

MINUTE ITEM

This Calendar Item No. C79 was approved as
Minute Item No. 79 by the California State Lands
Commission by a vote of 3 to 0 at its
4-24-01 meeting.

**CALENDAR ITEM
C79**

A 80

04/24/01

AD 384

W 24480

S 37

M. Wetzel

J. Martin

J. Frey

L. Danley

**CONSIDER THE TRANSFER OF OWNERSHIP OF STATE SCHOOL LAND TO THE
UNITED STATES OF AMERICA PURSUANT TO THE PROVISIONS OF SECTION
707 OF THE CALIFORNIA DESERT PROTECTION ACT (PL 103-433)**

PARTIES:

California State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, California 95825

U.S. Department of the Interior
Bureau of Land Management
California Desert District
6221 Box Springs Blvd.
Riverside, CA 92507
Attn: Mr. Tom Gey

U.S. Department of the Interior
Bureau of Land Management
2800 Cottage Way
Sacramento, California 95825
Attn: Ms. Diana Storey

Metropolitan Water District
Box 54153
Los Angeles, California 90054-0153
Attn: Ms. Laura J. Simonek
Mr. Steve Volucci

AREA, LAND TYPE, AND LOCATION:

2,560 acres of State school lands in Riverside County.

LAND USE:

State school lands to be transferred are within the list prepared by the Bureau of
Land Management (BLM) and designated as wilderness areas pursuant to the
California Desert Protection Act (CDPA) of 1994.

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BACKGROUND:

On October 31, 1994, the CDPA was signed into law by the President (Public Law 103-433). The CDPA designates 3.6 million acres in southern California as wilderness to be administered primarily by the BLM, and 4 million acres as additions to the National Park System.

The purpose of the CDPA is to set aside areas in the California Desert to protect the desert's natural, cultural, scenic, and historical values and to provide for public enjoyment. At time of enactment, of the 3.6 million acres, 266,000 acres (462 parcels) were State school land parcels owned in fee and an additional 65,000 acres (168 parcels) were encumbered by the State's reserved mineral interests. The fee and mineral school land interests are both administered by the California State Lands Commission (CSLC) for the benefit of the State Teacher's Retirement System (STRS).

Section 707 of the CDPA addresses the California State school lands. It provides for the CSLC to enter into negotiations for an agreement to exchange school lands or interests therein, which are located within the boundaries of the wilderness areas or park system units designated by the CDPA. In exchange, the CSLC will receive title to federal lands or interests therein that the Secretary of the U.S. Department of the Interior (Secretary) determines suitable for disposal or has been identified as surplus to the needs of the federal government.

At its November 15, 1994 meeting, the CSLC approved Calendar Item No. C114, authorizing staff to enter into an agreement with the Secretary to exchange federal lands for State school lands within the area affected by the CDPA and to take all other actions necessary to expeditiously implement the provisions of the Act.

At its October 17, 1995 meeting, the CSLC approved Calendar Item No. C97, authorizing the Executive Officer or his designee, to enter into and execute four agreements pursuant to the provisions of Section 707 of the CDPA. The first, Agreement to Exchange Lands, executed on October 26, 1995, was a general agreement between the CSLC and the BLM to facilitate the exchange of federal lands or interests for State school lands in accordance with the federal assembled land exchange process. The second, Memoranda of Understanding (MOU), executed on October 26, 1995, between the CSLC and the BLM, addressed the evaluation of the mineral potential lands. The third agreement, executed on October 26, 1995, was an MOU between the CSLC and the BLM. Its purpose was to provide for a cooperative framework for the parties to establish and approve fair market estimates of value for the properties identified for exchange. The final agreement, executed on November 7, 1995, was the Memorandum of Agreement between the CSLC, BLM, and the U.S. General Services Administration (GSA). This Memorandum provided for a process to include the exchange of federal surplus lands.

