

MINUTE ITEM

This Calendar Item No. 54 was approved as Minute Item No. 54 by the State Lands Commission by a vote of 2-0 with one abstention by Commission-Alternate Susanne Morgan at its October 30/ November 3, 1981 meeting

MINUTE ITEM

10/30/81  
11/3/81  
WP 3/39  
Louie  
Mochon

54. AUTHORIZATION FOR SOLICITATION OF BIDS  
FOR LEASE OF CERTAIN TIDELANDS AND SUBMERGED LANDS  
AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY

In light of the testimony that was received at the October 15, 1981 public hearing held in Long Beach, the letters received from the public during the past month, and the time constraints of this meeting, the Commission asked those presenting testimony to refrain from reiterating comments already expressed. It was suggested that the meeting recess for five minutes at the outset for the purpose of the witnesses consolidating their testimony. The meeting, therefore, recessed from 11:05 a.m. to 11:10 a.m.

Appearances in favor of the Staff Recommendation to go out to bid:

Dick Stevens, President, Wrather Corporation, a prospective bidder.

Harrison W. Hertzberg, representing Pioneer Take Out Corporation, a prospective bidder.

R. J. Kilpatrick, representing Jack Fennie, owner of Seaway Co. and Catalina Freight Lines, a prospective bidder.

Burton Buser, representing Fy-Tek Industries, a prospective bidder.

Martin McDonough, representing Bruce Ponsel and Jeff Stickler, operators of recreational boating facilities in Long Beach, prospective bidders.

The above people who testified were in support of the lease being put out to bid and each made specific recommendations to the staff's proposal.

A 52

S 57

-1-

CALENDAR PAGE	
MINUTE PAGE	2303

Appearance in support of Management Agreement with Public Agency

Clancy Leland, representing the Los Angeles County Board of Supervisors. Mr. Leland was in support of the Commission entering into a Management Agreement with a public agency and suggested that the County is the logical agency.

Appearances in opposition to the Staff's Recommendation and in Favor of Retaining Santa Catalina Island Company as Lessee:

Dennis Carpenter, representing Santa Catalina Island Company and Santa Catalina Island Conservancy.

Barry Labow, representing Boat Owners Associated Together.

Jo Ann Swan, representing Angeles Girl Scout Council.

Carl Meseck, representing the Glendale YMCA.

Ed Nichols, representing Southern California Marine Association.

Mel Rechley, representing the Yacht Racing Union of Southern California.

Ronald A. Geiger, representing the Blue Water Cruising Club.

Charles Morten, representing the Blue Water Cruising Club.

Bill Leisk, representing the California Marine Parks & Harbors Association, Inc.

John Ewell, in pro per

John Lonergan, in pro per

Henry Snyder, in pro per

Jordan Saunders, in pro per

Thomas Redler, representing 254 taxpayers & voters.

William Davidson, in pro per

Raymond Myroid, in pro per

Doug Oudin, Harbor Master, Catalina Cove & Camp Agency

Bob Johnson, in pro per

Louis Comyns, in pro per

Milt Stein, in pro per \* \* \* \* \*

George Scott, Mayor City of Avalon, appeared. He wanted to make sure that the proposal adopted by the Commission gave the City protection so that it would be able to build a new airport in the Pebbly Beach area.

After the above testimony was received, Commission-Alternate David Ackerman requested Doug Bombard, representing the Santa Catalina Island Company and on-site manager of the existing lease, to comment on the staff's recommendation. Mr. Bombard appeared and testified.

Mr. Ackerman pointed out in his opinion the purpose of going out to bid was not solely based on the economic return to the State, but he felt the Commission is required to obtain a fair market value. He stated if the Commission entered into a negotiated lease with the Island Company, it might be subject to criticism since there are a number of other apparently qualified parties who are interested in being considered. Therefore, he stated a fine line has to be drawn to accommodate both of these concerns.

After Mr. Bombard's testimony, the Commission recessed until 3:30 p.m. because Commission-Alternate Susanne Morgan was required to attend another meeting.

When the meeting reconvened at 3:30 p.m., N. Gregory Taylor, Assistant Attorney General, clarified the record on two points.

- 1) He stated during the recess he had spoken with the Mayor of the City of Avalon, and the Mayor indicated that the City is not interested in any participation on any basis with the Commission outside of the Pebbly Beach area. Since the staff has not recommended leasing of that area to the Company or the Conservancy, it was Mr. Taylor's understanding the City's concerns were accommodated. The Mayor confirmed the statement from the audience.
- 2) With regard to the County of Los Angeles, it was Mr. Taylor's understanding the County is only interested in a management agreement with the Commission similar to that which the State Department of Parks & Recreation enters into with other agencies; the County is not interested in being considered for this on any other basis. Mr. Leland reappeared and confirmed Mr. Taylor's statement.

In conclusion, Mr. Taylor stated that with the above in mind, and the Commission not being interested in the arrangement proposed by the County, what is presently before the Commission is the procedure upon which bids will be solicited and the terms of any future lease to be issued.

During the remainder of the meeting, the Commission discussed what criteria they would like included in the bid package.

Commission-Alternate Susanne Morgan stated it was her opinion the public has been well served by the Santa Catalina Island Company. However, she felt it is important that the State receive a good economic return. Therefore, she suggested that the staff renegotiate the lease with the Island Company, incorporating those criteria discussed by the Commission at this meeting. She stated she was prepared to make a motion along those lines.

