

# Staff Report 102

## APPLICANT:

Geysers Power Company, LLC

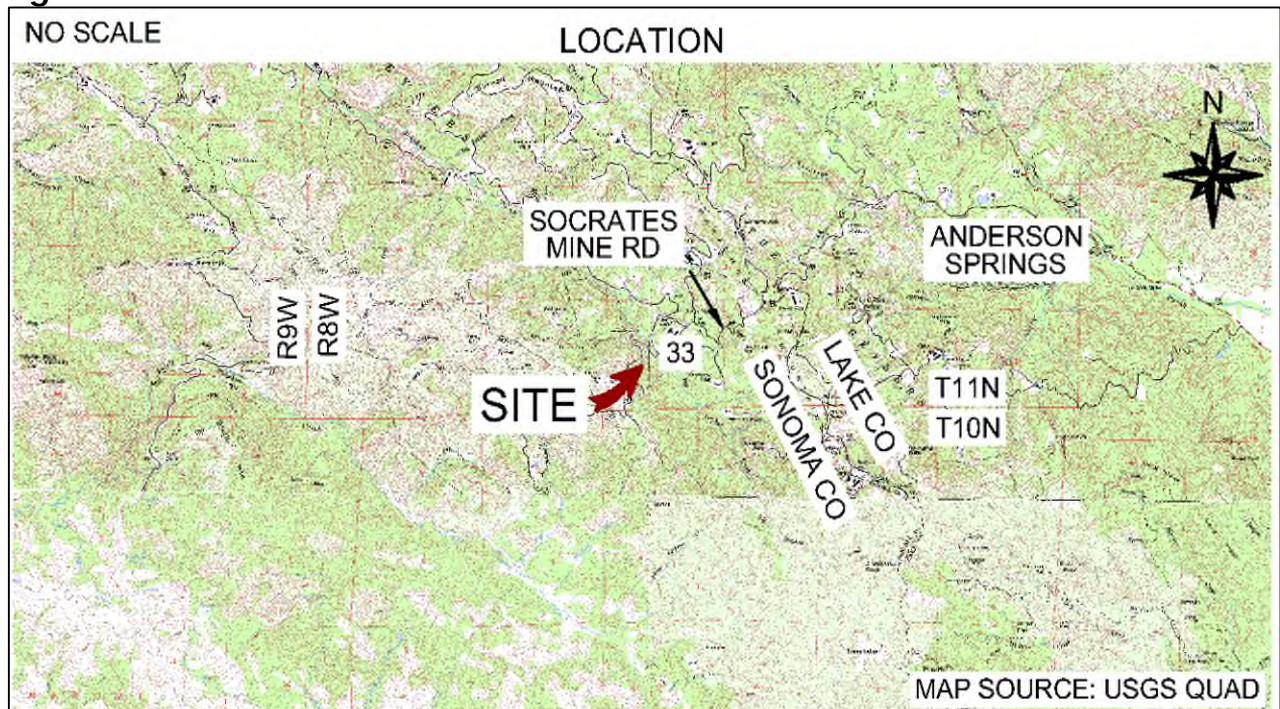
## PROPOSED ACTION:

Issuance of a General Lease – Right-of-Way Use.

## AREA, LAND TYPE, AND LOCATION:

State school land located in the Geysers Area, along Pine Flat Road in a portion of Section 33, Township 11 North, Range 8 West, MDM, near Middletown, Sonoma County (as shown in Figure 1).

