

Staff Report 70

LESSEE:

Southern California Gas Company

PROPOSED ACTION:

Revision of Rent.

AREA, LAND TYPE, AND LOCATION:

57.54 acres on eight parcels of State-owned school land in portions in Section 36, Township 10 North, Range 13 East, San Bernardino Baseline & Meridian; Section 36, Township 10 North, Range 14 East, San Bernardino Baseline & Meridian; Section 16, Township 7 North, Range 1 East, San Bernardino Baseline & Meridian; Section 16, Township 7 North, Range 10 East, San Bernardino Baseline & Meridian; Section 16, Township 7 North, Range 13 East San Bernardino Baseline & Meridian; Section 16, Township 7 North, Range 21 East, San Bernardino Baseline & Meridian; near the city of Twentynine Palms; and Section 16, Township 8 North, Range 20 East; and Tract 41, Township 8 North, Range 20 East, San Bernardino Baseline & Meridian, near the city of Needles, San Bernardino County (as shown in Figures 1 and 2.).

Figure 1. Location

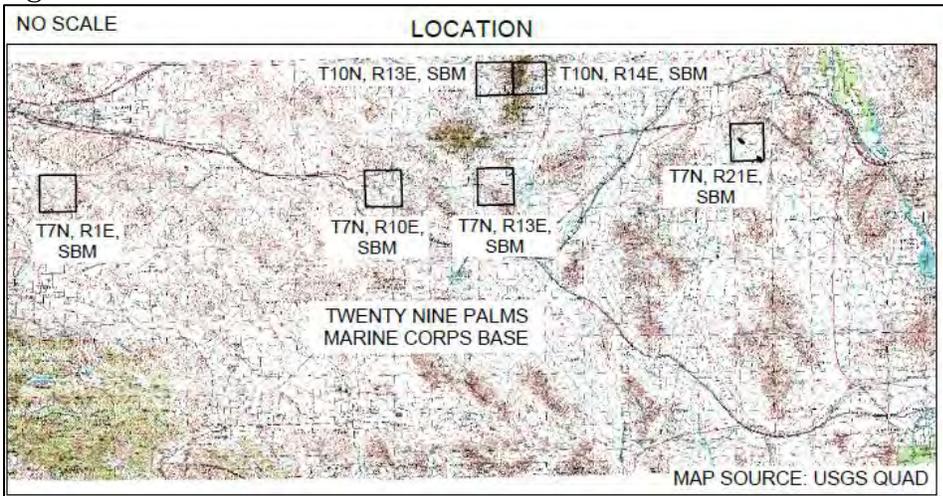
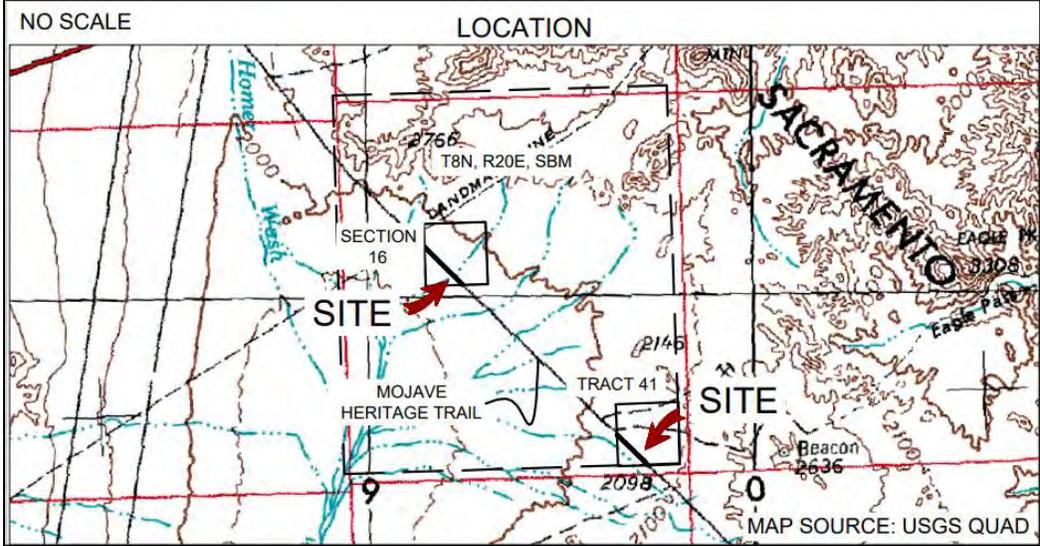