Commission-Alternate David Ackerman stated he initially felt the lease should be renegotiated with the Island Company. However, after rethinking that position, he remembered that in every other instance since he has represented the Lieutenant Governor on this Commission, it has always gone to public bid when one of the parties has opted for that choice. He therefore challenged the staff; His decision would be to renegotiate a lease with the existing leaseholder unless he could be convinced to go out to bid, without any disservice to the boaters and the current operations of the island. His goal then at this time is to justify why the Commission should go out to bid; the staff recommendation is the result of that challenge. However, he expressed his disappointment that none of the proposed bidders at this meeting presented to the Commission how they are going to provide the necessary services required. Without these proposals before him, he stated he was in a difficult position to decide on which recommendation to adopt.

Mr. Ackerman indicated he was not in favor of oral bidding as opposed to sealed bids. He suggested bids be solicited, and, following their receipt, the Commission could then make a decision. If none of the proposals were acceptable, the Commission could reject them all.

Chairman Cory suggested the Commission review each of the options available and voice their views.

- 1) Management agreement with government agency.
- 2) Negotiate with littoral landowner or solicit RFP or bid.

Kenneth Cory - Solicit proposals, with the condition that if he does not favor the final draft, he will withdraw his support.

David Ackerman - Solicit proposals. However, the staff's proposal is too restrictive. He proposed the package should allow the Commission more than one variable to make a final decision.

Susanne Morgan - Negotiate with littoral landowner, namely the Santa Catalina Island Company.

Mr. Ackerman asked if the Commission could reject the bid solely on the grounds that the proposed fee schedule is too high. Mr. Taylor stated the staff would have to word the proposal in such a manner that it would be one of the criteria on which the bid could be rejected.

Mr. Taylor emphasized during the proceedings that this lease is categorically exempt under CEQA as long as the use is not changed. There can be some variables on services required and the percentage of gross income, but there can be no increase in the number of moorings or their physical configuration.

Since two Commissioners were in favor of going out to bid, it was decided that the Commission would attempt to define for the staff what they would like to see in the bid solicitation and bid lease. Mr. Cory felt that they should review each issue separately, whereupon each Commissioner could state his/her opinion:

1. The areas that are now sublet to Catalina Freight Company and Standard Oil Company at Pebbly Beach should be excluded from the lease, with the understanding that these leases are individually negotiated with the lessor or the upland owner.

The Commission agreed to the above. It was also agreed that since the upland owner is a prospective bidder, these lease negotiations will not coincide with the bidding process.

2. Whether or not to exempt from the lease the unimproved coves and leave those free for anchorage.

The Commission felt these areas should be included in the lease, and that there should be a minimum level of service provided in these areas by the lessee. However, installation of moorings would be prohibited.

3. Exemption of fairway at Isthmus Harbor.

It was the consensus of the Commission that more information is required as to the size of the fairway, etc. before they can respond to this issue.

4. Joint piers

The Commission agreed that joint use of piers would not be required.

5. Term of lease/services provided.

It was agreed that the lease would be for 15 years with a five year rent review, with the services to be provided as developed by the lessee in the bid package.

6. Should lease be subject to renewal

It was agreed that the lease would be nonrenewable.

7. Rental

It was agreed that submission of a rent schedule or fees would be required on the basis of \$125,000 minimum annual rental with a 17% of gross income minimum bid.

Mr. Northrop asked Mr. Ackerman to specify what variables, other than the percentage of gross income, would he like to see in the bid package. Mr. Ackerman stated, in addition to the percentage of gross income, the level of services should weigh heavily as a deciding factor.

8. Grandfathering Clause

It was agreed that the existing sublessees should be grandfathered into the new lease, allowing them the option to renew each year for the remaining 15 years of the lease.

Mr. Cory stated to avoid future misunderstandings the definition of some of the services to be required e.g. solid waste disposal, towing and mechanical repair, noninterference with services designed to provide access to the upland, etc. should be included in the proposal.

At the conclusion of this discussion, the Commission recessed until November 3 at which time the staff was instructed to return for the Commission's further consideration with a draft proposal incorporating those criteria specified by the Commission.

At this time, since the announcement of the award of the winning bid is scheduled for the December meeting, Mr. Ackerman requested that the meeting be held in Los Angeles. Mr. Cory asked the staff to investigate that possibility.

On November 3, 1981, the meeting reconvened at 12:30 p.m. During this time, the staff presented the Commission with a draft proposal which incorporated the Commission's comments set forth at the October 30 meeting. The Commission reviewed each section of the proposal, including, but not limited to, provisions regarding transferability of mooring site subleases, and amended it as reflected in Exhibit 2 attached hereto.

In response to Mr. Ackerman's request on October 30, Mr. William F. Northrop, Executive Officer, advised that due to budget restraints, it would put a hardship on the staff to hold the December meeting in the Los Angeles area.

Upon motion duly made and carried, the following resolution was adopted by the Commission by a vote of 2-0, with one abstention by Commission-Alternate Susanne Morgan.

THE COMMISSION:

