

**STAFF REPORT
C25**

A 14
S 3

04/05/19
W 27237
V. Caldwell

ACCEPTANCE OF A QUITCLAIM DEED

PARTIES:

Sugar Acquisition Corporation, a Delaware Corporation (SAC), as successor-in-interest to C&H Sugar Company, Inc., and California and Hawaiian Sugar Company (collectively referred to as C&H)

California State Lands Commission

PROPOSAL:

SAC is offering to quitclaim any fee interest it may hold within Contra Costa County Assessor's Parcel Numbers 354-320-007-9 and a portion of 354-320-008-7 (see Exhibit A). This area consists primarily of filled tide and submerged land, located along the Carquinez Strait and San Pablo Bay, adjacent to 1909 Dowrelia Drive, Crockett, Contra Costa County. SAC is expressly reserving the leasehold interests held under Lease No. PRC 5026.1 issued by the Commission ([Item 12, July 24, 1975](#)).

BACKGROUND:

At statehood in 1850, the area of what is today the low-lying area adjacent to the Carquinez Strait west of the Carquinez Bridge in Contra Costa County consisted of tide and submerged lands. Between 1867 and 1901, several individuals applied to purchase tidelands along the shoreline in this area. The first tideland purchase was initiated in 1867 (TLS 11¹ – Contra Costa County).

In 1891, the Commission's predecessor, the State Surveyor General, issued a permit (CC 478/75) to the Northern Railway Company to use a 200-foot right-of-way for railway purposes landward of the 1888 United States Harbor Bulkhead line. The Northern Railway was issued another permit (CC 478/75a) over the same land by the Surveyor General in 1896. The present Union Pacific railroad tracks are located within this area. In 1898, Southern Pacific Railroad Company (Southern Pacific) acquired the Northern Railway. As early as 1899, a dispute arose between Southern Pacific and C&H over property rights in the general area. More applications were filed for purchasing tidelands from the State waterward of TLS 11 in this area in 1899.

¹ TLS refers to the Tideland Survey identifying the area.

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The initial set of railroad tracks (1870s) was constructed primarily on filled lands within TLS 11 along the base of the hillside. A new alignment of tracks, involving filling in tidelands and straightening out curves in the railway, was permitted in 1891 and 1896 by the Surveyor General. This left an area of several acres of tide and submerged lands between the old and new track alignments. Some of these intervening lands were applied for and patented by the state pursuant to TLL 206². C&H deeded any interest it had in TLL 206 to Southern Pacific in 1907.

However, in 1870, the Legislature prohibited the sale of tidelands within 2 miles of a town or village. In 1872, the law was amended to prohibit the sale of tidelands within 2 miles of an incorporated town or city, and in 1879 California's second Constitutional Convention proposed a new constitution, adopted by the people the same year, which included a prohibition on the sale of all tidelands within 2 miles of an incorporated city or town. Certain tideland sales in the Crockett area were within 2 miles of the boundaries of Vallejo, which was incorporated at the time of the sale. Consequently, the patents and deeds transferring the areas within 2 miles of those cities are void, and ownership of the lands remains with the State, as sovereign land.

Beginning in 1929, the Department of Finance's Division of State Lands, a predecessor agency to the Commission, issued several leases to C&H. These leases were set to expire in the 1980s. The Commission initially contacted C&H seeking to resolve issues involving the ownership of lands along the south shore of the Carquinez Strait in 1974. On July 24, 1975, the Commission authorized an Industrial Lease to C&H, Lease No. PRC 5026.1, to deal with some of these issues ([Item 12, July 24, 1975](#)). Since that time, the Commission has authorized several amendments, assignments, and transfers of controlling interest in the lessee. When the lease was originally authorized, the lessee was a California Corporation, and the lessee was later reorganized as a Hawaiian Corporation and then a Delaware Corporation. The lease was amended several times to change the lease area, consolidate leases, and add new facilities.

Southern Pacific deeded any interest it held in the subject property to C&H in 1975. In 1998, C&H deeded its interests to SAC. To date, the Commission and SAC have not fully cleared the title in the area but have worked cooperatively to address complicated ownership issues created by the original tideland sales. SAC and C&H have also cooperated recently with the Commission in helping clean up the surface area on the land involving the subject quitclaim. The acceptance of a quitclaim deed from SAC will help considerably in clearing title issues west of the Interstate 80 Carquinez Bridges.

