

Staff Report 44

LESSEE:

Chevron Products Company, a Division of Chevron U.S.A., Inc.

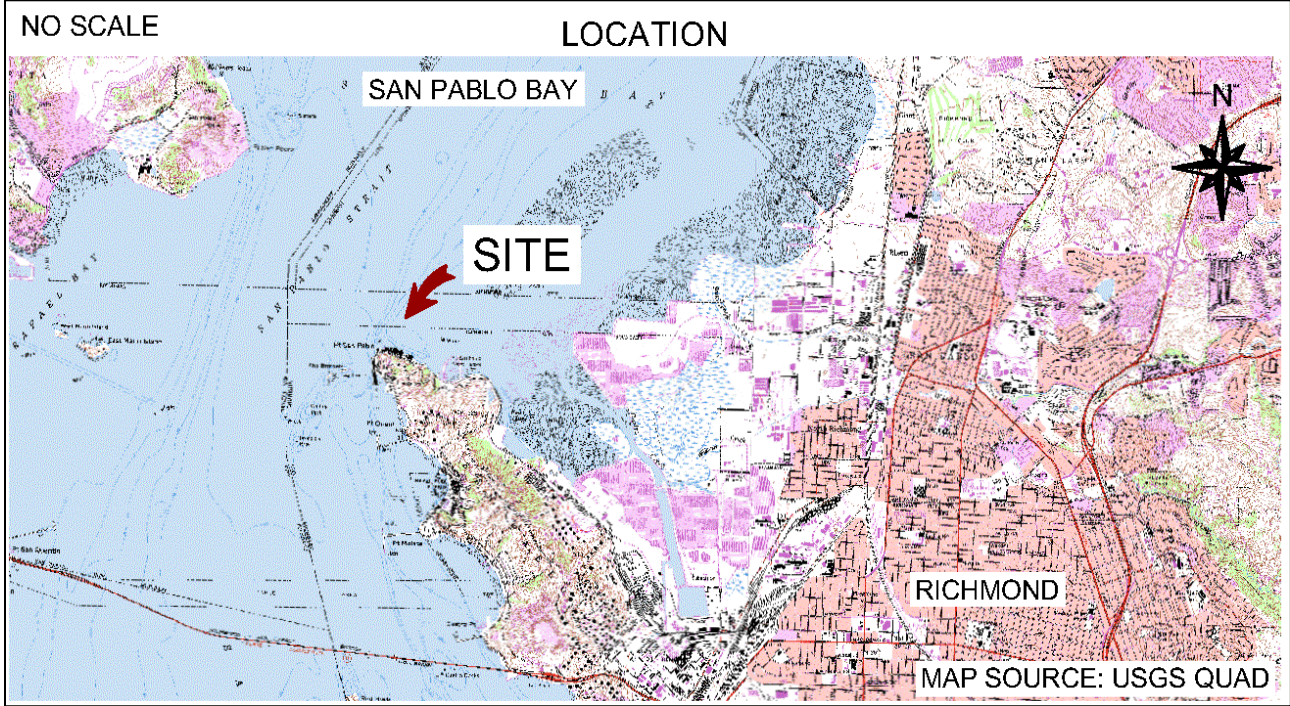
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

1.65 acres, more or less, of sovereign land in San Pablo Bay, Richmond, Contra Costa County (as shown in Figure 1).