1. FINDS THAT IT IS WITHIN THE BEST INTEREST OF THE STATE TO ENTER INTO A LEASE OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT 1 ATTACHED HERETO.
2. FINDS:
  - (A) IN LIGHT OF THE FACTS AND CIRCUMSTANCES SET FORTH IN THIS CALENDAR ITEM AND THE STAFF REPORT ATTACHED HERETO AS EXHIBIT 3 AND PURSUANT TO SECTION 2002 OF THE CAL. ADM. CODE, THAT CONSISTENT WITH PROTECTION OF REASONABLE ACCESS OF THE LITTORAL OWNER TO THE LITTORAL LAND, AND USE OF THE STATE-OWNED SUBMERGED LANDS, DESCRIBED IN EXHIBIT 1 ATTACHED HERETO, BY MEMBERS OF THE PUBLIC FOR RECREATIONAL BOATING PURPOSES, AND IN ORDER TO PROVIDE ALL INTERESTED PARTIES AN EQUAL OPPORTUNITY TO PROVIDE THEIR QUALIFICATIONS TO ENTER INTO A LEASE OF THE SAID SUBMERGED LANDS AND TO BETTER ASSURE AN EQUITABLE ECONOMIC RETURN TO THE PEOPLE OF THE STATE, IT IS IN THE BEST INTEREST OF THE STATE TO ADVERTISE AND INVITE BIDS FOR A LEASE REGARDING THE SAID SUBMERGED LANDS; AND
  - (B) THAT THE BID FACTOR WILL BE THE PERCENTAGE OF GROSS INCOME TO BE PAID AS ANNUAL RENTAL ON ANY LEASE OF THE SAID SUBMERGED LANDS; MINIMUM BID IS SET AT 17% OF GROSS INCOME. THE MINIMUM ANNUAL ECONOMIC RETURN TO THE STATE WILL BE FIXED AT \$125,000.
3. AUTHORIZES THE COMMISSION STAFF TO ADVERTISE AND SOLICIT BIDS FOR A LEASE OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT 1 ATTACHED HERETO.
4. DETERMINES THAT THE TIDELANDS AND SUBMERGED LANDS UNDERLYING IMPROVEMENTS STRUCTURALLY ATTACHED TO THE UPLANDS AS OF OCTOBER 1, 1981, INCLUDING BUT NOT LIMITED TO THE PEBBLY BEACH WHARF SITE AND FREIGHT RAMP SITE, BE LEASED DIRECTLY TO THE OWNERS OR LESSEES OF THE UPLANDS ADJACENT TO THOSE IMPROVEMENTS.

5. ADOPTS CERTAIN PROVISIONS TO BE INCLUDED IN THE BID PACKAGE AND THE BID LEASE. THESE PROVISIONS ARE SET FORTH IN THE "SOLICITATION OF BIDS FOR A LEASE OF SUBMERGED LANDS AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY, CALIFORNIA" ATTACHED HERETO AS EXHIBIT 2 .

Attachments:

Exhibits 1 , 2 and 3

(For a verbatim transcript of the meeting, refer to the Commission transcripts of October 30 and November 3, 1981, on file in the office of the State Lands Commission.)

EXHIBIT "1"

LAND DESCRIPTION

WP 3639

PARCEL 1 - Isthmus Cove

All that area bounded on the west, south, and southeast by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 26' 35" North Latitude, 118° 29' 25" West Longitude to a point on the mean high tide line at approximately 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps.

PARCEL 2 - Fourth of July Cove

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line beginning at a point on the mean high tide line at approximately 33° 26' 56" North Latitude, 118° 29' 55" West Longitude, thence northeasterly 50 feet, more or less, to a point offshore at approximately 33° 26' 56" North Latitude, 118° 29' 54" West Longitude; thence southeasterly 1,200 feet, more or less, to a point on the mean high tide line described as 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 3 - Howland's Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 40" North Latitude, 118° 31' 07" West Longitude to a point on the mean high tide line at approximately 33° 27' 55" North Latitude, 118° 31' 15" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 4 - Emerald Bay

All that area bounded on the west and south by the mean lower low water line and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude; thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude; thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath the existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 5 - Catalina Harbor

All that area bounded on the west, north and east by the mean lower low water line and on the south and southeast by a line beginning at a point on the mean high tide line at approximately 33° 25' 41" North Latitude, 118° 30' 21" West Longitude; thence west 848 feet, more or less, to a point at approximately 33° 25' 41" North Latitude, 118° 30' 31" West Longitude; thence southwesterly 1,625 feet, more or less, terminating at a point on the mean high tide line at approximately 33° 25' 30" North Latitude, 118° 30' 39" West Longitude.

EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tideland in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

PARCEL 6 - Buttonshell Beach

All that area bounded on the north and west by the mean lower low water line and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 24' 02" North Latitude, 118° 31' 59" West Longitude to a point on the mean high tide line at approximately 33° 24' 23" North Latitude, 118° 31' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 7 - White's Landing

All that area bounded on the northwest, west, and south by the mean lower low waterline and on the north, northeast, and southeast by a line beginning at approximately  $33^{\circ} 23' 42''$  North Latitude,  $118^{\circ} 22' 07''$  West Longitude; thence northeasterly 100 feet, more or less, to a point at approximately  $33^{\circ} 23' 44''$  North Latitude,  $118^{\circ} 22' 06''$  West Longitude; thence on a straight line 1,460 feet, more or less, to a point at approximately  $33^{\circ} 23' 31''$  North Latitude,  $118^{\circ} 21' 59''$  West Longitude; thence southwesterly 556 feet, more or less, to a point on the mean high tide line at approximately  $33^{\circ} 23' 21''$  North Latitude,  $118^{\circ} 22' 03''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 8 - Moonstone Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast and northwest by a line beginning at approximately  $33^{\circ} 23' 27''$  North Latitude,  $118^{\circ} 22' 03''$  West Longitude; thence northeasterly 556 feet, more or less, to a point at approximately  $33^{\circ} 23' 31''$  North Latitude,  $118^{\circ} 21' 58''$  West Longitude; thence southeasterly 1,460 feet, more or less, to a point on the mean high tide line at approximately  $33^{\circ} 23' 18''$  North Latitude,  $118^{\circ} 21' 51''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 9 - Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 22' 26''$  North Latitude,  $118^{\circ} 21' 01''$  West Longitude, to a point on the mean high tide line at approximately  $33^{\circ} 22' 37''$  North Latitude,  $118^{\circ} 21' 14''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 10 - Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 22' 13''$  North Latitude,  $118^{\circ} 20' 47''$  West Longitude, to a point on the mean high tide line at approximately  $33^{\circ} 22' 20''$  North Latitude,  $118^{\circ} 20' 56''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 11 - Cherry Cove

All that area bounded on the north, west, and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 27' 11" North Latitude, 118° 30' 02" West Longitude; thence southeasterly 1,200 feet to a point offshore at approximately 33° 26' 59" North Latitude, 118° 29' 56" West Longitude; thence southwesterly 150 feet more or less to a point on the mean high tide line at approximately 33° 26' 58" North Latitude, 118° 29' 57" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 - Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude.

