CALENDAR ITEM

C26

A 2 — 01/29/09
WP 505.1
PRC 7106.9
S 4 — D. Jones

AMENDMENT OF LEASE AND APPROVAL OF SUBLEASES

LESSEE/SUBLESSOR:

Shasta County Department of Public Works
1855 Placer Street
Redding, California 96001

SUBLESSEES:

AT&T Corp., a wholly-owned subsidiary of SBC Communications, Inc.
4434 Mt. Lakes Boulevard
Redding, CA 96003

Charter Communications, Inc.
5797 Eastside Road
Redding, CA 96001

Pacific Gas and Electric Company
3600 Meadow View Drive
Redding, CA 96002

AREA, LAND TYPE, AND LOCATION:

A 0.88-acre parcel, more or less, of sovereign lands in the Sacramento River, near the city of Anderson, Shasta County.

AUTHORIZED USE:

The construction, use, and maintenance of a new vehicular and pedestrian bridge as shown on Exhibit A, and described in Exhibit B.

LEASE TERM:

25 years, beginning May 10, 2007.

CONSIDERATION:

The public health and safety; 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.

PROPOSED AMENDMENT:

Authorize the installation of a natural gas pipeline and five telecommunication conduits on the bridge; annual rent of $341 for the natural gas pipeline and telecommunication conduits; three subleases; lease conditions regarding construction and engineering requirements; and liability insurance coverage of no less than $2,000,000 for the natural gas pipeline and telecommunication conduits. All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Lessee has the right to use the uplands adjoining the lease premises.

2. On May 10, 2007, the Commission authorized a General Lease – Public Agency Use to the Shasta County Department of Public Works to demolish and remove the existing Airport Bridge and piers, and construct, use and maintain a new vehicular and pedestrian bridge. The new bridge is located one and one-half miles north of the city of Anderson. Utility lines were attached to the existing bridge and now need to be relocated to the new bridge. These include telecommunication conduits and a high pressure natural gas pipeline. The lease specifically states, among other things, that the Lessee shall not attach any utilities on the bridge without the Lessor's prior review and approval.

   The Lessee has submitted an application to attach the following utilities to the new bridge:

   a. One eight-inch diameter natural gas pipeline within a 12-inch casing to be used and operated by Pacific Gas and Electric Company (PG&E);

   b. Four, four-inch conduits, one of which will contain a fiber optic cable and three will remain empty for future use, to be used and operated by AT&T Corp., a wholly-owned subsidiary of SBC Communications, Inc. (AT&T) for telecommunication purposes; and

c. One three-inch conduit, containing one fiber optic cable, to be used and operated by Charter Communications, Inc., for telecommunication services.

In addition to the above utilities, there is one four-inch conduit, containing two, 1.25-inch interducts and a fiber optic cable, to be used by Sprint Communications Company, L.P. for telecommunication purposes that will be installed on the bridge. The Sprint conduit is authorized under Lease No. PRC 7106.9, which provides for expansion of Sprint's facilities and is therefore not included in this authorization.

The Lessee has entered into two Franchise Agreements with PG&E which involve, among other things, all of PG&E's pipelines, conduits and cables within the County. The County's Ordinance No. 416 grants PG&E the franchise to install pipelines, while Ordinance No. 432 grants PG&E the franchise to distribute electricity, which also involves installing and operating conduits and cables. In each of these Agreements, the County charges PG&E two percent of its gross annual receipts. AT&T, Sprint and Charter Communications, Inc., operate their telecommunication services under Ordinance No. 432 granted to PG&E and in turn PG&E has entered into joint use agreements with these companies and each pay PG&E directly.

The proposed action amends the lease to authorize the installation of the above-described utility lines and authorizes annual rent for the natural gas pipeline and telecommunication conduits, authorizes lease conditions regarding construction and engineering requirements as well as requiring submittal of liability insurance coverage for the natural gas pipeline and telecommunication conduits. The proposed action also authorizes the respective subleases in the form of Franchise Agreements (County of Shasta Ordinance No. 416 adopted January 18, 1960, and Ordinance No. 432 adopted August 28, 1961).

3. A Mitigated Negative Declaration was prepared and adopted for this project by Shasta County. The California State Lands Commission's staff has reviewed such document.

4. A Mitigation Monitoring Program was adopted by Shasta County.

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating

such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

U. S. Army Corps of Engineers, California Department of Fish and Game, California Regional Water Quality Control Board, and the Central Valley Flood Protection Board

EXHIBITS:

A. Location Map
B. Land Description

PERMIT STREAMLINING ACT DEADLINE:

March 13, 2009

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT A MITIGATED NEGATIVE DECLARATION AND A MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY SHASTA COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE MITIGATION MONITORING PROGRAM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

