

MINUTE ITEM

This Calendar Item No. 59
was approved as Minute Item
No. 59 by the State Lands
Commission by a vote of 3
to 0 at its 10-21-87
meeting

CALENDAR ITEM

A 58

39

10/21/87

BLA 137

WP 4960 PRC 4960

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S 37

CONSIDERATION OF A REIMBURSEMENT AGREEMENT AND
AUTHORIZATION TO CONTRACT FOR AN APPRAISAL AT BOLSA CHICA

PARTY: Signal Landmark, Inc.
Attn: Jeffrey Holm
17890 Skypark Circle
Irvine, California 92714

BACKGROUND:

In 1973, State Lands Commission and Signal (and its affiliated companies Signal Bolsa Corporation and Signal Landmark Properties, Inc.) entered into the Bolsa Chica Boundary Settlement and Exchange Agreement ("Agreement"), dated January 25, 1973, which became effective when recorded on August 17, 1973.

Article 6 of the Agreement is entitled Lease of Right of User and Option to Acquire Real Property ("LEASE/OPTION") which provides for transfer of ownership of the 230-acre area provided for in the LEASE/OPTION from Signal to the State upon completion of a navigable ocean entrance system (within certain time frames).

The LEASE/OPTION has been amended on three occasions to extend the time period for funding and construction of the navigable ocean entrance system; the LEASE/OPTION presently requires funding by August 17, 1988, and construction by August 17, 1991.

The configuration of the current LEASE/OPTION area presently involves 230 acres and was initially based upon the State of California's Interagency Task Force on Bolsa Bay Report of December 1972, approved by the Secretary for Resources on January 4, 1973, entitled "Bolsa Bay A Conceptual Plan for Resources and Recreation".

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Studies and planning efforts since 1973 have led to a refinement of the proposed configuration of development of the area, including the LEASE/OPTION area. The area involved in the current LEASE/OPTION to be transferred to the State, upon completion of the navigable ocean entrance system, was originally proposed to include an expanded Ecological Reserve and a public marina facility. Plan modifications now propose some private residential and commercial use of the area.

In 1985, the County of Orange submitted, and the California Coastal Commission conditionally approved, the Bolsa Chica Local Coastal Program for the North Coast Planning Unit, Bolsa Chica Land Use Plan ("LUP").

The LUP, as approved, will require a renegotiation of the LEASE/OPTION area so that the area proposed for public marina and expanded wetlands will be included in the new LEASE/OPTION area and proposed private residential development will be excluded therefrom.

In order to properly analyze the impact of the land use designation in the LUP, and to reconfigure the LEASE/OPTION area on an equitable basis, land values of the current LEASE/OPTION area and the areas proposed for a new LEASE/OPTION area must be established.

Signal and State Lands Commission (SLC) wish to cooperate with each other in renegotiating the LEASE/OPTION area and agree that an appraisal of land values is a necessary element in that process. In order to proceed with the renegotiation, it is believed the most expeditious and impartial approach to obtaining adequate information on relevant land values is to hire a qualified independent appraiser. Signal has agreed to allow SLC to hire the appraiser pursuant to mutually agreed criteria and instructions. SLC, if authorized, will be responsible for hiring the independent appraiser and Signal will reimburse SLC for the costs of the appraisal contract.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has

