

MINUTE ITEM

This Calendar Item No. 19
was approved as Minute Item
No. 19, the State Lands
Commission by a vote of 3
0 at its 12/17/81
meeting.

12/17/81
WP3639
LOUIE/MOCHON

MINUTE ITEM 19

AUTHORIZATION FOR AWARD OF BID FOR
LEASE OF CERTAIN SUBMERGED LANDS AT
SANTA CATALINA ISLAND, LOS ANGELES COUNTY, CALIFORNIA

At the beginning of the meeting, Commission-Alternate Susanne Morgan moved the approval of the staff recommendation that the bid be awarded to the Santa Catalina Island Company and the Santa Catalina Island Conservancy (hereinafter "Company/Conservancy"). Chairman Kenneth Cory suggested that several procedural matters should be addressed before that motion was considered. There follows a summary of Commission actions with regard to this Calendar Item.

1. RATIFICATION OF THE STAFF RESPONSES TO QUESTIONS AND COMMENTS REGARDING BID SOLICITATION

The Commission agreed that of the staff's responses to questions submitted, the following was not reflective of the Commission's original intent and should be amended appropriately:

Staff had stated that boaters who held mooring site subleases as of October 1, 1981 would have a preferential right to renew those subleases under any new lease issued by the Commission. The Commissioners stated that they had intended that date to be December 31, 1981. In order to allow sublessees an equitable

adjustment period, the Commissioners decided that anyone who has a sublease on December 31, 1981, may make any transfer, assignment, or change in ownership of the sublease until March 1, 1982, without sacrificing any rights of renewal or transfer under the Commission lease, and that transferees of interests in those subleases until March 1, 1982, would have the same rights under the new Commission lease as had their transferors.

Each of the three bidders was then polled as to whether this change to conditions which had been defined by staff would affect the bids they had submitted. The following confirmed that they did not object to the change:

Harrison Hertzberg, representing Catalina Marine Services Corporation (Pioneer Take-out Corporation);

Charles Greenberg, representing the the Company/Conservancy;

James Radcliffe, representing the Island Navigation Company.

With this exception regarding change of the October 1, 1981 cut-off date to March 1, 1982, the Commission then ratified the staff responses as set forth in Exhibit "A" attached to the Calendar Item.

2. CLARIFICATION RE MINIMUM ANNUAL RENTAL

After some discussion, the record was clarified to reflect the fact that the bid solicitation set a minimum annual rental of \$125,000, which amount was not open to bid.

3. LATE SUBMITTAL OF BID FROM ISLAND NAVIGATION COMPANY

It was the consensus of the Commission that the late submittal of this bid was not a material defect in the compliance of the Island Navigation Company with the bid process, and that their bid should be accepted for consideration.

4. WRATHER CORPORATION LETTER

Mr. Taylor summarized a letter submitted by Wrather Corporation in lieu of a bid. The letter was dated December 4, 1981, and requested that all bids be rejected and the future lease of the subject lands be studied for another year.

5. COUNTY OF LOS ANGELES LETTER

Mr. Taylor introduced an unsigned letter dated December 9, 1981, and received by the Commission by telecopy the morning of the Commission meeting, December 17, 1981, from Peter F. Schabarum, Chairman of the Board of

Supervisors of Los Angeles County, requesting reconsideration of their proposal that the Commission enter into a management agreement with them. Mr. Northrop read this letter into the record.

Mr. Clancy Leland, representing the Los Angeles County Board of Supervisors, appeared, but was not aware of the County's recent letter and could not comment.

It was the consensus of the Commission that the County's proposal would not be reconsidered.

6. TRANSFERABILITY OF MOORING SITE SUBLEASES WHERE MOORING EQUIPMENT IS OWNED BY SUBLESSEE

The Commission had decided at its meeting of October 30, 1981, that sublessees who own the mooring equipment on their sublease site would be allowed to transfer their interest in the sublease once during the first six (6) years of the new Commission lease. In response to numerous requests from these sublessees, after extended discussion by the Commissioners, and upon a polling of the three bidders present, again represented by Mr. Hertzberg, Mr. Greenberg, and Mr. Radcliffe, none of whom objected to an amendment in this regard, the Commission amended their earlier decision to not allow one such transfer within the first fourteen (14) years of the new Commission lease. It was further decided that the State would not charge a transfer fee for these one-time transfers.

Chairperson Cory emphasized the fact that none of the sublessees hold an ownership interest in the State-owned lands upon which their moorings are located.

7. CLARIFICATION OF MISCELLANEOUS ISSUES RE MOORING SITE SUBLEASES

(a) Guest use: The provision of the bid solicitation that a sublessee could designate a guest to use his/her sublease site, but that the guest would pay the nightly fee, was confirmed.

(b) Interests in multiple subleases: After considerable discussion and testimony from two members of the boating public, Mr. Saunders and Mr. Rutherford, the Commissioners agreed that any sublessee may hold an interest in only one sublease at any given time.

8. QUALIFICATIONS OF BIDDERS; COMPLIANCE WITH TERMS OF BID SOLICITATION, AWARD OF LEASE

The Commission considered at length whether the bidders satisfied the requirements set forth in the Bid Solicitation. Presentations on behalf of the bidders were given by:

Harrison Hertzberg and Stephen Franklin representing Catalina Marine Services Corporation (Pioneer Take-out Corporation); Charles Greenberg, representing the Company/Conservancy; and James Radcliffe,

representing the Island Navigation Company.

Also considered, with regard to each of the bids, was the necessity of environmental study and permitting requirements of other governmental agencies, including the Coastal Commission.

After extensive discussion, the Commission adjourned for a brief recess. Upon resumption of the meeting and consideration of the Catalina matter, staff expressed its opinion that with regard to acceptance of either of the bids of the Catalina Marine Services Corporation (Pioneer Take-out Corporation) or the Island Navigation Company, the following were likely to occur:

- (a) the necessity of environmental review;
- (b) applicability of regulatory requirements of other governmental agencies; and
- (c) litigation regarding these matters.

Staff further stated that in its opinion the bid of the Company/Conservancy alone met the narrow restrictions of the Bid Solicitation which were drafted to avoid triggering CEQA and other permit requirements.

Commissioner Morgan restated her position and noted that her motion, made at the beginning of the meeting, to adopt Staff's recommendation to award the lease to the Company/Conservancy, was still on the floor.

Chairperson Cory and Commissioner Ackerman stated that they were reluctant to award the bid to the Company/Conservancy, in light of their earlier decision to solicit bids on the project. After lengthy discussion of possible alternatives to enable interested parties to compete for the lease, provide time for environmental review and permit processing, and at the same time continue services and protection to the boating public, the Commission decided to:

- (a) reject all bids;
- (b) offer the Company/Conservancy a master lease for a term of fifteen (15) years, reserving to the State an option to substitute another lessee at the end of three (3) years;
- (c) fix certain of the terms and conditions applicable to boaters/sublessees as previously determined for the full term of the master lease (fifteen years); and
- (d) direct staff to initiate a proposal process including environmental review and compliance with permit requirements of other agencies, to be completed within the first three years of the master lease.

The vote of the Commission was 2-1: Commissioners Cory and Ackerman voting for the above resolution; Commissioner Morgan voting against.

Calendar Item

12/17/81
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LOUIE/MOCHON

**AUTHORIZATION FOR AWARD OF BID FOR
LEASE OF CERTAIN SUBMERGED LANDS
AT SANTA CATALINA ISLAND
LOS ANGELES COUNTY,
CALIFORNIA**

BACKGROUND

Lease PRC 3639.1 issued by the State Lands Commission to Santa Catalina Island Company will expire on December 31, 1981. The existing lease covers use of 29 parcels totalling approximately 357 acres at an annual rental of \$19,217.36.

At its meeting on October 30, 1981 and November 3, 1981, the State Lands Commission directed its staff to solicit bids for a future lease of certain submerged lands surrounding Santa Catalina Island on specific terms and conditions.

Pursuant to the Commission's authorization, a "Solicitation of Bids for a Lease of Submerged Lands at Santa Catalina Island, Los Angeles County, California" was made available to the public on November 6, 1981. On November 17, 1981, the staff informed all parties who had requested copies of the Solicitation that questions and comments would be addressed by staff to clarify information contained in the Solicitation. All questions were required to be submitted to Commission staff in writing no later than

(Added 12/17/81)

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November 25, 1981. A copy of all questions received by Staff along with the Staff response to those questions were mailed on November 30, to all those parties having been sent copies of the Solicitation.

Of the staff responses, some expressly amend the Solicitation and Bid Lease to clarify or correct provisions therein. A copy of all questions, comments and responses referred to in this paragraph is attached hereto as Exhibit "A".

According to the terms of the Solicitation, all bids were to be sealed and received in the office of the State Lands Commission, 1807 13th Street, Sacramento, California, no later than 4:00 P.M. December 7, 1981. All bids received in response to the Solicitation were opened in that office shortly after 4:00 P.M., on that date. (The bid of Island Navigation Company, Inc. was received ten minutes late. See discussion below.)

The following parties submitted bid proposals to the State Lands Commission:

BIDDER	TIME SUBMITTED
1. Santa Catalina Island Company and Santa Catalina Island Conservancy in joint bid (Company/Conservancy)	10:25 A.M. December 7, 1981
2. Catalina Marine Services Corporation (guaranteed by Pioneer Takeout Corporation)	3:00 P.M. December 7, 1981
3. Island Navigation Company, Inc.	4:10 P.M. December 7, 1981

In addition, a letter was received from the Wriather Corporation requesting that the Commission reject all bids, appoint a task force to study all issues and alternatives, negotiate a one year lease extension with the State's current lessee, and re-issue a solicitation of bids to be submitted not later than December 31, 1982.