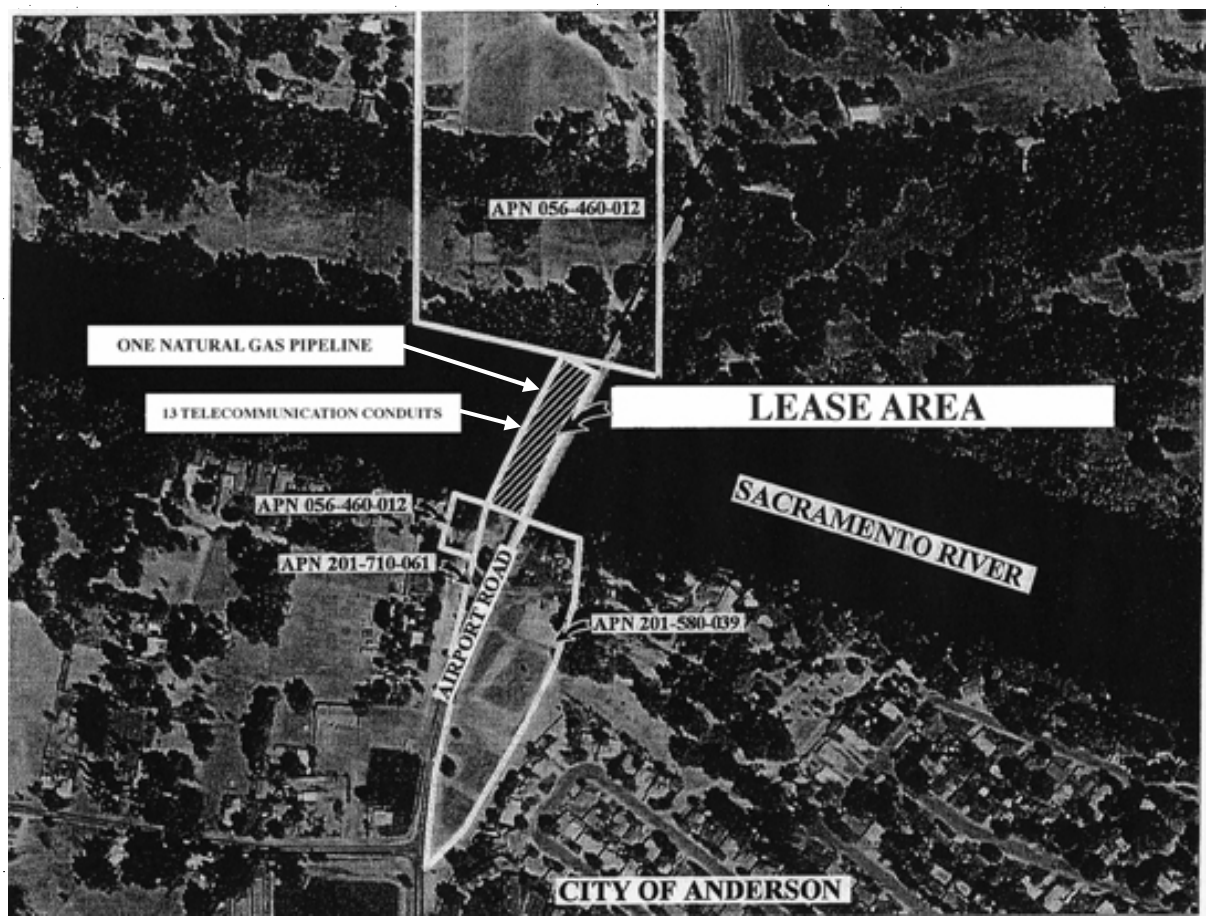
AUTHORIZATION:

AUTHORIZE THE AMENDMENT OF LEASE NO. PRC 505.1, A GENERAL LEASE - PUBLIC AGENCY USE, OF LANDS SHOWN ON EXHIBIT A (FOR REFERENCE PURPOSES ONLY) AND DESCRIBED ON EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE JANUARY 29, 2009, TO AUTHORIZE THE FOLLOWING: 1) INSTALLATION OF A NATURAL GAS PIPELINE TO

BE USED AND OPERATED BY PACIFIC GAS AND ELECTRIC COMPANY AND 5 TELECOMMUNICATION CONDUITS TO BE USED AND OPERATED BY AT&T CORP., A WHOLLY-OWNED SUBSIDARY OF SBC COMMUNCATIONS, INC., AND CHARTER COMMUNICATIONS, INC.; 2) SUBLEASES IN THE FORM OF FRANCHISE AGREEMENTS (SHASTA COUNTY ORDINANCES NO. 416 ADOPTED JANUARY 18, 1960, AND NO. 432 ADOPTED AUGUST 28, 1961) BETWEEN THE COUNTY OF SHASTA AND PACIFIC GAS AND ELECTRIC COMPANY; 3) ANNUAL RENT IN THE AMOUNT OF $341, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; AND LIABILITY INSURANCE WITH COVERAGE OF NO LESS THAN $2,000,000 FOR THE NATURAL GAS PIPELINE AND FIVE TELECOMMUNICATION CONDUITS; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

NO SCALE

SITE

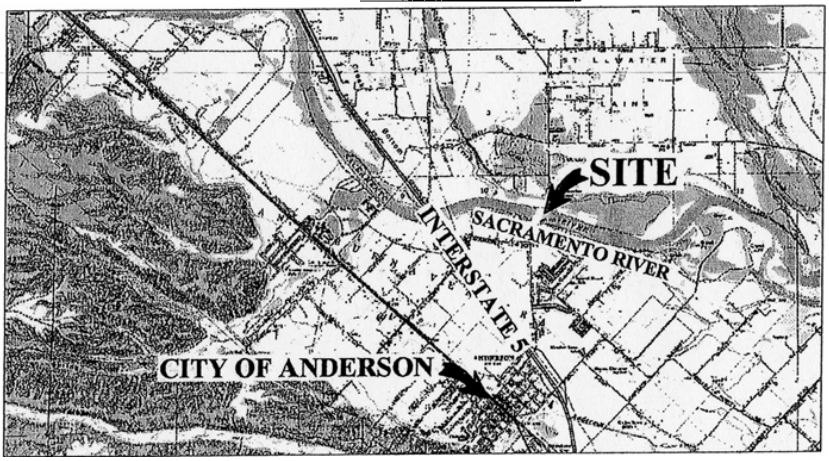


MAP SOURCE: AERIAL PHOTO

AIRPORT ROAD, NORTH OF ANDERSON
SHASTA COUNTY, CA

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 A

SHASTA COUNTY
PRC 505.9
AMENDMENT TO GENERAL LEASE PUBLIC AGENCY USE
SHASTA COUNTY

HUSTEAD 3/26/2007