

**STAFF REPORT
C75**

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S 39

04/19/18
PRC 4223.1
L. Pino

GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

California American Water Company

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

~~0.18~~ 0.09 acre, more or less, of sovereign land in San Diego Bay, near the cities of San Diego and Coronado, San Diego County.

AUTHORIZED USE:

Continued use and maintenance of a 24-inch diameter water transmission line.

LEASE TERM:

20 years, beginning May 29, 2018.

CONSIDERATION:

Rent in the amount of \$5,302 annum, with an annual consumer price index adjustment.

INSURANCE:

General liability insurance in an amount no less than \$2,000,000 per occurrence.

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 Analysis:

On May 29, 1969, the Commission authorized a 49-year General Lease/Permit – Right-of-Way Use, to California American Water Company (Cal-Am), for the installation, use, and maintenance of a 24-inch diameter buried water transmission line (Transbay Pipeline) in San Diego Bay ([Item](#)

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[14, May 29, 1969](#)), beginning May 29, 1969. That lease expires on May 28, 2018. Lessee is now applying for a new lease.

The Lease area contains an existing 24-inch diameter subsurface water transmission line, which has been continually used and maintained by Cal-Am since its installation in 1969. The Transbay Pipeline extends approximately 1,964 feet across San Diego Bay from the Highland Water Storage Tank on the Coronado side to the Montgomery Water Storage Tank on the San Diego side.

The proposed lease would allow for Cal-Am's continued use and maintenance of the Transbay Pipeline used for the delivery of potable water within Cal-Am's service area. Cal-Am is an investor-owned public water utility regulated by the California Public Utilities Commission and is the sole authorized provider of potable water within its San Diego county service area covering the cities of Coronado, Imperial Beach, and portions of San Diego. Moreover, because the Transbay Pipeline is an integral component of Cal-Am's existing water distribution infrastructure, Cal-Am's use of the Lease Premises is essential to its ability to provide necessary potable water to the communities within its service area.

Cal-Am maintains a cathodic protection system over the storage tanks and pipeline to protect against metal corrosion and conducts annual inspection and testing of the cathodic protection system. The most recent report currently available (2016) indicated the pipeline met all standards and was in good working condition. The proposed lease requires the lessee to conduct annual inspections and testing of the cathodic protection system.

The Lessee's continued use of the Lease Premises will not interfere with Public Trust needs and values at this location. The pipeline crossing San Diego Bay is buried and will not impede surface uses, such as navigation, fishing, recreational boating, or other traditional Public Trust uses.

The lease 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 premise to its original condition. Additionally, the proposed lease requires the lessee to indemnify the State for any liability incurred as a result of the lessee's activities under the lease. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

STAFF REPORT NO. **C75** (CONT'D)

Climate Change Analysis:

The lease area consists of sovereign land located in the Pacific Ocean, near the cities of Coronado and San Diego. Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect open coastal areas in California. By 2030, the region could see up to 1 foot of sea-level rise (from year 2000 levels), 2 feet by 2050, and possibly over 5 feet by 2100 (National Research Council 2012). Rising sea levels can lead to increased flooding and larger tidal events and can affect erosion and sedimentation rates.

The 24-inch diameter Transbay Pipeline is buried beneath San Diego Bay and therefore should not be vulnerable to sea-level rise impacts if properly inspected and maintained. Conformance with lease provisions for periodic burial depth surveys, inspections, and maintenance as needed or required by law should avoid or minimize sea-level rise-related impacts.

Conclusion:

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

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).

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

STAFF REPORT NO. **C75** (CONT'D)

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 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 State's best interests.

AUTHORIZATION:

Authorize issuance of a General Lease- Right-of-Way Use to California American Water Company beginning May 29, 2018, for a term of 20 years, for an existing 24-inch diameter water transmission line as described in Exhibit A and as shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; rent in the amount of \$5,302 per annum, with an annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$2,000,000 per occurrence.

EXHIBIT A

PRC 4223.1

LAND DESCRIPTION

A parcel of land situate in the County of San Diego, State of California. More particularly described as follows:

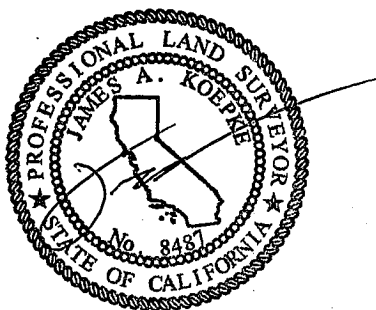
A 2 foot strip of land, 1 foot each side of the following described centerline:

BEGINNING at a point on the United States Pierhead Line, distant thereon North 58°54' 53" West, , 918.37 feet from United States Pierhead Station Number 533, said point also being the intersection of said United States Pierhead Line and the centerline of an existing 24 inch diameter water transmission pipeline; thence along said centerline North 14° 39' 17" East, 1963.61 feet to the intersection with the United States Pierhead Line, said intersection also being the terminus of said centerline.