PARCEL 13 - Hen Rock

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

PARCEL 14 - Willow Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 22' 38" North Latitude, 118° 21' 16" West Longitude, to a point on the mean high tide line at approximately 33° 22' 41" North Latitude, 118° 21' 20" West Longitude.

PARCEL 15 - Empire Landing

An area 200 feet in width lying 100 feet on each side of the centerline of an existing pier, the shoreward end of said centerline being at approximately 33° 25' 43" North Latitude, 118° 26' 23" West Longitude, extending 200 feet seaward from the mean lower low waterline.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 16 - Smeltz Cove (Big Geiger)

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude to a point on the mean lower low waterline at approximately 33° 27' 37" North Latitude, 118° 31' 02" West Longitude.

PARCEL 17 - Little Harbor

All that area bounded on the north and east by the mean lower low waterline and on the south by a straight line extending from a point on the mean lower low waterline at approximately 33° 23' 06" North Latitude, 118° 28' 27" West Longitude, for approximately 980 feet to a point offshore, being a point on the most easterly end of the harbor reef at approximately 33° 22' 48" North Latitude, 118° 28' 36" West Longitude, then north along a straight line for approximately 500 feet to a point on the mean high tide line at approximately 33° 23' 09" North Latitude, 118° 28' 34" West Longitude.

PARCEL 18 - Doctor's Cove

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 28' 17" North Latitude, 118° 31' 52" West Longitude to a point on the mean high tide line at approximately 33° 28' 12" North Latitude, 118° 31' 47" West Longitude.

PARCEL 19 - Ripper's Cove

All that area bounded on the east, south and west by the mean lower low waterline and a straight line on the north, beginning at a point on the mean high tide line at approximately 33° 25' 40" North Latitude, 118° 26' 03" West Longitude, and extending to a point on the mean high tide line at approximately 33° 25' 38" North Latitude, 118° 25' 50" West Longitude.

PARCEL 20 - Cabrillo Harbor

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 25' 15" North Latitude, 118° 24' 14" West Longitude, to a point approximately 100 feet offshore being approximately 33° 25' 13" North Latitude, 118° 24' 13" West Longitude, then southwest to a point on the mean lower low waterline being approximately 33° 25' 11" North Latitude, 118° 24' 12" West Longitude.

PARCEL 21 - Parson's Landing

All that area bounded on the east, south and west by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 28' 26" North Latitude, 118° 33' 09" West Longitude, to a point on the mean lower low waterline at approximately 33° 28' 08" North Latitude, 118° 32' 55" West Longitude.

END OF DESCRIPTION

PREPARED NOVEMBER 2, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

EXHIBIT 2

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

KENNETH CORY, CHAIRMAN  
MIKE CURB, COMMISSIONER  
MARY ANN GRAVES, COMMISSIONER

1807 13th STREET  
SACRAMENTO, CALIFORNIA 95814

SOLICITATION OF BIDS  
FOR A LEASE OF SUBMERGED LANDS  
AT SANTA CATALINA ISLAND  
LOS ANGELES COUNTY,  
CALIFORNIA

NOVEMBER 6, 1981

FILE REFERENCE WP 3639  
\* \* \* \*

DUE DATE: DECEMBER 7, 1981

4:00 P.M.

\*\*\*\*\*  
 \* NOTICE TO BIDDERS \*  
 \* This bid package supersedes all prior \*  
 \* drafts \*  
 \* November 6, 1981 \*  
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NOV 6 1981

CALENDAR PAGE	2317	STATE LANDS COMMISSION
MINUTE PAGE		

EXHIBIT 2

SOLICITATION OF BIDS

TABLE OF CONTENTS

INTRODUCTION

GENERAL BACKGROUND INFORMATION

- A. Island Description; Physical Setting
- B. Island History
- C. Transportation Between the Island and the Mainland
- D. Current Lease

PROJECT DESCRIPTION

BID REQUIREMENTS

- A. Submission of Bid
- B. Format
- C. Deposit
- D. Award of Bid

EXHIBITS

- A. Property Description
- B. Site Map
- C. Bid Lease Form
- D. Statements of Qualifications
- E. Certification of Financial Statements
- F. Certification Regarding Interest in Other Bids
- G. Checklist
- H. Request for Refund

CALENDAR PAGE	
MINUTE PAGE	2318

NOV 6 1981

STATE LANDS COMMISSION

INTRODUCTION

In accordance with a published Notice of Intention, the State of California, acting by and through its State Lands Commission (hereinafter "State") proposes to lease certain State-owned submerged lands at Santa Catalina Island, beginning January 1, 1982, for recreational boating purposes, and for services incidental thereto. These lands are more specifically described in Exhibit "A" of this Solicitation of Bids (hereinafter "Solicitation") and shall hereinafter be referred to as "subject lands". A site map showing the general location of these lands is attached hereto as Exhibit "B". The State proposes to issue this lease pursuant to its authority under Public Resources Code Sections 6216 and 6301, and California Administrative Code Sections 2000 et seq. The State Lands Commission has determined that it is in the best economic, social and environmental interest of the people of the State to advertise and solicit bids for the lease of the subject lands.

The subject lands are all located outside the city limits of Avalon. The tidelands and submerged lands within the City of Avalon were granted in trust by the Legislature to the city by Chapter 303 of the Statutes of 1943, later clarified and amended by Chapter 493 of the Statutes of 1949, and Chapter 1884 of the Statutes of 1963. Therefore, primary leasing and management authority over tidelands and submerged lands within the city limits lies in the City of Avalon.

