

MINUTE ITEM

This Calendar Item No. ~~33~~ was approved as Minute Item No. 33 by the California State Lands Commission by a vote of 3 to ~~0~~ at its 6-19-98 meeting.

CALENDAR ITEM

C33

A 6, 8, 11, 13

06/19/98

PRCs 709.1, 2036.1, 5733.1, 5871.1, 7779.1, 7780.1, 7781.1

S 2, 3, 4, 7

L. FIACK

TERMINATION AND REPLACEMENT OF COMMERCIAL SAND AND GRAVEL LEASES; SAN FRANCISCO BAY, CARQUINEZ STRAIT, SUISUN BAY AND SAN JOAQUIN RIVER; MARIN, CONTRA COSTA, SOLANO, SAN FRANCISCO AND SACRAMENTO COUNTIES.

LESSEES:

Olin Jones Sand Company
1725 Marina Vista
Martinez, California 94553

Moe Sand Company
4501 Tidewater Avenue
Oakland, California 94601

Bell Marine Company, Inc.
775 Seaport Boulevard
Redwood City, California 94063

Suisun Associates, A Joint Venture
c/o Olin Jones Sand Company
1725 Marina Vista
Martinez, California 94553

AREA, LAND TYPE, AND LOCATION OF EXISTING LEASES:

An aggregate of 4,636 acres, more or less, of submerged lands in San Francisco Bay, Carquinez Strait, Suisun Bay and the San Joaquin River; Marin, Contra Costa, Solano, San Francisco and Sacramento Counties.

CURRENTLY AUTHORIZED USES, EXISTING LEASES:

Commercial sand and gravel extraction operations.

EXISTING LEASE PROVISIONS:

The specific provisions contained in each existing lease vary but generally they are as follows: 5-10 year term; 10%-24% royalty rate; \$0.55/\$0.65 per cubic

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yard minimum royalty; liability insurance in the amount of \$1,000,000; annual land rent at \$2 per acre; minimum annual royalty from \$16,250-\$175,500, depending on the amount of sand authorized to be dredged; and surety bond sufficient to cover payment of the minimum royalty due;

PROPOSED LEASE PROVISIONS:

1. The lease provisions will be standardized by providing: A 10-year lease term commencing July 1, 1998, with one 10-year renewal; a 23% royalty rate; \$0.65 per cubic yard minimum royalty (may be increased by no more than 15% each fifth anniversary, including lease renewals); liability insurance in the amount of \$1,000,000, and a separate policy for the protection of water quality and the environment; annual land rent at \$2 per acre; minimum biannual royalty; and a bond in the amount that reflects the minimum biannual royalty plus one half of the annual rent.

2. The specific minimum biannual royalty, amount of bond, and the annual land rent for each lease will be as follows:

LEASE	MINIMUM BIANNUAL ROYALTY	BOND	RENT
PRC 709.1	\$87,750	\$88,650	\$1,800
PRC 2036.1	\$16,250	\$16,482	\$ 464
PRC 5733.1	\$ 8,125	\$ 8,599	\$ 948
PRC 5871.1	\$ 8,125	\$ 8,599	\$ 948
PRC 7779.1	\$48,750	\$50,044	\$2,588
PRC 7780.1	\$36,750	\$37,074	\$ 648
PRC 7781.1	\$20,750	\$21,688	\$1,876

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15025), the staff prepared Negative Declarations identified as ND 426, SCH No. 87101301; ND 572, SCH No. 94043038; and, ND 655, SCH No. 94052019. Such Negative Declarations were prepared and circulated for public review pursuant to the provisions of the CEQA.

Based upon the original Negative Declarations, the comments received in response thereto, and recent informal consultations by California State Lands Commission staff with the California Department of Fish and Game

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and the San Francisco Bay Conservation and Development Commission, staff believes the information contained therein remains valid for the consideration of the proposed leases.

