

# Staff Report 42

**LESSEE:**

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SFPP, L.P.

**PROPOSED ACTION:**

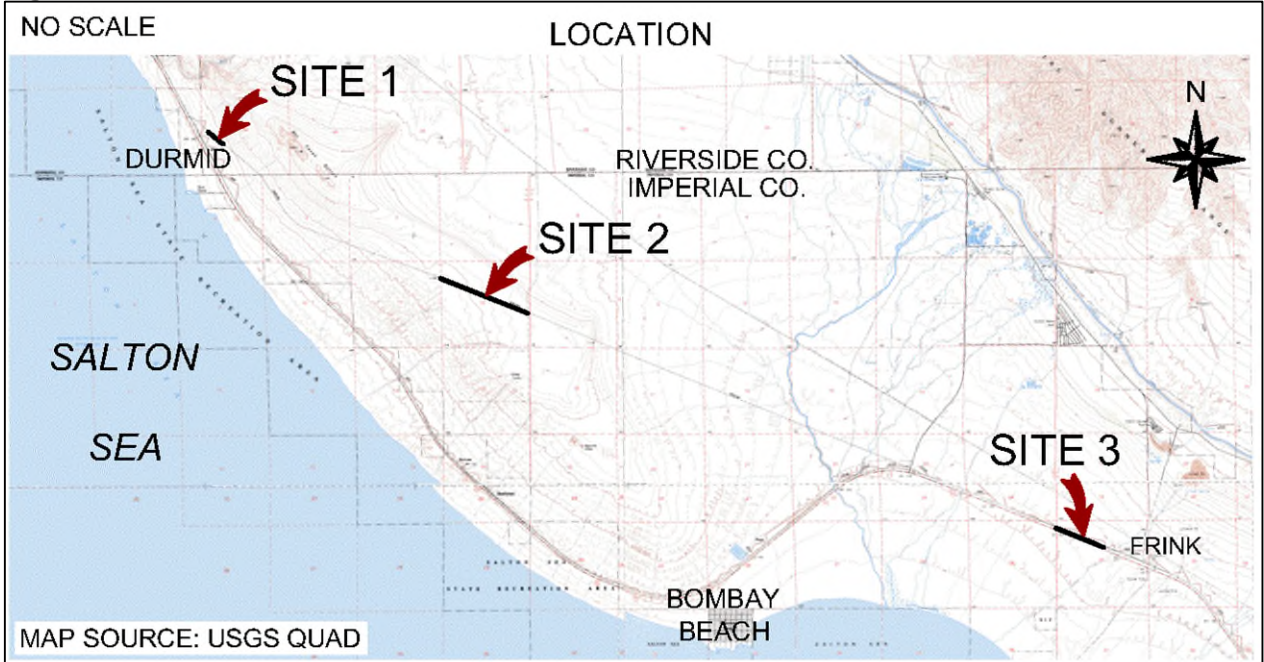
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Continuation of Rent and Revision of Bond.

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

4.63 acres, more or less, of State-owned indemnity school land located in portions of Section 30, Township 9 South, Range 13 East; Section 12, Township 9 South, Range 11 East, SBM, Imperial County; and Section 34, Township 8 South, Range 11 East, SBM, Riverside County (as shown in Figure 1).