This Solicitation is designed to provide background information, to describe in detail the contemplated lease, and to define the requirements of any bid to be submitted in response to this Solicitation.

Much of the geographical and historical information provided in this Solicitation was drawn from the Santa Catalina Draft LCP prepared by the South Coast Regional Coastal Commission, and is provided as background only. More specific data may be obtained by reference to that document. The State hereby makes no representation as to the accuracy and completeness of the background information. Bidders should independently confirm any such information which is essential to their bids.

EXHIBIT 2

GENERAL BACKGROUND INFORMATION

A. ISLAND DESCRIPTION: PHYSICAL SETTING

Santa Catalina Island is the only significantly inhabited island near the California coast. It is located approximately 22 miles south of the Palos Verdes Peninsula and 27 miles southwest of the Orange County shoreline. The island is approximately twenty-one miles long and eight miles wide, and has a land area of approximately seventy-four square miles. The Island has a total estimated resident population of 2300 people; approximately 2000 living within the corporate boundaries of the City of Avalon, and 300 in the unincorporated area, primarily in the vicinity of Two Harbors (Isthmus Cove and Catalina Harbor). During popular visitor periods, the daily and overnight population may increase to 6,000 to 8,000 in the Avalon area; the population in the unincorporated area, concentrated in the Two Harbors area, may expand to 3,000 to 6,000.

Santa Catalina Island is characterized by rugged topography and a cliffed shoreline. Level terrain is limited to a few large inland and coastal canyons such as those located at Avalon, Pebbly Beach, White's Landing, Middle Ranch, Two Harbors and Emerald Bay. Mt. Orizaba, located in the central portion of the Island, is the highest peak at 1,125 feet. Avalon and Two Harbors have always been the major ports of entry and primary population and service communities on Santa Catalina Island.

The Two Harbors community is located thirteen miles westerly of Avalon. The actual roadway distance is twenty-one miles through rugged terrain, across lands owned by the Santa Catalina Island Company and the Santa Cataline Island Conservancy, with an average driving time of one hour and fifteen minutes. Boat transport from Avalon harbor to Two Harbors is the shortest travel distance and can average fifty to sixty minutes; however, frequent westerly winds resulting in rough water can slow this trip to seventy-five or eighty minutes. Two Harbors is a major boating destination point and has historically been recognized as a general service center for all boating, camping and other visitor activities in the westerly portion of Santa Catalina Island. Catalina Harbor is the only all-weather, small craft harbor off the mainland coast and, on many occasions throughout the year, offers storm refuge to commercial fishing vessels and a variety of other craft.

B. ISLAND HISTORY

Initial development commenced on Santa Catalina Island in the late 1880's when island owner George Shatto and his agent, C. A. Sumner, laid out the town of Avalon, sold lots, and built the Hotel Metropole. In purchasing the island from the James Lick estate, Shatto mortgaged his acquisition heavily with the trustees of the Lick estate and soon found himself in financial difficulties in his efforts to develop Avalon. This resulted in repossession of the island by the

Lick trustees, who in 1892 resold Catalina to the three sons of General Phineas Banning: Judge Joseph Brent Banning, Captain William Banning, and Hancock Banning.

In 1892, the Bannings formed the Santa Catalina Island Company (hereinafter "Company") as a closed family corporation to implement the plans for resort development initiated by George Shatto. Their efforts included additional leasing of tent platform sites to summer visitors, expansion of commercial development along Crescent Avenue, and building of the 167-room St. Catherine Hotel in Avalon. The City of Avalon was incorporated in 1913.

In 1910, Judge Joseph Banning built his family residence at the Isthmus on a high knoll overlooking Two Harbors; this residence still stands today. The Union Army Barracks, built in 1864 by the Occupying Union Army, also remains in the Two Harbors area.

Financial problems resulting from a 1915 fire in Avalon and heavy debt incurred in the construction of the St. Catherine Hotel forced the Banning Brothers to sell their stock in the Company. In February, 1919, Mr. William Wrigley, Jr. joined a small real estate syndicate in purchasing part of the stock of the Company from the Banning family. Mr. Wrigley proceeded to acquire the remaining stock and majority interest in the Company in October, 1919. The purchase included approximately 75% of

all land within the incorporated boundary of Avalon and all land outside the City. All land on the island outside the City limits remains in the ownership of the Company or in the Santa Catalina Island Conservancy (see below).

Conservation and controlled recreational access have been pursued in most of the island's extensive undeveloped rugged areas. The Company has promoted agency and public camping use of uplands adjacent to major island coves (primarily on a lease basis), and encouraged educational programs on the island.

In February of 1974, the Company granted to the County of Los Angeles a fifty year Open Space Easement covering approximately 41,000 acres within the unincorporated area of the Island, substantially all the undeveloped land on Catalina. The Open Space Easement was granted pursuant to the provisions of Article XXVIII of the California Constitution and Chapter 12 of the California Government Code. In turn, the Company received a substantial mitigation of property taxes on the lands subject to the Easement.

In 1972, the Santa Catalina Island Conservancy (hereinafter Conservancy), a non-profit operating foundation, was formed for purposes of establishing a permanent nature preserve over a substantial portion of the island. Subsequently,

ownership of 42,000 acres (an area roughly coterminous with the Open Space Easement and equal to over 80% of the island) was transferred from the Company to the Conservancy in furtherance of this goal.

C. TRANSPORTATION BETWEEN ISLAND AND MAINLAND

Avalon Bay is the major point of arrival on the Island accepting commercial passenger boats originating from San Pedro, Long Beach, Newport-Balboa and Two Harbors. It is, additionally, a site for amphibious plane and helicopter landings.

