

**CALENDAR ITEM
C72**

A 80
S 40

01/26/12
SA 5763
J. Porter
J. Frey

CONSIDER AUTHORIZATION, ACTING AS TRUSTEE OF THE SCHOOL LAND BANK FUND, OF THE SALE AND SUBSEQUENT ISSUANCE OF A PATENT TO THE STATE OF CALIFORNIA, DEPARTMENT OF PARKS AND RECREATION, OF STATE INDEMNITY SCHOOL LANDS

APPLICANT:

State of California Department of Parks and Recreation
Acquisition and Real Property Services Division
One Capitol Mall, Suite 410
Sacramento, CA 95814

AREA, LAND TYPE, AND LOCATION:

5,759 acres, more or less, of State Indemnity school lands located north of Borrego Salton Seaway (S-22) and west of Salton City, identified as Sections 4, 6, 8, 10, 14, 18, 20, 22, and 26, Township 10 South, Range 9 East, SBM, Imperial County.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Division 6, Parts 1 and 2; Division 7.7; Division 13.
- B. California Code of Regulations Title 3, Division 3; Title 14, Division 6.

BACKGROUND:

School lands were granted to the State of California by the federal government under the Act of March 3, 1853 (10 Stat. 244), and consisted of the 16th and 36th sections of land in each township (with the exceptions of lands reserved for public use, lands taken by private land claims, and lands known to be mineral in character). In cases of preemption, due to the exceptions described above, the State was given the opportunity to select replacement lands from the United States in lieu of a Section 16 or a Section 36. These replacement lands are now known as Indemnity school lands or lieu lands.

OTHER PERTINENT INFORMATION:

- 1. In September 2006, the State of California Department of Parks and Recreation (State Parks), through its Off-Highway Vehicle Recreation (OHV) Division, submitted an application to the Commission to purchase nine sections of indemnity school lands (Subject Property) for inclusion in the State Vehicular Recreation Area system. The purchase was to be

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funded by revenues collected by the OHV Division from license fees paid by the off-highway vehicular recreation community.

2. Due to the existence of valuable biological and cultural resources within the Subject Property, the transaction was opposed by several environmental groups. State Parks, with the assistance and cooperation of these environmental groups, as well as representatives of the OHV recreation community, conducted a series of meetings to discuss the long-term use of the area and protection of the biological and cultural resources. Together, these participants have proposed a strategy that will result in a portion of the Subject Property being added to Anza-Borrego Desert State Park for protection of the biological and cultural resources, and a portion of the Subject Property being utilized by the OHV Division for the benefit of the off-highway vehicle community.
3. In December 2010, State Parks requested that the application be amended to change the designation of the purchasing party in the transaction. State Parks, through its Acquisition and Real Property Services Division, is now the applicant for the property. Furthermore, State Parks informed Commission staff that the transaction will be paid for by Sempra Energy as part of the mitigation requirements for its Sunrise Powerlink project, a 500 kilovolt transmission line in San Diego and Imperial counties.
4. An independent appraisal of the Subject Property was submitted to staff in April 2011. The appraisal concluded a market value for the Subject Property of \$1,650,000. Staff disagreed with the methodology and conclusion of value contained in the appraisal and rejected the appraisal report. With the consent of State Parks, a new independent appraisal was prepared and submitted on January 5, 2011. The conclusion of value for the Subject Property was \$2,304,000. Staff reviewed the new appraisal and concurs with the valuation conclusion contained therein. The purchase price is therefore based on this appraisal.
5. In addition to the \$2,304,000 purchase price, State Parks paid a patent fee and all other staff costs associated with the purchase.
6. The consideration of \$2,304,000 will be deposited into the School Land Bank to: 1) facilitate the management of school lands; 2) generate revenue, and 3) carry out the goals of the School Land Bank Act. The California State Lands Commission will be acting as trustee for the School Land Bank, pursuant to Division 7.7 of the Public Resources Code for this transaction.

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7. The proposed sale to the State of California, Department of Parks and Recreation is an all cash transaction at a price of \$2,304,000.
8. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15061), the staff has determined that this activity is exempt from the requirements of 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.

9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 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.

EXHIBITS:

- A. Land Description
- B. Site Map

RECOMMENDED ACTION:

It is recommended that the Commission:

1. Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, 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. Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.
3. Authorize the Executive Officer, or his designee, to execute that certain document entitled "Offer to Purchase Real Estate in the County of Imperial and Acceptance of Offer to Purchase", in substantially the same form as on file with the Commission, and any other document necessary to complete this transaction.
4. Authorize issuance of a patent to the State of California, Department of Parks and Recreation, subject to applicable statutory and constitutional

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reservations, for the land described in Exhibit A and shown on Exhibit B attached and by this reference made a part hereof.

