

STATE'S BEST INTERESTS:

On October 13, 2016, the Commission authorized a General Lease – Industrial Use, Lease 9347, for the construction, operation, maintenance, and decommissioning of a wind energy facility to the Lessee ([Item 63, October 13, 2016](#)). Since the issuance of the lease, the Lessee has been unable to secure a lease agreement with an adjacent landowner, which is a critical component of site control for the project. In the absence of that agreement, the Lessee believes the development of the project is unlikely to move forward. The Lessee has terminated its lease with other adjacent landowners and is in the process of terminating its Bureau of Land Management Right-of-Way.

On October 11, 2023, the Lessee requested the lease be terminated. No improvements or other structures have been placed on the lease premises since the issuance of the lease. The lessee has paid approximately \$1.1 million in minimum rent since the lease was authorized by the Commission. After lease termination, the state land will be available for other applicants.

CONCLUSION:

Staff believes that the acceptance of a Lease Quitclaim Deed and termination of this lease is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of State-owned school land, it exercises legislatively delegated authority and responsibility as trustee of the State's school lands as authorized by law. If the Commission denies the application, the Applicant will still have obligations under the lease, including the payment of annual rent. The lessee has no right to a new lease or to renewal of any previous lease.
2. Acceptance of a lease quitclaim deed and termination of the lease 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:

STATE'S BEST INTERESTS:

Find that the proposed acceptance of a lease quitclaim deed and termination of lease are in the best interests of the State.

AUTHORIZATION:

1. Authorize acceptance of a lease quitclaim deed, effective October 11, 2023, for Lease 9379, a General Lease – Industrial Use, from Pacific Wind Development, LLC.
2. Terminate Lease 9379, a General Lease – Industrial Use, held by Pacific Wind Development, LLC; effective October 11, 2023.