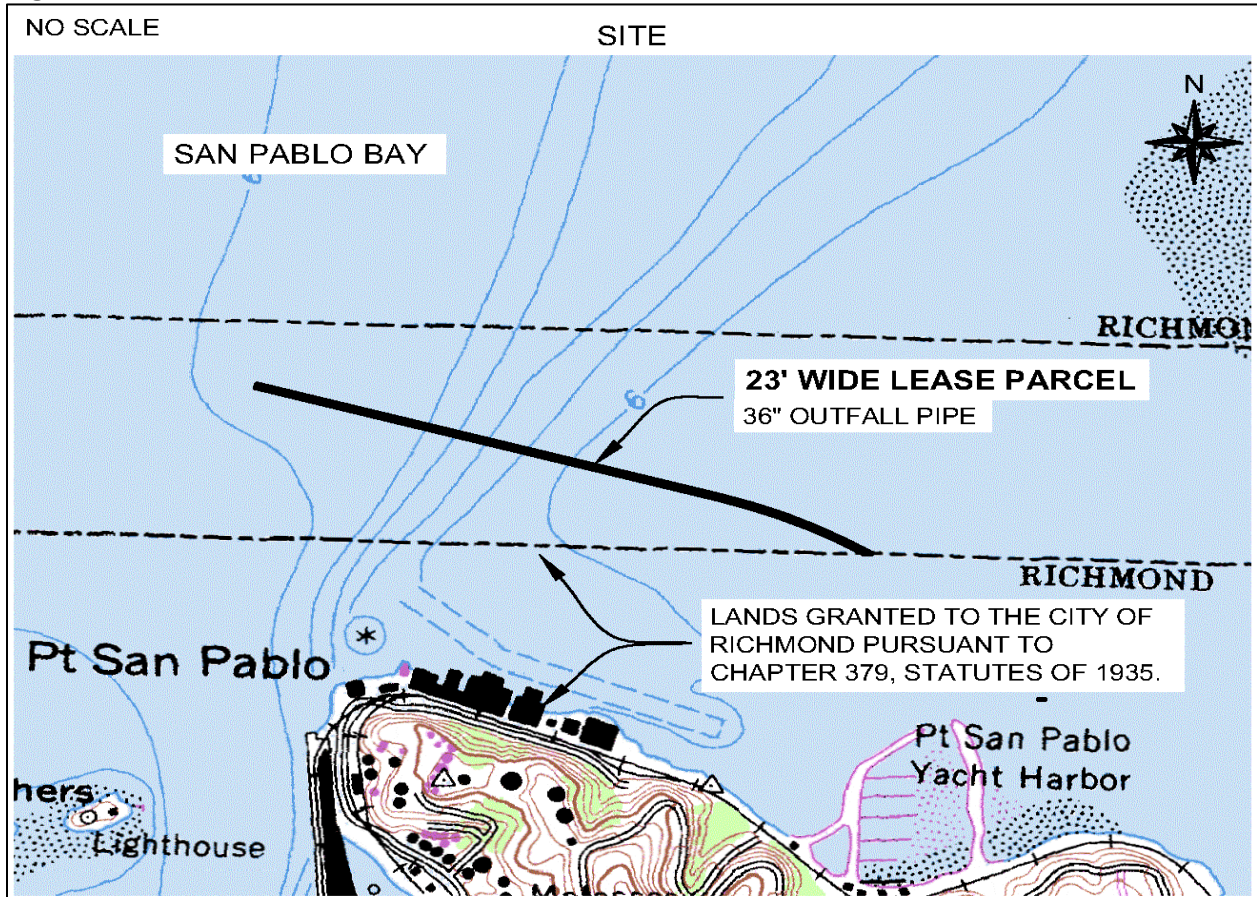
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a concrete deepwater outfall (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 April 1, 2014.

CONSIDERATION:

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent and bond under this lease and recommends that the rent be revised from \$15,795 per year to \$29,835 per year, and an increase in the bond from \$500,000 to \$1,500,000, effective April 1, 2024.

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 April 23, 2014, the Commission authorized a General Lease – Right-of-Way Use ([Item 52, April 23, 2014](#)) to the Lessee for the continued use and maintenance of a 36-inch-diameter, 3,000-linear foot, concrete deepwater outfall in San Pablo Bay. The outfall was constructed in 1987 for the purpose of discharging treated wastewater from Chevron's Richmond Refinery. On February 4, 2019, the rent was continued, effective April 1, 2019. The required external inspections and integrity assessment reports for the outfall are up to date. The next inspections are due in April 2024.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$500,000. 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 recommends increasing the bond to minimize the state's potential liability.
4. This action is consistent with the "Address the 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 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 7062 from \$15,795 per year to \$29,835 per year and a revision of the bond from \$500,000 to \$1,500,000, effective April 1, 2024.