

Staff Report 50

LESSEE:

San Diego Gas & Electric Company

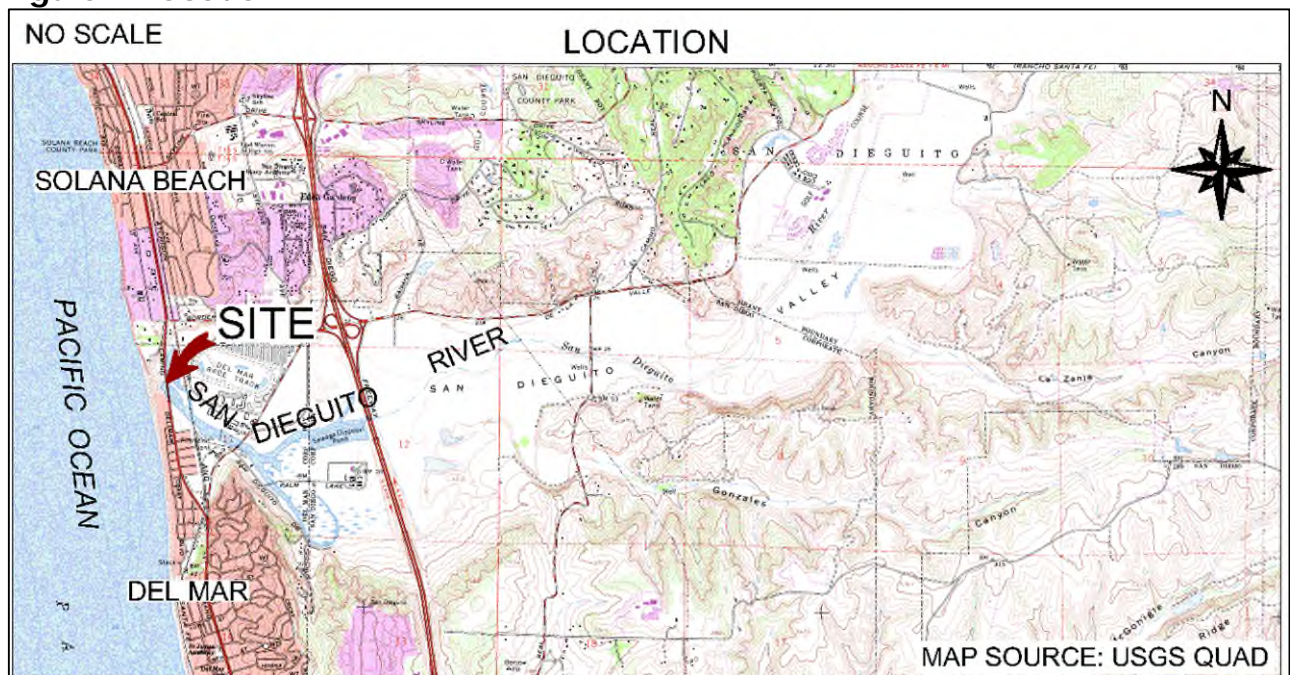
PROPOSED ACTION:

Revision of Rent and Security.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in and adjacent to the San Dieguito River, Del Mar, San Diego County (as shown in Figure 1).