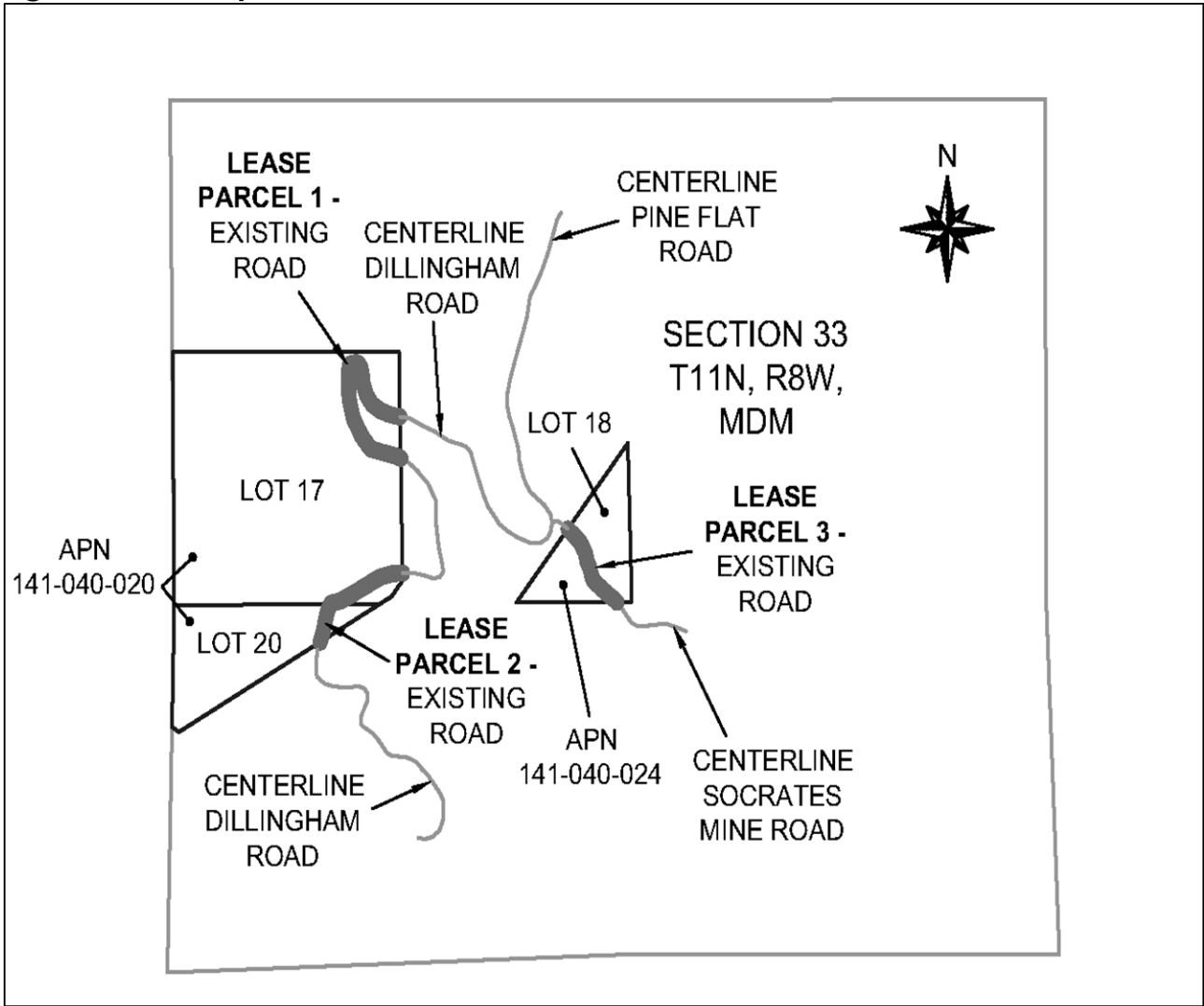
**Figure 1. Location**



**AUTHORIZED USE:**

Use of portions of existing access roads (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 May 7, 2024.

**CONSIDERATION:**

\$2,834 per year, with an annual Consumer Price Index adjustment.

### **SPECIFIC LEASE PROVISIONS:**

- Liability insurance in an amount no less than \$1,000,000 per occurrence.
- No refueling, repairs, or maintenance of vehicles or equipment will take place on the Lease Premises.
- Lessee will take all reasonable and necessary actions to prevent, suppress, and control fires on the Lease Premises.
- Lessee must prevent litter or pollution and will be liable for any resulting damage to state property or the public.
- All activity and personnel must stay within the Lease Premises, and any new structures require prior Commission approval.

### **STAFF ANALYSIS AND RECOMMENDATION:**

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#### **AUTHORITY:**

Public Resources Code sections 6005, 6216, 6501.1, 8701, and 8705; California Code of Regulations, title 2, sections 2000 and 2003.

#### **PUBLIC TRUST AND STATE’S BEST INTERESTS:**

On June 14, 1999, the Commission authorized issuance of a General Lease – Right-of-Way Use to Geysers Power Company, LLC for use of portions of an existing access road, known as Pine Flat Road, located on State school land to access steam generation facilities ([Item 46, June 14, 1999](#)). The lease expired on May 6, 2024. As requested by the Applicant, staff recommends issuance of a new lease beginning May 7, 2024.

The Applicant is now applying for a General Lease – Right-of-Way Use to continue the use of portions of existing roads.

