

**CALENDAR ITEM
C82**

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06/23/11
PRC 139.1
D. Oetzel

REVISION OF RENT

LESSEE:

Chevron Products Company
841 Chevron Way
Richmond, California 94801

AREA, LAND TYPE, AND LOCATION:

5.08 acres, more or less, of sovereign lands in San Francisco Bay near Pt. Orient in the city of Richmond, Contra Costa County.

AUTHORIZED USE:

Existing marine petroleum transfer facilities.

LEASE TERM:

30 years, beginning March 1, 1982

CONSIDERATION:

This lease provides that Lessor may modify the rent periodically during the lease term. Pursuant to this provision, staff has conducted a review of the rent under this lease, and recommends that the rent be revised from \$35,648 per year to \$51,497 per year, effective March 1, 2012.

OTHER PERTINENT INFORMATION:

1. This lease expires on February 29, 2012. Negotiations are currently ongoing between Chevron and California State Lands Commission staff for a new lease of the facility. In the event that lease negotiations extend beyond the current lease period, the new rental would apply effective March 1, 2012.
2. On February 2, 2011, Chevron advised Commission staff that the wharf is not currently in operation and that the pipelines linking the wharf to the upland refinery facilities have been removed. Chevron has further indicated that returning the facility to operations is not being considered, nor is it an economically viable option in the near term. However, Chevron has indicated an interest in retaining the wharf as a secondary and short-term deep water

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docking facility in the Bay in case their primary facility, the Chevron Long Wharf in Richmond, is rendered incapable of docking vessels.

3. Commission staff has asked Chevron to identify proposed future uses of the wharf. If Chevron does not have a viable use for the wharf, staff may recommend removal of the structure from the lease premises pursuant to the terms of their lease.
4. Depending on the future use of the lease premises (including the possible removal of lease improvements if the wharf is not to be retained), environmental review may extend the application process beyond the remaining lease term.

EXHIBIT:

- A. Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

Approve the Revision of Rent for Lease No. PRC 139.1 from \$35,648 per year to \$51,497 per year, effective March 1, 2012.