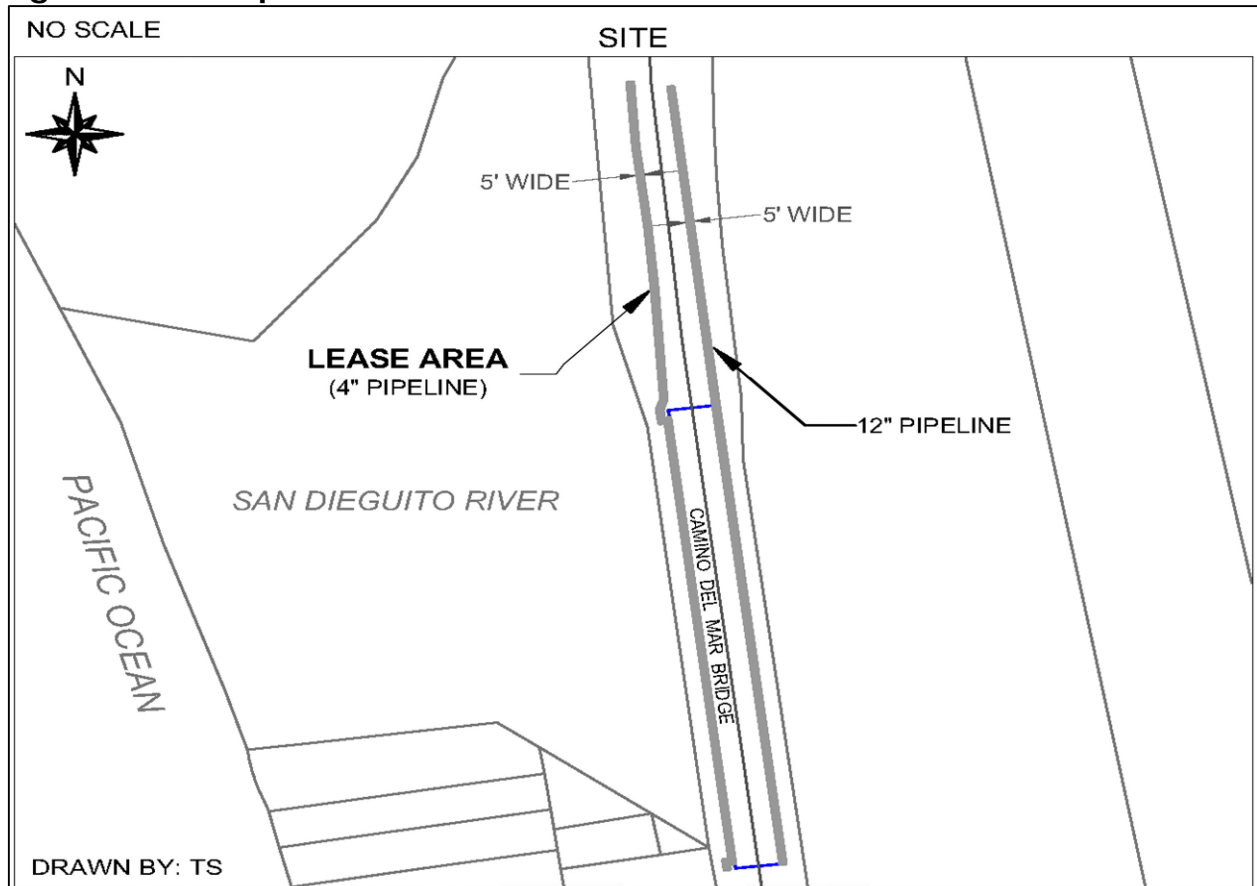
Figure 1. Location



AUTHORIZED USE:

Retention, use, and maintenance of one four-inch diameter natural gas pipeline attached to the Camino Del Mar 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:

25 years, beginning October 1, 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 security under this lease and recommends that the rent be revised from \$503 per year to \$599 per year, and the security increased from \$50,000 to \$1,000,000, effective October 1, 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 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 25-year General Lease – Right-of-Way Use ([Item 63, October 29, 2010](#)) to San Diego Gas & Electric Company, for sovereign lands in and adjacent to the San Dieguito River, Del Mar, San Diego County. The lease authorized retention, use, and maintenance of one four-inch diameter natural gas pipeline attached to the Camino Del Mar Bridge. On August 20, 2020, the Commission authorized a revision of rent ([Item 21, August 20, 2020](#)) from \$450 to \$503 per year, effective October 1, 2020. The lease expires on September 30, 2035.
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 \$50,000. Staff recommend increasing the security to \$1,000,000 to account for inflation and the increased need for security to cover the potential costs of restoration and compliance with lease provisions, 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 and security 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 8895 from \$503 per year to \$599 per year, and an increase in the security from \$50,000 to \$1,000,000, effective October 1, 2025.