Figure 2. Location



AUTHORIZED USE:

Continued use and maintenance of an existing 30-inch diameter natural gas pipeline (known as Line 3000), a 34-inch diameter natural gas pipeline (known as Line 235), and an unpaved access road, known as the Mojave Heritage Trail (as shown in Figures 3 and 4).

Figure 3. Site Map

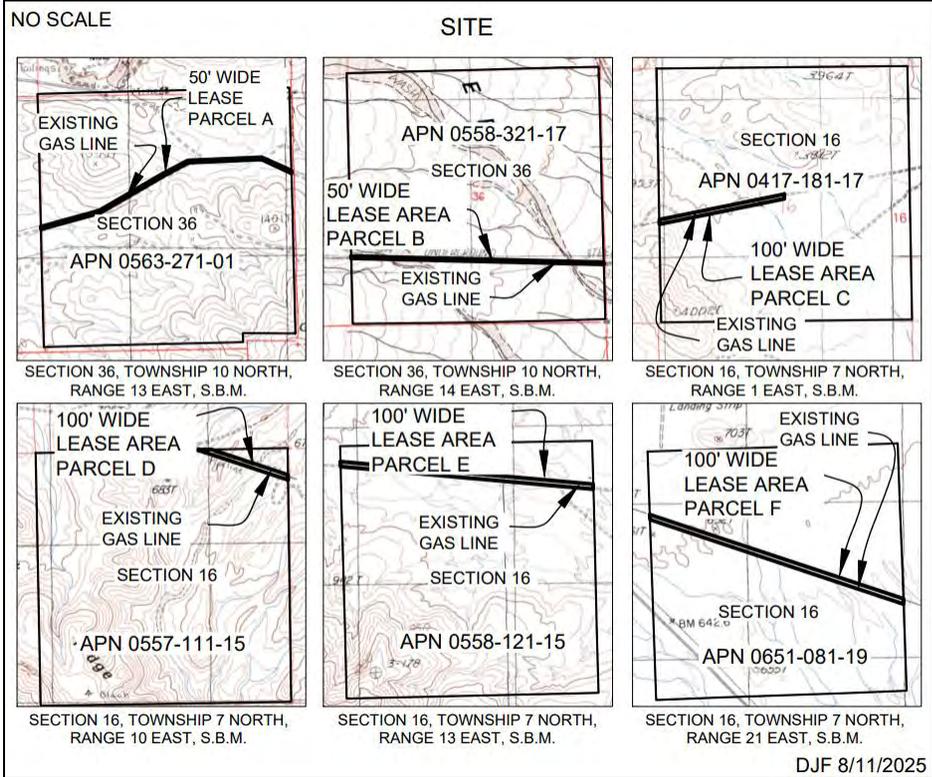
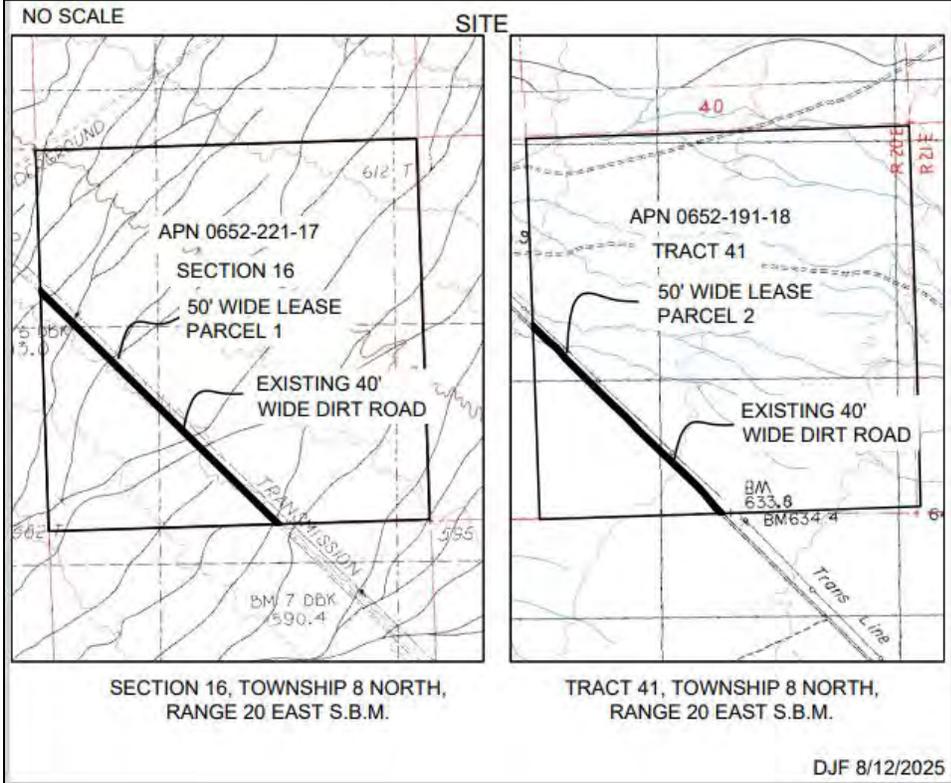


