

MINUTE ITEM

This Calendar Item No. C64 was approved as
Minute Item No. 64 by the California State Lands
Commission by a vote of 3 to 0 at its
9-17-01 meeting.

CALENDAR ITEM

C64

A)
) Statewide
S)

09/17/01
Bid Log 2001-05
W25774
J. Martin
D. Brown
A. Cueva

**REQUEST AUTHORITY FOR EXECUTIVE OFFICER
TO SOLICIT BIDS, AWARD AND EXECUTE AGREEMENT
FOR CONSULTANT SERVICES TO ASSIST IN DEVELOPING A GROUND LEASE
PROGRAM**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

The State Lands Commission is trustee of the School Land Bank Fund and as such is charged with securing investments that have the potential to produce revenue for the State Teachers Retirement Fund, beneficiary of all revenues produced by School Lands. The proposed project is an investment opportunity that is being explored.

The Commission staff is proposing that a portion of the School Land Bank Fund might be used to purchase land with present and future development potential i.e. commercial, industrial, office, residential.

As parcels become economically feasible to develop, a long-term ground lease program, would be used as an investment vehicle. Staff believes from the perspective of the school land trust, long-term ground leases could provide a good return, with relatively low risk, limited management, and the benefits of appreciation.

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PROPOSED ACTIVITY:

The extent and breadth of the market for development of land under a long-term ground lease is not fully known by staff at this time. The first recommendation made in this proposal is to hire a consultant to help answer questions such as:

- How broad is the ground lease market, what sectors successfully use ground leasing?
- Are there geographic areas where ground leasing is more or less common?
- What industries utilize ground leases to acquire facilities?
- What are the opportunities for income and appreciation to the landowner?
- How do lenders view ground leases?
- Are interim uses feasible to help offset holding costs?
- What is the best way to identify existing and future development areas?

Questions above as well as others would become part of an Request For Proposals seeking a consultant. The bids shall be conducted consistent with procedures as specified in the State Administrative Manual and Public Contract Code. All bid proposals and evaluation sheets will be available for public inspection at the Commission's Sacramento office in accordance with Public Contract Code requirements.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. Public Contract Code Section 10335 et. seq. (Contracts for Services)
- C. Public Contract Code Section 10355 et. seq. (Consulting Services)
- D. State Administrative Manual Section 1200 (Contracts)
- E. Public Resources Code Section 8702 (School Land Bank Fund)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. FIND THAT THE SELECTION OF CONSULTANT UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN

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GOVERNMENT CODE SECTION 11342, SUB. (H), BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT PROPOSALS

3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT BIDS, AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES NOT TO EXCEED \$60,000.
4. AS TRUSTEES, AUTHORIZE THE EXPENDITURE FROM THE SCHOOL LAND BANK FUND TOWARD THE CONSULTANT EXPENSE TO ASSIST THE COMMISSION STAFF IN EXPLORING POTENTIAL INVESTMENT OPPORTUNITIES.