

Staff Report 30

LESSEE:

Delta Gas Gathering, Inc.

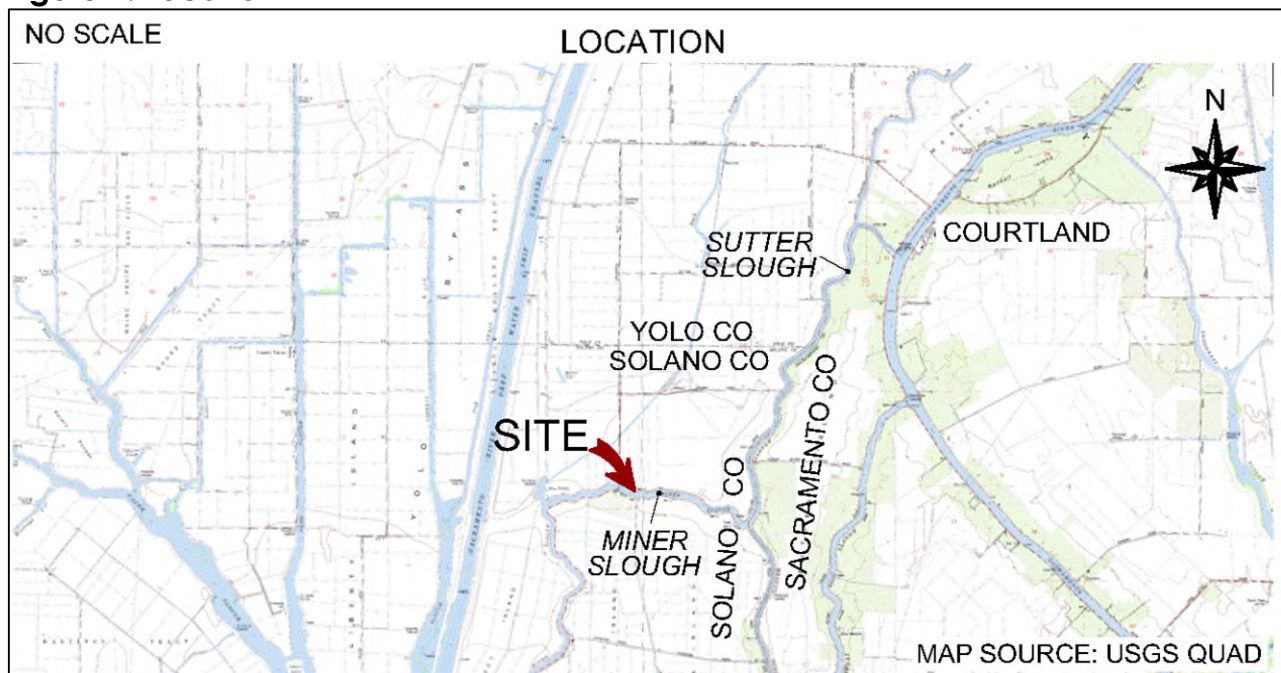
PROPOSED ACTION:

Continuation of Rent and Revision of Bond.

AREA, LAND TYPE, AND LOCATION:

0.23 acre, more or less, of sovereign land in Miner Slough, Ryer Island, Solano County (as shown in Figure 1).