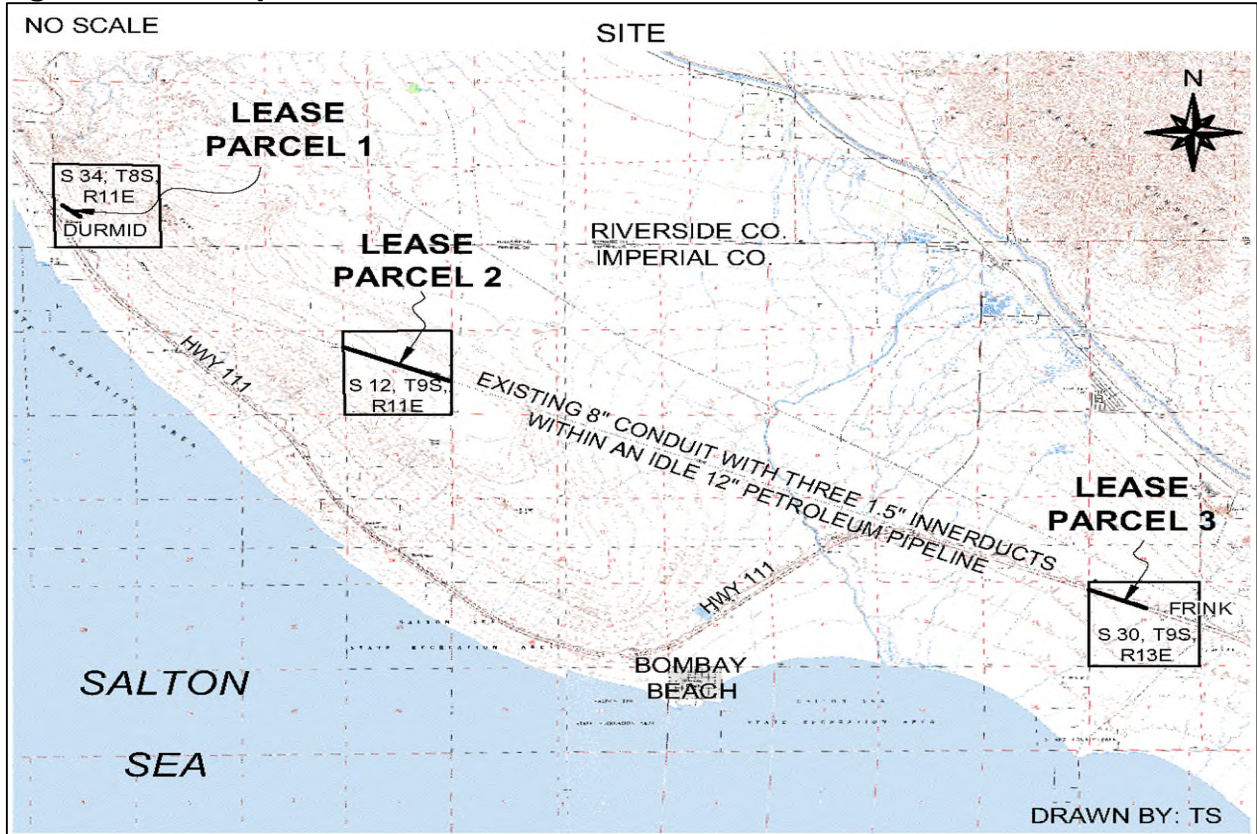
**Figure 1. Location**



**AUTHORIZED USE:**

Continued use and maintenance of an underground pipeline housing a conduit with three innerducts, one of which contains a single fiber optics cable (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:**

24 years, beginning April 20, 2010.

**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 continued at \$6,051 per year, and an increase in the bond from \$10,000 to \$100,000, effective April 20, 2025.

## OTHER PERTINENT INFORMATION:

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1. Approval or denial of the revision of the bond is a discretionary action by the Commission. Each time the Commission approves or rejects a revision of the 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 October 29, 2010, the Commission authorized a 24-year General Lease – Right-of-Way Use and Authorization of Sublease ([Item 35, October 29, 2010](#)), to SFPP, L.P. for 4.63 acres more or less, of State school land located in portions of Section 30, Township 9 South, Range 13 East; Section 12, Township 9 South, Range 11 East, SBM, Imperial County; and Section 34, Township 8 South, Range 11 East, SBM, Riverside County, northwest of Niland. The lease authorizes the continued use and maintenance of one existing 12-inch-diameter underground pipeline housing an 8-inch-diameter conduit with three 1.5-inch innerducts, one of which contains a single fiber optics cable having 96 hair-thin glass fibers. On February 20, 2015, the Commission authorized a revision of rent ([Item 82, February 20, 2015](#)) from \$2,420 to \$6,051 per year, effective April 20, 2015. On February 28, 2020, the Commission authorized a continuation of rent ([Executive Officer's Report, February 28, 2020](#)) for \$6,051 per year, effective April 20, 2020. The lease expires April 19, 2034.
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 per Section 1 in the amount of \$10,000. The existing Lease provisions permit the Commission to seek reasonable bond increases over the course of the lease term. The bond has been reassessed during this rent review, and it is recommended that the bond be increased from \$10,000 to \$100,000. Based on the acreage leased and nature of the improvements authorized, the proposed \$100,000 bond is reasonably necessary to secure the lease obligations, such as payment of rent, maintenance, regulatory compliance, or restoration requirements.
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:**

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It is recommended that the Commission:

### **AUTHORIZATION:**

Approve the continuation of rent for Lease PRC 8150 at \$6,051 per year, and an increase in the bond from \$10,000 to \$100,000, effective April 20, 2025.