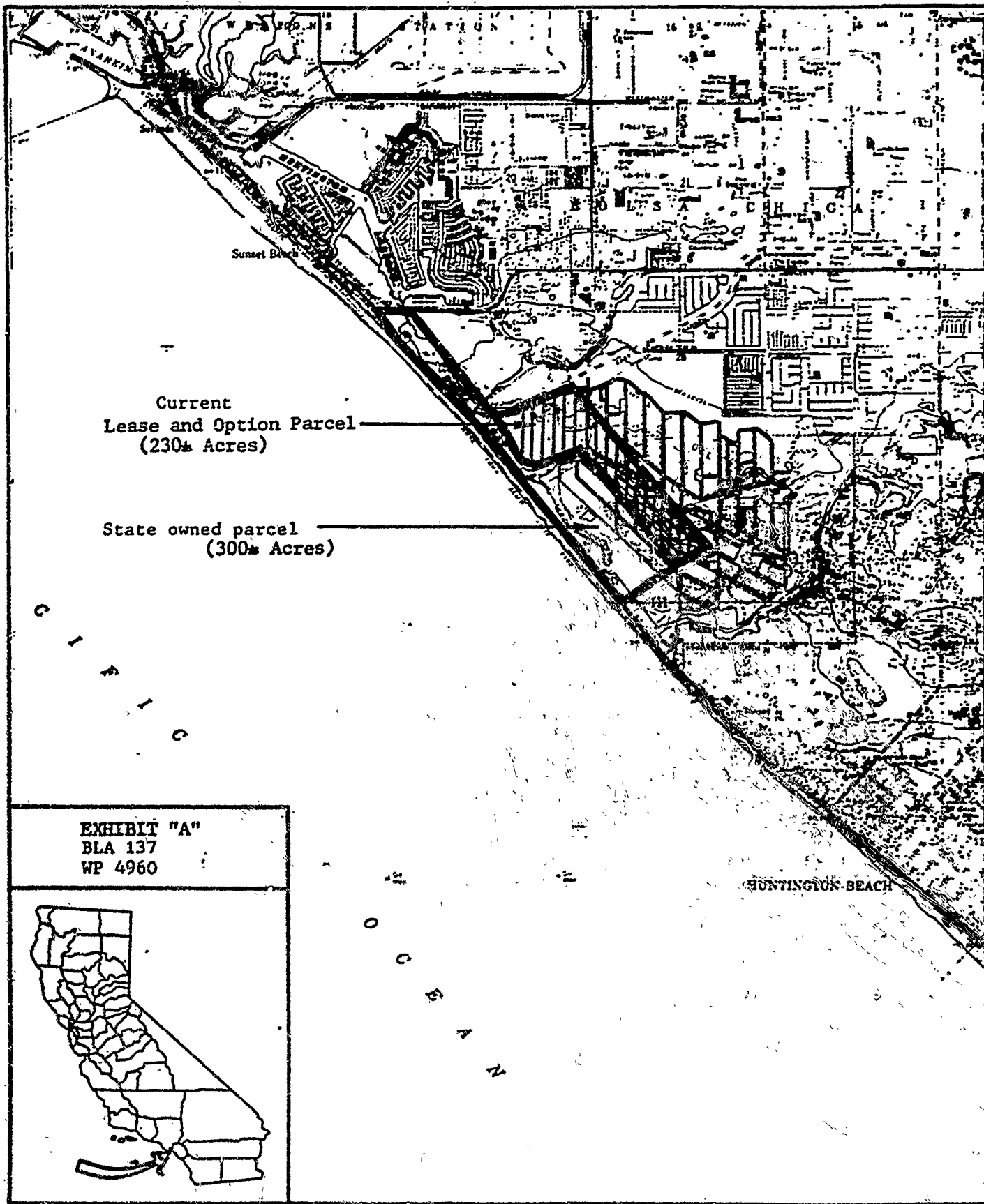
determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBITS: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE THE EXECUTION OF A REIMBURSEMENT AGREEMENT WITH SIGNAL LANDMARK, INC., SUBSTANTIALLY IN THE FORM ON FILE IN THE SACRAMENTO OFFICE OF THE STATE LANDS COMMISSION, TO PROVIDE FUNDING TO THE COMMISSION FOR COSTS NECESSARY TO CONTRACT FOR AN INDEPENDENT APPRAISAL OF LAND VALUES WITHIN THE CURRENT LEASE/OPTION AREA AND THE AREAS PROPOSED FOR A NEW LEASE/OPTION, FOR THE PURPOSES OF RENEGOTIATING THE 1973 OPTION AGREEMENT.
3. AUTHORIZE STAFF TO SOLICIT BIDS FOR THE NECESSARY APPRAISAL WORK FROM THE INDEPENDENT APPRAISERS BEING CONSIDERED BY STAFF AND SIGNAL LANDMARK, AND TO CONTRACT WITH THE APPRAISER SELECTED, AT A COST NOT TO EXCEED THE AMOUNT FOR WHICH THE STATE WILL BE REIMBURSED BY SIGNAL; SUCH APPRAISAL CONTRACT SHALL BE CONSISTENT WITH THE PROVISIONS OF THE ABOVE REIMBURSEMENT AGREEMENT, SPECIFICATIONS, AND CRITERIA ACCEPTABLE TO THE STATE LANDS COMMISSION AND SIGNAL, AND STATE CONTRACTING LAW.



Current
Lease and Option Parcel
(230+ Acres)

State owned parcel
(300+ Acres)

EXHIBIT "A"
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