- 2 This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Site and Location Maps

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

CERTIFY THAT CALIFORNIA STATE LANDS COMMISSION NEGATIVE DECLARATIONS, IDENTIFIED AS ND 426, SCH NO. 87101301; ND 572, SCH NO. 91113030; ND 576, SCH NO. 91123064; ND 649, SCH NO. 94043037; ND 650, SCH NO. 94043038; AND, ND 655, SCH NO. 94052019, WERE PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF THE CEQA, WERE ADOPTED BY THE CALIFORNIA STATE LANDS COMMISSION, AND THAT THE INFORMATION CONTAINED THEREIN REMAINS VALID FOR THE CONSIDERATION OF THE PROPOSED LEASES.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

APPROVE THE TERMINATION OF EXISTING LEASES PRC 709.1, PRC 2036.1, PRC 5733.1, PRC 5871.1, PRC 7779.1, PRC 7780.1 AND PRC 7781.1, AND THE ISSUANCE OF NEW LEASES FOR THE LANDS

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DESCRIBED IN EXHIBIT "A" ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, AND THE TERMS AND CONDITIONS SUMMARIZED BELOW AND MORE PARTICULARLY SET FORTH IN THE LEASES ON FILE WITH THE COMMISSION:

- A) A TEN-YEAR TERM BEGINNING JULY 1, 1998, WITH THE LESSEE'S RIGHT TO RENEW THE LEASE FOR AN ADDITIONAL TEN YEARS, UPON SUCH REASONABLE TERMS AND CONDITIONS AS THE COMMISSION MAY IMPOSE;
- B) THE MINIMUM ROYALTY AND LAND RENT AS SET FORTH IN THE MINERAL EXTRACTION LEASE;
- C) A 23% ROYALTY RATE;
- D) BIENNIAL ROYALTY PAYMENTS;
- E) SURETY BOND IN THE AMOUNT SPECIFIED IN THE LEASE;
- F) NO MORE THAN 15% INCREASE IN THE MINIMUM UNIT ROYALTY RATE EFFECTIVE EACH FIFTH ANNIVERSARY, INCLUDING LEASE RENEWALS;
- G) SAND REPLENISHMENT MONITORING SURVEYS TO BE COMPLETED AND PRESENTED TO THE CALIFORNIA STATE LANDS COMMISSION.
- H) LIABILITY INSURANCE IN THE AMOUNT OF \$1,000,000 WITH THE STATE NAMED AS AN ADDITIONAL INSURED, AND A SEPARATE POLICY FOR PROTECTION OF WATER QUALITY AND THE ENVIRONMENT IN THE AMOUNT SPECIFIED IN THE LEASE.

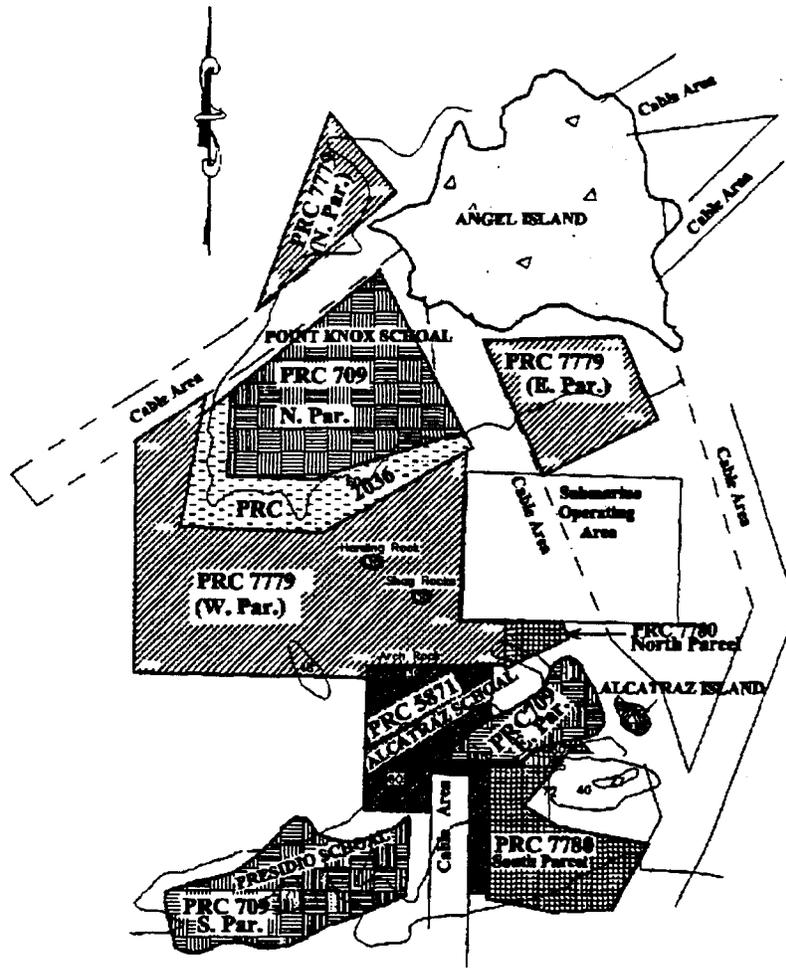
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- I) THE AUTHORIZED ACTIVITY IS CONTINGENT UPON APPLICANT'S COMPLIANCE WITH APPLICABLE PERMITS, RECOMMENDATIONS, OR LIMITATIONS ISSUED BY FEDERAL, STATE AND LOCAL GOVERNMENTS.