Isthmus Cove (Two Harbors) is the other major Island arrival point accepting commercial passenger boats originating from San Pedro, Long Beach, and Avalon on a daily basis from June through September. From October through May, this direct commercial passenger service is available only on Fridays and Sundays. (Additional trips to Two Harbors are provided when a threshold of 60 passengers is reached.)

Catalina's Airport-in-the-Sky, located outside the City of Avalon, accepts air taxi service from Long Beach and John Wayne airports and is, additionally, an alternative site for amphibious plane and helicopter landings in instances where heavy fog prohibits usage of the Pebbly Beach or Two Harbors facilities. Bus shuttle service is available from Airport-in-the-Sky to Avalon. Airport-in-the-Sky also handles private and specially chartered aircraft up to approximately 26,000 pounds.

The County of Los Angeles and the City of Avalon are currently considering location of a new airport in the general Avalon area. They have appointed a technical advisory committee to investigate potential sites for such an airport, two of which are in the Pebbly Beach-Jewfish Point area.

D. CURRENT LEASE

On August 29, 1950, the State authorized and entered into a 15-year lease (PRC 185.1) to the Company for 17 parcels of State-owned tidelands and submerged lands around the Island. Annual rental was \$1,293.60. The lease provided for two renewal periods of 10 years each. The lease was amended at various times to add other parcels.

On October 27, 1966, the State authorized a new lease (PRC 3636.1) (hereinafter "current lease") in lieu of renewing the old lease. PRC 3639.1 included 29 parcels totalling approximately 357 acres at an annual rental of \$19,211.86. The term of the lease is 15 years, with no option to renew. By agreement between the Company and the State, the term of this lease has been extended to and includes December 31, 1981.

Under the terms of PRC 3639.1, the lease premises were to be used for commercial and recreational moorings and for the landing of water craft, and uses incidental thereto. The current lease further provides that none of the improvements located upon the lease premises shall become the property of the State upon expiration or earlier termination of the lease. The lease requires that the Company remove from the

lease premises all structures and equipment within ninety (90) days of the expiration of the lease. It is important to note that such removal operations may trigger permit requirements of other State and local agencies (i.e., Coastal Commission) as well as environmental study requirements of CEQA. The removal operations may be further complicated by the fact that many of the improvements located on the lease premises are owned by parties other than the State's lessee (see below). Should any party other than the current lessee submit the winning bid, and should the current lessee opt to remove all existing improvements from the lease premises rather than negotiate their transfer to a new lessee, the Commission may be unable to deliver quiet possession to the new lessee for at least ninety (90) days. Should there be such a delay in delivery of quiet possession, there shall be a proportionate deduction of rent covering the period between commencement of the term of the lease and the time when Lessor can deliver possession. See page 14 in this regard.

The Company and the Conservancy own and control all upland access to the island outside the City of Avalon. The Company has issued upland leases which include use of the leased tidelands and submerged lands to the following parties:

1. Standard Oil of California;
2. Jack L. Fennie;
3. Doug Bombard Enterprises (dba "Catalina Cove and Camp Agency").

The first two leases, to Standard Oil and Jack L. Fennie, are located at Pebbly Beach and are used in connection with their respective businesses. These Pebbly Beach lease sites

are not the subject of the Solicitation. The third lease to Bombard Enterprises (hereinafter Bombard) include all other tidelands and submerged lands leased by the State to the Company pursuant to PRC 3639.1. Bombard in turn sublets on a daily or annual basis 729 mooring sites on the leased premises to individual boaters and yacht club members.

Of these 729 mooring sites, nearly half are sublet by boaters who own the mooring equipment on the site. In the remaining cases, the mooring equipment is owned by the Catalina Mooring Service (another branch of Doug Bombard Enterprises, also hereinafter referred to as "Bombard"), and boaters sublet the site and lease the mooring equipment from Bombard. An approximate distribution of the mooring sites, broken down by location and ownership of mooring equipment follows as Table 1:

TABLE 1

APPROXIMATE CURRENT DISTRIBUTION OF MOORING SITES UNDER PRC 3639.1

<u>Location</u>	<u>Mooring Equipment Leased By Boaters</u>	<u>Mooring Equipment Owned By Boaters</u>	<u>Total</u>
Isthmus Cove	158	86	244
Fourth of July Cove	19	23	42
Howland's Landing	1	42	43
Emerald Bay	86	18	104
Catalina Harbor (including Well's Beach)	87	10	97
Buttonshell Beach	4	5	9
White's Landing	14	3	17
Moonstone	3	35	38
Toyon Bay	0	7	7
Gallagher Beach	0	3	3
Cherry Cove	8	93	101
Little Geiger Cove	0	1	1
Hen Rock	20	3	23
Total	400	329	729

NOV 6 1981

Boaters who have subleased the mooring site and leased the mooring equipment from Bombard, and those boaters who sublease the site but own their equipment and who have so agreed with Bombard, must notify Bombard in advance of their intent to occupy their mooring on a given date. Absent such notice, Bombard leases the mooring to members of the public on a daily, first come, first served basis.

As of March 1981, rates charged boaters in connection with their use of recreational moorings on the lease premises were as follows:

Mooring Leases -- Annual rental to lease mooring equipment from Doug Bombard Enterprises (dba Catalina Mooring Service): \$13 per deck line foot with a minimum of \$300 per boat.

Mooring Service Contracts -- Annual contract for maintenance and repair of privately owned mooring equipment:

- (1) When owner of equipment has agreed that mooring may be rented on a nightly basis when not in use by owner: \$9.70 per deck line foot, with a minimum of \$306 per boat; and
- (2) When owner of equipment has not so agreed: \$10.90 per deck line foot, with a minimum of \$336 per boat.