Figure 4. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant/Lessee 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 29, 2010.

CONSIDERATION:

- \$42,968 per year, effective October 29, 2015.
- Liability insurance coverage is no less than \$2,000,000.
- The lease provides that the Commission may modify the rent during the lease term. Pursuant to this provision, staff conducted a review of the current rent under this lease and recommend an increase in the annual rent from \$42,968 per year to \$43,031, effective October 29, 2026.

BACKGROUND:

On October 29, 2010, the Commission authorized a General Lease – Right-of-Way Use to Southern California Gas Company for an existing 30-inch diameter natural gas pipeline, known as Line 3000, and an existing 34-inch diameter natural gas pipeline, known as Line 235 ([Item 23, October 29, 2010](#)). The lease has a term of 25 years and expires on October 28, 2035. On February 21, 2014, the Commission authorized an amendment to the lease to include 9.5 acres of an existing unpaved access road, known as the Mojave Heritage Trail ([Item 59, February 21, 2014](#)). At the February 2014 meeting, the Commission revised the annual rent from \$16,794 per year to \$17,741 per year and included prorated annual rent for the unpaved access road in the amount of \$631. On June 29, 2015, the Commission authorized a rent revision to \$42,968 per year ([Item 83, June 29, 2015](#)). Pursuant to the Commission's Delegation of Authority, in the August 20, 2020, Executive Officer's report, the Commission approved the continuation of rent at \$42,968 ([Executive Officer's Report, August 20, 2020](#)). In 2025, pursuant to the terms of their existing lease, the Lessee installed underground copper wiring for cathodic protection. The lease provides that the Lessor may modify the rent effective on each fifth anniversary of the date of the lease or on any four anniversaries following each fifth anniversary during the lease term. Staff reviewed the rent in 2025 and recommends that the annual rent be increased to \$43,031.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the revision of rent is a discretionary action by the Commission. Each time the Commission approves or rejects the use of school land, it exercises legislatively delegated authority and responsibility as trustee of the State's school lands as authorized by law. Upon expiration or termination of the lease, 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. Approving the revision of rent 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:

STATE'S BEST INTERESTS:

Find that the proposed rent increase is in the best interests of the State.

AUTHORIZATION:

Approve the revision of rent from \$42,968 per year to \$43,031 per year effective October 29, 2026.