Meeting Date: 10/21/26
Application Number: 4864
Staff: L. Ward

Staff Report 40

APPLICANT:

Sacramento Municipal Utility District

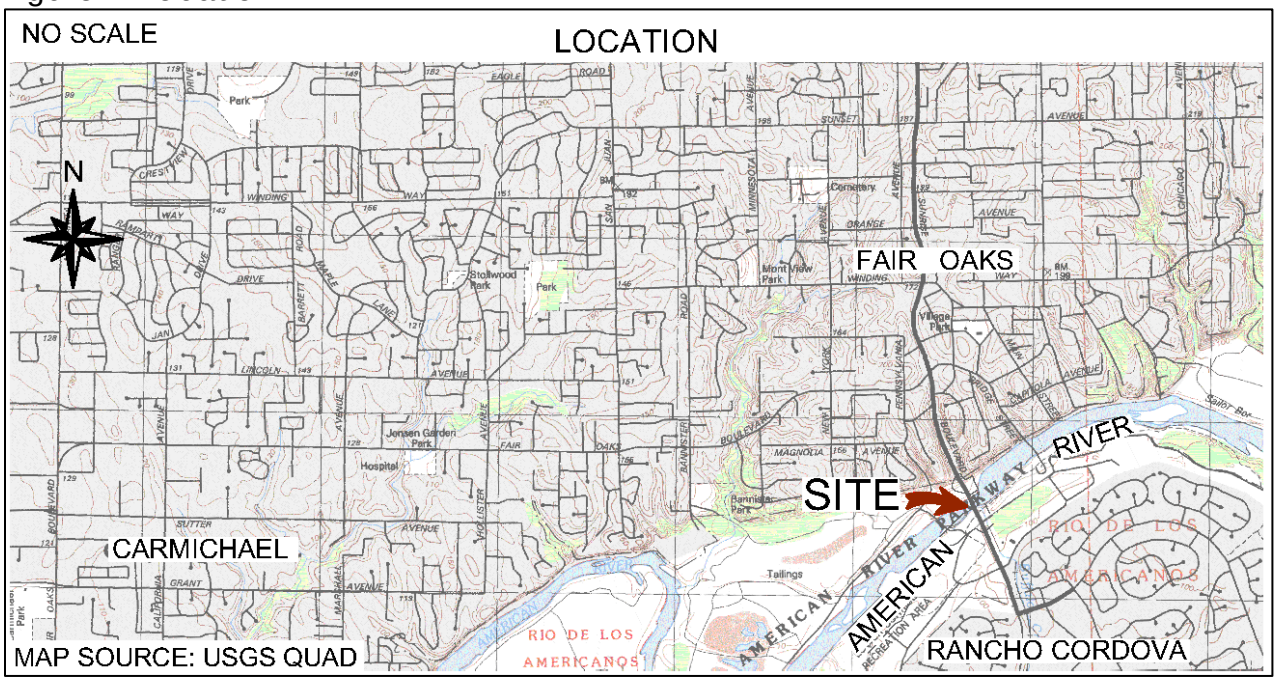
PROPOSED ACTION:

Issuance of a General Lease – Public Agency Use.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the American River, adjacent to Assessor's Parcel Numbers 056-0023-013 and 244-0303-008, near Rancho Cordova and Fair Oaks, Sacramento County (as shown in Figure 1).