STAFF ANALYSIS AND EVALUATION OF BIDS RECEIVED

1. LATE BID SUBMITTAL

The sealed bid submitted by the Island Navigation Company, Inc., was hand delivered to the office of the Commission at 4:10 p.m., December 7, 1981, (10 minutes later than the deadline specified in the Solicitation) by Jeff Stickler, one of the directors of the bidder corporation. Mr. Stickler said he was late due to fog-related delay in his flight to Sacramento from the Orange County Airport. He had not been present in the building when bid opening proceedings began. At the time he delivered his bid, the only information that had been revealed was:

1. That Wrather Corporation had submitted a letter stating that they would not submit a bid at this time; and

2. That the Santa Catalina Island Company and the Catalina Conservancy had submitted a joint bid at 10:25 a.m. at the offices of the Commission, and that a deposit check in the amount of \$25,000 had been enclosed with their bid.

There had been no disclosure of any other part of this bid package.

The Commission may, within its discretion, accept or reject this late bid for consideration at this time. It appears that Island Navigation Company made a good faith attempt to deliver its bid to the Commission by the stipulated deadline, and was not benefitted, nor were other bidders prejudiced, by the delay. On the other hand, two other bidders, also coming from the southern California area, did submit their bids in a timely manner.

2. FINANCIAL QUALIFICATIONS OF BIDDERS

Staff has analysed the financial reports submitted by all three bidders. On the basis of information supplied with the bids and additional data

requested by staff, staff has evaluated the financial qualifications of the bidders, from most to least qualified, as follows:

1. Island Company/Conservancy
2. Catalina Marine Service Corp. (Pioneer), and
3. Island Navigation Company, Inc.

Staff has determined that the Island Company and the Catalina Conservancy are financially strong and best able to assume the financial responsibilities of the Bid Lease. Staff, based upon the information submitted to it, is not satisfied that Island Navigation Company could meet the financial obligations of the Bid Lease without extreme difficulty.

3. BID CRITERIA

In analyzing the proposals set forth by the three bidders, Staff investigated three major criteria: (a) type and quality of services to be provided, (b) proposed fee schedules, and (c) rental factor. Only that specific information requested in the bid solicitation was considered for comparison.

A summary of this information contained in the three bid proposals is attached as Exhibits "B", "C", and "D" and by reference made a part hereof as follows:

Exhibit B	Summary of Services,
Exhibit C	Summary of fee schedule, and
Exhibit D	Comparison of typical annual mooring rentals fees.

- a. Type and quality of services to be provided. (See Exhibit "B".)

The Company and Conservancy, acting through Doug Bombard Enterprises, will have as its base of operations upland facilities at the Isthmus. Pioneer will maintain offices and some personnel in Avalon, and

proposes to administer and service activities to be conducted on the lease premises from three house boats to be moored on existing moorings. Staff notes that the availability of three existing moorings at the inception of the lease is not assured. Island Navigation Company, Inc. proposes to operate out of Avalon, or from a one acre lot to be leased from the Company or the Conservancy, if available.

Both Catalina Marine Services Corporation and Island Navigation Company have proposed to use barges to serve as a base of operations in the Isthmus area. Under the current lease, Bombard maintains one barge upon the submerged lands which are the subject of the Bid Lease. This barge is tied to a mooring in the Isthmus area. Should this or another mooring currently in place be adequate to accommodate the barges proposed by Catalina Marine Services Corporation and the Island Navigation Company, and should the use of such barges in fact have no significant impact upon the environment, the use may be permissible under the Solicitation of Bids. However, if the use of such barges would require installation of additional moorings or more permanent structures, or would interfere with rights of current sublessees to renew their subleases pursuant to the terms of the Bid Lease, the said use would fall outside the bounds of the project permitted by the Solicitation of Bids.

The Company/Conservancy proposal appears to include the use of a slightly greater number of vessels and other equipment for service in the lease premises. In addition, because of the extensive on site experience (20 years) of Mr. Bombard, and based upon information provided by other bidders regarding the level of services to be provided as

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reflected on Exhibit "B" attached hereto, staff believes that Bombard is best able to assess and satisfy the service needs of the boating public.

Public testimony indicated that Mr. Bombard has developed an extensive system of emergency and storm response, a matter which other bidders have not thoroughly addressed. This testimony reveals that Mr. Bombard's upland base of operations enables him to provide these services more consistently and effectively than could be done from a base of operations located upon the submerged lands.

Staff therefore concludes that based upon Mr. Bombard's experience, and a comparative evaluation of services proposed by each of the bidders, the services to be provided under the Company/Conservancy bid best meet the specifications of the Solicitation requirements.

It should be noted that in both the bids of the Company/Conservancy and the Island Navigation Company, Inc., daily garbage pick-up was indicated for mooring areas only. The Solicitation, which was drawn to reflect the intent of the Commission, required that such service be extended to all the lease premises, including the anchorage areas. Staff assumes that all bidders understand that the party to whom the Bid Lease is awarded, if any, will be required to provide this service to all of the lease premises, including the anchorage areas.

b. Proposed fee schedules: See Exhibits "C", a comparison chart reflecting mooring related fees proposed by each of the bidders, and Exhibit "D", a table showing the relative impacts of these proposed fees upon a typical mooring subscriber.

The most equitable distribution of mooring related fees occurs in Company/Conservancy proposal.

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With specific regard to annual fees to be charged sublessees who own their own mooring equipment, the increase over current rates proposed by the Company/Conservancy and Pioneer are comparable (34% and 28% respectively). Island Navigation Company proposes a lesser increase (6%) but note that they intend to increase rates to those sublessees who lease mooring equipment (400 of approximately 729) 233%.

Regarding those sublessees who lease mooring equipment, the Company/Conservancy bid proposes an increase over current rates of 34%; Pioneer would increase rates 74%.

Note that a schedule of proposed shoreboat fees was submitted with bids of the Company/Conservancy and Island Navigation Company. Pioneer did not submit a fee schedule for shoreboat services.

Based upon the foregoing analysis, staff concludes that of the bids submitted, the Company/Conservancy provides the most equitable fee schedule and results in the most uniform fiscal impact upon the hosting public.

c. Rental factor

The Company/Conservancy bid 20.000% of gross receipts attributable to the lease premises.

Catalina Marine Services Corporation (Pioneer) bid 20% of gross income attributable to the lease premises except with regard to income from fifteen itemized sources, eleven of which would necessarily be the subject of an amendment to the Bid Lease, and therefore, according to the terms of the Solicitation, will not be considered here. Four of the excepted items (items 12-15 under

Category II, appearing in page 4 of the Pioneer Bid Lease), are sources of revenue attributable to the lease premises and therefore subject to the single rental factor required by the Solicitation. Pioneer, however, has assigned these revenue sources separate percentage rates for calculation of rental due the State. The Commission may treat Pioneer's proposal in one of two ways:

- (1) consider Pioneer's bid defective in that it does not comply with the terms of the Solicitation; or
- (2) discount their rental factor of 20% to reflect the lower percentages offered on the subject items.

In addition, Pioneer has treated the minimum annual rental as a biddable factor in the Bid Lease. Because the Solicitation and subsequent staff responses to questions regarding this issue clearly state that the minimum annual rental is fixed at \$125,000.00 and is not a biddable factor, staff has not considered this portion of Pioneer's bid on the minimum annual rental.

Island Navigation Company, Inc., submitted a bid rental factor of 25.0019% of gross income attributable to the lease premises. Although this rental factor is the highest submitted, Staff believes, based upon its foregoing analysis regarding financial qualifications, experience, and level of services, that the Island Navigation Company is the least qualified bidder.

Based upon the preceding analysis, staff has concluded that the Santa Catalina Island Company and the Catalina Conservancy, proposing to manage the lease premises through Doug Bombard Enterprises, is the best qualified bidder in that they are the strongest financially and have a long history of reputable on-site experience in the management of the lease premises. The bid of the Company/Conservancy best reflects an intent and capability of providing quality services to the boating public at reasonable

rates, and at the same time assuring a fair and equitable return from the lease premises to the State. Staff therefore recommends that the Commission award the Bid Lease to the Company and the Conservancy.

The foregoing analysis by staff is based upon information included in the file maintained on this subject, on record in the office of the State Lands Commission, at 1807 13th Street, Sacramento, and incorporated herein by reference.

IT IS RECOMMENDED THAT THE COMMISSION:

- (1) RATIFY THE STAFF RESPONSES WHICH WERE MAILED NOVEMBER 30, 1981, TO QUESTIONS AND COMMENTS RECEIVED BY NOVEMBER 25, 1981 REGARDING PROVISIONS OF THAT SOLICITATION OF BIDS FOR A LEASE OF SUBMERGED LANDS AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY, CALIFORNIA, DATED NOVEMBER 6, 1981, AND WHICH ARE ATTACHED HERETO AS EXHIBIT "A".
- (2) FIND THAT THE SUBMISSION OF THE BID OF ISLAND NAVIGATION COMPANY, INC., TEN MINUTES AFTER THE STIPULATED DEADLINE WAS NOT A MATERIAL DEFECT IN THEIR COMPLIANCE WITH THE BID PROCESS;
- (3) FIND THAT OF THE BIDS RECEIVED BY COMMISSION STAFF, THE SANTA CATALINA ISLAND COMPANY AND THE CATALINA CONSERVANCY HAS SUBMITTED THE BID WHICH REFLECTS THE BEST FINANCIAL ABILITY AND EXPERIENCE TO FULFILL THE TERMS OF THE BID LEASE, A SUPERIOR PLAN OF SERVICES TO BE PROVIDED ON THE LEASE PREMISES, AND THE MOST EQUITABLE FEE SCHEDULE TO BE CHARGED

FOR MOORING RENTALS AND RELATED SERVICES, AND AT THE SAME TIME PROVIDES A RENTAL FACTOR OF 20.0000% OF GROSS INCOME ATTRIBUTABLE TO THE LEASE PREMISES, ASSURING THE STATE A FAIR RETURN FROM ITS LAND;

(4) AUTHORIZE STAFF TO EXECUTE THE BID LEASE, AS AMENDED AND RATIFIED BY THE COMMISSION ON THIS DATE, TO THE SANTA CATALINA ISLAND COMPANY AND THE SANTA CATALINA ISLAND CONSERVANCY.

