

Staff Report 54

LESSEE:

Pacific Gas and Electric Company

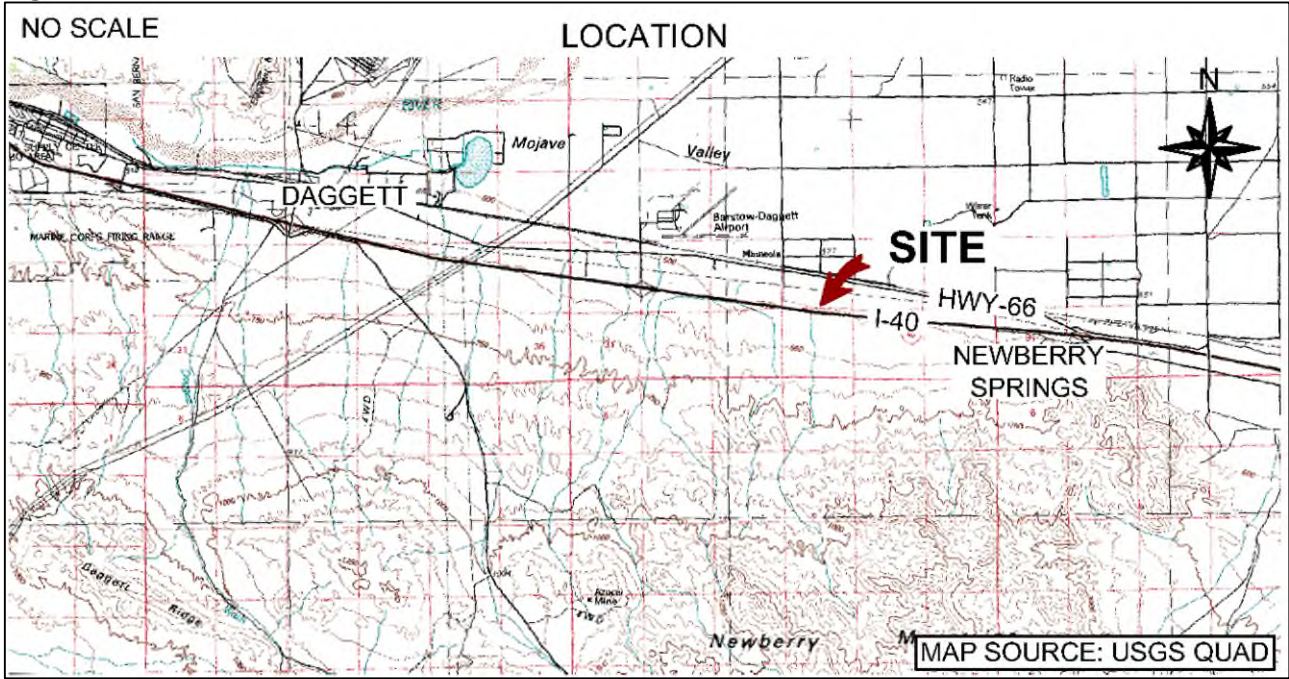
PROPOSED ACTION:

Revision of Rent and Bond.

AREA, LAND TYPE, AND LOCATION:

8.08 acres, more or less, of school land located in portions of Sections 26 and 27, Township 9 North, Range 2 East, SBM, near the unincorporated community of Newberry Springs, San Bernardino County (as shown in Figure 1).

