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MINUTE ITEM

7. RESCISSION OF AUTHORITY TO ISSUE AN AMENDMENT AND RENEWAL OF LEASE P.R.C. 742.1(B) AND TERMINATION THEREOF; T&S LAND IN THE PACIFIC OCEAN IN THE CITY AND COUNTY OF SAN FRANCISCO; ALEXANDER LAND COMPANY - N-0018.

After consideration of Calendar Item 8 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION RESCINDS ITS RESOLUTION OF JUNE 19, 1968 (MINUTE ITEM 10, PAGE 678), WHICH AUTHORIZED ISSUANCE TO ALEXANDER LAND COMPANY OF A 10-YEAR RENEWAL AND AMENDMENT OF LEASE P.R.C. 742.1(B). FURTHERMORE, BECAUSE ALEXANDER LAND COMPANY (1) DID NOT IMPROVE THE LEASED LAND AS REQUIRED BY LEASE TERMS, (2) FAILED TO ACCEPT REASONABLE TERMS AND CONDITIONS PERTAINING TO RENEWAL OF THE LEASE, AND (3) BECAUSE TRANSFER OF THE UPLAND BY ALEXANDER LAND COMPANY DISQUALIFIES THAT COMPANY FOR A LEASE, THE COMMISSION DECLARES LEASE P.R.C. 742.1(B) TERMINATED AND LESSEE'S RIGHT TO RENEW ABROGATED EFFECTIVE SEPTEMBER 29, 1967.

Attachment

Calendar Item 8 (2 pages)

CALENDAR ITEM

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8.

RESCISSION OF AUTHORITY TO ISSUE AN AMENDMENT AND RENEWAL
OF LEASE P.R.C. 742.1(B) AND TERMINATION THEREOF

APPLICANT: Alexander Land Company.

LOCATION: A 0.813-acre parcel of tide and submerged land in the Pacific Ocean adjacent to Point Lobos in the City and County of San Francisco.

LAND USE: Unimproved.

TERMS OF BASIC LEASE:

Initial period: 15 years, from September 30, 1952; expired September 29, 1967.

Renewal options: One additional period of 10 years.

CONSIDERATION DURING RENEWAL PERIOD AS AUTHORIZED:

\$446.23 per annum.

BASIS FOR CONSIDERATION:

6% of appraised value of land.

STATUTORY AND OTHER REFERENCES:

- a. Public Resources Code: Div. 6, Pt. 2, Ch. 1, Secs. 6501-6509.
- b. Administrative Code: Title 2, Div. 3, Arts. 1 & 2.

OTHER PERTINENT INFORMATION:

1. On June 19, 1968 (Minute Item 10, page 678), the Commission authorized issuance of an amendment and renewal of subject lease to provide for lessee to have continued possession of the leased premises upon payment of the stated rental, provided that lessee not erect any structure nor make any improvement to the land without prior consent and provided further that in such an event the State would reserve the right to reset a reasonable rental.
2. Subsequent to the Commission's action, an in-depth study of the transaction by staff counsel indicated that renewal of the lease under the terms and conditions stated appeared not to be in the State's best interest. Specifically, the premises were not improved by the construction of a seawall, fill and paving as agreed to in the original lease, and which was to have been completed by March 31, 1954. In addition, despite a request by the Division on January 29, 1969, the lessee corporation failed to present plans for development of the property as originally agreed to or to bring it to a condition of highest and best use.

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3. On July 1, 1969, the Division was informed by other parties that the upland had been transferred to Sunalex Limited Partnership. The Division, on July 15, 1969, transmitted a lease quitclaim deed to Alexander Land Company for execution with a statement that the lease is not renewable because of the Commission's policy to lease tide and submerged lands only to the littoral owner or his permittee. The deed was not returned, although a specific demand for same was sent by certified mail on November 14, 1969.
4. In summary: The basic lease granted a right to renew the agreement for one additional period of 10 years upon such reasonable terms and conditions as the State might impose. The terms and conditions offered, e.g., improvement of the premises, were not accepted.
5. In view of the circumstances related above, it now appears proper to terminate the lease, including the lessee's right to renew, effective September 29, 1967, the expiration date of the original term.

EXHIBIT: A. Location map.

IT IS RECOMMENDED THAT THE COMMISSION RESCIND ITS RESOLUTION OF JUNE 19, 1968 (MINUTE ITEM 10, PAGE 678) WHICH AUTHORIZED ISSUANCE TO ALEXANDER LAND COMPANY OF A 10-YEAR RENEWAL AND AMENDMENT OF LEASE P.R.C. 742.1(B). FURTHERMORE, BECAUSE ALEXANDER LAND COMPANY (1) DID NOT IMPROVE THE LEASED LAND AS REQUIRED BY LEASE TERMS, (2) FAILED TO ACCEPT REASONABLE TERMS AND CONDITIONS PERTAINING TO RENEWAL OF THE LEASE, AND (3) BECAUSE TRANSFER OF THE UPLAND BY ALEXANDER LAND COMPANY DISQUALIFIES THAT COMPANY FOR A LEASE, IT IS RECOMMENDED THAT THE COMMISSION DECLARE LEASE P.R.C. 742.1(B) TERMINATED AND LESSEE'S RIGHT TO RENEW ABROGATED EFFECTIVE SEPTEMBER 29, 1967.