

# Staff Report 27

**LESSEE:**

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Chemtrade West US LLC

**PROPOSED ACTION:**

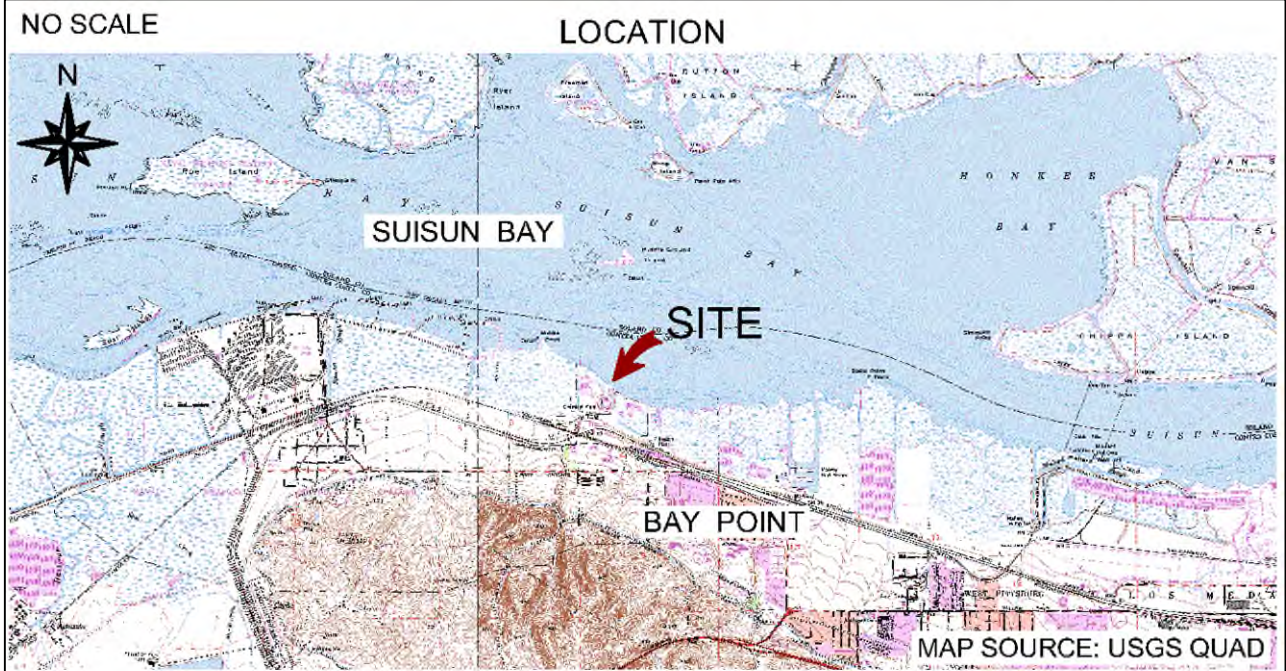
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Revision of Rent and Bond.

**AREA, LAND TYPE, AND LOCATION:**

0.15 acre, more or less, of sovereign land in Suisun Bay, adjacent to 501 Nichols Road, near Bay Point, Contra Costa County (as shown in Figure 1).