(5) FIND THAT THE PROJECT AUTHORIZED BY THIS COMMISSION ACTION IS CATEGORICALLY EXEMPT FROM THE PROVISIONS OF CEQA, PURSUANT TO PUBLIC RESOURCES CODE SECTION 21084 AND CALIFORNIA ADMINISTRATIVE CODE SECTION 15101.

(6) AUTHORIZE STAFF AND THE STAFF OF THE ATTORNEY GENERAL TO TAKE ALL NECESSARY MEASURES, INCLUDING LITIGATION, TO EFFECTUATE THE FOREGOING FINDINGS AND AUTHORIZATIONS.

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"A"

EXHIBIT "A"

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STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EXECUTIVE OFFICE
 1807 - 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer

File Ref.: WP3639



NOTICE REGARDING SOLICITATION OF BIDS
 FOR LEASE OF SUBMERGED LANDS AT
 SANTA CATALINA ISLAND

Inquiries have been made concerning interpretation of the terms of the Solicitation of Bids for Lease of Submerged Lands at Santa Catalina Island, issued by the State Lands Commission November 6, 1981. In order to assure that all parties have an equal opportunity to receive the same information regarding the terms of the Solicitation, Commission staff will address all inquiries in one written response. Staff will mail copies of all questions and responses to all parties who have requested copies of the Solicitation on November 30, 1981. In order for questions to be answered they must be received in writing no later than November 25, 1981, at the following address:

State Lands Commission
 1807 - 13th Street
 Sacramento, CA 95814
 Attention: Jane Mochon
 Staff Counsel

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STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EDWARD G. BROWN, JR., *Governor*

EXECUTIVE OFFICE
 1807 - 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer

File Ref.: WE 5639

November 30, 1981

TO ALL INTERESTED PARTIES:

This package is being sent to all persons who have requested a copy of that "Solicitation of Bids for a Lease of Submerged Lands at Santa Catalina Island, Los Angeles County, California" issued by the State Lands Commission November 6, 1981.

This package consists of copies of questions and comments received from various interested parties, followed by a written response by staff of the Commission. The responses are intended to clarify those portions of the Solicitation regarding which questions have been raised. Commission staff has determined that in some instances, no response is necessary to specific comments. A lack of response should not be interpreted as staff acquiescence to or adoption of those comments.

Unless expressly stated, staff responses are not intended to constitute alterations or amendments to the terms of the Solicitation or the Bid Lease. Staff will not prepare a revised Solicitation.

As stated in the Solicitation, bids must be received in the offices of the Commission, 1807 13th Street, Sacramento, California 95814, no later than 4:00 p.m., Monday, December 7, 1981.

JANE S. MOCKON
 Staff Counsel

BETTY K. LOUIE
 Land Agent

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DAVIDSON PLYWOOD AND LUMBER COMPANY
22673 SOUTH WILMINGTON AVENUE • CARSON, CALIFORNIA 90745 • PHONE: (213) 349-3600

November 20, 1981

Ms. Jane Mochon
Staff Counsel
State Lands Commission
1807 - 13th Street
Sacramento, California 95814

Re: Catalina Island's Submerged Lands Bid Package Questions

Dear Ms. Mochon:

In accordance with your mailgram of November 17, 1981, written request is hereby made that the staff respond to the following inquiries concerning interpretation of the Catalina Submerged Lands Bid Package:

Paragraph (F) (1) on page 18 of the bid package states that individual mooring site lessees who own the mooring equipment may, prior to December 31, 1987, make one assignment of their ownership interest. Paragraph (G) on page 19 deals with multiple sub-lessees. My first question is whether multiple parties holding a sublease involving owned mooring equipment as of October 1, 1981, may individually

- (a) transfer their interest prior to December 31, 1981, or,
- (b) transfer their proportionate interest after January 1, 1982, but before December 31, 1987.

My next question is whether a transfer from a lessee who owns the mooring equipment to a lineal descendant (either *inter vivos* or testamentary) is affected or abarred by the non-transferability provisions of the proposed bid package.

Thank you for your assistance.

Very truly yours,

W. V. Davidson

W. V. Davidson

WVD/gw

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STATE LANDS COMMISSION

KENNETH CURY, Controller
 MIKE CURB, Lieutenant Governor
 MAHY ANN GRAVES, Director of Finance

EXECUTIVE OFFICE
 1807 - 12th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer



File Ref.: WP 3639

November 30, 1981

Response to W. V. Davidson

Reference: Provisions regarding Individual Mooring Site Subleases, found at pages 17-19 of the Solicitation, and in Section 2, Paragraph 7 of the Bid Lease.

1. (a) Each of multiple parties of one individual mooring site sublease whereupon privately owned mooring equipment is located may individually transfer his or her interest prior to December 31, 1981. Note that October 1, 1981, is the date of determination of ownership interest for purposes of entitlement to a preferential right to renew the sublease under the Bid Lease (which lease will commence January 1, 1982). Therefore, any party acquiring a proportionate interest in an individual mooring site sublease after October 1, 1981, will not have a preferential right to appear on any new sublease to be issued under the Bid Lease.

Note that the October 1, 1981, date is also applicable to single holders of individual mooring site subleases. In order to further clarify this principle, Paragraph (e) on page 17 of the Solicitation and Section 2, Paragraph 7(e) of the Bid Lease are amended as follows:

Holders of Parties holding existing individual mooring site subleases of the subject lands under the current lease, PRG 3639-1, as of October 1, 1981, 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.

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- (b) Each of multiple parties appearing upon an individual mooring site sublease as of January 1, 1982, under the Bid Lease will have the right to transfer his or her proportionate interest in the sublease once on or before December 31, 1987. No further assignments of that proportionate interest will be allowed.
2. The transfer provisions found in the Solicitation and the Bid Lease are applicable to all transfers, including, but not limited to, inter vivos or testamentary transfers to lineal descendants.

Note: Evidence of interests held in an individual mooring site sublease as of October 1, 1981, will be accepted in one of two forms:

- (1) appearance of the party's name upon the mooring site sublease effective that date; or
- (2) affidavit, under penalty of perjury, that such interest was in fact held by the affiant on that date.

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SACRAMENTO ADDRESS
STATE CAPITOL
SACRAMENTO, CA 95814
(916) 445-7222

DISTRICT ADDRESS
 4500 Campus Drive
Suite 344
Newport Beach,
CA 92660
(714) 641-7441

California Legislature



MARIAN BERGESON
ASSEMBLYWOMAN, SEVENTY-FOURTH DISTRICT
ORANGE AND SAN DIEGO COUNTIES

TO: STATE LANDS COMMISSION
FROM: ASSEMBLYWOMAN BERGESON
DATE: NOVEMBER 24, 1981

RE: 11/17/81 MAILGRAM
PER YOUR MAILGRAM REQUEST, I WOULD LIKE THE FOLLOWING
INFORMATION:

- 1) WILL THE STATE LANDS COMMISSION MEETINGS REGARDING THE CATALINA ISLAND TIDELANDS BE HELD IN SOUTHERN CALIFORNIA SO THAT THE PEOPLE EFFECTED CAN EXPRESS THEMSELVES ON THIS ISSUE?
- 2) IS THIS A PILOT PROJECT, EXPERIMENTAL IN NATURE, OR IS IT MORE PERMANENT THAN THAT.
- 3) PLEASE SEND A STATEMENT OF POLICY WITH REGARD TO
 - A) REASONING BEHIND THE DECISION TO OPEN UP THE BIDDING;
 - B) REQUIREMENTS OF THOSE WHO WISH TO MAKE A BID;
 - C) REQUIREMENTS, REGULATIONS, AND RESPONSIBILITIES THAT WILL BE IMPOSED ON THOSE WHO EVENTUALLY OBTAIN LEASES.

PLEASE SEND YOUR RESPONSE TO MY DISTRICT OFFICE:

4500 CAMPUS DRIVE, SUITE 344
NEWPORT BEACH, CALIFORNIA 92660

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STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EDMUND G. BROWN, JR., *Governor*

EXECUTIVE OFFICE
 1807 - 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer

File Ref.: WF 3639



November 30, 1981

Response to Assemblywoman Bergeson

1. No. Because of budgetary constraints, State Lands Commission meetings during which Catalina items will be considered are being held in Sacramento.
2. The Catalina project, namely, provision and maintenance of recreational boating moorings, has existed on the premises for many years; the lease which is the subject of the present solicitation will be for a term of fifteen (15) years.
3. (a) By Minute Item of October 30, 1981, and November 3, 1981, the Commission has found that in light of the facts and circumstances existing relative to the Catalina project, pursuant to Section 2002 of the Cal. Adm. Code, and consistent with protection of reasonable access of littoral owners to the littoral lands and use of the State-owned submerged lands by members of the public for recreational boating purposes, and in order to provide all interested parties an equal opportunity to prove their qualifications to enter into a lease of said submerged lands, and to better assure an equitable economic return to the people of the state, it is in the best interests of the State to advertise and solicit bids for a lease regarding the said submerged lands.

Copies of the calendar item, staff report, and minute item regarding this matter are available at the office of the State Lands Commission, 1807 13th Street, Sacramento, California 95814.

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Response to
Assemblywoman Bergeson

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- (b) Requirements of those who wish to bid are set forth in the Solicitation of Bids, copies of which are available at the office of the Commission.
- (c) See (b), above.