The roads exist to allow access to Geysers Power Company, LLC’s steam generation facilities. These facilities produce electricity and are only accessible by road. Pacific Gas and Electric Company (PG&E) also currently has a lease from the Commission for the use of Pine Flat Road ([Item 72, October 18, 2018](#)). The Applicant maintains the roadway. The leases are non-exclusive, and both PG&E and the Applicant are aware of the other’s use of the roads and have no objections to shared occasional use of the roadway. As per a letter sent March 3, 1999, PG&E

has no objections to the concurrent use of the segments of roadway by Geysers Power Company, LLC in their future operational activities associated with the power plant.

The proposed lease does not alienate the State's fee simple interest and does not permanently impair public rights. The lease is limited to a 20-year term and does not grant the lessee exclusive rights to the lease premises. The lease requires the Applicant to indemnify the State for any liability incurred as a result of the lessee's activities on the lease premises. The lease also requires the payment of annual rent, generating revenue for the California State Teachers' Retirement System, consistent with Public Resources Code section 6217.5.

## **CLIMATE CHANGE**

### ***INTRODUCTION:***

Climate change is significantly altering California's forests across the state. As the atmosphere warms, there are more extremely hot days and unpredictable rainfall. Longer droughts are expected, and precipitation patterns will change in timing and intensity, affecting plant growth and distribution. This region is likely to see a corresponding increase in wildfires and more extreme heat and precipitation events. These impacts may affect the forested and vegetated area subject to the proposed lease, located near Middletown, Sonoma County.

### ***DATA & PROJECTIONS:***

Daily average high temperatures are projected to increase between 4.1 and 6.2 degrees Fahrenheit by the end of the century ([San Francisco Bay Area, California's Fourth Climate Change Assessment, 2018](#)). As temperatures rise, the region is projected to experience more frequent and intense heat waves and an increased number of extreme heat days. The rise in temperature and increase in extreme heat and drought conditions is expected to result in more frequent and intense wildfires.

California's climate cycles between extremely dry and extremely wet periods. Driven by climate change, dry years are expected to become even drier, while wet years will become even wetter in the next several decades. The rise in whiplash events, where conditions shift rapidly from drought to deluge, will challenge water flow and availability in the region. Further, future wet seasons are projected to have more precipitation as rain than snow due to higher temperatures. The Northern

Sierras, a primary water source for the Bay-Delta watershed, are expected to have almost no annual snowpack by the end of this century. These changes in precipitation and snowpack will likely alter streamflow, surface runoff, and groundwater recharge in the region.

**ANALYSIS:**

The lease premises will likely experience increased exposure to prolonged and extreme heat, extreme and infrequent precipitation events, and wildfire activity. These conditions may increase the risk of wildfire exposure and flooding to the lease premises.

The lease area includes a mix of oak species, Douglas-fir, and mixed conifers ([TreeMap 2016 dataset](#)). Wildfire risk is likely to increase in the region due to extreme heat events and drought, but proactive vegetation management can play a significant factor in mitigating or exacerbating wildfire risk. The lease premises currently supports road access to critical infrastructure. Wildfire activity on the lease premise or on surrounding areas could impair access or compromise use of the access roads.

**RECOMMENDATION:**

Regular maintenance of vegetation within the lease premises and adjacent to the access roads will help minimize the threat of fire hazards to the lease area. Any future construction or activities on State land would require a separate authorization from the Commission. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and surrounding area are located in an area that may be subject to the effects of climate change.

**CONCLUSION:**

For all the reasons above, staff believes the issuance of this lease is in the best interests of the State.

**OTHER PERTINENT INFORMATION:**

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1. Approval or denial of an application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of school land, it exercises legislatively delegated authority and responsibility as trustee of the State's school lands as authorized by law. If the Commission denies the

application, the Applicant has no right to use the roads. The lessee has no right to a new lease or to renewal of any previous lease.

2. 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."
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061 and California Code of Regulations, title 2, section 2905.

## **RECOMMENDED ACTION:**

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It is recommended that the Commission:

### **CEQA FINDING:**

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

### **STATE'S BEST INTERESTS:**

Find that the proposed lease is in the best interests of the State.

### **AUTHORIZATION:**

Authorize issuance of a General Lease – Right-of-Way Use to the Applicant, beginning May 7, 2024, for a term of 20 years, for the use of portions of existing access roads; annual rent in the amount of \$2,834 with an annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$1,000,000 per occurrence.