

MINUTE ITEM

This Calendar Item No. 36
was approved as Minute Item
No. 36 by the State Lands
Commission by a vote of 3
to 0 at its 9/29/81
meeting.

CALENDAR ITEM

36

9/29/81
RW 22812
Horn

DETERMINATIONS UNDER P.R.C. SECTION 6702, ET. SEQ.
CONCERNING A LEASE BETWEEN THE CITY OF
LONG BEACH (THROUGH ITS HARBOR DEPARTMENT) AND
ATLANTIC RICHFIELD COMPANY

LESSOR: City of Long Beach
c/o James H. McJunkin
General Manager
P. O. Box 570
Long Beach, California 90801

LESSEE: Atlantic Richfield Company (ARCO),
A Pennsylvania Corporation
515 South Flower Street
Los Angeles, California 90071
Attention: Christine E. Schanes
Senior Attorney

AREA, TYPE LAND AND LOCATION:
Approximately 11.44 acres of land and water
at Pier E, Berth 120-121, Port of Long
Beach. The site was formerly occupied by
the Summa Corporation which housed the
Howard Hughes Flying Boat; and Universal
Marine Corporation.

LAND USE: The parcel will be used for the construction
of berthing facilities to accommodate large
(50M-250M Dead Weight Ton) tankers. Construction
will include all necessary support facilities
and include the dredging of approximately
750,000 c.y. of which 175,000 c.y. will
be used as on-site fill material. Construction
began June 1, 1981 and will be completed
on or about August 1, 1982. ARCO presently
occupies berths 118 and 119, at Pier E;
which site will be abandoned by ARCO upon
commencement of operation of the new terminal.

PROPOSED LEASE TERMS:
Duration:

40 years from the date
of completion of the
marine terminal improve-
ments.

A 58

S 31

(Revised 9/24/81)

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Rental:

The city will receive a guaranteed annual minimum (G.A.M.) rental estimated to be \$3,657,655. Rental for the land and water area is approximately \$120,000 per year. The remainder represents amortization of the terminal improvements to be constructed by the city and leased by ARCO; the estimated cost of which is \$28,000,000. ARCO will be subject to the wharfage schedule set forth in Long Beach Tariff No. 3. The current rate is 3.6 cents per barrel.

Public liability insurance: \$25,000,000 combined single limit for death, personal injury, bodily injury and property damage.

ENVIRONMENTAL IMPACT OF THE LEASE:

In compliance with CEQA, the State EIR Guidelines and its own rules and regulations the Board of Harbor Commissioners certified a final EIR on this project on November 26, 1979. (Resolution No. HD-1160). At its meeting on December 3, 1979 the Board of Harbor Commissioners approved the Terminal Relocation Project and made certain findings and conclusions relative to the project. The Board found that the EIR identified significant environmental effects from the project. The Board also found that changes or alterations had been required in the project which mitigate or avoid the significant environmental effects. In addition, changes or alterations which are within the responsibility and jurisdiction of another public agency, such changes can and should be adopted by such agency. These findings were made by the Board at its meeting on September 22, 1980.

CONFORMANCE WITH GRANTING STATUTES:

Legislative acts relating to the leased lands include:

<u>Chapter</u>	<u>Year</u>	
676	1911	
102	1925	
158	1935	
29	1956	1st E.S.
138	1964	1st E.S.

Staff is of the opinion that the lease is in accordance with the terms of the granting statutes.

DISPOSITION OF LEASE PROCEEDS:

All rental and any other cash consideration generated under the lease will be deposited to the credit of the Harbor Revenue Fund (City charter Section 1209). Said charter section impresses the fund with the trust under which the lands are held and provides that they shall be expended only for purposes directly related to operation, maintenance and improvement of the granted lands. The disposition of the lease proceeds in the Harbor Revenue Fund complies with the granting statutes and Section 6702 of the P.R.C.

IS THE LEASE IN THE BEST INTEREST OF THE STATE?

LAND USE: The property will be used for the construction and operation of a marine petroleum terminal. Such use is expressly provided for in the granting statutes. The subject proposal promotes better utilization of the City's Harbor facilities and improves safety of ship passage and crude unloading operations in the back channel area.

CONSIDERATION: Rental of \$120,000 for use of the land and water area represents a return to the City of eleven percent on the estimated fair market value of such lands. The actual cost of the terminal improvements is amortized over the life of the lease (40 years),

at a compound rate of approximately fourteen percent. The return to the city of its investment in the terminal improvements is approximately \$3,537,655 per year. This amount together with land and water rental provides the city with a return of \$3,657,655, the guaranteed annual minimum rent. However, since ARCO is subject to the Long Beach Tariff No. 3 (as modified by the lease) it will pay the Guaranteed Annual Minimum through its periodic wharfage payment. There is no limit on the amount of revenue that may be received by the Port, in that this amount of revenue is entirely a function of oil through the facility.

STATEWIDE PUBLIC BENEFIT:

Some general benefits accruing from the lease include:

- (a) Improvement of an underutilized site.
- (b) Development is consistent with trust requirements and regional and local planning.
- (c) Improved harbor safety.
- (d) City will gain greater trust revenues under the lease.
- (e) Development has been found to be consistent with environmental requirements.

AB 884: N/A.