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NO SCALE

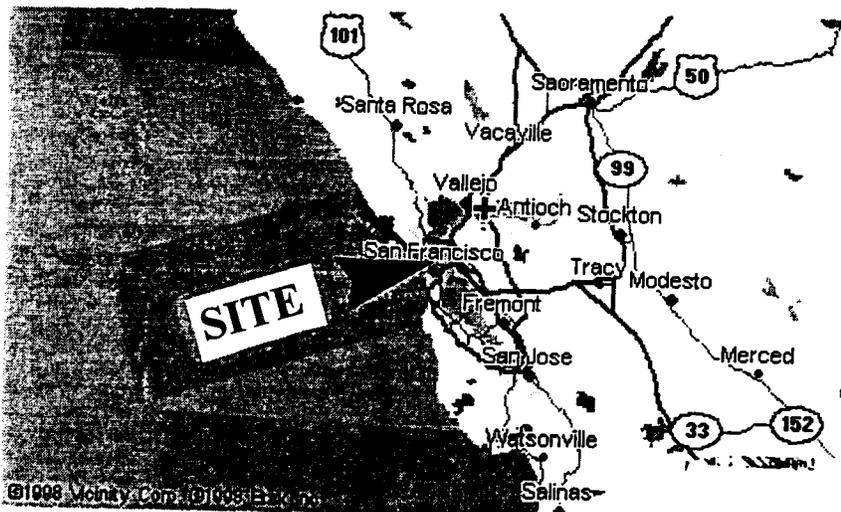
SITE MAP



Sand Extraction Leases Vicinity Alcatraz & Angel Islands

NO SCALE

LOCATION MAP



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Exhibit A-1
 PRC 709 PRC 2036, PRC 5871
 PRC 7779, PRC 7780
 San Francisco Bay
 SAN FRANCISCO and
 MARIN COUNTIES
 Sheet 1 of 2