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CURRENT SITUATION:

Ownership of four State school land parcels totaling 2,560 acres are being proposed for transfer to the BLM through the assembled land exchange process in consideration for monies generated from the transfer of title of 3,223 acres of federal lands from the BLM to the Metropolitan Water District of Southern California (MWD). The federal lands are located along the Joshua Tree National Park boundary and are to be included in MWD's aqueduct facility. The four school land parcels are scattered sections located in the southeastern corner of Riverside County, all within the CDPA boundary. Three of the sections are located approximately forty miles west of Blythe, California, just south of Interstate 10 in the Chuckwalla Mountains Wilderness Area. The fourth section of land is located approximately twenty-three miles southwest of Blythe, California, in the Little Chuckwalla Mountains Wilderness Area.

The federal assembled land exchange process allows for a series of individual exchange transactions where land values may be unequal. Any unequal balance will eventually be equalized by the completion of future land exchanges. For the CDPA assembled land exchange project, the BLM and CSLC maintain an ongoing ledger to keep track of the value of lands exchanged in the many transactions completed. In this transaction, lands of unequal value are being exchanged with the balances reflected on the ledger.

The CSLC is in the process of preparing a land exchange agreement to be executed by the CSLC, the BLM and MWD. The land exchange agreement identifies that the CSLC will transfer title of the school lands valued at \$384,000 to the BLM. The BLM will transfer title of the federal land valued at \$456,900 to MWD. MWD would contribute funds equal to this federal land value to an escrow account to be transferred to the CSLC.

BLM is responsible for setting up the escrow account. Title of the State lands and federal lands will be transferred simultaneously through the escrow procedures. At the same time, funds equal to the value of the federal lands will be transferred to the School Land Bank Fund.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section: Div. 6, Parts 1 and 2; Div. 7.7; Div. 13
- B. Cal. Code of Regs.: Title 3, Div. 3; Title 14, Div. 6

OTHER PERTINENT INFORMATION:

1. Pursuant to the CSLC's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, Section 15061), the staff has determined that this activity is exempt from the requirements of the

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CEQA as a statutorily exempt project. The project is exempt because it involves an action taken pursuant to the School Land Bank Act, Public Resources Code Section 8700, et seq.

Authority: Public Resources Code Section 8710

2. On January 22, 1999, BLM issued a Notice of Decision approving the land exchange. Pursuant to federal regulations, the public Notice of Decision of the approved action was published and circulated by the BLM on February 1, 1999.
3. A BLM staff member conducted the appraisal process in conformance with the Uniform Standards of Professional Appraisal Practice and with the Code of Federal Regulations (CFR) 43, Parts 2200 and 2201. The CSLC staff has reviewed and approved the appraisal.
4. The CSLC's Mineral Resources Management staff and the BLM's mineral staff have evaluated the mineral interests in the State parcels to be exchanged and the parcels have been assessed as having "low mineral potential". Therefore, the exchange complies with the provisions set forth in the BLM/CSLC MOU for "Treatment of Mineral Potential in Land Exchanges" executed October 26, 1995, and will be made pursuant to Public Resources Code Section 6402.

EXHIBITS:

- A. Land Description of School Lands
- B. Locality Map
- C. Site Map -1
- D. Site Map -2

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO PUBLIC RESOURCES CODE SECTION 8710, AN ACTION TAKEN PURSUANT TO THE SCHOOL LAND BANK ACT, PUBLIC RESOURCES CODE SECTION 8700, ET SEQ.
2. AUTHORIZE EXECUTION OF A LAND EXCHANGE AGREEMENT FOR THE TRANSFER OF 2,560 ACRES OF SCHOOL LANDS TO THE

SCHOOL LAND BANK
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UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF
LAND MANAGEMENT, PURSUANT TO THE CDPA.

3. AUTHORIZE ISSUANCE OF A PATENT, SUBJECT TO APPLICABLE
STATUTORY AND CONSTITUTIONAL RESERVATIONS, FOR THE
LANDS DESCRIBED IN EXHIBIT A, TO THE UNITED STATES OF
AMERICA, UPON RECEIPT OF \$456,900.
4. AUTHORIZE THE DEPOSIT OF \$456,900 INTO THE SCHOOL LAND
BANK FUND.
5. AUTHORIZE EXECUTION OF ANY OTHER DOCUMENT NECESSARY
TO COMPLETE THIS TRANSACTION.