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State Lands Commission
1807 13th Street
Sacramento, California 95814

Attention: Jane Mochon, Staff Counsel

re: QUESTIONS OF BIDDERS SANTA CATALINA
ISLAND COMPANY AND SANTA CATALINA
ISLAND CONSERVANCY IN RESPONSE TO
SOLICITATION OF BIDS FOR A LEASE
OF SUBMERGED LANDS AT SANTA CATALINA
ISLAND, LOS ANGELES COUNTY, CALIFORNIA

Ladies and Gentlemen:

This office represents the Santa Catalina Island
Company and the Santa Catalina Island Conservancy who are
preparing to bid in response to the above-referenced solici-
tation. We have the following questions, comments and sugges-
tions with respect to the Solicitation of Bids issued by the
State Lands Commission on November 6, 1981.

Page 10

The language found in the second paragraph on page 10,
stating that "In the remaining cases, the mooring equipment is
owned by the Catalina Mooring Service" technically is not correct.

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The actual owner of such mooring equipment is the Santa Catalina Island Company.

Table 1 on page 10 purports to show the approximate current distribution of mooring sites on the proposed leased premises. We believe Table 1 is slightly inaccurate. The correct distribution of mooring sites is as follows:

<u>Location</u>	<u>Mooring Equipment Leased By Boaters</u>	<u>Mooring Equipment Owned By Boaters</u>	<u>Total</u>
Isthmus Cove	159	90	249
Fourth of July Cove	19	23	42
Howland's Landing	1	38	39
Emerald Bay	87	13	100
Catalina Harbor (including Well's Beach)	98	0	98
Buttonsell Beach	3	4	7
White's Landing	14	3	17
Moonstone	8	31	39
Toyon Bay	0	0	0
Gallagher's Beach	0	0	0
Cherry Cove	9	94	103
Little Geiger Cove	0	1	1
Hen Rock	<u>20</u>	<u>5</u>	<u>25</u>
Totals	418	302	720

We believe the confusion in the number and distribution of mooring sites occurred because of the existence of some 30 installations that look somewhat like mooring sites but serve other functions. These installations serve as stringline cans, camp moorings, swimline markers, cork buoys, and skiff moorings.

Page 11

The second paragraph on page 11 begins with the words "As of March 1981". If our suggestion of using a revised mooring rate schedule in place of the one found on page 12 is accepted, the date "March 1981" on page 11 should be changed to "Effective July 1, 1981".

The discussion of submerged lands subleases found in the last paragraph is not quite accurate. The language should read "Nontransferable Submerged Land Sublease for Mooring -- A separate agreement, entitled a ~~Nontransferable Submerged Land Sublease for Mooring~~, is utilized to sublease a mooring site annually when the mooring equipment is privately owned by the sublessee."

Page 12

If our suggestion for rewording the bottom of page 11 is accepted, the first sentence on the top of page 12 should be eliminated. If the sentence is not eliminated, it should be changed to reflect the fact that the Nontransferable Submerged Land Sublease for Mooring is a separate agreement.

The table labeled "Daily rates:" set forth near the center of page 12 is not as accurate or complete as possible. A more complete table, effective as of July 1, 1981, is set forth here for your convenience:

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HARBOR DEPARTMENT
1981
MOORING RENTAL FEES
(effective July 1, 1981)

	DAILY	SATURDAY	WEEKLY	(3-day min.) HOLIDAYS
STRING LINE	6.00	7.00	35.00	21.00
10-30 FEET	7.00	8.00	42.00	27.00
31-40 FEET	8.00	10.00	49.00	30.00
41-50 FEET	10.00	12.00	60.00	36.00
51-60 FEET	11.00	13.00	72.00	42.00
61-70 FEET	13.00	16.00	84.00	48.00
71 - Over	15.00	17.00	96.00	54.00

Day use fee: under two hours - FREE
over two hours - \$3.00

Page 13

The third line in the paragraph beginning with the word "Consideration:" uses the term "minimum annual rental of \$125,000.00 payable in advance", and then refers the bidder to Section 2, Paragraph 2, of the suggested bid lease enclosed as Exhibit "C".

Reading the language of page 13 together with the language of the proposed bid lease, we have concluded that the payment of \$125,000 in advance is a fixed and nonbiddable economic term of the lease, but that the percentage of gross income rental factor is left blank in the lease to indicate that this percentage is a variable to be filled in by the bidder at 17% or a higher percentage. If we are right, the term "minimum

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annual rental" found at page 12 is somewhat confusing because there might be an implication the bidder could bid a higher figure than a minimum of \$125,000 payable in advance. We believe the situation could be clarified by using first capitals in writing "Minimum Annual Rental" to indicate the language is a term of art.

If we have incorrectly concluded that the Minimum Annual Rental is fixed at \$125,000, please let us know.

Section 2 of the proposed lease document provides that the Alternative Lease Payment is defined as the sum of the Percentage of Gross Income less the \$125,000 Minimum Annual Rental. Neither the proposed lease document nor page 13 of the text provides what happens if the Percentage of Gross Income falls below the \$125,000 Minimum Annual Rental. Does the State retain the full \$125,000, or does it refund or credit the lessee for the difference between the \$125,000 advance payment and the lesser figure reported as the Percentage of Gross Income payment? We would appreciate your clarifying this matter for us.

Page 15

Near the end of the first paragraph, the text indicates that existing operations are defined to include management of a maximum of "729" recreational mooring buoys. As previously stated, we believe the true figure should be "720" such buoys.

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The first paragraph of page 15 concludes that continuation of the existing operation without expansion is categorically exempt from CEQA review. We agree. The language also states, however, that 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 as the structure replaced, is also categorically exempt from CEQA. We believe this conclusion is only partially correct and requires elaboration.

It is true that if the Santa Catalina Island Company and the Santa Catalina Island Conservancy are awarded the bid, they will in essence carry on the "project" in much the same way as it has been carried on in the past. Thus the project would have no significant effect on the environment and is appropriately categorically exempt from CEQA review.

If another bidder receives the award, however, we do not see how the project can remain categorically exempt from CEQA. Many of the required functions of the project at present are performed in whole or in part on the land and in land-based facilities owned and controlled by the Santa Catalina Island Company and the Santa Catalina Island Conservancy. These functions include, but are not limited to:

- The shoreside garbage collection service
- The garbage disposal system in a land fill located on the Island

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- Water provisioning
- Restroom and laundry facilities
- Shore boat, shuttle boat, and charter boat transportation services
- Operation of the patrol boat repair and schedule services
- Major portions of the storm warning and rescue system and other mooring assistance
- The facilities from which operation of the leased premises is administered
- Administration of, and storage space for, equipment used in fire and mechanical repair services and oil spill containment services
- Employee housing for those employees carrying out many of the above services

By definition, all of these functions, some of which have very significant environmental effects, cannot be provided by any other bidder at the same sites where they are now located because the Santa Catalina Island Company and the Santa Catalina Island Conservancy own and control these landside sites. Any other lessee will have to find some other way of performing these functions. It seems clear, therefore, that should the bid be awarded to any other bidders than the Santa Catalina Island Company and the Santa Catalina Island Conservancy, the "project" will have a significant effect on the environment, thus requiring substantial CEQA review, utilizing the EIR process.

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The second paragraph on page 15 appears to indicate the lessee may propose future "projects" which modify the current use of the subject lands. The language implies, without clearly so stating, that such projects cannot be part of the response to the bid package. The paragraph seems to indicate that such projects must be treated as subsequent lease amendments subject to complete environmental and governmental review some time in the future. If the above construction of the import of paragraph 2 on page 15 is correct, we believe the thrust of the concept should be clearly and explicitly stated so that other bidders cannot be misled into believing it would be a simple matter to expand the scope of existing moorings on the lease premises. This would also be helpful to better preserve the CEQA categorical exemption.

Page 17

The term "Individual Mooring Site Subleases" found just below the first full paragraph is not defined in the text. In context, we believe the term encompasses both "owned" moorings where the sublessee actually owns the mooring gear, and "leased" moorings where the lessee owns the moorings and rents them to sublessees. If this be so, then subparagraphs (a) through (j) found at pages 17 through 20, apply equally to owned and leased moorings. If we are not correct in the above interpretation, we would appreciate the bid solicitation so stating. If we are

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wrong, we would appreciate your apprising us of the correct definition and application of the term "Individual Mooring Site Subleases" for the purposes of subparagraphs (a) through (j).

We have been unable to find any requirement in the solicitation that the lessee offer "leased" mooring arrangements to the sublessees. We believe such a requirement should be placed in the bid so that boat users who do not wish to undertake the expense of installing their own moorings can take advantage of the "leased" mooring concept.

We suggest that the date of January 25 found in subparagraph (a) should be changed to February 25. This is because responses of sublessees to renew subleases are often tardy or inaccurate and an extra month generally is required to ensure that an accurate list of individual mooring site subleases has been correctly compiled.

Page 19

We believe the date October 1, 1981 found in subparagraph (g) should read December 31, 1981, the date existing subleases expire.

Page 20

We suggest the dates January 1 and January 25 found in the last paragraph of subparagraph (i) should be changed to

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February 1 and February 25, respectively. Again, this is because sublease renewal and the replacement of sublessees historically is not completed within the time frames now set forth in the solicitation.

We believe the word "upland" found in the third sentence of subparagraph (j) should be struck. As we understand it, the purpose of subparagraph (j) is to prohibit tie-in arrangements for subleasing mooring sites in connection with the sublessee participating directly or indirectly in some fashion in other developments owned or controlled by the State's lessee. The word "upland" may be construed as a word of limitation, i.e., a word allowing tie-in arrangements with other developments on "tidelands" or "submerged lands". Projects such as a mainland marina on tidelands could be the subject of such tie-in arrangements. We do not believe the intention of the section was to allow any tie-in arrangements, and we support the broadest construction of a clause prohibiting them.

The words "May 15 to October 15" found in subparagraph (b) under the heading "Required Services" should be changed to "June 15 through September 30". The latter dates reflect the actual opening and close of the summer season on Catalina during which 24-hour patrol boat service is needed.

