

**STAFF REPORT
C07**

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04/05/19
PRC 8046.1
M.J. Columbus

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

CPN Pipeline Company

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Sacramento River, 7 miles downstream of the Tisdale Bypass, near Robbins, Sutter and Yolo counties.

AUTHORIZED USE:

Continued use and maintenance of an existing 12-inch-diameter steel pipeline containing an 8-inch-diameter natural gas pipeline, and an existing abandoned-in-place 8-inch-diameter pipeline.

LEASE TERM:

20 years, beginning October 15, 2018.

CONSIDERATION:

\$900 per year, with an annual Consumer Price Index (CPI) adjustment, and with the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance: Liability insurance in an amount no less than \$5,000,000 per occurrence.

Bond: \$10,000

STAFF ANALYSIS AND RECOMMENDATION:

Statutory 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 Analysis:

On December 16, 1998, the Commission authorized a General Lease – Right-of-Way Use, Lease No. PRC 8046.1, to Calpine Pipeline Corporation for the installation, by directional boring, and use, and

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maintenance of a 12-inch-diameter welded steel transmission pipeline with a new 8-inch-diameter welded steel, natural gas product pipe inside the carrier pipe, and abandonment-in-place of an existing 8-inch-diameter pipeline in the Sacramento River ([Item C01, December 16, 1998](#)).

On June 27, 2000, the Commission authorized an assignment of the lease from Calpine Pipeline Corporation to Calpine Pittsburg, Inc. ([Item C10, June 27, 2000](#)).

On October 27, 2011, the Commission authorized an assignment of the lease from Calpine Pittsburg, Inc., to CPN Pipeline Company ([Item C06, October 27, 2011](#)). The lease expired on October 14, 2018 and the Applicant is applying for a new lease.

The existing 12-inch-diameter steel pipeline containing an 8-inch-diameter natural gas pipeline was originally constructed to replace the abandoned-in-place 8-inch-diameter pipeline, which was slurried with grout/cement, and taken out of service on February 8, 1998. The existing pipeline provides natural gas from a natural gas field in Colusa/Yolo Counties on the west side of the river to an existing pipeline in Sutter County on the east side of the river. The pipeline connects into a pipeline system delivering gas to a co-generation plant in Sutter County. The pipeline was last inspected in 2017. No repairs or modifications made within the lease area were needed or recommended by the inspections. The existing pipeline is at least 40 feet below the bed of the Sacramento River, and the existing abandoned in place 8-inch-diameter pipeline is at least 25 feet below the bed of the Sacramento River.

The pipelines are below the bed of the Sacramento River and do not impede surface use or interfere with Public Trust needs and values at this location, at this time, and for the foreseeable term of the proposed lease. The existing facilities 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. Additionally, the proposed lease requires the lessee to maintain a performance bond in the amount of \$10,000 and to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

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Although the existing pipelines are buried and engineered to withstand river processes and tidal influences, the subject lease will require copies of periodic inspection results of the cathodic protection system operation including pipe-to-soil potential surveys at least once every 2 years.

Climate Change:

The project area is not tidally influenced and therefore, would not be subject to sea-level rise. However, as stated in *Safeguarding California Plan: 2018 Update* (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters related to flooding, drought, and storms. In rivers, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris. Conversely, prolonged droughts could dramatically reduce river flow and water levels, leading to loss of public access and navigability. Climate change will further influence riverine areas by changing erosion and sedimentation rates, and flooding and storm flow, as well as runoff, will likely increase scour, decreasing bank stability at a faster rate.

The existing pipelines extend across the river and are located below the riverbed. As provided above, the pipelines are at least 25 feet below the bed of the river; therefore, they are not likely to be affected from any future climate change-related riverine processes that can put the pipelines at risk of exposure. Regular maintenance and inspection, as required by the lease, will reduce the likelihood of structural degradation.

Conclusion:

For all the reasons above, staff believes the issuance of this lease will not substantially interfere with Public Trust needs at this location, at this time, and for the foreseeable term of the proposed lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission's jurisdiction.
2. 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).