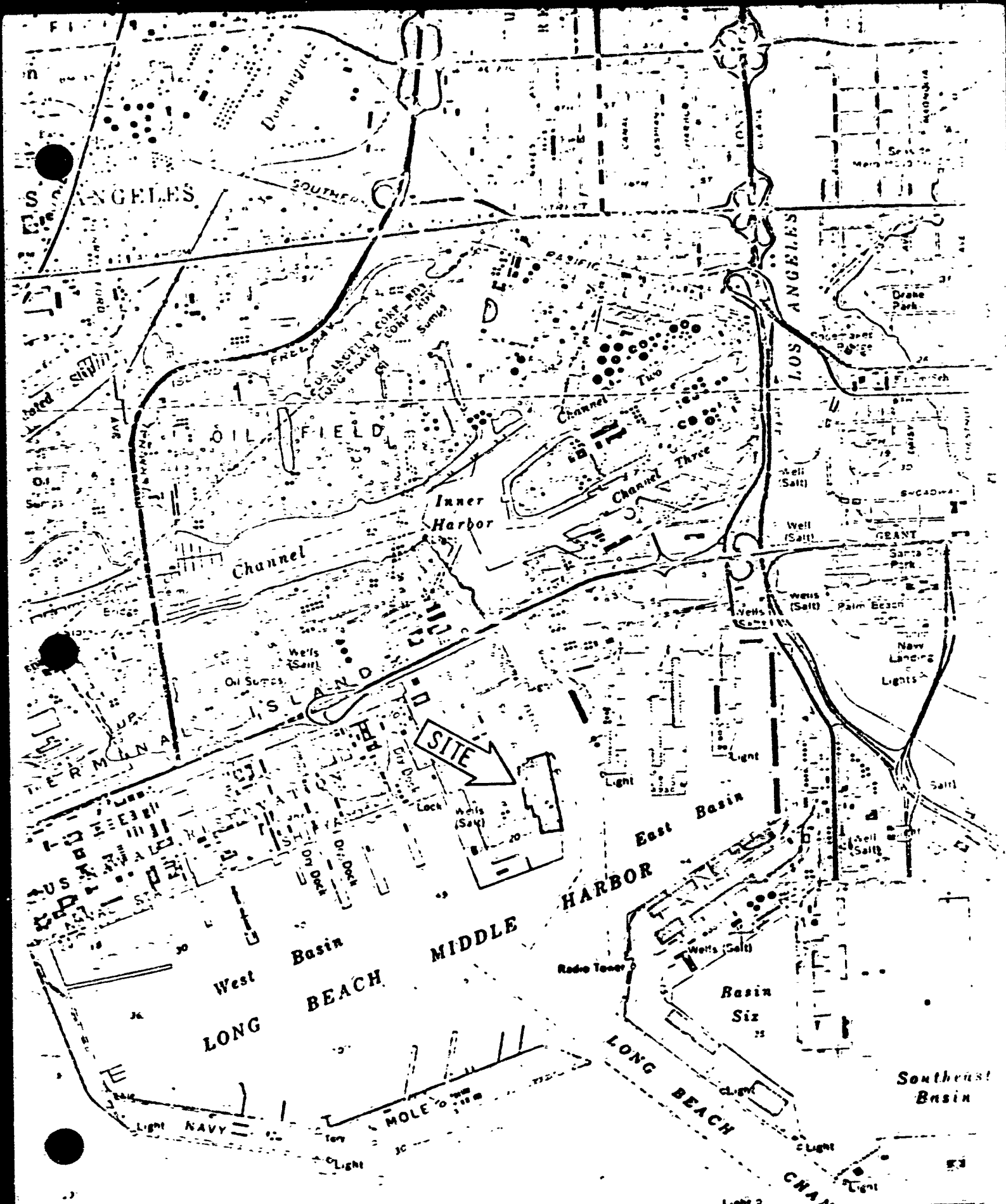
EXHIBIT: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, IN ACCORDANCE WITH CEQA AND THE STATE EIR GUIDELINES CERTIFIED A FINAL EIR ON THE ARCO TERMINAL RELOCATION PROJECT ON NOVEMBER 26, 1976. THE HARBOR COMMISSIONERS FURTHER FOUND THAT ADEQUATE MITIGATION MEASURES HAD BEEN INCORPORATED INTO THE PROJECT TO REDUCE OR AVOID SIGNIFICANT ENVIRONMENTAL EFFECTS OF THE PROJECT AND THAT OTHER PUBLIC AGENCIES WITH LAWFUL JURISDICTION SHOULD AND COULD ADOPT MITIGATION REQUIREMENTS RELATIVE TO THE PROJECT.

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2. MAKE THE FOLLOWING DETERMINATIONS, REQUIRED BY SECTION 6702 OF THE P.R.C., AS APPLYING TO THAT CERTAIN LEASE BETWEEN THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH AND ATLANTIC RICHFIELD COMPANY, APPROVED BY THE CITY AND S.I. ORDER 24, 1980; ON FILE IN THE PRINCIPAL OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF:
- (a) THAT SAID LEASE IS IN ACCORDANCE WITH THE TERMS OF THE GRANTS UNDER WHICH TITLE TO THE LANDS IN QUESTION ARE HELD BY THE CITY OF LONG BEACH.
 - (b) THAT, PURSUANT TO SECTION 1209 OF THE LONG BEACH CITY CHARTER, ALL REVENUES DERIVED BY THE CITY FROM THE LEASE SHALL BE DEPOSITED IN THE "HARBOR REVENUE FUND" EXPENDABLE ONLY FOR STATEWIDE PURPOSES AS AUTHORIZED BY THE GRANTING STATUTES.
 - (c) THAT SAID LEASE IS IN THE BEST INTERESTS OF THE STATE.
3. AUTHORIZE STAFF TO TAKE ALL STEPS NECESSARY TO GIVE EFFECT TO THESE FINDINGS AND DETERMINATIONS.



Oct 27 1980

Exhibit A

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