Page 21

Although we believe storm notification and rescue service are included within the existing language of subparagraph (c) (1) if one is familiar with anchorage and mooring assistance required for the protection of boaters moored at Catalina, we believe this subject is of crucial importance and should be specifically spelled out in the Solicitation of Bids as a requirement of the lease for the benefit of potential bidders who may not be familiar with the ongoing needs for such services.

Page 22

The October 15 date found in the second sentence should be changed to January 1. Experience has shown that if mooring overhaul is accomplished before the first of the year, barnacles and growth will foul many of the moorings before the next summer.

We believe the protection of \$125,000 surety bond or other security provided for in the last paragraph is insufficient security to ensure that the lessee will faithfully carry out his obligations under the proposed lease. We are particularly concerned that the lessee might abandon the lease upon discovering the extent to which his obligations are burdensome and his rate of return is nonexistent or inadequate. We suggest the insertion

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of a stipulated damages clause to take effect should the lessee voluntarily terminate the lease. Stipulated damages might be appropriate in the sum of \$1,000,000 if the abandonment occurs in the first five years of the lease term, \$750,000 if abandonment occurs in the second five years of the lease term, and \$500,000 if abandonment occurs in the final five years.

Page 27

We believe that the term "which date" found on the 14th line refers to the date of certification of the financial statements. If the term refers to anything else, please inform us.

Page 30

For reasons already stated above, we believe the terms "rental factor" and "minimum annual rental" should be set forth with initial capitals to indicate they are words of art and that the payment of \$125,000 per year in advance is a fixed figure not subject to bidding.

Questions, Comments and Suggestions
On Exhibit "C" -- The Bid Lease Form

We have not analyzed Exhibit "C" to see what date changes and other technical amendments to its present wording might be required to conform the proposed lease to the charges in the bid solicitation discussed above. We are aware, however,

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that, depending upon how many of our suggestions you accept, various portions of Exhibit "C" should be changed.

Section 2, Paragraph 2, "Consideration"

The definition of "Gross Income" set forth in subparagraph (c) requires some elaboration and qualification.

We are unclear as to what is meant by "service and patrol boat revenue". So far as we are aware, there are no such revenues.

The language "All other sources of revenue attributable to the lease premises" is imprecise. While we realize the State Lands Commission had no such intent, the broadest possible reading of the above language could include within the definition of gross receipts such items as revenues from restaurants, shops, island tours, etc., owned, operated or leased by the lessee anywhere on Catalina or the mainland, that might be patronized by people moored within the lease premises. The term could also include services offered to those not moored within the lease premises that in some way involve transportation through such premises.

We suggest that the basic concept of the definition of gross revenues be changed to set forth the specific revenue sources from operations conducted under the lease where it seems appropriate for the State to receive a portion of such

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revenues. Listed below are all of the revenue sources of which we are aware from the operation of the lease premises. In a few cases we indicate in the discussion that in our view it does not seem appropriate from a public policy point of view for the State to force rate increases for services rendered by asking for a portion of the gross revenues from such services.

(1) LEASED MOORINGS

Revenue gained from moorings owned by the lessee and leased on an annual basis.

(2) PRIVATE MOORINGS

Revenue gained from moorings where the equipment is owned by private parties -- the submerged land sublease is also included.

(3) MOORING RENTALS

Revenue derived from rentals of the private, leased, and transient moorings.

(4) MOORING SERVICE OTHER

Revenue that is gained by mooring service equipment from other sources within the lease premises, such as servicing camp moorings, servicing camp and yacht club floats, etc.

(5) SHOREBOAT REVENUE

Revenue gained from shoreboat services in the Isthmus Cove, Fourth of July Cove, Cherry Cove, and Fisherman's Cove, plus the anchorage areas.

(6) COASTAL SHUTTLE

Revenue derived by the shoreboats shuttling campers and other passengers from the Isthmus pier to other points on Catalina Island such as Emerald Bay and Howland's Landing. We do not believe these revenues should be included because they are produced by pier-to-pier transportation offered to the general public, landside campers and others.

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(7) MECHANIC IN THE BAY

Revenue derived from a mechanic that is called out to a boat in the bay to perform repairs.

(8) BOAT RENTALS

Revenue derived from any form of boat rental such as a charter by users of the lease premises to Avalon or the mainland, boats chartered by users of the lease premises for research, recreational purposes such as diving and fishing and sightseeing, motion picture work, etc.

(9) TOWS

Revenue derived from towing boats from the lease premises that are too badly damaged or in need of repair to be fixed at the island, back to the mainland. We do not believe these revenues should be included since raising towing charges to reflect payments to the State would make such services uncompetitive with mainland towing firms, thus effectually ending this source of revenue.

(10) DIVE JOBS

Revenue derived from diving to retrieve lost articles, untangling propellers, and repairing boats on the lease premises.

(11) SALVAGE

Revenue gained from salvage work generally performed for insurance companies on boats that have either sunk or gone aground on the lease premises.

(12) TRASH COLLECTION

Revenue derived from boat-to-boat pickup of solid waste. We suggest this revenue source be excluded from the definition of gross revenues on the grounds that the charge for solid waste pickup should be minimized to avoid the dumping of waste into public waters. There is only a nominal 50 or 75 cent charge made for this service, and costs far outstrip revenue.

It is present policy to respond to all emergencies such as fires, groundings, sinkings, drifting out of an anchorage, bodily injury, at no cost to the boater. When the boat is secure, if further aid is necessary, such as additional pumping, repairs, salvage or towing to the mainland, then a charge for such will be made.

We believe the lease should spell out the above revenue sources as being the definition of Gross Revenues. The lessee could be required by the lease to provide the above services unless the State Lands Commission permits him to terminate them, and the provision of new services producing additional revenues should also be subject to the prior approval of the State Lands Commission.

General Comments

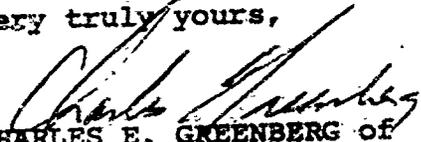
We note the proposed lease document contains no force majeure clause. Catalina Island is geographically and functionally so separate from the mainland that in the event of war, natural catastrophe, work stoppage, and the like, it is very possible that the lessee may not be able to faithfully perform his obligations under the lease. We urge that a force majeure clause be added relieving the lessee's obligations to pay rent and perform services during a period of force majeure.

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We also note that there is no prohibition in the State's bid package against parent companies bidding in the name of their subsidiaries, or utilizing new or shell companies as the named bidder. In view of the very substantial obligations to perform incurred by the successful lessee, we believe the bid package should spell out the guarantees the State will require from a parent company bidding in the name of its existing or newly formed subsidiary.

We appreciate your giving us this opportunity to comment and raise questions with respect to the bid proposal, particularly since we are well aware that your response will have to be made during what is normally Thanksgiving vacation.

Very truly yours,


CHARLES E. GREENBERG of
Ball, Hunt, Hart, Brown and Baerwitz
Attorneys for Santa Catalina
Island Company and Santa Catalina
Island Conservancy

CEG/rd
cc:Chet Lewis
cc:Doug Propst
cc:Doug Bombard

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STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EXECUTIVE OFFICE
 1807 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer

File Ref.: WP 3639



November 30, 1981

Response to Charles E. Greenberg of
Ball, Hunt, Hart, Brown and Baerwitz

1. Reference: Page 10 of Solicitation.

It should be emphasized that the purpose of setting forth the number and location of mooring sites is to assure continuation of the existing physical operation such as to preclude any significant impact upon the environment.

Staff made a count of mooring sites on October 14, 1981. We understand that the figures you have submitted are based on mooring sites which are currently under sublease to boaters, but that there may be upon the current lease premises several mooring sites which are not under sublease. We believe our count to be an accurate inventory of the number of moorings located upon the lease premises on October 14, 1981; therefore bidders should use our total figures as a best estimate in calculating their bids. The breakdown as to ownership of mooring equipment is an estimate based upon information previously supplied by the current lessee.

It is our understanding that there may be several moorings located upon the current lease premises in conjunction with use of those premises by camps whose facilities are situated on uplands leased from the Santa Catalina Island Company or the Conservancy. It is our further understanding that location of these moorings on the lease premises have been permitted without sublease. In order to provide the camps with an opportunity to continue the use of these sites for their moorings under

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Response to Charles E. Greenberg
of Ball, Hunt, Hart, Brown
and Baerwitz

November 30, 1981
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any new lease to take effect January 1, 1982, those camps will be given a preferential right to acquire a sublease on terms and conditions established by any new lessee. This provision will be inserted as subparagraph (k) on page 20 of the Solicitation and in Section 2, Paragraph 7(k) of the Bid Lease as follows:

(k) Camps whose moorings were located upon the subject lands under the current lease, PRC 3639.1 on October 1, 1981, will be given a preferential right to enter into a sublease for those mooring sites under any new lease on terms and conditions established by a new lessee for the term of said lease.

2. Reference: Page 11 of Solicitation.

The data provided on pages 11-12 of the Solicitation is informational only. The Commission has not dictated the rates to be charged by an operator under the Bid Lease. Bidders must submit, as part of their bids, a fee schedule to be used in setting rates for all charges under the new lease. The Commission will review fee schedules in determining the successful bid, if any. See also page 26 of the Solicitation.

3. Reference: Page 13 of Solicitation.

Your interpretation is correct.

The \$125,000.00, payable in advance of each lease year, is a fixed minimum annual rental, and will be retained in full by the State if the percentage of gross income falls below \$125,000.00.

4. Reference: Page 15 of Solicitation.

Bidders should NOT submit with their bids descriptions of or reference to project modifications they may seek if awarded the Bid Lease. Any such descriptions or references will NOT be considered in evaluation of the bids. Any such proposals would be the subject of separate and future consideration by the Commission.

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5. Reference: Page 17 of Solicitation.

