

**CALENDAR ITEM
C36**

A 35
S 17

10/13/16
PRC 1449.1
R. Collins

REVISION OF RENT

LESSEE:

Phillips 66 Company

AREA, LAND TYPE, AND LOCATION:

4.5 acres, more or less, of sovereign land in the Pacific Ocean, offshore of Oceano Dunes State Recreational Vehicle Area, San Luis Obispo County.

AUTHORIZED USE:

Continued use and maintenance of an 18-inch-diameter wastewater outfall pipeline and retention of an existing abandoned 14-inch-diameter outfall pipeline.

LEASE TERM:

25 years, beginning October 25, 2003.

CONSIDERATION:

This lease provides that the Commission may modify the rent periodically during the lease term. Pursuant to this provision, staff conducted a review of the rent under this lease and recommends that rent be revised from \$5,275 per year to \$6,728 per year, effective October 25, 2016.

OTHER PERTINENT INFORMATION:

1. On September 1, 2011, the Commission authorized a General Lease – Right-of-Way Use to ConocoPhillips Company for a term of 25 years, beginning October 25, 2003, for use and maintenance of an 18-inch-diameter wastewater outfall pipeline and retention of an existing abandoned 14-inch-diameter outfall pipeline. On December 5, 2012, the Commission authorized the assignment of Lease No. PRC 1449.1 from ConocoPhillips Company to Phillips 66 Company. The lease will expire on October 24, 2028.
2. The pipeline conveys wastewater from the Santa Maria Refinery located approximately two miles inland for discharge into the Pacific Ocean. The upland between the Pacific Ocean and the refinery is the Oceano Dunes

CALENDAR ITEM NO. **C36** (CONT'D)

State Recreational Vehicle Area owned by the California Department of Parks and Recreation. The Lessee has the right to use the upland.

3. The lease includes a condition requiring annual external inspections of the outfall to insure the structural integrity of the outfall, diffusers, and anchoring devices. The most recent inspection was performed on November 6, 2015. Staff reviewed the results and found no leaks were detected.
4. The operation of the 18-inch-diameter wastewater outfall pipeline is covered by a National Pollutant Discharge Elimination System (NPDES) permit issued by the Central Coast Regional Water Quality Control Board. The permit expires on February 1, 2019.
5. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
6. Approving the revision of rent is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

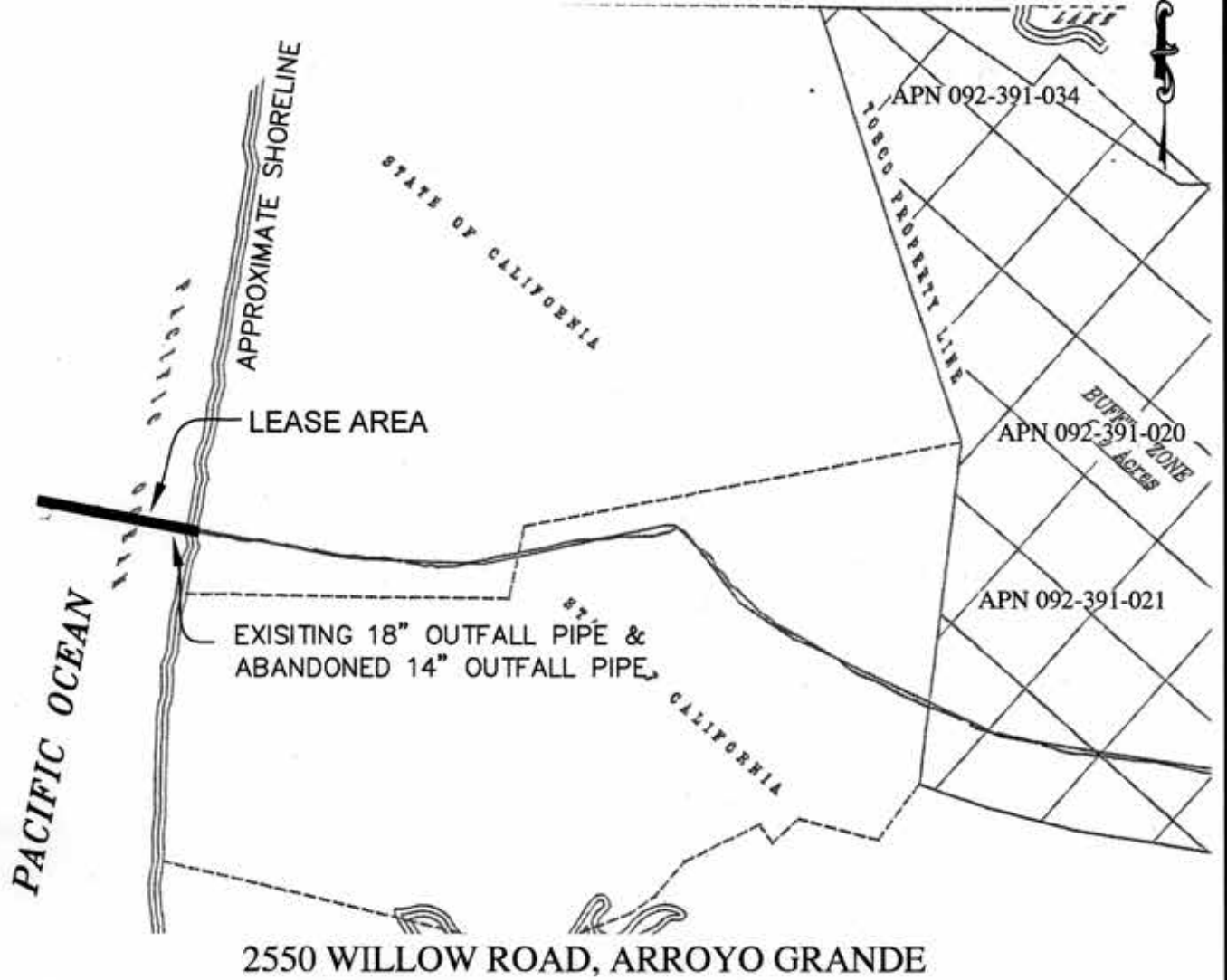
It is recommended that the Commission:

AUTHORIZATION:

Approve the revision of rent for Lease No. PRC 1449.1 from \$5,275 per year to \$6,728 per year, effective October 25, 2016.

NO SCALE

SITE



2550 WILLOW ROAD, ARROYO GRANDE

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

PRC 1449.1
 PHILLIPS 66 COMPANY
 APN 092-391-034, 092-391-020,
 092-391-021
 GENERAL LEASE -
 RIGHT - OF - WAY USE
 SAN LUIS OBISPO 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.

DJF 08/15/2016