Submerged Land Sublease -- Annual sublease of a mooring site (submerged land upon which mooring equipment is located), whether mooring equipment is privately owned or leased from Bombard. Rental for the mooring site is \$1.30 per deck line foot with a minimum of \$39 per boat. The

Submerged Land Sublease is not a separate agreement, but included as a part of the Mooring Lease or the Mooring Service Contract.

Mooring Rental -- Daily mooring rental charged boaters who do not have an annual Mooring Lease or Mooring Service Contract with Bombard.

Daily rates:

<u>Daily Rate</u>	<u>Size of Boat</u>
\$ 6	Under 30 feet
7	31 to 40 feet
8	41 to 50 feet
9	51 to 60 feet
11	61 to 70 feet
12	Over 70 feet

All rates are \$1 more on Saturdays.

Services provided by Bombard in connection with the use of the leased premises for recreational moorings include but may not be limited to the following:

Garbage pick-up with upland disposal sites;

Patrol boat service;

Anchorage and mooring assistance;

Fuel sales;

Shore boat service;

Service and repair of mooring equipment; and

Water reprovisioning from an upland source.

Bombard also cooperates in providing towing and mechanical service and rescue and firefighting service.

## PROJECT DESCRIPTION

The purpose of this section is to describe in detail the terms of the lease which is the subject of this Solicitation (hereinafter "bid lease"). Requirements set forth herein are not open to negotiation, except insofar as alternative methods may be suggested to satisfy these requirements.

A copy of the bid lease which will be used by the State for this project is attached hereto as Exhibit "C", and is herein incorporated by this reference. Further modifications in the lease will be made to conform to the specifications set forth herein and specific proposals set forth in the bid awarded. Following is discussion of the more substantial provisions which will be included in the lease.

Consideration: Annual rental payable to Lessor shall be based upon a percentage of the gross income attributable to the lease premises, with a minimum annual rental of \$125,000.00 payable in advance. More specific details in this regard may be found under Section 2, Paragraph 2, of the bid lease form attached hereto as Exhibit "C". Rental will be subject to periodic review and modification in accordance with Section 4, Paragraph 2(b) of the bid lease.

Term: The term of the bid lease will be fifteen (15) years, beginning January 1, 1982, and terminating December 31, 1996. If Lessor, for any reason whatsoever, cannot deliver possession of the subject lands to Lessee at the commencement of the said term, as hereinbefore specified, this lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom; but in that event there shall be a proportionate deduction of rent covering the period between the commencement of the term and the time when Lessor can deliver possession. The term of this lease shall not be extended by such delay. The lease will include no option to renew.

Land Use or Purpose: The subject lands shall be used for recreational boating purposes and for activities and services incidental thereto. Fuel sales will not be a part of the proposed lease.

Initially, activities to be conducted on the subject lands must be of a nature that will have no significant effect on the environment, such as to be categorically exempt from the provisions of CEQA pursuant to California Administrative Code Sections 15100 et seq. Examples of such activities may include (1) continuation of the existing operation without expansion, or (2) replacement or reconstruction of the existing structures and facilities to be located on the same site as the structure replaced and having the same purpose and capacity of the structure replaced. Note that such replacement or reconstruction must in fact have no significant effect on the environment. Note also, that these activities may trigger permit requirements of the Coastal Commission and other regulatory agencies. Existing operations are defined to include management of a maximum of 729 recreational mooring buoys, located upon the subject lands as indicated on Page 10, Table 1 of this Solicitation, together with other open coves used for anchorage. No moorings or other improvements may be placed in the open coves.

Lessee may propose to the State a project which will require modification of the current use of the subject lands. Any such proposed project must satisfy the requirements of all applicable laws, including but not limited to pertinent regulations of local, State, and federal agencies, the California Environmental Quality Act and CEQA Guidelines. Any such proposed project will require an amendment to the bid lease and will be subject to the prior approval of the State Lands Commission. The State, in its consideration of an application to so amend the bid lease, will

CALENDAR PAGE	
MINUTE PAGE	2333

NOV 6 1981

STATE LANDS COMMISSION

examine Lessee's compliance with applicable laws and regulations, economic, social, safety, environmental, and other pertinent factors, including, but not limited to, the proposed method of transition from current use to proposed use.

CALENDAR PAGE	
MINUTE PAGE	2334

NOV 6 1981

STATE LANDS COMMISSION

Assignment, Subletting, Encumbrancing: Lessee shall not assign, sublet, or encumber the subject lands without the prior consent of the State, except as set forth below regarding Individual Mooring Site Subleases. Any agreement between Lessee and any third party regarding management of the subject lands will be subject to the prior approval of the State.

Individual Mooring Site Subleases:

- (a) Individual mooring site subleases shall be issued by a standard form which has been previously approved by the State Lands Commission. A list of individual mooring site sublessees effective January 1 of each year shall be provided to the Commission by January 25 of that same year. The State reserves the right to require that individual mooring site subleases be subject to the prior approval of the State.
- (b) Any individual mooring site sublessee may hold only one individual mooring site sublease at any given time.
- (c) Individual mooring site subleases shall be on an annual basis with the right of annual renewals for the term of this bid lease.
- (d) Lessee or operator shall reserve the right to and shall assign individual mooring sites on a daily basis when not in use by an annual sublessee.
- (e) Holders of existing individual mooring site subleases of the subject lands under the current lease, PRC 3639.1, will be given a preferential right

to renew those subleases under any new lease on terms and conditions established by a new lessee for the term of said lease.

(f) (1) Individual mooring site sublessees who, on December 31, 1981, own the mooring equipment on the site, shall have the right to make one assignment of their interest, provided their assignees meet all reasonable requirements imposed by the lessee under this lease. Such right of assignment shall terminate on December 31, 1987. All other individual mooring site subleases shall be nontransferable.