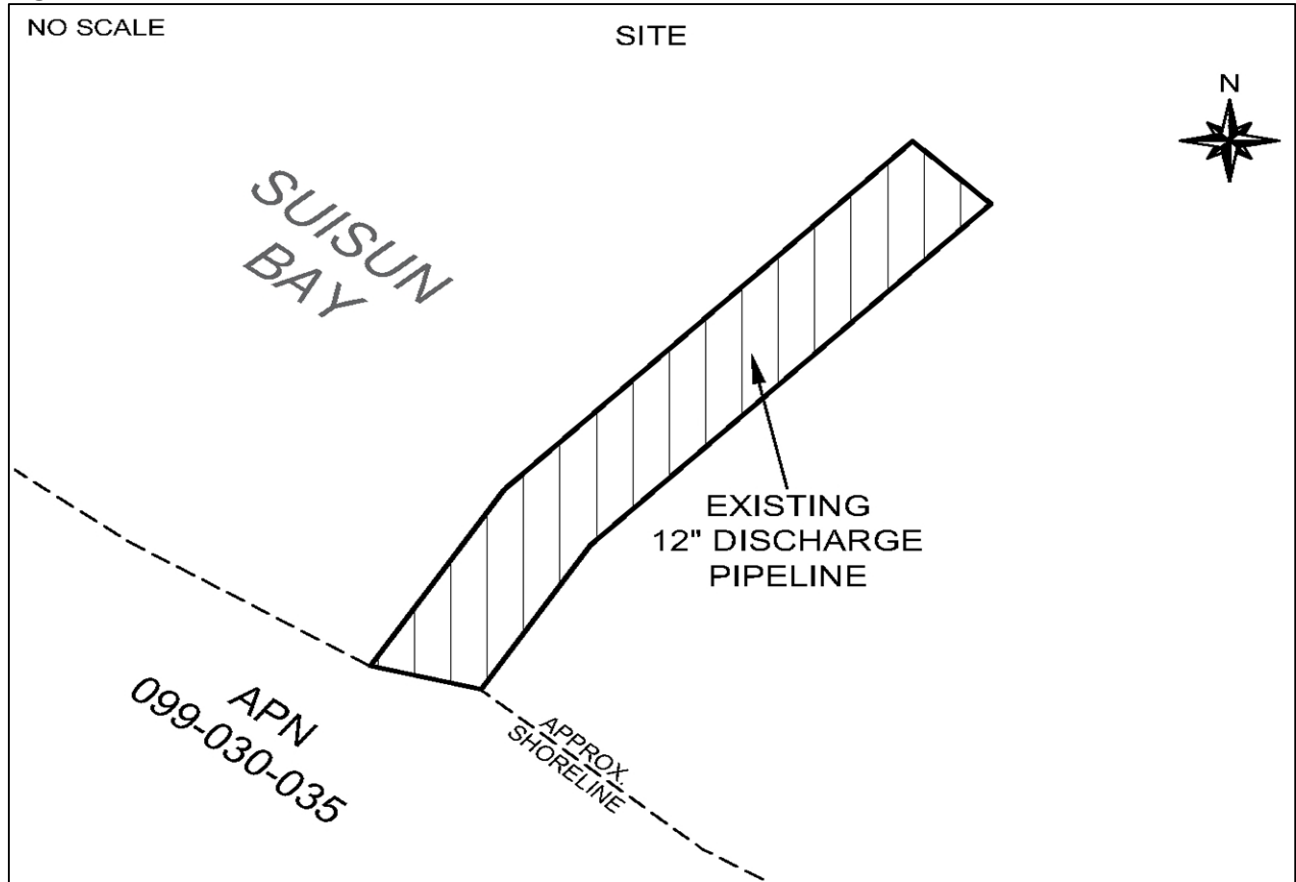
**Figure 1. Location**



**AUTHORIZED USE:**

Continued use and maintenance of an existing 12-inch-diameter effluent discharge pipeline (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 January 23, 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 rent be revised from \$1,032 per year to \$1,486 per year, and the bond increased from \$25,000 to \$1,000,000, effective January 23, 2025.

## **OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the revision of rent and bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent and 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 June 19, 2014, the Commission authorized a 20-year General Lease – Right-of-Way Use ([Item 55, June 19, 2014](#)) to Chemtrade West US LLC of sovereign land in Suisun Bay, adjacent to 501 Nichols Road, near Bay Point, Contra Costa County for an existing effluent discharge pipeline. On December 3, 2018, the Commission authorized a revision of rent ([Item 31, December 3, 2018](#)) from \$910 to \$1,032 per year, effective January 23, 2019.
3. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$25,000. 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 recommend increasing the bond from \$25,000 to \$1,000,000 to protect the state from the liability associated with Chemtrade West's infrastructure. The lease will expire on January 22, 2034.
4. This action is consistent with the "efficient and effective management of the revenue generation portfolio" and "addresses current and future risk and liabilities" elements 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

**RECOMMENDED ACTION:**

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It is recommended that the Commission:

**AUTHORIZATION:**

Approve the revision of rent for Lease PRC 4410 from \$1,032 per year to \$1,486 per year, and an increase in the bond from \$25,000 to \$1,000,000, effective January 23, 2025.