Your interpretation of the term "Individual Mooring Site Subleases" is correct. Note, however, that subparagraph (f) applies specifically to subleases whereon mooring equipment is owned by individual sublessees. It should be made clear that the ownership referred to in subparagraph (f)(1) does not include ownership by the current or any future lessee of the State of mooring equipment which is leased to individual mooring site sublessees who do not own their own equipment.

The Commission intends that mooring equipment will be provided by the successful bidder for each sublease site whereon equipment is not owned and provided by the sublessee. This requirement is implicit in the Solicitation and the Bid Lease. In this regard, see also pages 8, 9 and 26 of the Solicitation.

6. Reference: Page 19 of Solicitation.

Please see response to W. V. Davidson.

7. Reference: Page 20 of Solicitation.

(a) Subparagraph (i) on page 20 of the Solicitation and Section 2, Paragraph 7(i) of the Bid Lease are amended as follows:

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

(b) Further, the Commission intends to prohibit any and all tie-in arrangements. Subparagraph (j) on page 20 of the Solicitation and Section 2, Paragraph (j) of the Bid Lease are therefore amended as follows:

(j) No moorings or other related improvements on the lease premises shall be subleased by lessee in connection with any upland or other development projects on Catalina Island or elsewhere, including, but not limited to, residential or marina development, nor shall participation in any such development be made a condition of obtaining a mooring site sublease.

(c) Finally, with respect to "Required Services," subparagraph (b) on page 20 of the Solicitation and Section 2, Paragraph 9 (b) of the Bid Lease, the dates, May 15 and October 15, were established after consideration of public comments regarding periods of high use by boaters. These dates will remain unchanged.

8. Reference: Page 22 of Solicitation.

Subparagraph (d)(3) on page 22 of the Solicitation and Section 2, Paragraph 9(d)(3) are amended as follows:

" . . . at least once each year during the period ~~October-15~~ January 1 - 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."

9. Reference: Page 27 of Solicitation.

Your interpretation of the phrase "which date" is correct.

10. Reference: Bid Lease Section 2, Paragraph 2.

Requests for elaboration upon the definition of "gross income attributable to the lease premises" have been received by Commission staff. The definition established by Commission staff is set forth in Section 2, Paragraph 2(c). Interpretation of that definition for purposes of the Solicitation will be left up to individual bidders.



**PIONEER TAKE OUT
CORPORATION**

3663 West Sixth Street
Los Angeles, California 90020
(213) 487-4820

25 November 1981

Ms. Jane Mochon, Staff Counsel
State Lands Commission
1807 13th Street
Sacramento, California 95814

Dear Ms. Mochon:

Pursuant to your mailgram of November 17, 1981, on behalf of Pioneer Take Out Corporation, we wish to submit the following inquiries. We will first state that portion of the bid package to which we refer and then state the question concerning it.

I. With regard to page 11, in particular, "Mooring Service Contracts", it is stated that the annual contract for maintenance and repair of privately owned mooring equipment is a minimum of \$306.00 per boat when owner of the equipment has agreed it may be rented on a nightly basis. In the second sub-paragraph it states that when the owner of the equipment has not so agreed the minimum is \$336.00 per boat.

(a) Question: The testimony at the hearing on October 30, 1981 reflected that Bombard rented the mooring on a nightly basis whether the owner agreed or not. Is this true? Or, is it a fact that he cannot rent the mooring when the owner has not so agreed?

II. On page 12 of the bid package, it recites many services presently provided by Bombard in connection with the leased premises.

(a) Question: What are the existing schedules for garbage pick up by the existing tenant? Are these schedules applicable in all coves? And, if not, what coves are they in?

(b) Question: What are the presently existing patrol boats service schedules and in what coves do these schedules apply?

These questions are relevant because your bid package on line 6 of page 15 encourages continuation of the existing operation without expansion.



Gold medal award winner at the California State Fair

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- (c) Question: You stated on page 12 that "fuel sales" are presently provided and on page 14 you state that fuel sales will not be a part of the proposed lease. Yet, on page 15 you encourage continuation of the existing operation without expansion. Do you mean that the new tenant will not be able to sell fuel? Do you mean that the new tenant will be able to sell fuel but there will be no rental percentage paid therefor? If any other meaning is intended, please explain.
- (d) Question: Please explain what the existing shoreboat service consists of, the schedules thereof, and the charges therefor.

III. On page 22 in sub-paragraph (f), the bid package refers to the fact that lessee shall make available on a daily basis, at reasonable rates, to all boaters, adequate water provisioning.

- (a) Question: By indicating that reasonable rates may be charged for water and not providing that reasonable rates may be charged for daily garbage pick up on page 20, in sub-paragraph (a), do you mean to infer that any bid package will not be considered if reasonable rates are charged for garbage pick up?

IV. Referring to Exhibit "A", which describes the leased or demised premises, we note that the State intends to lease only the submerged lands and tidelands in twenty-one coves, landings, bays, and harbors. We must further assume that any exclusivity to which the prevailing bidder is entitled applies only to those submerged lands and tidelands and that the waterways and use of the water privileges above those lands is available to all boaters.

- (a) Question: Does this mean, if the foregoing assumptions are correct, that anyone may compete with the prevailing bidder on shoreboat service or any other services not requiring the use of the leased or demised premises?
- (b) Question: If the above is true, then does it follow that any competitor to the successful bidder may so compete without paying any revenue to the State?
- (c) Question: If the foregoing questions are answered in the affirmative, how does the State intend to handle this?

V. Referring to Exhibit "C", the bid lease form, and in particular Section II, defining "gross income", it is stated that gross income shall include all revenue attributable to the five items listed under paragraph II, (c). With regard to those five items, I would like to inquire as to the following:

(a) Question: If all boat rental revenue is to be included under gross income, does that mean that this bid will not be considered unless the bidder states that in his bid that he will pay at least 17% of such revenue as rental?

(b) Question: With regard to sub-paragraph (V) thereunder which states that gross revenue shall include "all other sources of revenue attributable to the leased premises", does that mean that the bid will only be considered if the bidder agrees to pay 17% or more on any of the following items?

1. Sale of beer and wine
2. Sale of food and provisions
3. Sale of bait and fishing tackle
4. Sale of meals and drink at restaurants
5. Furnishing of shore boat service
6. Furnishing of water and pick up of garbage
7. Sale of marine gear
8. Sale of soft drinks and ice
9. Rental of divers' equipment and compressed air
10. Sale of gasoline, fuel, and oil

(c) Question: If the bid package contains different percentages for rental payments to the State for the above items but less than 17%, will the bid be considered since successful business practice will ordinarily not permit such large rental payments?

(d) Question: Referring to sub-paragraph (IV) which includes all service and patrol boat revenue within the meaning of "gross income", does this mean that the bid will not be considered unless 17% or more is paid as and for rental, even though said services utilize only the surface waterways and not the demised premises?

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MINUTE PAGE	2674

Page 4

To facilitate our ability to file our bid package by December 7, 1981, we would be pleased if we could call your office on November 30th and receive the answers by telephone or you may wire collect to Pioneer Take Out Corporation, 3663 W. 6th Street, Los Angeles, California, 90020.

Thanking you in advance for your kind cooperation.

Very truly yours,

PIONEER TAKE OUT CORPORATION

Harrison W. Hertzberg
By: HARRISON W. HERTZBERG, COUNSEL

HWH:ml

CALENDAR PAGE	8101
MINUTE PAGE	2675

STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EXECUTIVE OFFICE
 1807 - 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer



File Ref.: WF 3639

November 30, 1981

Response to Harrison Hertzberg
Pioneer Take Out Corporation

- I. a. Our understanding of the current practice in this regard is set forth on pages 11-12 of the Solicitation. Note, however, that under the terms of the Bid Lease (see page 17, subparagraph (d) of the Solicitation, and Section 2, Paragraph (d) of the Bid Lease) mooring sites must be made available on a daily basis when not in use by an annual sublessee or a designee of that sublessee.
- II. a., b., d. We do not have a copy of the existing service schedules. See page 26 of the Solicitation regarding submission by bidders of a plan of services.
- c. Fuel sales will not be permitted on the lease premises under the Bid Lease.
- III. No.
- IV. a. Yes; but see also subparagraph (h) on page 20 of the Solicitation and Paragraph 9(h) of the Bid Lease regarding shoreboat service.
- b. No.

Note also that the Bid Lease premises will not include tidelands. Tidelands are those lands lying between the lines of mean high tide and mean low tide as they last naturally existed.

- V. The Solicitation calls for submission of a bid of a single percentage factor, applicable to all gross income attributable to the lease premises, with minimum bids of 17% of said gross income.

CALENDAR PAGE	81 R1
MINUTE PAGE	2676



B.O.A.T. Inc.

BOAT OWNERS ASSOCIATED TOGETHER

925 L STREET, SUITE 220, SACRAMENTO, CALIFORNIA 95814

November 25, 1981

OFFICERS

Louis B. Haberman, President
Joseph R. Steele, Vice President
Robert D. Corden, Vice President
Jeny Olson, Secretary-Treasurer

PLEASE REPLY TO:

DIRECTORS

Clifford Anderson
Mort Bloom
H. Donald Brown
Ward Cleveland
Edward F. Cotter
Barry R. Labow
E. M. Larson
Herb Magge
Charles B. McKesson
Pete Martini
Norton H. Nelson
John C. Robinson
Albert W. Thews
Steve Veder

Mr. Kenneth Cory, Controller
State Lands Commission
1807 - 13th Street
Sacramento, CA 95814

Dear Mr. Cory:

B.O.A.T. was quite disappointed that the State Lands Commission decided to go to bid with the Santa Catalina Island moorings. Our experience with the current lessee, Santa Catalina Island Company, has been very satisfactory; and it was, and is, our unanimous feeling that the commission should have negotiated directly with the company instead of going out to bid.

