

Staff Report 04

LESSEE:

California Water Service Company

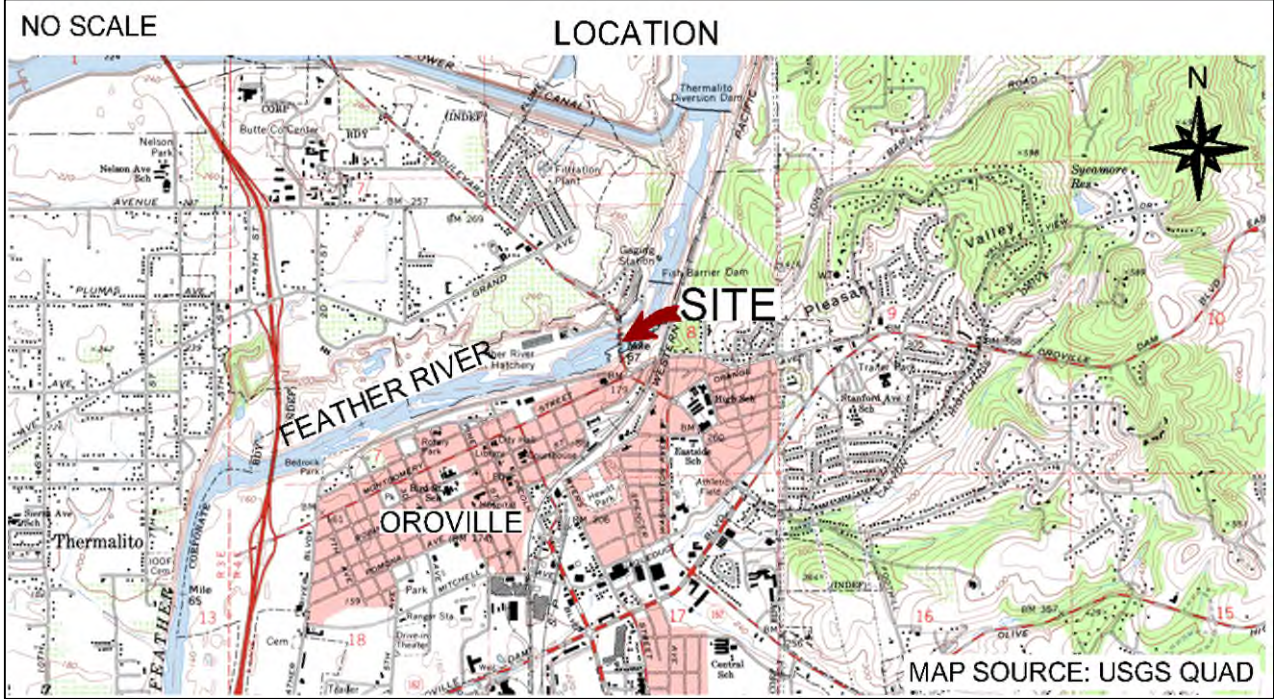
PROPOSED ACTION:

Revision of Rent, Insurance, and Bond.

AREA, LAND TYPE, AND LOCATION:

0.04 acres, more or less, of sovereign land in the Feather River within Sections 7 and 18, T19N R4E, MDM, near Oroville, Butte County (as shown in Figure 1).

