

**CALENDAR ITEM
C14**

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S 7

04/06/11
PRC 4444.1
V. Caldwell

REVISION OF RENT

LESSEES:

Mirant Delta, LLC

AREA, LAND TYPE, AND LOCATION:

58.736 acres, more or less, of sovereign land located in the Sacramento River, at the Pittsburg Power Plant, near the city of Pittsburg, Contra Costa County.

AUTHORIZED USE:

Continued use and maintenance of an existing cooling water intake and discharge structure and wharf: 12-inch diameter water intake and discharge pipeline; approximately 700-foot wide industrial wharf consisting of a 350-foot long barge dock, a 100-foot long barge dock, and various other facilities ancillary to a condenser cooling water system as shown on Exhibit A.

LEASE TERM:

20 years, beginning May 1, 2006.

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 \$74,238 per year to \$111,545 per year, effective June 20, 2011.

The recommended rent is based on adjustment of the prior rent by application of the Consumer Price Index (CPI). The adjustment does not obligate the Commission to use the CPI to adjust future rents.

OTHER PERTINENT INFORMATION:

1. The State Lands Commission (Commission) issued a General Lease – Industrial Use Lease No. PRC 4444.1, to Pacific Gas & Electric Company (PG&E) beginning June 21, 1980, for a term of 35 years.

CALENDAR ITEM NO. **C14** (CONT'D)

2. On April 13, 1999, the Commission authorized an assignment of General Lease –Industrial Use, Lease No. PRC 4444.1, from PG&E to Southern Energy Delta, LLC, a Delaware Limited Liability Company. On May 30, 2001, staff was notified of a name change from Southern Energy Delta, LLC to Mirant Delta, LLC.

3. On December 3, 2010, staff was informed that Mirant Delta LLC merged with RRI Energy to form GenOn Energy Inc. A contractor representing GenOn Energy has contacted the Commission’s Marine Facilities Division to discuss the possibility of bringing back into operation the wharf and upland tank farm. Staff is currently reviewing the Corporate structure to see if an assignment to the lease is required. The lease will expire June 20, 2015.

EXHIBITS:

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

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

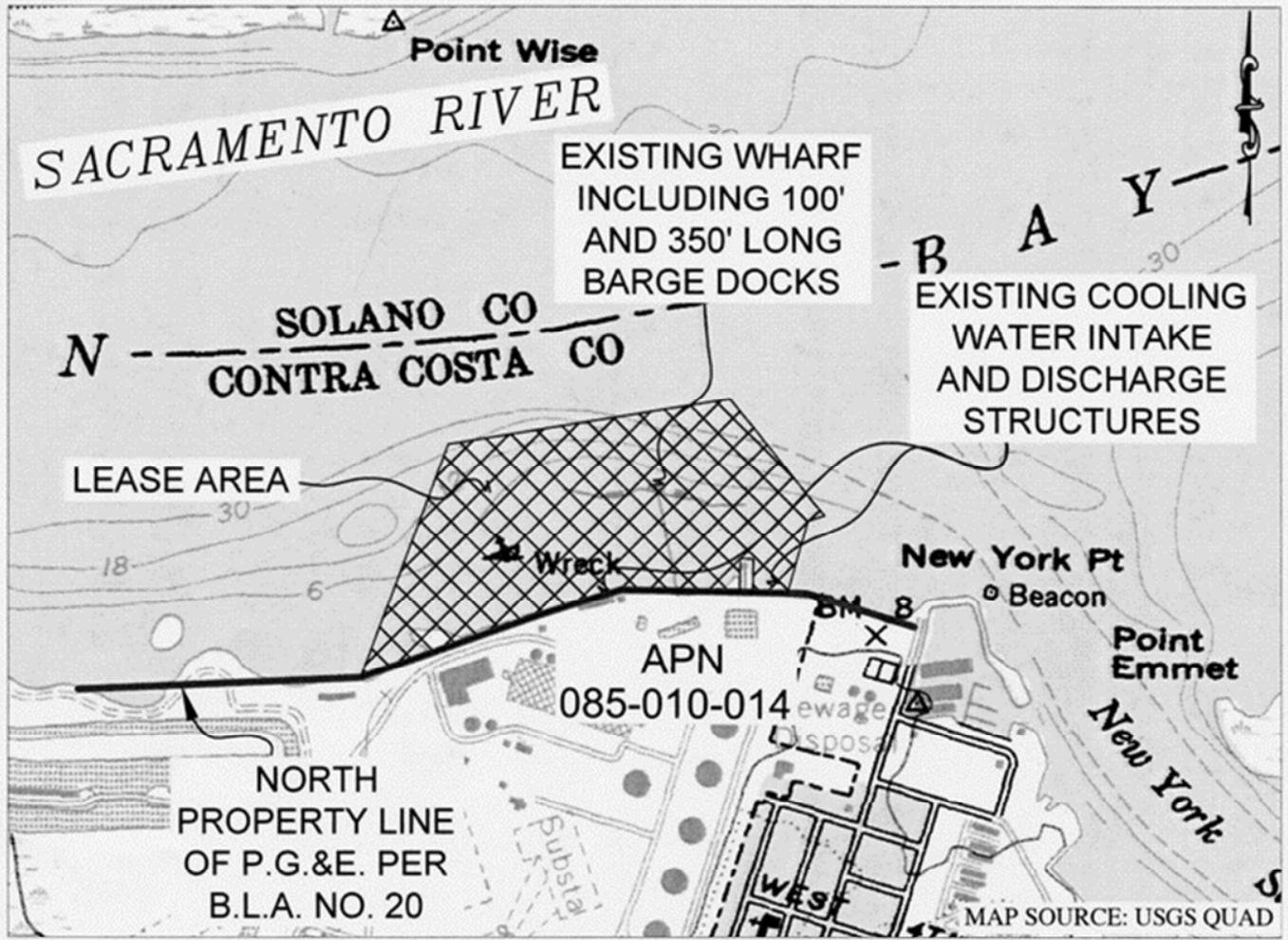
Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 4444.1 from \$74,238 per year to \$111,545 per year, effective June 20, 2011.