EXECUTIVE VICE PRESIDENT

Jerry Desmond

B.O.A.T., Inc., is a non-profit corporation organized to foster the recreational use and development of California's waterways. B.O.A.T. was founded in 1968 and represents more than 30,000 boating families.

PAST PRESIDENTS

Ward Cleveland
Lee Kellerhouse
Albert H. Allen
Donald S. Manhard
Gordon M. Curtis, Jr.
William H. Hynes
Richard P. Belden
W. Burnett Johnson
George L. Fisher
William H. Gray, Jr.
Charles B. McKesson
Albert W. Thews
Barry R. Labow

We have reviewed the "Solicitation of Bids" and have some specific comments and recommendations.

On Page 15, the first paragraph sets out the activities which can be conducted by the lessee. The entire paragraph starts with the word "initially." This implies that the successful bidder could subsequently go back to the commission requesting changes which would go beyond the basic lease. We recommend that the word "initially" be deleted and that the activities detailed in the paragraph apply through the term of the lease.

Also on Page 15, we recommend that the phrase "for the term of the lease" be inserted in the first sentence following the word "must." This will assure that the activities of the lessee will remain as spelled out in the Specification.

The second paragraph on Page 15 starts with the sentence, "Lessee may propose to the state a project which will require modification of the current use of the subject lands." This sentence is quite ambiguous, and we recommend that it be removed.

CALENDAR PAGE	81 ST
MINUTE PAGE	2677

A non-profit corporation organized and supported by California boat owners.

Mr. Kenneth Cory
Page 2
November 25, 1981

We recommend that subparagraph (d) on Page 17 and subparagraph (h) on Page 19 be clarified. The clarification should be for the right of the sublessee to designate to the lessee which boater is authorized to use that mooring when it is not used by the sublessee and that failure of the sublessee to notify the lessee of that fact in a timely fashion will permit the lessee to lease the mooring on daily first come, first served basis.

Page 18, subparagraph (f), limits the right of a sublessee to assign their interest by establishing a termination date of the right of assignment on December 31, 1987. We recommend that the right of assignment should be 15 years, coincident with the term of the lease. We further recommend that the commission consider the imposition of a transfer fee each time a sublessee assigns their interest to someone else during this 15-year period.

On Page 19, subparagraph (i) requires that the operator maintain waiting lists for use in issuing available mooring site sublessees. We recommend that that paragraph be clarified so that the requirement for waiting lists are on a cove-by-cove basis.

Page 19, subparagraph (f) (4), requires the sublessee to provide a copy of his current boat registration as a prerequisite to the issuance of a sublease or its renewal. State regulations already require that the CF number be affixed to the boat and it is referred to in the lease. In addition, the Department of Motor Vehicles has in its files the registration information for that number. Under these circumstances, this requirement is superfluous and costly; and we recommend that it be deleted.

On Page 20, subparagraph (j) prohibits subleasing of moorings in connection with upland development projects where participation in the development is a condition of obtaining a sublease. Our recommendation is that this be expanded to apply to any development by removing the word "upland" and adding language to clarify that "elsewhere" means any location on the continent.

Page 22, subparagraph (g) allows the lessee to charge "reasonable rates" for services furnished in the open coves. The term "reasonable rates" creates confusion and is certainly too ambiguous. We question whether this phrase should be in the subparagraph at all and recommend that it be deleted.

Page 22, subparagraph (h), relating to shore boat service is incomplete and sketchy. We recommend that the following language be added to it: "during reasonable hours at reasonable rates within the areas of Two Harbors and Emerald Bay and the lessee should demonstrate the ability to provide Coast Guard inspected boats and personnel having Coast Guard operators licenses as required by the Code of Federal Regulation."

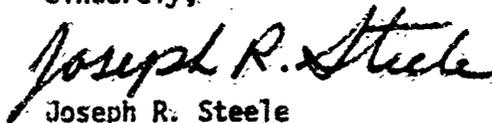
CALENDAR PAGE	81
MINUTE PAGE	2678

Mr. Kenneth Cory
Page 3
November 25, 1981

On Page 23, it states that the "lessee shall not unreasonably interfere with access to those lands." We feel that this language is unnecessary and recommend that it be removed.

We appreciate this opportunity to bring to your attention our concerns and suggestions on the specifications for bid. This issue is of extreme importance to recreational boaters throughout California, and we will continue our efforts on their behalf.

Sincerely,



Joseph R. Steele
Vice President

JRS/tw

CALENDAR PAGE	8101
MINUTE PAGE	2679

STATE LANDS COMMISSION

KENNETH CORY, Controller
 MIKE CURB, Lieutenant Governor
 MARY ANN GRAVES, Director of Finance

EXECUTIVE OFFICE
 1887 - 13th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer



File Ref.: WP 3639

November 30, 1981

Response to B.O.A.T. Inc.

1. Reference: Page 15 of Solicitation.

Please see response to Charles E. Greenberg, Response Number 4.

2. Reference: Page 17, subparagraph (d) and Page 19, subparagraph (h) of Solicitation.

Guest use (use by designees of sublessees) will be on the same basis as other daily use. For example, if rates are established for daily use, guests of sublessees will be charged according to the daily rate schedule.

Lessee shall establish its own notification schedule regarding use by sublessees of their moorings.

3. Reference: Page 18, subparagraph (f);
 Page 19, subparagraph (f) (4);
 Page 22, subparagraph (g);
 Page 22, subparagraph (h); and
 Page 23 of the Solicitation.

The matters raised by your comments have been considered at length by staff and members of the Commission, and the referenced provisions have been determined to most effectively protect the best interests of the State. Therefore, these provisions will not be amended.



Telegram

NOV 27 1961

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STATE LAND COMMISSION

ICS IPMRNCZ CSP

2133889471 TDRN LOS ANGELES CA 54 11-25 0805P EST

PMS STATE LAND COMMISSION ATTN JANE MANCHON STAFF COUNCIL DLR TONIGHT

LEAVE UNDER DOOR RPT DLY MGM, DLR

1807 13 STREET

SACRAMENTO CA 95814

ANGELES GIRL SCOUT COUNCIL HAS TWO QUESTIONS CONCERNING MATERIALS
PUBLISHED ON BIDS FOR A LEASE OF SUBMERGED LANDS AT SANTA CATALINA
ISLAND:

1. ANY SPECIAL PROVISIONS FOR THE 501(C)3 CHARITABLE ORGANIZATION
LEASES

2. EXHIBIT A PARCEL 7 WHITES LANDING WE DO NOT FEEL 10 FEET IS
SUFFICIENT AREA FROM PIER FOR SAFETY OF PARTICIPANTS OF OUR PROGRAM

FLORENCE NEWSOM EXECUTIVE DIRECTOR

W.U. 1201-BF 802-000



Telegram

2533 WEST 3 ST

LOS ANGELES CA 90057

NNNN

CALENDAR PAGE	21 WI
MINUTE PAGE	2681

W.U. 1201-BF 802-000

STATE LANDS COMMISSION

KENNETH CORY, *Controller*
 MIKE CURB, *Lieutenant Governor*
 MARY ANN GRAVES, *Director of Finance*

EXECUTIVE OFFICE
 1807 - 12th Street
 Sacramento, California 95814

WILLIAM F. NORTHROP
 Executive Officer

File Ref.: WP 3639



November 30, 1981

Response to Angeles Girl Scout Council

1. The Bid Lease will not include tideland and submerged land use areas of camps located on adjacent uplands. See Response Number 2 below. Leases of those use areas will be negotiated directly with upland owners or lessees. Therefore, it will be unnecessary to provide in the Bid Lease any provisions regarding rates to be charged for use of those areas by the State's lessee.
2. It is intended that the Girl Scouts and other similar organizations listed below will be allowed to continue their past use of tidelands and submerged lands adjacent to their upland facilities. Therefore, those use areas will be excluded from the Bid Lease. The use areas to be excluded from the Bid Lease are hereby described as:

"those tidelands and submerged lands lying beneath existing piers together with those areas historically used for activities in conjunction with upland camp programs".

A more precise description of these areas will be provided in leases negotiated directly with upland owners or lessees for the use of the subject use areas. These exclusions will not include individual mooring sites under sublease to boaters under the current lease, PRC 3639.1.

These exclusions will constitute amendments to property descriptions listed in the Solicitation and Bid Lease regarding the following coves:

CALENDAR PAGE	81 XL
MINUTE PAGE	2682

COVE

Howland's Landing

Emerald Bay

Buttonsell Beach

White's Landing

Toyon Bay

Gallagher Beach

Cherry Cove

Cabrillo Harbor

Parson's Landing

UPLAND LESSEE/USE

Catalina Island Boys Camp
Catalina Island Girls Camp

Great Western Boy Scout Council

Glendale YMCA

Angeles Girl Scout Council

Catalina Island Marine Institute

Intervarsity Christian Fellowship

San Gabriel Valley Boy Scouts

Long Beach Boy Scout Council

Great Western Boy Scout Council

CALENDAR PAGE	81 Y1
MINUTE PAGE	2683

"B"

EXHIBIT "B"

CALENDAR PAGE	8121
MINUTE PAGE	2684

PROPOSED SERVICES

Required Services (From Solicitation)	SCI Company and Catalina Conservancy (through Bombard)	Catalina Marine Services Corp. (Pioneer)*	Island Navigation Co.
Garbage Disposal	Boatside: 3 boats; daily pickup service to all mooring areas; 75 cents Shoreside: Isthmus + Catalina Harbor; no charge Disposal: Conservancy dump.	2 garbage boats with compactors. Daily service to lease premises; no charge. Disposal: Avalon city dump.	Daily service to mooring areas Disposal: Avalon city dump or mainland.
Patrol Boats 5/15-10/15: 24 hr. service; 10/15-5/15: weekdays 8 am- 5pm; weekends 24 hrs. service	11 Patrol Boats: mooring management anchorage assist. ; emergency resp.; (fire & health) towing capacity; 7 with fire and pump-out pumps Storm response Oil Spill response. Service scheduled: as required.	4 Patrol Boats fire pumps towing capability radio (1 w/radar) resuscitation Service schedule: as required.	8 Patrol Boats/ Shoreboats first aid fire extinguisher pump-out & fire pumps. Storm warnings, weather info by radio. Service schedule Avalon-Long Point Summer: 24 hrs. Off season: 3 patrols per da Long Point-Wester Little Harbor - West end, Summer: 24 hrs. Off-season: 24 hrs. on call.
Anchorage and Mooring Assistance	See Patrol Boats.	4 Skiffs with radios and fire extin- guishers.	As required.
Rescue and fire equip- ment (no obligation to provide services currently provided by government agencies.)	See Patrol Boats.	See Patrol Boats, Mooring skiffs, Mooring service boats. Also: in one yr. one Hovercraft.	See Patrol Boats Also: one rescu vessel, capacity: 49 passer- gers.