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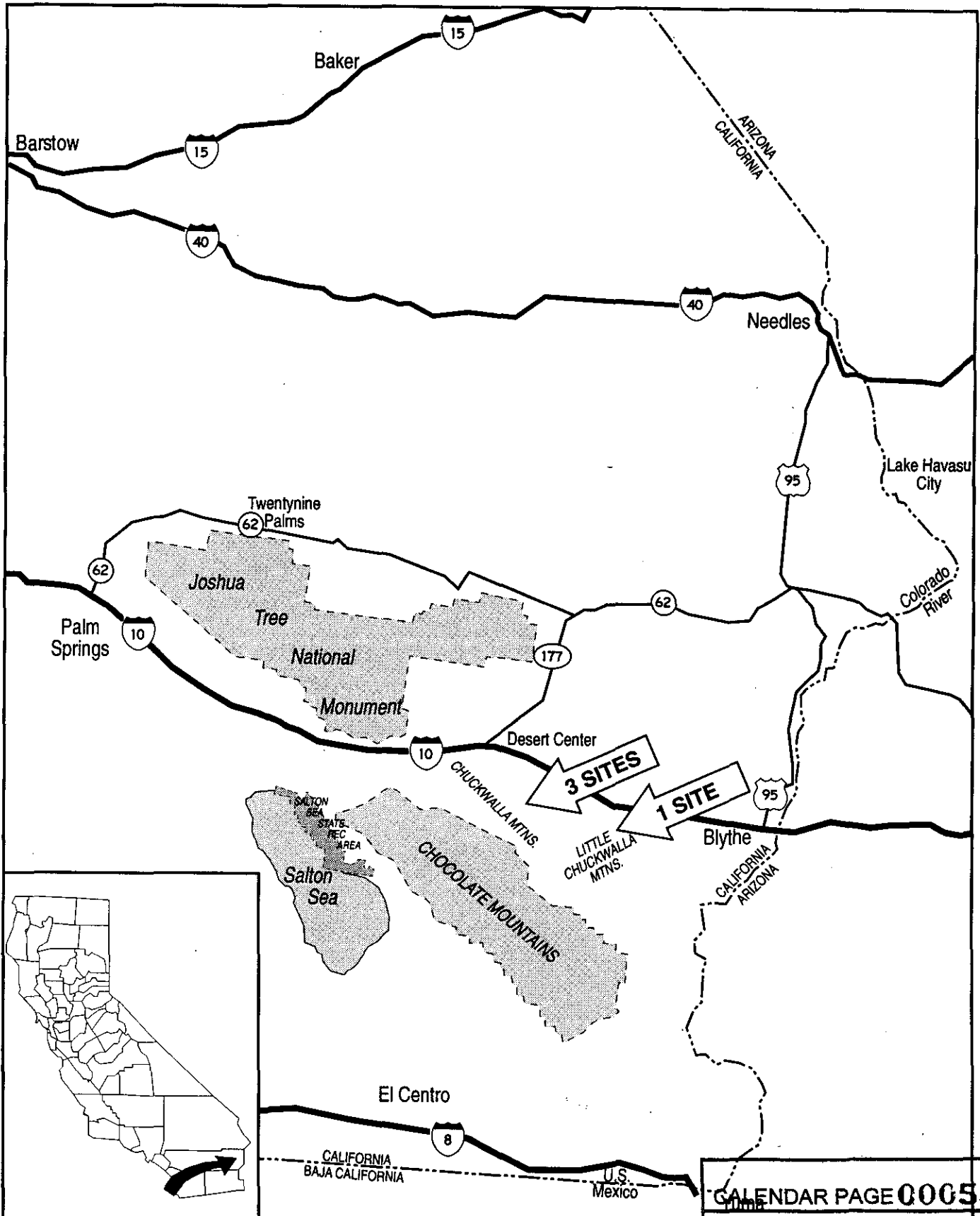
Exhibit "A"
Land Description

Four parcels of State school land located in Riverside County, State of California, more particularly described as follows:

- All of Section 16, T. 6 S., R. 16 E., SBB&M.
- All of Section 36, T. 6 S., R. 16 E., SBB&M.
- All of Section 16, T. 7 S., R. 16 E., SBB&M.
- All of Section 16, T. 8 S., R. 19 E., SBB&M.