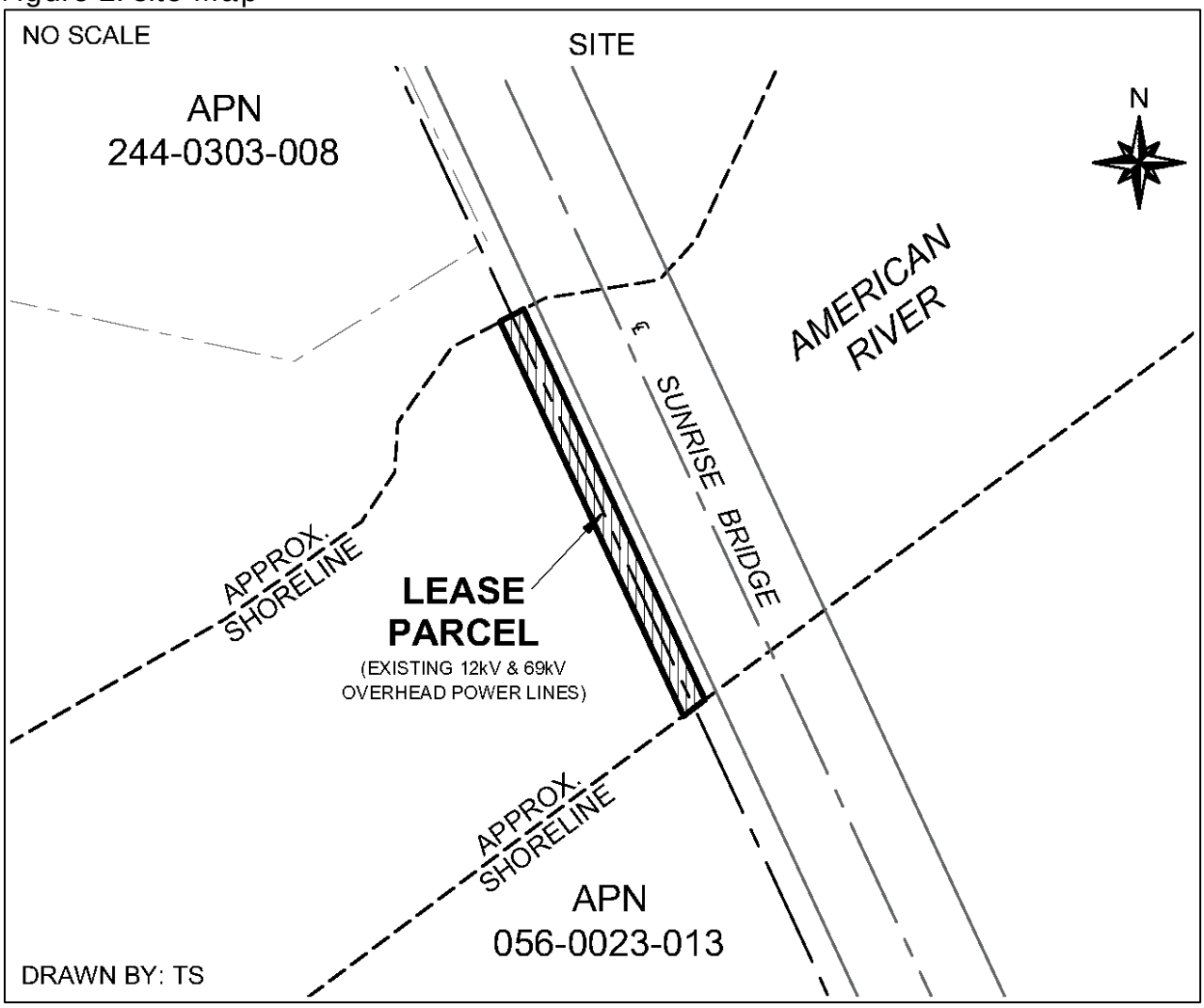
Figure 1. Location



AUTHORIZED USE:

Use of two existing overhead electrical lines and a fiber optic conductor (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 October 21, 2026.

CONSIDERATION:

The public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

SPECIFIC LEASE PROVISIONS:

- Liability insurance in an amount no less than $1,000,000 per occurrence. Lessee may satisfy all or part of the insurance requirement through maintenance of a staff-approved self-insurance program as specified in the Lease.
- The lease indemnity provisions of Section 3, Paragraph 11 shall also extend to the 5-year period of Lessee's unauthorized occupation of state-owned lands prior to October 21, 2026.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

The Applicant is applying for a General Lease – Public Agency Use, for use of an existing 69kV transmission line, 12kV underbuild, and a SMUD fiber optic conductor crossing over sovereign land. The associated existing transmission poles are located on upland parcels outside of the Commission's jurisdiction. The Applicant contacted the Commission as part of the project to replace the infrastructure outside the Commission's jurisdiction. It was discovered that the improvements crossing the Commission's jurisdiction had never been under lease and an application was submitted. Staff recommends a 20-year lease, commencing the day of the October 21, 2026 Commission meeting.

The overhead 69kV transmission line, 12kV underbuild, and a SMUD fiber optic conductor are supported by two existing H-frame transmission poles located along the westerly side of Sunrise Boulevard Bridge spanning the American River, adjacent to Assessor's Parcel Numbers 056-0023-013 and 244-0303-008, near Rancho Cordova and Fair Oaks, Sacramento County. The H-frame transmission poles are to be replaced by steel poles in the same location, approximately 82 feet tall and set on a 9-foot diameter, 32-foot deep cast-in-drilled-hole concrete

foundation and will support the existing lines. The existing lines were installed September 1964. The Applicant owns and operates the transmission lines for the benefit of the general public, providing power outside the district boundaries to support the statewide power grid reliability.