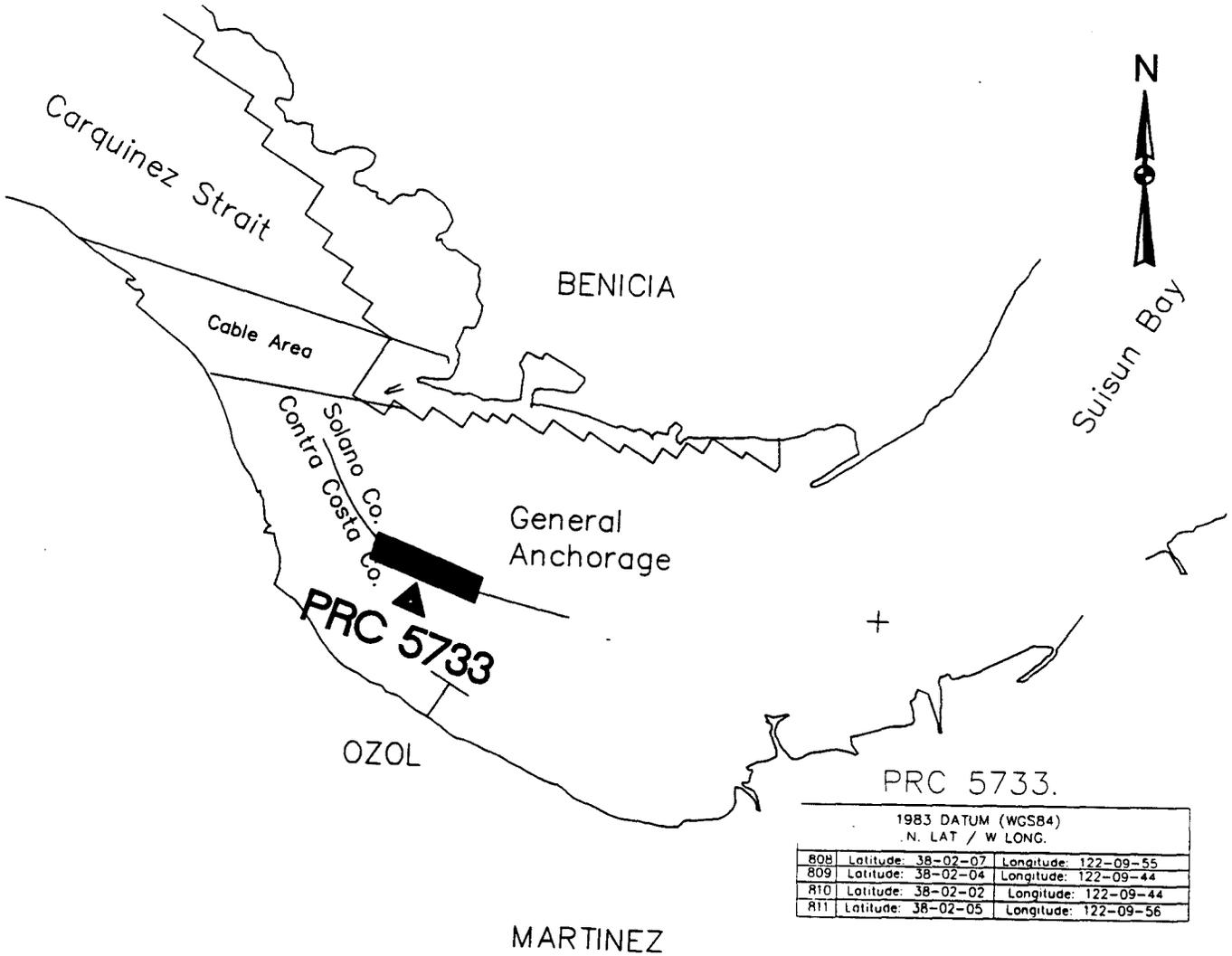


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This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