Accompanying plat is hereby made part of this description.

END OF DESCRIPTION

Prepared April 3, 2018 by the California State Lands Commission Boundary Unit.



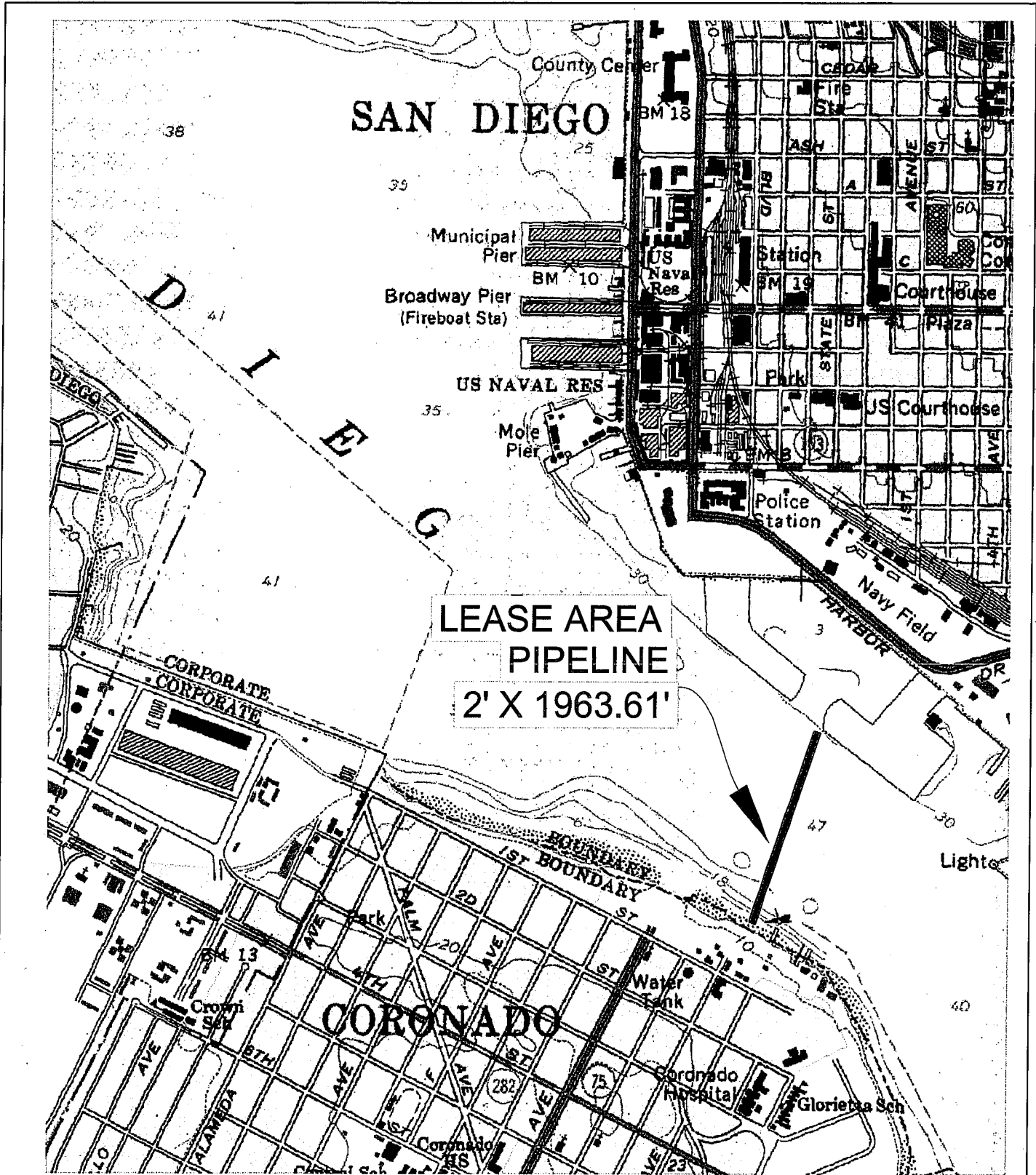


EXHIBIT A

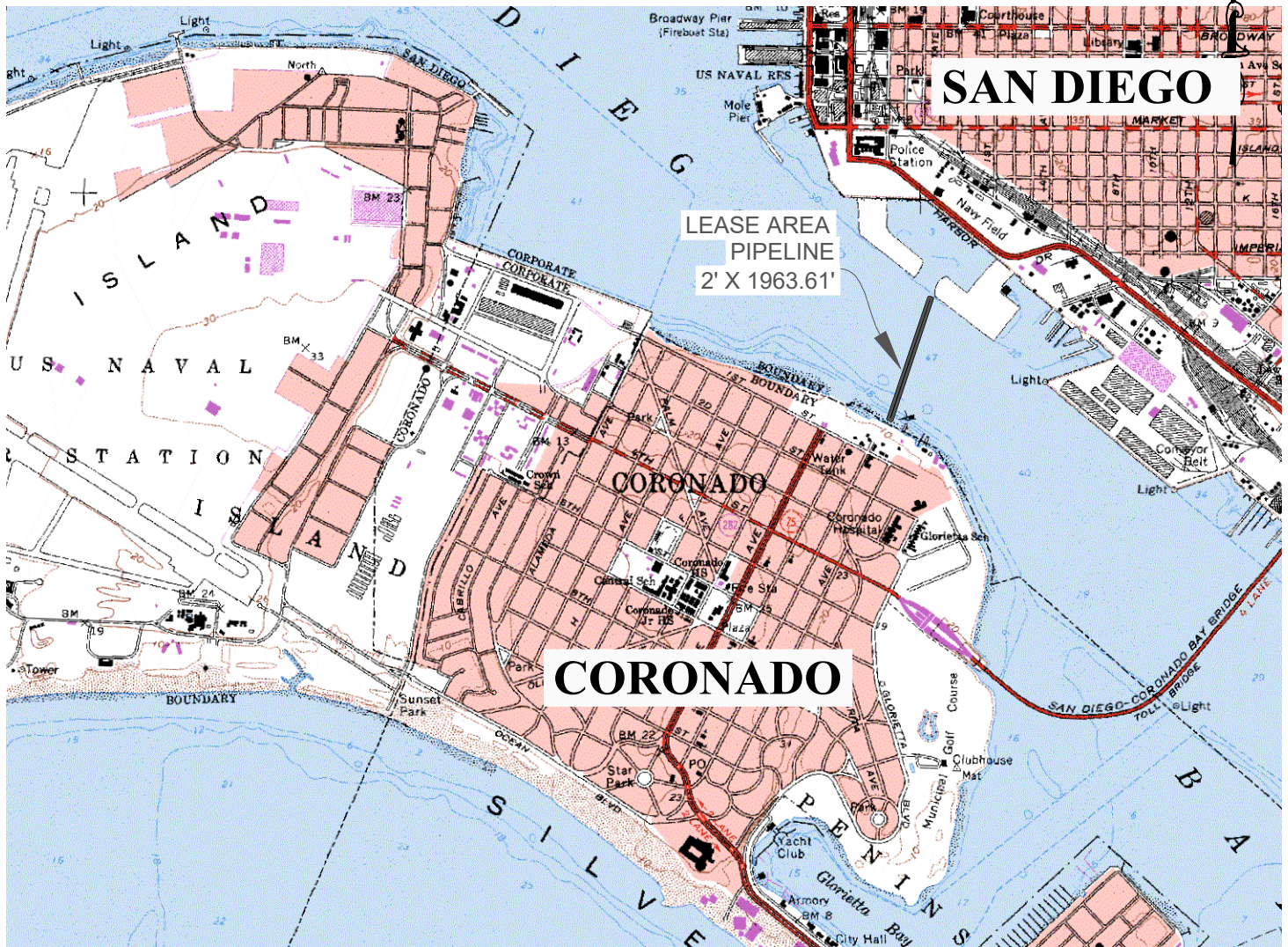
LAND DESCRIPTION PLAT
 PRC 4223.1, CALIFORNIA AMERICAN
 WATER COMPANY
 SAN DIEGO COUNTY

CALIFORNIA STATE
 LANDS COMMISSION



NO SCALE

SITE



24" DIAMETER WATER TRANSMISSION PIPELINE IN SAN DIEGO BAY

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

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.

Exhibit B

PRC 4223.1
CALIFORNIA AMERICAN
WATER COMPANY
GENERAL LEASE -
RIGHT-OF-WAY USE
SAN DIEGO COUNTY



MIJ 3/18/2018