(2) The lessee under this lease shall provide each sublessee with written notice, no later than lease commencement of the limitations on assignment set forth in this subdivision. Such notice shall be incorporated into all subleases entered into under this lease.

No assignments shall be accepted by the lessee unless he has been provided with satisfactory evidence that the proposed assignee has been informed, in writing, that he will have no further right to assign the sublease.

(3) Except as provided in this paragraph, all individual mooring site subleases shall be non-transferable.

(4) In order to assure continued use of a mooring site by the same party, a copy of current boat registration shall be provided annually as a prerequisite to issuance of an individual mooring site sublease or renewal thereof.

- (g) In the event multiple parties are presently (as of October 1, 1981) sublessees, all parties must be listed on the new sublease as sublessees. To qualify for renewal for the new sublease, all parties must have equal shares of the new sublease. No additional parties may be added after the parties are first registered. All remaining parties may continue to use the sublease until their number is diminished to zero, thereupon the sublease terminates and returns to the lessee for assignment from the waiting lists.

Except as provided herein, no future multiple party mooring site subleases shall be granted.

- (h) Use of the subleased premises may only be had by the named sublessees. Guest or non-sublessee use shall be on a daily basis pursuant to paragraph (d) above.

- (i) Operator shall maintain waiting lists for use in issuing available mooring site subleases. Initially, the waiting lists maintained by Bombard under the current lease, PRC 3639.1, if made available by Bombard, will be adopted by the lessee under the bid lease. If the lists are not made available to the lessee under the bid lease, that lessee shall establish new waiting lists by fair and equitable

lottery. Thereafter, the waiting lists shall be maintained on the first come, first served basis, except that consideration may be given to the suitability of the mooring site for the type and size of applicant's boat. The lists may be maintained by cove and length and type of boat.

A copy of the waiting lists effective January 1 of each year shall be provided to the State Lands Commission by January 25 of that same year.

- (j) No moorings or other related improvements on the lease premises shall be subleased by lessee in connection with any upland development projects on Catalina Island or elsewhere nor shall participation in any such development be made a condition of obtaining a mooring site sublease.

General Public Use

No less than 12 mooring sites shall be available to the general public.

Required Services:

- (a) Lessee shall provide on a daily basis garbage pick-up and environmentally appropriate disposal adequate to service all boats on the subject lands.
- (b) Patrol boats shall be in service on a twenty-four hour basis, May 15 to October 15, balance of year 8 a.m. to 5 p.m. weekdays, 24 hours weekends and shall assure authorized, safe, and orderly use of the subject lands.

## (c) Health and Safety:

- (1) Lessee shall provide anchorage and mooring assistance upon the subject lands for the protection of individuals, property, and the subject lands.
- (2) Lessee's boats shall be equipped with rescue and fire equipment but this shall not obligate lessee to provide services currently provided by governmental agencies.
- (3) Lessee shall assure the availability of towing and mechanical services at reasonable rates to boaters on the subject lands.

## (d) Service of moorings:

Lessee shall assure that all mooring equipment located on the subject lands is constructed adequately to provide safe mooring for boats occupying such moorings. In order to further assure the safe use of the subject lands, Lessee shall (1) inspect each mooring located on the subject lands for damage not less than once a week during the period from May 15 - October 15; (2) repair any damage to any mooring located on the subject lands during the period May 15 - October 15 within four hours on Friday or Saturday or within twenty-four hours on other days, after having received notice of such damage; and

NOV 6 1981

(3) at least once each year during the period October 15- May 15 completely overhaul each mooring, lifting the weight and chain aboard, strip chain of marine growth and inspect; replace any weak chain or shackle; check weight; overhaul buoys and pickup poles; and replace lines of each mooring on the subject lands.

(e) Access to upland

Lessee will not interfere with reasonable access to the upland including the preservation of any existing fairways or landings.

(f) Lessee shall make available on a daily basis at reasonable rates to all boaters adequate water provisioning on the leased premises.

(g) Although under this lease no rental is charged for anchorage in the open coves, nothing herein shall restrict lessee from charging reasonable rates for actual services furnished in the open coves.

(h) Reasonable shoreboat service shall be provided.

Liability Insurance: Lessee shall provide liability insurance naming the State as a co-insured or additional insured with a minimum combined single limit of \$5,000,000.00. State reserves the right to require modification of policy limits consistent with standard price indices.

Surety Bond or Other Security: Lessee shall provide a surety bond in the amount of \$125,000.00..

Entitlement to Use Littoral or Riparian Lands:

Notwithstanding the provisions of Paragraph 10(b) of Section 4 of the bid lease, entitlement to use littoral or riparian lands adjacent to the subject lands shall not be a prerequisite of the bid lease, provided however, that Lessee shall not unreasonably interfere with access to those lands.

BID PROCEDUREA. SUBMISSION OF BIDS

All bids submitted in response to this Solicitation shall be addressed as follows:

State Lands Commission  
1807 13th Street  
Sacramento, CA 95814

All bids must be sealed and must be received in the office designated above no later than 4:00 p.m. Monday, December 7, 1981.

Upon the sealed envelope containing such bid shall be written the following:

"Bid for parcels designated as WP 3639 of (Name of Bidder) made pursuant to the Notice of Intention of the State Lands Commission to enter into a lease for certain State-owned submerged lands surrounding Santa Catalina Island, Los Angeles, County, State of California. Not to be opened prior to 4:00 p.m. on December 7, 1981."

Each bid package shall contain the name, address, and telephone number of the bidder in the upper left hand corner.

Bids received pursuant to this proposal will be opened publicly at 4:00 p.m., December 7, 1981, at the offices of the State Lands Commission at 1807 13th Street, Sacramento, California, or thereafter at such place and such date as the Commission shall determine.