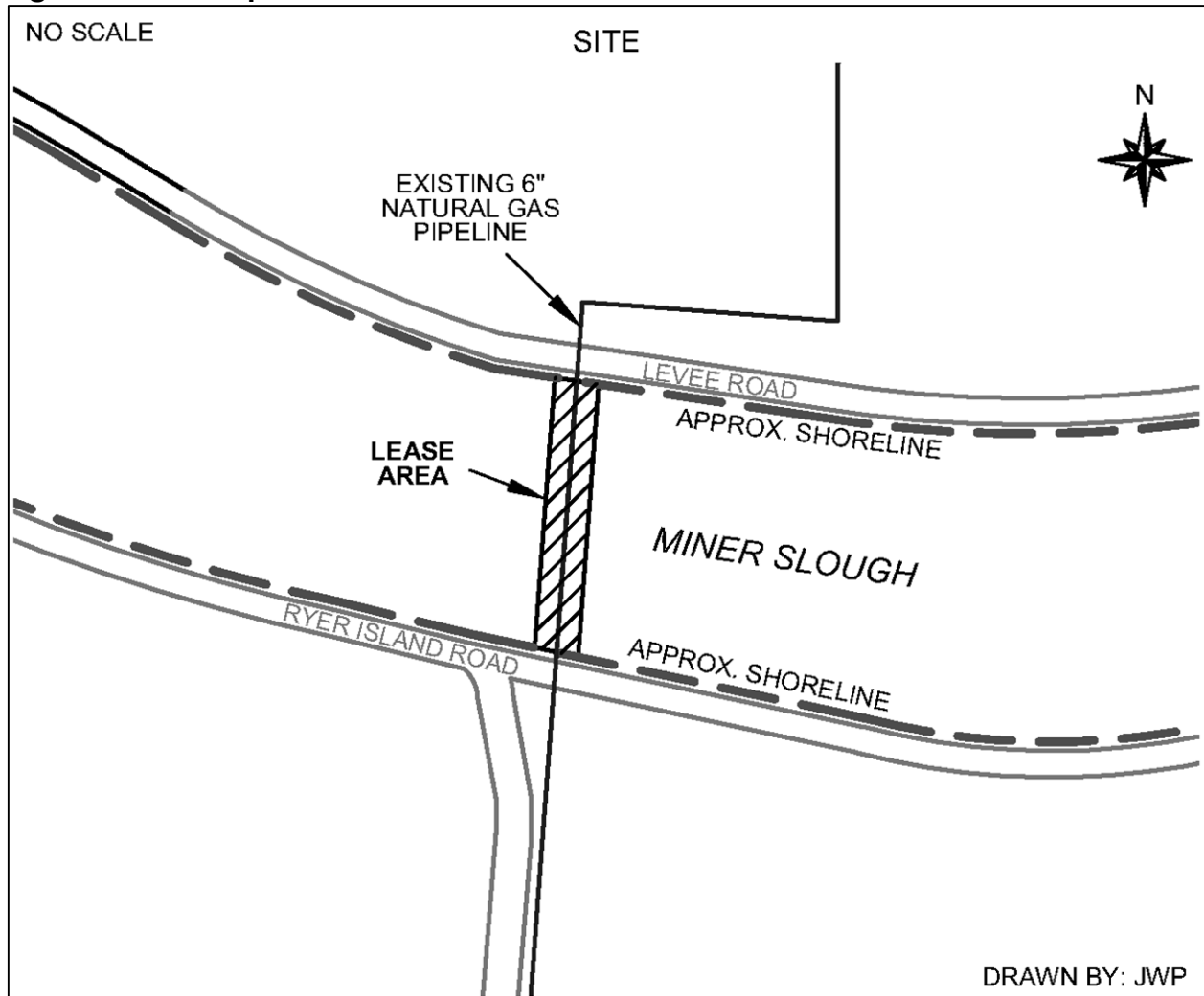
Figure 1. Location



AUTHORIZED USE:

Continued operation, maintenance, and monitoring of a six-inch-diameter steel welded natural gas 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 July 1, 2015.

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 rent be continued at \$450 per year with an annual Consumer Price Index adjustment, and the bond be increased from \$10,000 to \$1,000,000, effective July 1, 2025.

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 or 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 19, 2015, the Commission authorized a 20-year General Lease – Right-of-Way Use ([Item 47, August 19, 2015](#)) to Delta Gas Gathering, Inc. for continued operation, maintenance, and monitoring of a six-inch diameter steel welded natural gas pipeline located in Miner Slough. On June 28, 2016, the Commission authorized a rescission of approval and issuance of a General Lease – Right-of-Way Use ([Item 32, June 28, 2016](#)) reducing the surety requirement from \$20,000 to \$10,000.
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 \$10,000. Staff recommend increasing the surety bond to \$1,000,000 to account for inflation and the increased need for security to adequately 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 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 and an increase in the bond or other security from \$10,000 to \$1,000,000 for Lease PRC 7832, effective July 1, 2025,