

**CALENDAR ITEM
C50**

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S 2

10/29/10
WP 8203.1
S.Young

GENERAL LEASE – NON EXCLUSIVE RIGHT OF WAY USE

APPLICANT:

AT&T Corp.
One AT&T Way, Room 3D 151 F
Bedminister, NY 07921

AREA, LAND TYPE, AND LOCATION:

38 acres, more or less, of sovereign lands in the Pacific Ocean, offshore of Manchester State Beach, in Mendocino County.

AUTHORIZED USE:

Continued use and maintenance of five five-inch diameter steel conduits and two fiber optic cables (Segment 8 and Segment 9) within two steel conduits extending offshore at Manchester State Beach, Mendocino County.

LEASE TERM:

15 years, beginning July 1, 2010.

CONSIDERATION:

\$239,857 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

No less than \$1,000,000 combined single limit coverage.

Bond:

\$1,375,000

OTHER PERTINENT INFORMATION:

1. Applicant owns and has the right to use the uplands adjoining the lease premises.
2. On June 27, 2000, the Commission authorized the issuance of a ten-year General Lease – Non Exclusive Right of Way Use, to AT&T Corp. (AT&T)

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for the proposed Japan-U.S. Cable Network System (the System). The System included the construction of five five-inch diameter steel conduits at Manchester State Beach, Mendocino County, and the installation of two fiber optic cables that are identified as Segment 8 and the north end of Segment 9. Segment 8 connects at Manchester State Beach and extends westward across the Pacific Ocean and provides a direct link to Japan. The north end of Segment 9 lands at Manchester and loops out into federal waters before coming back into state waters as the south end of segment 9 (Lease No. PRC 8204.1) and tying into an existing conduit (Lease No. PRC 8142.1) located at Montana de Oro State Beach in San Luis Obispo County. (MFS) both MFS and AT&T are members of a multi-member consortium that owns the Japan-U.S. Cable Network.

3. Lease No. PRC 8203.1 expired on June 30, 2010. The original lease contained a provision for a right to renew the lease for one additional period of 15 years, subject to such reasonable terms and conditions as the State may impose. AT&T is now applying for a new lease for the additional 15-year term.
4. In 2003 and 2005, AT&T conducted cable burial surveys which indicated the cable burial status had not appreciably changed between the 2003 and 2005 surveys nor since the cables were installed in 2001. The survey reports indicated that there was no evidence of cable interaction with fishing gear or with marine mammals.
5. On October 30, 2007, the Commission approved a lease amendment to Lease No. PRC 8203.1. To extend the cable burial inspection survey from the 18-24 month interval to a five-year interval. The next cable verification survey is required to be completed, and reports submitted simultaneously to the Commission and the CCC by the end of 2010.). Similar permit conditions exist with the CCCs Coastal Development Permits (CDPs), for which AT&T sought similar extensions.
6. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), staff has determined this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

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

7. 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 staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Location and Site Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project. Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

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 issuance of a General Lease – Non-Exclusive Right of Way Use to AT&T Corp. beginning July 1, 2010, for a term of 15 years, for the continued use and maintenance of five five-inch diameter steel conduits and two fiber optic cables as shown on Exhibit A attached (for reference purposes only) and by this reference made a part hereof; Consideration in the amount of \$239,857 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease; Liability insurance for combined single limit coverage of not less than \$1,000,000; Surety bond in the amount of \$1,375,000.