

Staff Report 60

LESSEE:

Southern California Gas Company.

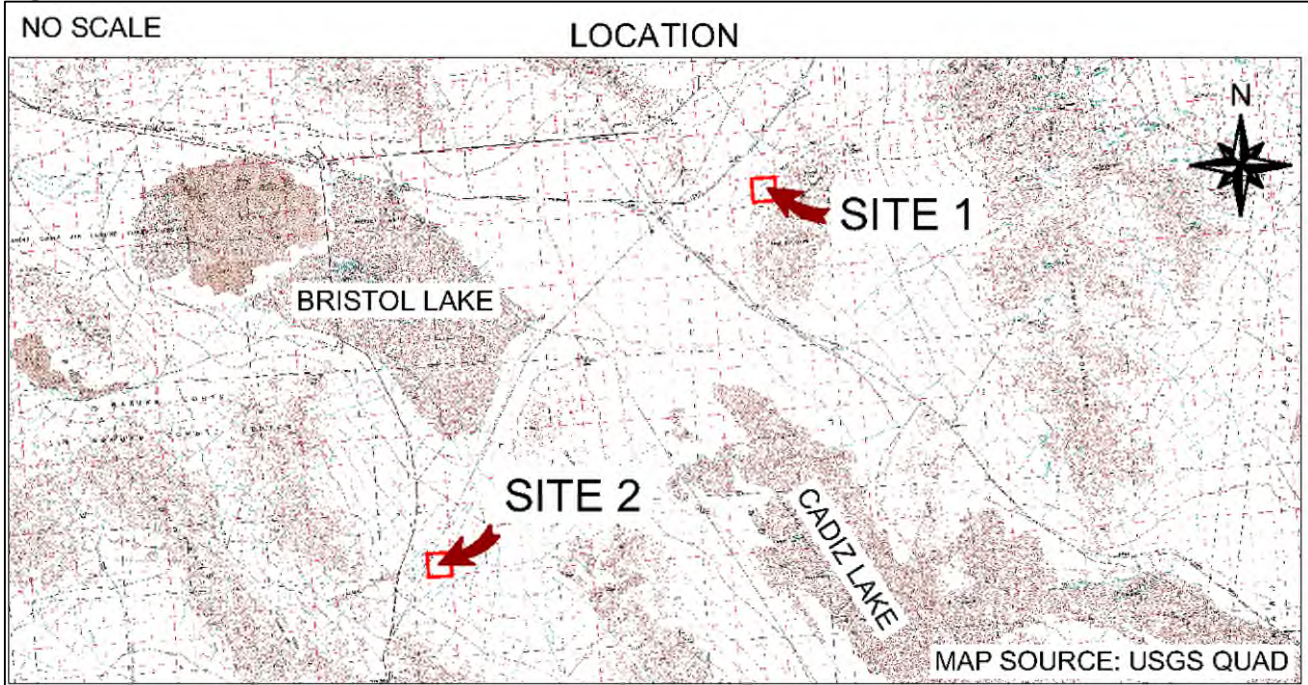
PROPOSED ACTION:

Continuation of Rent and Revision of Bond.

AREA, LAND TYPE, AND LOCATION:

9.02 acres (Parcel 1) and 8.52 acres (Parcel 2), more or less, of State school land located in portions of Section 16, Township 5 North, Range 15 East and Section 36, Township 3 North, Range 12 East, SBM, near Twentynine Palms, San Bernardino County (as shown in Figure 1).