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Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

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).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

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

AUTHORIZATION:

Authorize issuance of a General Lease - Right-of-Way Use to CPN Pipeline Company beginning October 15, 2018, for a term of 20 years, for continued use and maintenance of an existing 12-inch-diameter steel pipeline containing an 8-inch-diameter natural gas pipeline, and an existing abandoned-in-place 8-inch-diameter pipeline; as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$900, with an annual Consumer Price Index adjustment, and with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; liability insurance in an amount no less than \$5,000,000 per occurrence; and a surety bond in the amount of \$10,000.

EXHIBIT A

PRC 8046.1

LAND DESCRIPTION

Two strips of sovereign land fifty (50) feet wide, situated in the bed of the Sacramento River, lying adjacent to Lot 1 of fractional Section 2, Township 12 North, Range 1 East, Mount Diablo Base and Meridian, approved January 10, 1879 on the left bank and Lot No. 37 Part of Jimeno Rancho on the right bank of said river, Counties of Sutter and Yolo, State of California and lying 25 feet on each side of the following described centerlines:

PARCEL 1 (Existing pipeline)

BEGINNING at a point on the north line of said Section 2, from which the southeast corner of Section 35 Township 13 North, Range 1 East, Mount Diablo Base and Meridian bears South 89° 08' 17" East 3794.43 feet; thence leaving said line South 38° 31' 27" West 660.99 feet to the TERMINUS of said centerline.

PARCEL 2 (Abandoned pipeline)

BEGINNING at a point on the north line of said Section 2, from which the southeast corner of Section 35 Township 13 North, Range 1 East, Mount Diablo Base and Meridian bears South 89° 08' 17" East 3953.85 feet; thence leaving said line South 31° 36' 29" West 621.00 feet to the TERMINUS of said centerline.

EXCEPTING THEREFROM any portion lying landward of the low water mark of Sacramento River.

END OF DESCRIPTION

Parcels 1 and 2 based on those original descriptions provided by the applicant.
Revised 03/12/19 by the California State Lands Commission Boundary Unit.



NO SCALE

SITE

SUTTER CO.

EXISTING RIDGE CUT PIPELINE

DITCH

SUBACO RD.

APN 29-010-001

SACRAMENTO

LEASE PARCEL 2
ABANDONED
(8 INCH GAS PIPELINE)

RIVER

LEASE PARCEL 1
(EXISTING 8 INCH GAS
PIPELINE IN 12 INCH
CARRIER PIPELINE)

APN 53-030-01

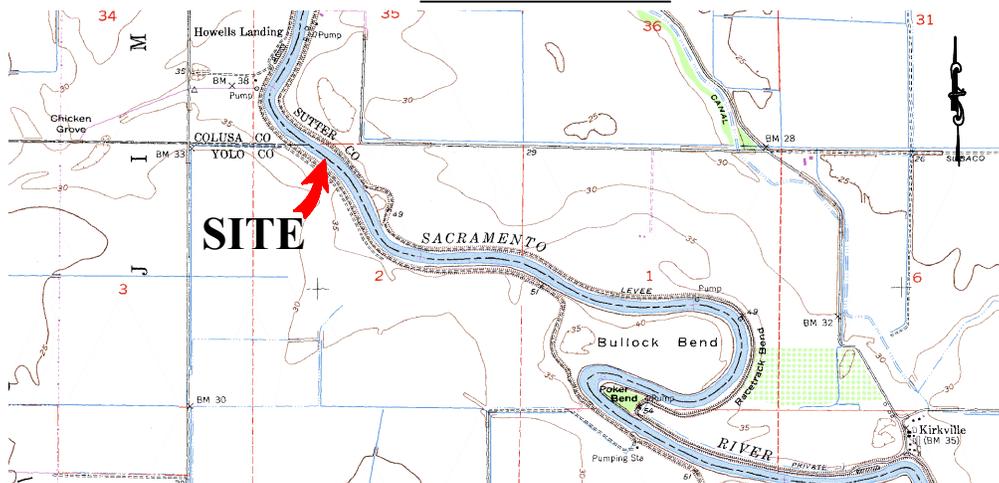
EXISTING RIDGE CUT PIPELINE

YOLO CO.

CALPINE NATURAL GAS PIPELINE CROSSING SACRAMENTO RIVER

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 8046.1
 CPN PIPELINE COMPANY
 APNs: 053-030-01 & 29-010-001
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 SUTTER & YOLO COUNTIES



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.