NO SCALE

SITE



696 W. 10TH STEET, PITTSBURG

NO SCALE

LOCATION



Exhibit A

PRC 4444.1
 MIRANT DELTA, LLC
 APN 085-010-014
 GENERAL LEASE -
 INDUSTRIAL USE
 CONTRA COSTA COUNTY



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 4444.1

LAND DESCRIPTION

A parcel of tide and submerged land in the bed of the Sacramento River, in the vicinity of Pittsburg, Contra Costa County, California, described as follows:

BEGINNING at Station 2 as shown on the map entitled "Plat of the North Property Line of P.G.E." filed for record in Book 19, page 33, Licensed Land Surveys, Contra Costa County Records; thence from said point of beginning along said north property line the following three courses:

1. N 70° 38' 27" E, 1113.75 feet;
2. N 72° 16' 57" E, 527.03 Feet;
3. S 88° 52' 32" E, 703.85 feet to the westerly line of the City of Pittsburg lease PRC 5011.9, a copy of said lease on file with the State Lands Commission in Sacramento, California; thence along said lease PRC 5011.9 lines the following three courses:

4. N 01° 07' 28" E, 200 feet;
5. S 88° 52' 32" E, 75 feet;
6. S 01° 07' 28" W, 200 feet to said north property line; thence along said north property line:

7. S 88° 52' 32" E, 207.00 feet to the westerly line of the City of Pittsburg lease PRC 7063.9, a copy of said lease on file with the State Lands Commission in Sacramento, California; thence leaving said north property line and along said lease PRC 7063.9 lines the following two courses:

8. N 15° 52' 01" E, 450.00 feet;
9. N 70° 00' 26" E, 99.08 feet; thence leaving said lease PRC 7063.9 the following three courses:

10. N 38° 25' 11" W, 889.98 feet;
11. S 80° 52' 58" W, 1699.47 feet;
12. S 20° 26' 15" W, 1499.34 feet to the point of beginning.

This description is based on the California Coordinate System, Zone 3, NAD 1927, with grid coordinates for the point of beginning being X = 1,597,522.06 and Y = 563,685.44.

END OF DESCRIPTION

REVISED AUGUST 27, 1990 BY LLB.