NO SCALE

SITE MAP



NO SCALE

LOCATION MAP

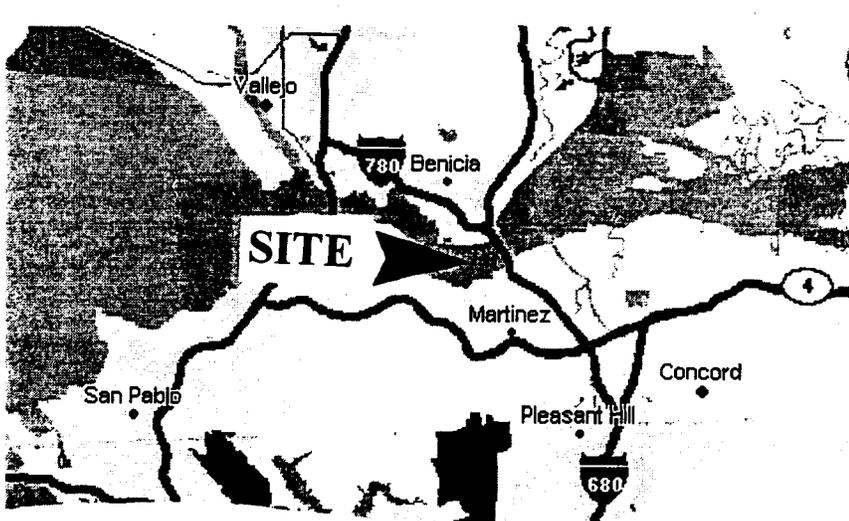


Exhibit A-2
PRC 5733
 Carquinez Straits
 SOLANO and CONTRA
 COSTA COUNTIES



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NO SCALE

SITE MAP

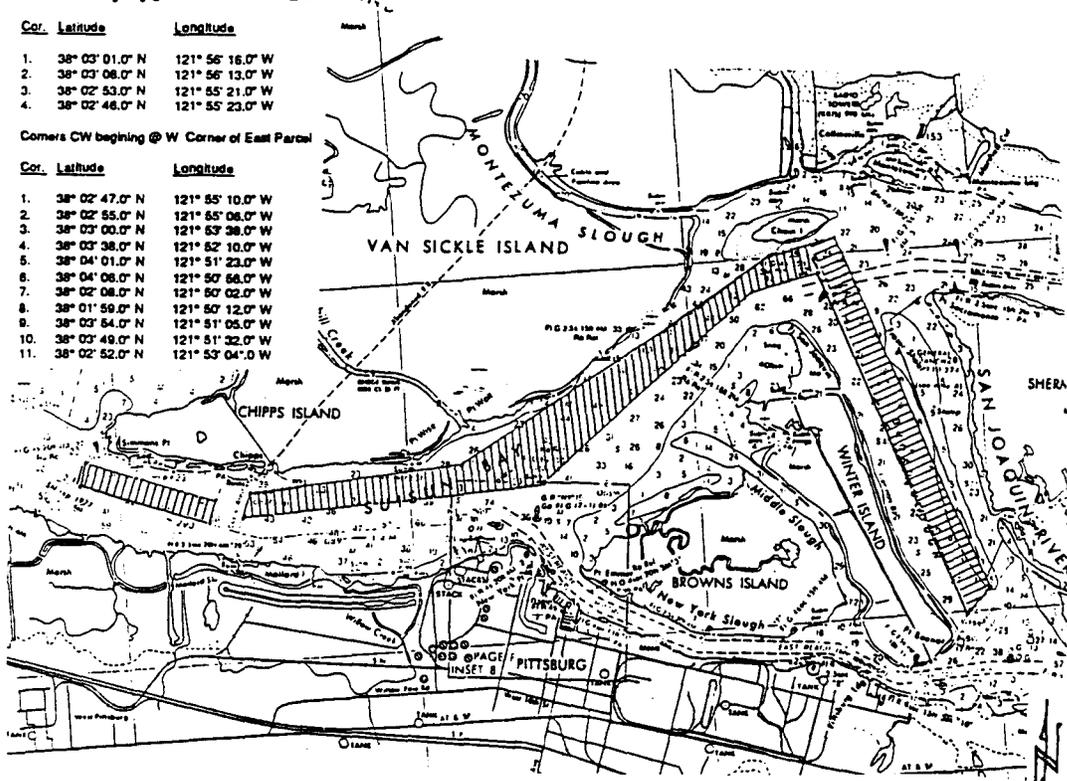


Corners CW begining @ W Corner of West Parcel

Cor.	Latitude	Longitude
1.	38° 03' 01.0" N	121° 56' 16.0" W
2.	38° 03' 08.0" N	121° 56' 13.0" W
3.	38° 02' 53.0" N	121° 55' 21.0" W
4.	38° 02' 46.0" N	121° 55' 23.0" W

Corners CW begining @ W Corner of East Parcel

Cor.	Latitude	Longitude
1.	38° 02' 47.0" N	121° 55' 10.0" W
2.	38° 02' 55.0" N	121° 55' 08.0" W
3.	38° 03' 00.0" N	121° 53' 38.0" W
4.	38° 03' 38.0" N	121° 52' 10.0" W
5.	38° 04' 01.0" N	121° 51' 23.0" W
6.	38° 04' 08.0" N	121° 50' 56.0" W
7.	38° 02' 08.0" N	121° 50' 02.0" W
8.	38° 01' 59.0" N	121° 50' 12.0" W
9.	38° 03' 54.0" N	121° 51' 05.0" W
10.	38° 03' 49.0" N	121° 51' 32.0" W
11.	38° 02' 52.0" N	121° 53' 04.0" W



NO SCALE

LOCATION MAP

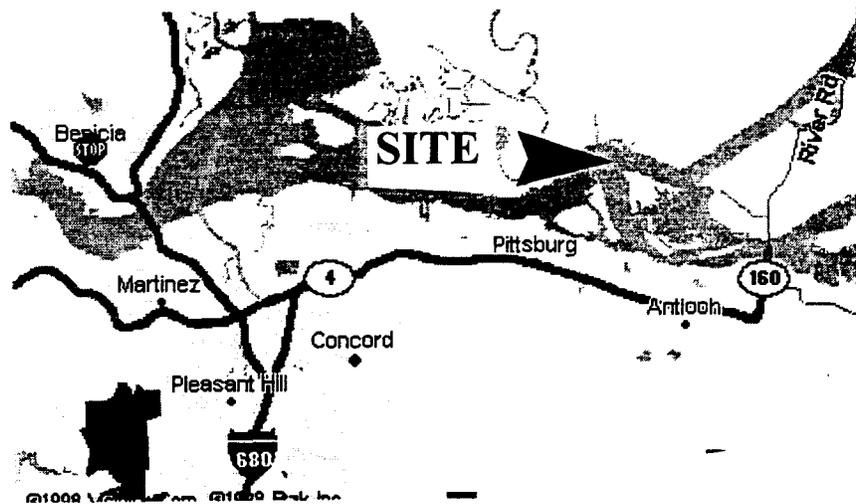


Exhibit A-3
PRC 7781
Suisun Bay
CONTRA COSTA
SOLANO and
SACRAMENTO COUNTIES



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