The proposed lease will require the Applicant to indemnify the State for the 5-year period of occupation prior to October 21, 2026, ensuring the State is protected. The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon.

The existing improvements are above the riverbed and therefore do not impede surface use or interfere with Public Trust needs and values at this location, at this time, and for the term of the proposed lease. The public may navigate and use the river for recreational activities, such as fishing and boating without interference from the improvements. The improvements do not significantly alter the land, and the lease does not alienate the State's sovereign interest or permanently impact public rights. The lease is limited to a 20-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the lessee may be required to remove any improvements and restore the lease premises to their original condition.

CLIMATE CHANGE:

INTRODUCTION:

The climate crisis is impacting California now. Likely impacts to the lease premises include but are not limited to prolonged drought, extreme heat, wildfire, lower streamflow, runoff and river levels, as well as changes to the intensity and timing of precipitation events. These impacts can exacerbate natural hydrological processes such as erosion, scour, and sedimentation and may affect the existing power-line reconstruction/replacement under the proposed lease, located above the American River.

DATA & PROJECTIONS:

The changing climate is affecting California's weather patterns, leading to more severe droughts and floods. Warmer temperatures have led California to experience a megadrought from 2000 to 2022, measured as the driest 22 years in the past 1200 years, and more megadroughts are projected through the end of the century (Fifth National Climate Change Assessment: Southwest Region, 2023).

Sustained droughts reduce streamflow and river levels due to increased evaporation, declines in snowpack volumes, higher-elevation snow lines, earlier snowmelt, and reduced overall runoff. These changes are pronounced in the Sierra Nevada, where the headwaters to many of the state's rivers, including the proposed lease location at the American River, are located. It is projected that by 2100, the annual Sierra Nevada snowpack, a critical source of water supply to rivers, will decrease from today's average by 60 percent. Rivers will be drawn down farther as temperatures continue to rise and demand for water increases withdrawals.

In the Sacramento region, rainfall is expected to remain at average levels but is more likely to occur as extreme precipitation events (Fourth California Climate Change Assessment: Sacramento Valley Region, 2019). These extreme precipitation events are projected to increase the risk of flooding in the region. Wildfire risk during extreme heat or wind events is also projected to increase across the Sacramento Valley region.

ANALYSIS:

The lease premises are likely to experience more extreme conditions over the lease term than in the past, due to climate change. Changes to the timing and amount of runoff from the higher elevations of the watershed and increased risk of extreme precipitation events in the region will result in higher flood risks. Bank stability may be compromised due to increased channel erosion and undercutting from more intense precipitation and floods. Increasing wildfire risk in the region due to rising temperatures, high wind events, and less consistent rainfall may also affect areas adjacent to the lease premises.

RECOMMENDATIONS:

To reduce the likelihood of adverse impacts to the lease premises and improvements, the lessee should consider several adaptation strategies to improve resiliency to climate change. Managing vegetation and installing climate-adapted plants may also help reduce wildfire risk along the river and near the towers. The towers (outside of the Commission jurisdiction) may need to be inspected more frequently to monitor for degradation from exposure, and, in some cases, relocated away from frequently flooded areas. Any future construction or activities on State sovereign land would require a separate authorization from the Commission.

Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the proposed lease, the

Applicant acknowledges that the lease premises and adjacent upland are located in an area that may be subject to the effects of climate change.

CONCLUSION:

For all the reasons above, staff believes issuance of the lease will not substantially impair the public rights to navigation, fishing, and commerce, or substantially interfere with the Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. The lessee also has no right to a new lease or to renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs" Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.
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 2, Replacement or Reconstruction; California Code of Regulations, title 14, section 15302.

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDINGS:

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 2, Replacement or Reconstruction; California Code of Regulations, title 14, section 15302.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed lease will not substantially impair the public rights to navigation, fishing, and commerce or substantially interfere with Public Trust needs and values at this location, at this time and for the term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize issuance of a General Lease – Public Agency Use to the Applicant beginning October 21, 2026, for a term of 20 years, for the use of two existing overhead electrical lines and a fiber optic conductor; consideration: the public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such an action to be in the State's best interest; liability insurance in an amount no less than $1,000,000 per occurrence; Lessee may satisfy all or part of this insurance requirement through maintenance of a staff-approved self-insurance program as specified in the lease.