CALENDAR PAGE	E1A2
MINUTE PAGE	2685

Proposed Services Cont'd

Required Services (From Solicitation)	SCI Company and Catalina Conservancy (through Bombard)	Catalina Marine Services Corp. (Pioneer)*	Island Navigation Co.
Availability of towing and mechanical services.	Towing capacity: patrol boats, service boats, barge. Towing to island or mainland; Mechanical services: boatside, pier, upland shop; Parts inventory on shore. Fees: competitive with mainland rates.	Towing capacity: patrol boats, mooring boats; Mechanical services: apparently avail- able through Pioneer facilities on mainland.	24 hours on call Diving services available.
Service of Mooring	As required: 48' deisal vessel 36' deisal vessel	As required. 3 service boats. Facilities for production of moorings on mainland.	As required; 2 small work boats, equip- ment necessary for 800 mooring
Water Reprovisioning	By hose at pier; currently without charge.	As required (barge)**	As required (Southern Calif. Edison or barge)
Shoreboat Service	5 shoreboats Also: cruiser & speedboats avail- able. Fee schedule (See Exhibit "C")	4 shoreboats (1 with radar)	See Patrol Boats Fee schedule (See Exhibit "C")

Additional Services
Proposed

Storm Response	See Patrol Boats Notice of weather and safety measures; Back-up personnel living on shore; Shelter ashore; Rescue capability; Emergency pumping.	See Patrol Boats Storm warnings and weather information by radio.
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***Proposed Services Requiring Amendment to Bid Lease**

Catalina Marine Services Corporation (Pioneer) has submitted as part of their bid a proposal for future services and facilities, the implementation of which would require amendment to the Bid Lease, environmental review under CEQA, and possible administrative review by other State and local governmental agencies. Bidders had been advised, prior to their submission of bids to the Commission, that such proposals should not be submitted with bids, and if submitted, would not be considered in evaluation of the bids. Therefore, this chart does not include such services and facilities described by Catalina Marine Services Corporation as future development requiring amendment to the Bid Lease.

Briefly, the subject proposal includes three types of barges: one to include employee housing, office space, restaurants, lounge, grocery and bait shops, and diving equipment; another to provide water reprovioning, showers; and restroom facilities; a third for garbage disposal.

**Both Catalina Marine Services Corporation and Island Navigation Company have proposed to use barges to serve as a base of operations in the Isthmus area. Under the current lease, Bombard maintains one barge upon the submerged lands which are the subject of the Bid Lease. This barge is tied to a mooring in the Isthmus area. Should this or another mooring currently in place be adequate to accommodate the barges proposed by Catalina Marine Services Corporation and the Island Navigation Company, and should the use of such barges in fact have no significant impact upon the environment, the use may be permissable under the Solicitation of Bids. However, if the use of such barges would require installation of additional moorings or more permanent structures, or would interfere with rights of current sublessees to renew their subleases pursuant to the terms of the Bid Lease, the said use would fall outside the bounds of the project permitted by the Solicitation of Bids. See also above regarding proposed amendments to the lease.

"C"

EXHIBIT "C"

CALENDAR PAGE	81 D2
MINUTE PAGE	2688

PROPOSED FEE SCHEDULES

(1) Mooring-Related Fees

Proposed Fees

Item	Current Fees Per Solicitation		Proposed Fees		
	Company Conservancy	Catalina Marine Services (Pioneer)	Island Navigation Co.		
Mooring Lease	\$13/ft. 390 min.	\$16/ft. 490 min.	\$18/ft. 540 min.		
S.L. Sublease*	*	1.60/ft. 49 min.	1.30/ft. 39 min.		
Total (if equipment leased)	13/ft. 390 min.	17.60/ft. 539 min.	\$29/ft. 885 min.		
Mooring Service Contract**	\$9.70/ft. 306 min.	10.70/ft. 406 min.	9.70/ft. 306 min.		
S.L. Sublease*	1.30/ft. 39 min.	1.60/ft. 49 min.	1.30/ft. 39 min.		
Total (if equipment owned)	11.00/ft. 345 min.	12.30/ft. 455 min.	11.00/ft. 345 min.		
Daily Use Fee	Wkday/Saturday \$6/7	Wkday/Saturday \$8/9***	8		
String Line	10-30	11/13	10 (30-39')		
	31-40	13/16	12 (40-49')		
	41-50	15/17	14 (50-59')		
	51-60	17/21	16 (60-69')		
	61-70	20/23	18 (70-79')		

String Line
 10-30
 31-40
 41-50
 51-60
 61-70

81 E2
 2689

(2) PROPOSED FEE SCHEDULE FOR SHOREBOAT SERVICE (CATALINA MARINE SERVICES CORPORATION [PIONEER] DID NOT SUBMIT A FEE SCHEDULE FOR SHOREBOAT SERVICE)

SCI COMPANY AND CATALINA CONSERVANCY
(through Bombard)

Shuttle Service (pier to pier):
\$1.75 - \$2.50

Shoreboat Service (boatshore,
shore-boat, boat-boat)
Isthmus area \$1.00
Outside Isthmus \$1.25

Above service available
at Isthmus, Cherry Cove,
Fourth of July Cove, Big
Fisherman's Cove.

Charters available, Howlands
Landing and others.

ISLAND NAVIGATION COMPANY

Isthmus, Cherry Cove, Fourth
of July Cove: \$1.50

Emerald Bay - Isthmus \$2.00

Big Fisherman's Cove -
Isthmus \$1.50

Charters in Isthmus area:
\$75/hour, one hour min.

Also: 3 Shuttles/day,
Avalon - Isthmus-Avalon.

*The bid solicitation at page 11, relating to "Submerged Land Sublease," indicates that current practice is to charge an annual sublease fee, whether mooring equipment is privately owned or leased from Bombard. As indicated in comments submitted by Charles E. Greenberg on behalf of the Island Company and the Conservancy, copies of which were subsequently mailed to all bidders, this paragraph is inaccurate. The Submerged Land Sublease is currently necessary only where mooring equipment is owned by the individual mooring user. Where mooring equipment is leased from Bombard, the submerged land sublease is included in the Mooring Lease.

**Under current practice, owners of mooring equipment may consent to daily use of their moorings by non-sublessees when not in use by the sublessee, thereby receiving a discount on their service contract rates. Because under the Bid Lease, such moorings must be made available on a daily basis when not in use by the sublessee, we have included here only rates applicable under that Standard.

***The bid submitted by Catalina Marine Services Corporation indicates that where mooring equipment is leased by a sublessee, the sublessee must enter into a Mooring Lease, an Annual Submerged Land Sublease, and in addition, pay a daily use fee equal to 100% of the daily rates indicated on this chart. Therefore, the total figure of \$17.60 per deck line foot is not accurate in that it does not include the daily use fee.

For example, the owner of a 35' boat who leases the mooring equipment would pay an annual fee of \$17.60 per deck line foot plus \$10 per day that he or she occupies the mooring.

Likewise, where the mooring equipment is owned by the sublessee, the sublessee will enter into a Mooring Service Contract, a Submerged Land Sublease, and in addition, will pay 50% (as compared to 100% where sublessee leases the equipment) of the daily use fees for each day of actual use of the mooring.

In other words, the owner of a 35' boat who owns the mooring equipment will pay an annual fee of \$17.60 per deck line foot plus a daily use fee of \$5.00 for actual use of the mooring.

****Page 5 of the Bid submitted by Island Navigation Company, Inc., indicates that all sublessees, whether they own or lease the mooring equipment, will be charged the Mooring Service Contract fee. This total, therefore includes the fees for the Mooring Lease, the Submerged Land Lease, and the Mooring Service Contract.

*****The Company/Conservancy bid provides that on holidays, a three-day minimum rate will be charged, regardless of an actual stay of less than three days. The other bidders have not set such a requirement.

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MINUTE PAGE	2691

EXHIBIT "D"

CALNDAR PAGE	8112
MINUTE PAGE	2692

EXHIBIT D

Comparison of Typical Annual Rent Fees
for Contract and Leased Moorings as
Submitted by Bidders*

	Present Rate	Santa Catalina Island Co.	Pioneer- Take-Out	Island Navigation Co.
<u>Contract</u> (equipment owned by individual)	\$464.00	\$620.00 all inclusive fee	428.00 Base 64.00 Sublet <u>100.00</u> Daily Charge 592.00 Total	440.00 Base <u>52.00</u> Sublet 492.00 Total
<u>Lease</u> (equipment owned by bidder)	\$520.00	\$692.00 all inclusive fee	640.00 Base 64.00 Sublet <u>200.00</u> Daily Charge 904.00 Total	720.00 Base 52.00 Sublet <u>440.00</u> Service Cor 1,212.00 Total
<u>% Change Contracts</u>	0	34% increase	28% increase	6% increase
<u>% Change Lease</u>	0	34% increase	74% increase	233% increase

*Based on 40 foot boat with 20 days utilization (a 40 foot boat represents 43% of all present contracts and leases).