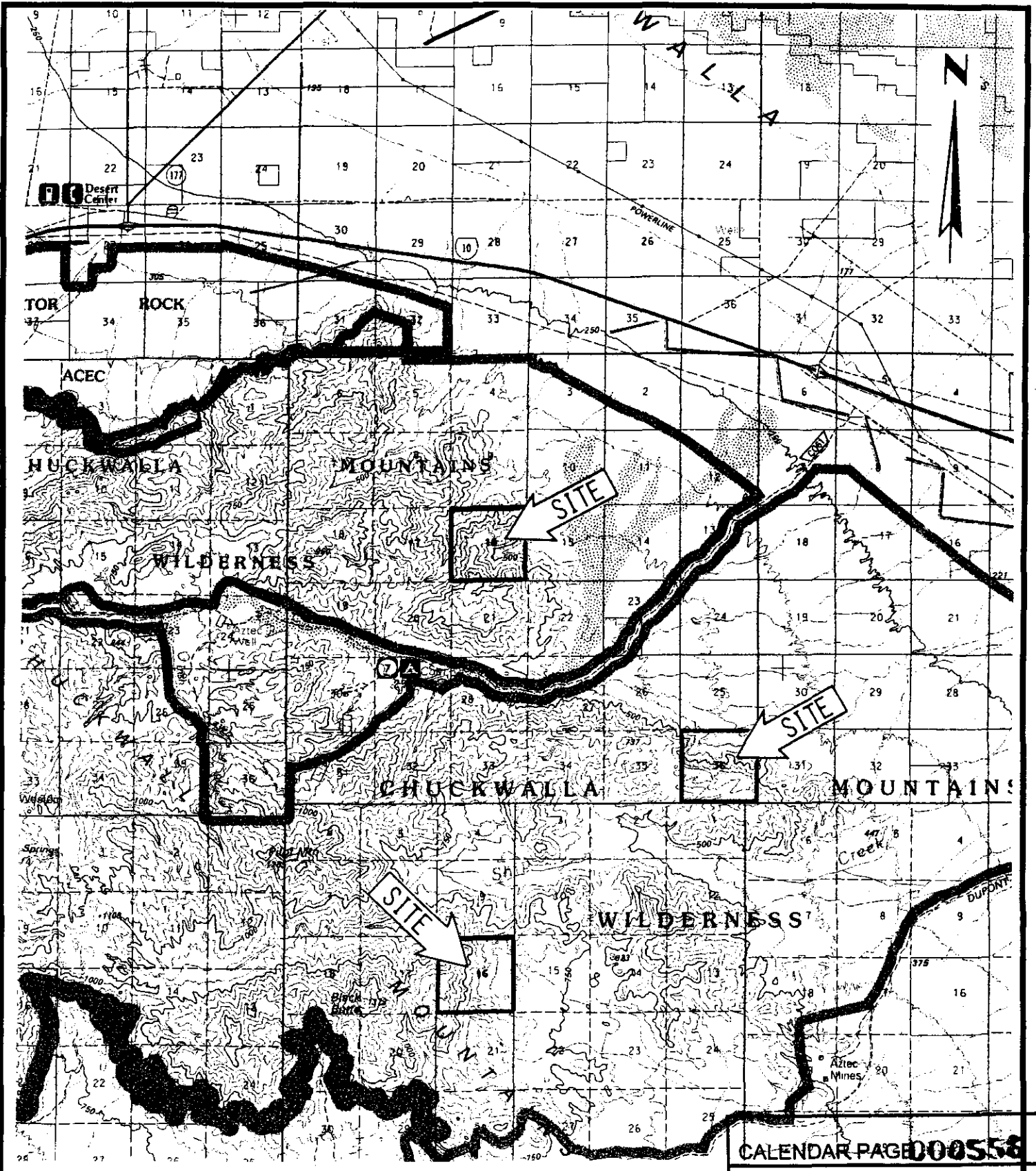
~End of Description~

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

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 Exhibit B - Locality Map
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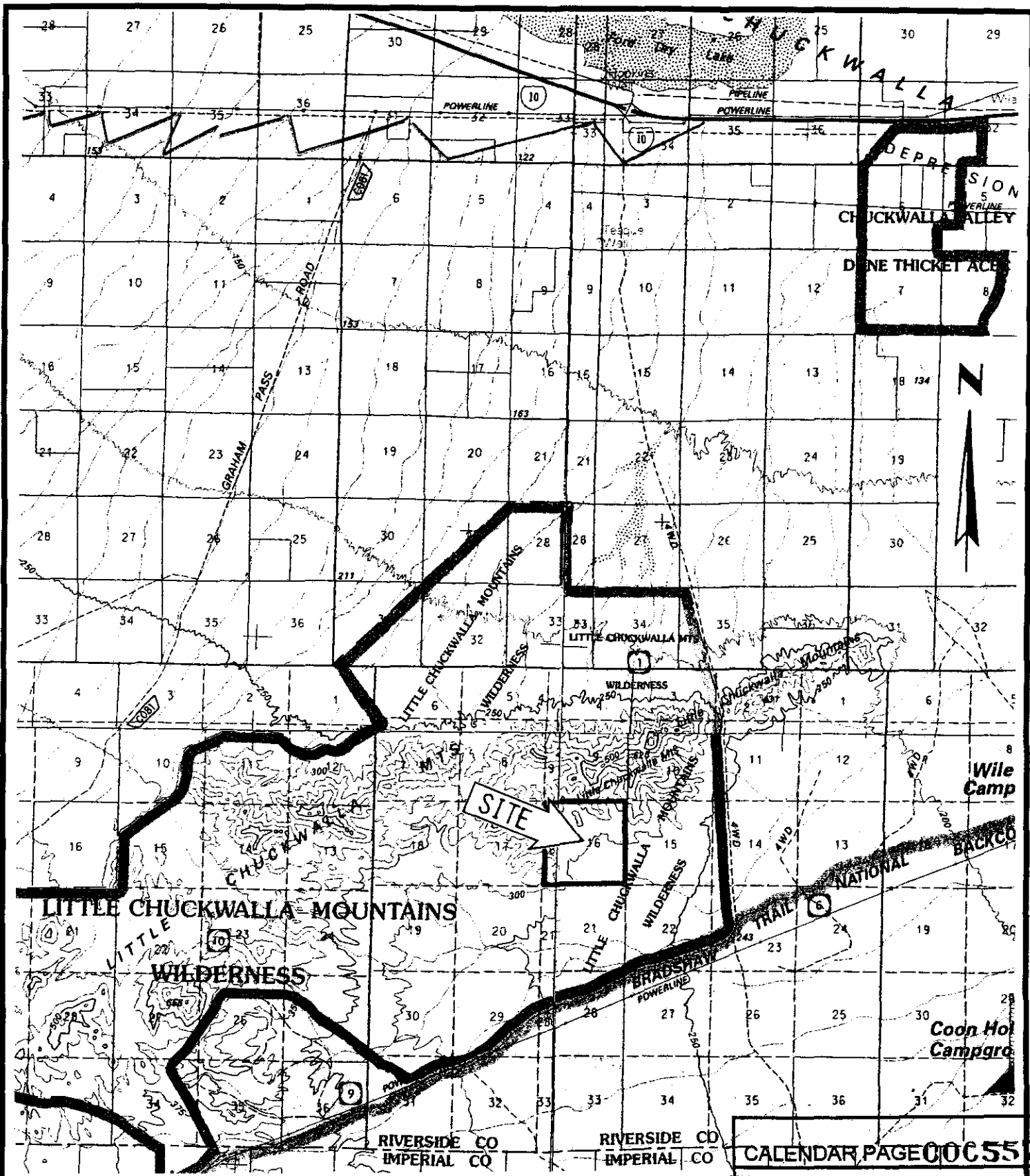


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This exhibit is solely for purposes of generally defining the area to be exchanged, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or other property.

Exhibit C Site Maps
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Exhibit D, Site Map - 2
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