5. Authorize the deposit of \$2,304,000 into the School Land Bank Fund.

LAND DESCRIPTION

Those certain parcels of State School Land in Imperial County, State of California, more particularly described as follows:

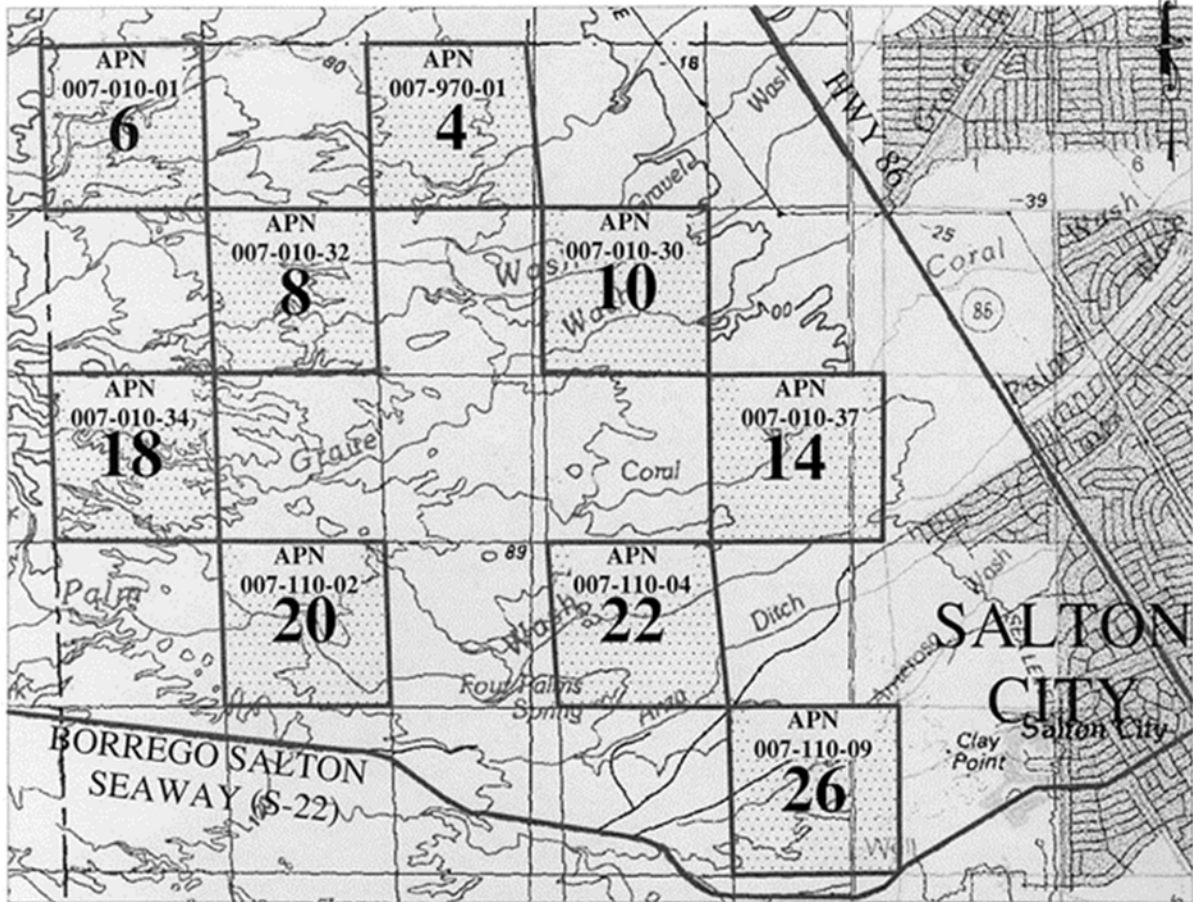
Sections 4, 6, 8, 10, 14, 18, 20, 22, 26, T10S, R9E, SBM, as shown on the Official General Land Office Township Plat approved June 4th, 1856.

END OF DESCRIPTION



NO SCALE

SITE



SCHOOL LANDS

Sections 4, 6, 8, 10, 14, 18, 20, 22, and 26 T10S, R9E, S.B.M.
near Salton City

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the the approximate location of the School Land sale parcels 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.

Exhibit B

SA 5763
STATE PARKS
SCHOOL LANDS SALE
IMPERIAL COUNTY



MJF 1/23/08