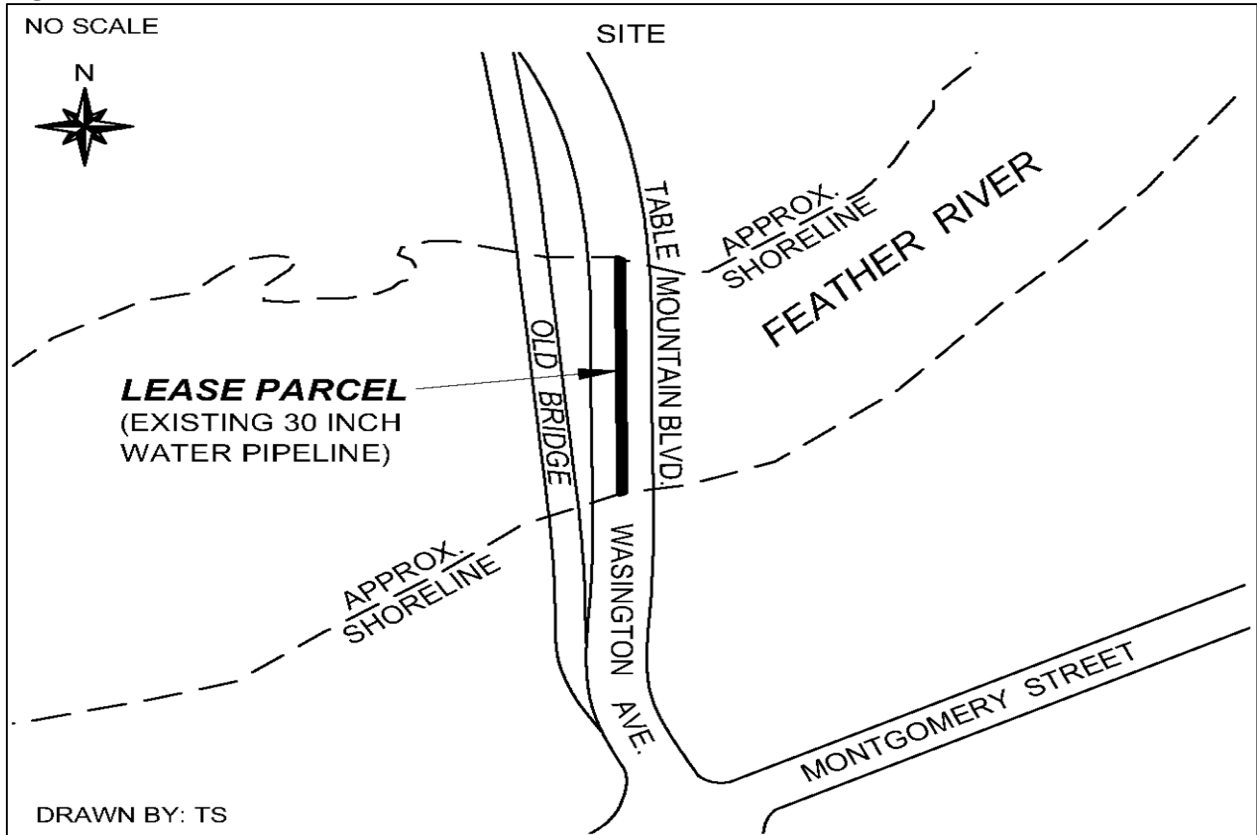
Figure 1. Location



AUTHORIZED USE:

Continued use and maintenance of a 30-inch water pipeline attached to the Table Mountain Boulevard Bridge (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:

49 years, beginning May 1, 1980.

CONSIDERATION:

The lease provides that Lessor may modify the rent, insurance and bond periodically during the lease term. Pursuant to these provisions, staff has conducted a review of the rent, insurance and bond under this lease and recommends that the rent be increased from \$503 to \$599 per year, insurance be increased from \$100,000 to \$1,000,000, and the bond be increased from \$5,000 to \$20,000, effective May 1, 2025.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent, insurance and bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of rent, insurance, 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 26, 1980, the Commission authorized a 49-year General Lease – Right-of-Way Use ([Item 8, June 26, 1980](#)) to California Water Service Company for 0.04 acre, more or less, of sovereign land in the Feather River within Sections 7 and 18, T19N R4E, MDM, near Oroville, Butte County. The lease authorized continued use and maintenance of a 30-inch-diameter water pipeline attached to the Table Mountain Boulevard Bridge. The Commission has engaged in several rent reviews over the years. The most recent rent revision prior to the proposed action was on February 28, 2020, the Commission authorized a revision of rent ([Item 2, February 28, 2020](#)) from \$450 to \$503 per year, effective May 1, 2020.

The Commission requires liability insurance coverage to protect the state from risk in the amount of no less than \$100,000. It is recommended that the liability insurance requirement increase from \$100,000 to \$1,000,000 to align with insurance amounts for similar leases, ensuring the state remains protected against any and all claims arising out of the ownership, use, occupancy, condition or maintenance of the Lease Premises and all previously authorized improvements.

3. The Commission requires a bond or security instrument to protect the interest of the state as it relates to rent payments and lease provision compliance, especially the requirement to restore the leased premises upon lease termination. The lease currently requires a bond or security instrument in the amount of \$5,000. Staff recommend increasing the surety bond to \$20,000 to account for inflation and the increased need for security to cover the potential costs of restoration and compliance with lease provisions. This is consistent with the approach taken for other similar leases.
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, insurance, 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 5852 from \$503 to \$599 per year, the revision of insurance from \$100,000 to \$1,000,000, and the revision of bond from \$5,000 to \$20,000, effective May 1, 2025.