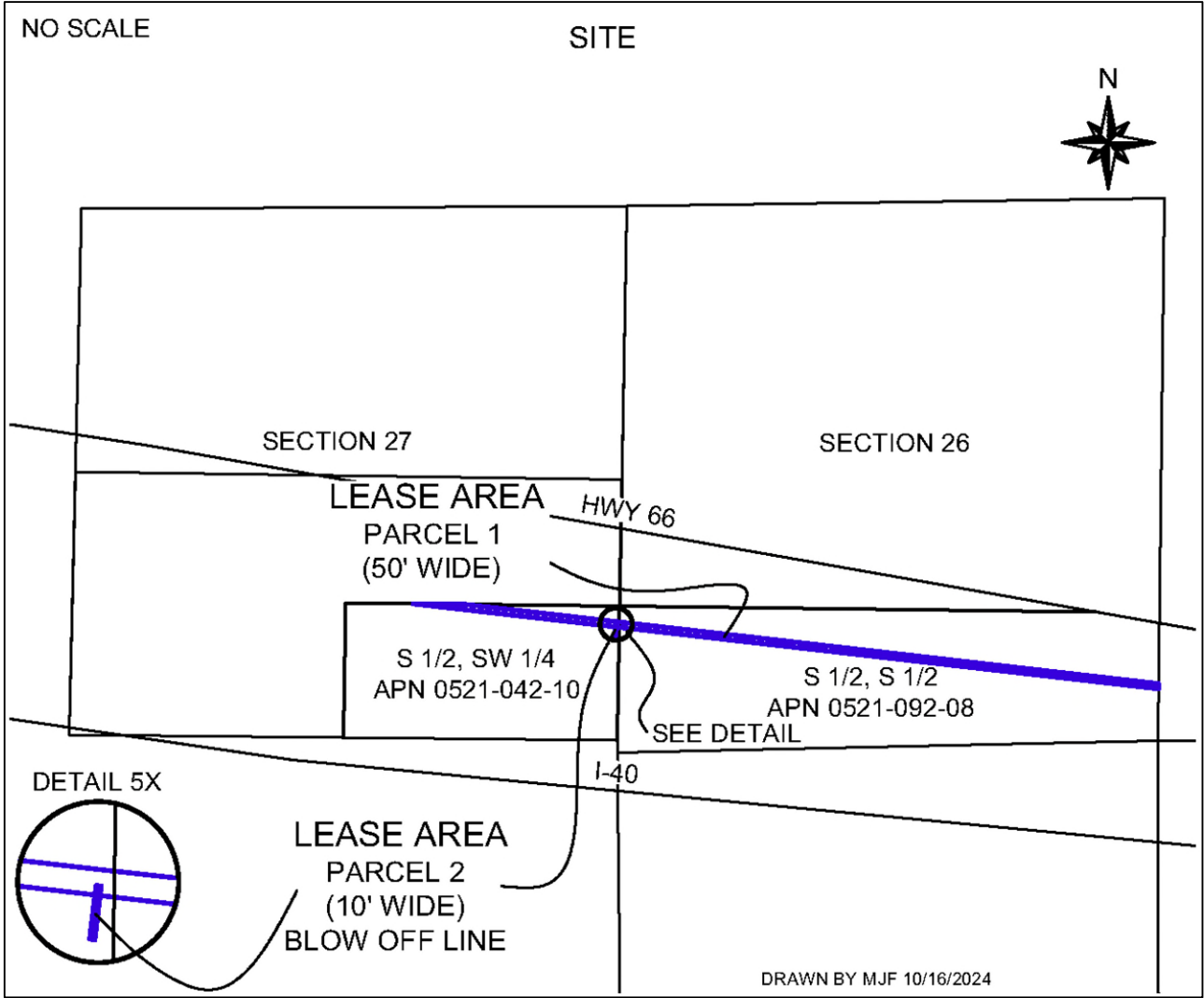
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of an existing high pressure gas transmission line, a blow-off line, and communication line (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:

25 years, beginning January 6, 2015.

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 \$13,644 per year to \$11,941 per year, and an increase in the bond from \$50,000 to \$1,000,000, effective January 6, 2025.

OTHER PERTINENT INFORMATION:

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 bonds, 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 19, 2015, the Commission authorized a 25-year General Lease – Right-of-Way Use ([Item 65, August 19, 2015](#)) to Pacific Gas and Electric Company. On December 6, 2019, the Commission authorized a revision of rent ([Item 36, December 6, 2019](#)) from \$12,189 to \$13,644, effective January 6, 2020.
3. During the review of the rent and bond, staff determined that a lower annual rent aligns with our current rental methodology practices and other similar leases. Under the terms of the current lease, the lessee holds a surety bond in the amount of \$50,000. This amount is subject to increases over the lease term and serves the purpose of mitigating costs that might otherwise be shouldered by the state, including potential restorative actions with the leased premises upon lease termination or lease premises abandonment. A bond adjustment is currently appropriate for consistency with similar facilities. Staff recommends increasing the bond from \$50,000 to \$1,000,000 to protect the state from potential liability. The lease will expire on January 5, 2040.
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 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:

It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease PRC 7526 from \$13,644 per year to \$11,941 per year, and an increase in the bond from \$50,000 to \$1,000,000, effective January 6, 2025.