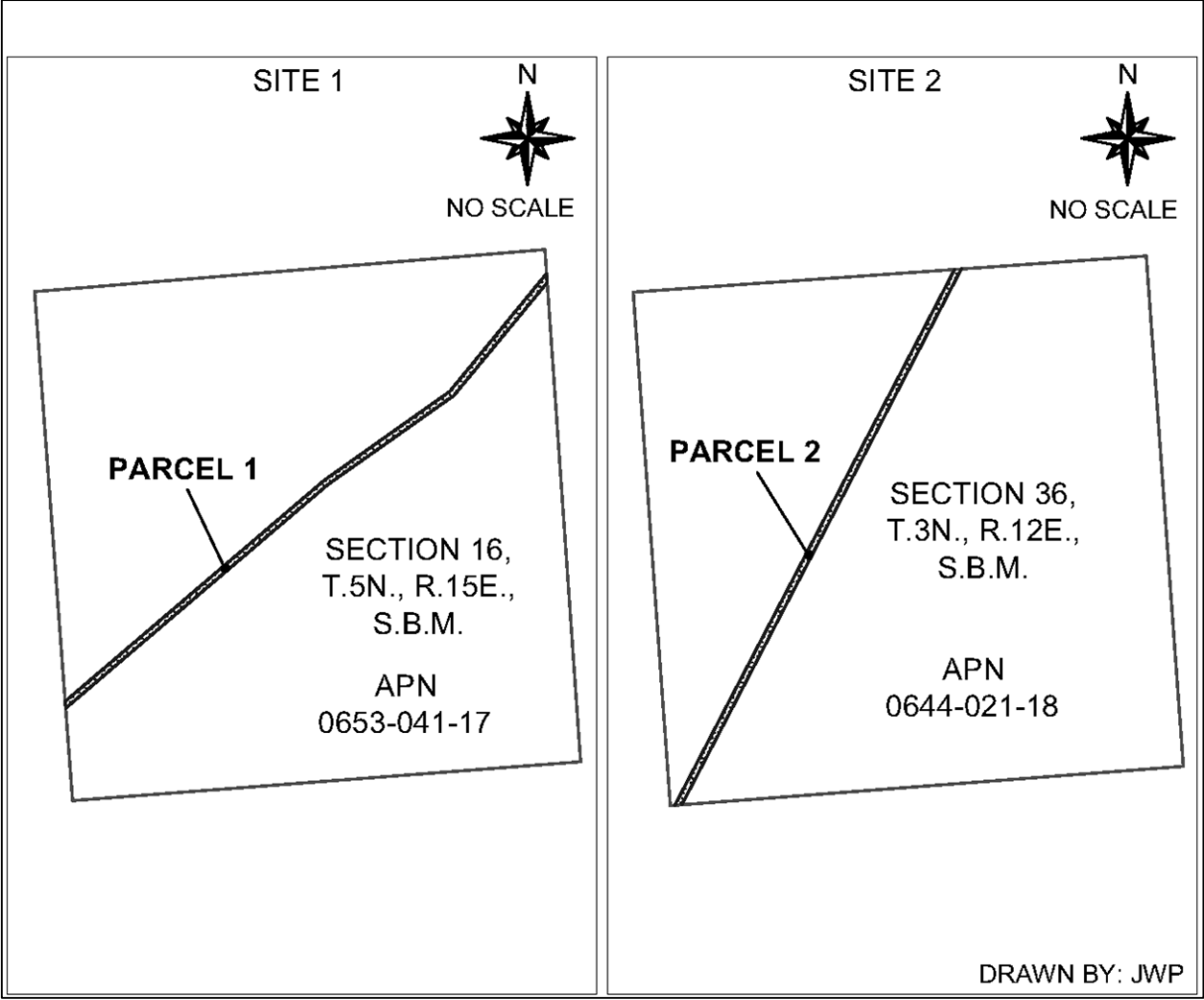
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of an existing underground natural gas pipeline, two block valves, and one cathodic protection rectifier (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 August 11, 2009.

CONSIDERATION:

The lease provides that Lessor may modify the rent and bond periodically during the lease term. Pursuant to this provision, the staff has conducted a review of the rent and bond under this lease and recommends that the rent be continued at \$10,191 per year, and the bond increased from \$10,000 to \$1,000,000, effective August 11, 2024.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the continuation of rent and revision of bond is a discretionary action by the Commission. Each time the Commission approves or rejects a continuation of rent and revision of bond, 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 August 11, 2009, the Commission authorized a General Lease – Right-of-Way Use ([Item 29, August 11, 2009](#)), to Southern California Gas Company. On August 15, 2014, the Commission authorized a revision of rent ([Item 61, August 15, 2014](#)) from \$4,076 to \$10,191 per year, effective August 11, 2014. On August 23, 2019, the Commission authorized a continuation of rent ([Executive Officer's Report, August 23, 2019](#)) for \$10,191 per year, effective August 11, 2019.
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 to keep it consistent with similar facilities. Staff recommends increasing the bond from \$10,000 to \$1,000,000 to minimize the gap between ability to pay and protecting the state's liability. The lease will expire on August 10, 2029.
4. This action is consistent with addressing the challenges and opportunities described in the Commission's 2021-25 Strategic Plan to "Embrace and safeguard multi-benefit School Lands and resource management stewardship that equitably balances responsible local and regional economic development, supports living wages, environmental protection, and revenue generation."

5. Approving the continuation of rent and revision of 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Approve the continuation of rent at \$10,191 per year and revision of bond for Lease PRC 8836 from \$10,000 per year to \$1,000,000 per year, effective August 11, 2024.