² TLL refers to the Tideland Location identifying the area.

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In 2018, the Carquinez Recover the Waterfront Committee submitted a request for funding through the California Natural Resources Agency Urban Greening Grant Program for a park and green space at this site. The grant was not awarded, in part because of concerns about clear ownership of the property. Without clear title, it is anticipated that other grants may not be attainable, making it more difficult to find a lessee for the site and limiting the potential public access and benefits the site can offer.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6220, and 6301.

Public Trust and State's Best Interests Analysis:

Lease No. PRC 5026.1 covers a portion of the quitclaim area. The quitclaim deed expressly reserves to C&H, the leasehold interest and the improvements held under Lease No. PRC 5026.1. The remainder of the quitclaim area has historically been used by different lessees and has generally been open for public use. In recent years, the area has predominately been used as a parking lot for the Nantucket Restaurant, which is now closed.

The proposed acceptance of the quitclaim deed is one step in resolving the complex title to the general site. Staff is working with representatives of the Union Pacific to facilitate additional cleanup of the site, as well as ongoing discussions to resolve title issues. SAC's quitclaim of the area will open opportunities for future lessees to obtain grants and permits that would be required for development of the site for other Public Trust-consistent uses. Staff recommends acceptance of the quitclaim deed, effective April 5, 2019, as it 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, and Strategy 1.3 to protect, expand, and enhance appropriate public use and access to and along the State's inland and coastal waterways.
2. Acceptance of the quitclaim deed is not a project as defined by California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

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

EXHIBITS:

- A. Site and Location Map
- ~~B. Proposed Quitclaim Deed~~

RECOMMENDED ACTION:

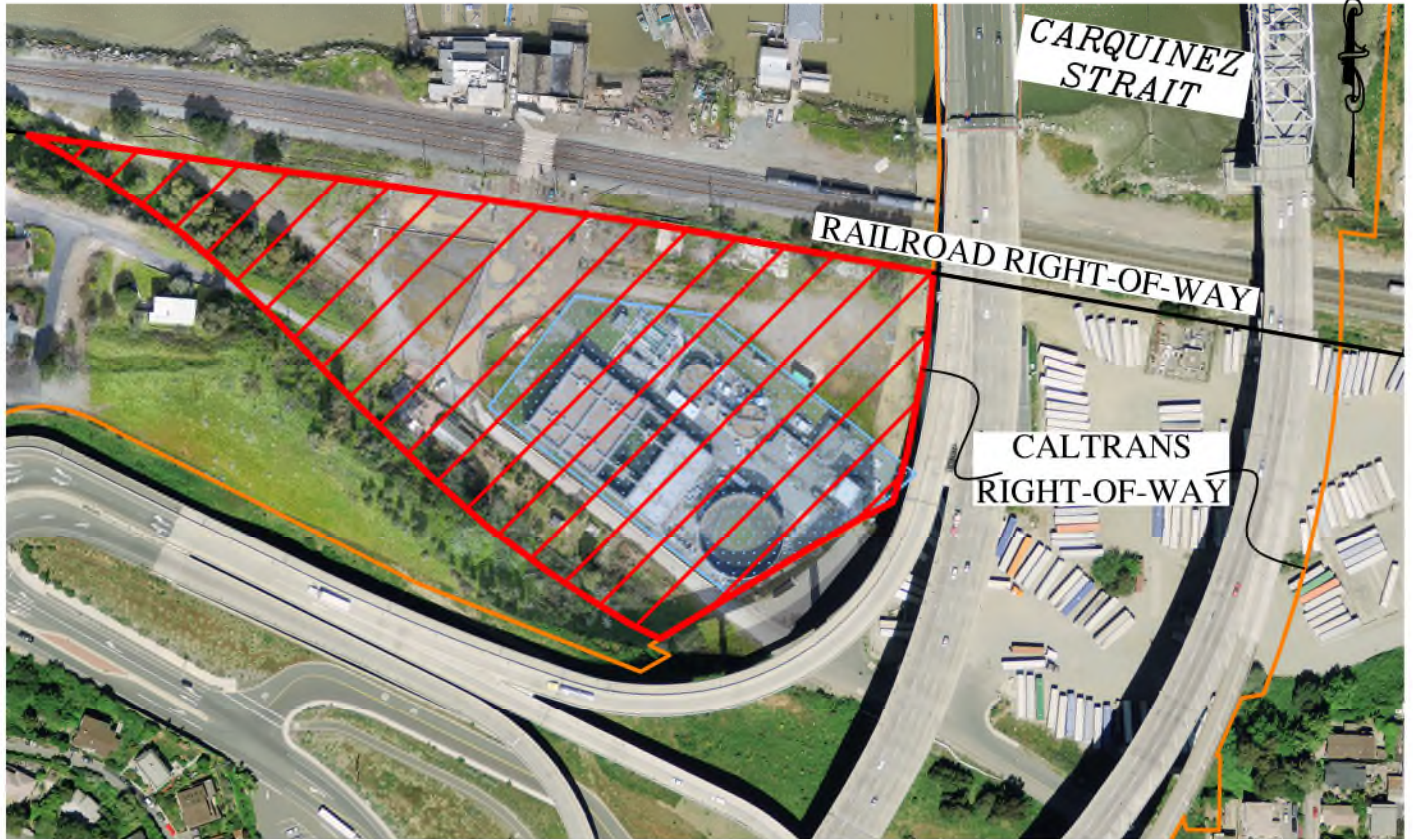
It is recommended that the Commission:

AUTHORIZATION:

Authorize acceptance of a quitclaim deed from SAC and any of its subsidiaries, effective April 5, 2019, for any and all fee ownership interest in the lands located within Assessor's Parcel Numbers 354-320-007-9 and a portion of 354-320-008-7, with SAC and its subsidiaries expressly reserving their leasehold interests held under Lease No. PRC 5026.1.

NO SCALE

SITE



FEE OWNERSHIP TO BE QUITCLAIMED, RESERVING INTERESTS IN ALL LEASES, SUB-LEASES, AND EASEMENTS

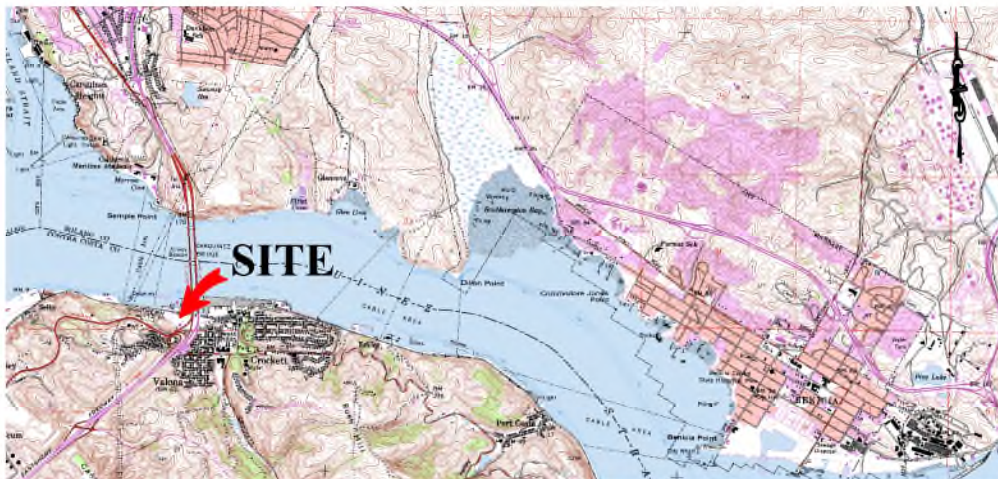


FEE INTERESTS TO BE RESERVED IN THE WASTE WATER TREATMENT PLANT IMPROVEMENTS.

Crockett, Carquinez Strait

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

W 27237
C&H SUGAR
ACCEPTANCE OF
QUITCLAIM DEED
CONTRA COSTA COUNTY



MJF 3/15/19