

MINUTE ITEM

This Calendar Item No. C22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 2
to 0 at its 2/25/82
meeting.

CALENDAR ITEM

C 2 2

2/25/82
PRC 709
Gonzalez
Hart

RENEWAL AND AMENDMENT OF MINERAL EXTRACTION
LEASE PRC 709.1

LESSEE: Construction Aggregates Corporation
One Countryside Office Park
Suite 315
Clearwater, Florida 33615

PROPOSED AUTHORIZATION:

Approval of a ten-year Renewal and Amendment
of Mineral Extraction Lease PRC 709.1 effective
February 14, 1982; 900 acres in three parcels
of tide and submerged lands located at
Presidio, Alcatraz, and Point Knox Shoals
in San Francisco Bay, San Francisco and
Marin Counties for the extraction of sand
and gravel. Amendment to Mineral Extraction
Lease PRC 709.1 issued to Construction
Aggregates Corporation with modification
of terms and conditions of the lease pertaining
to renewal period, royalty as minimum
required royalty and other terms.

LOCATION AND TYPE OF LAND:

900 acres of tide and submerged lands in
San Francisco Bay at Presidio, Alcatraz,
and Point Knox Shoals, San Francisco and
Marin Counties.

TERM OF ORIGINAL LEASE:

February 14, 1952 to February 13, 1972.

TERM OF FIRST RENEWAL:

February 14, 1972 to February 13, 1982.

TERM OF PROPOSED LEASE RENEWAL:

February 14, 1982 to February 13, 1992
with no further renewal.

STATUTORY REFERENCES:

A. P.R.C. Div. 6, Sections 6898, 6899.

AB 884:

N/A.

A 17, 0

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CALENDAR PAGE	<u>134</u>
MINUTE PAGE	<u>440</u>

CALENDAR ITEM NO. C 22 (CONTD)

PERTINENT INFORMATION:

1. Under the terms of the original lease, issued in 1952, the Lessee has the right to renew said lease for additional periods of ten years and this right was exercised in 1972 for the first renewal.
2. Under a settlement agreement to Care No. 669-359, dated May 13, 1976, between the State, City and County of San Francisco, San Francisco Port Commission and Construction Aggregates Corporation, the State agreed to renew Mineral Extraction Lease PRG 70 .1 in February 1982 for a single ten-year term upon such reasonable terms and conditions as the State may impose. The Lessee seeks to exercise this final renewal option for a period of ten years.
3. As a condition of renewal, the following modifications of terms of the lease are recommended:
 - a. The lease renewal period shall commence February 14, 1982 and end February 13, 1992. There shall be no further renewals of this lease.
 - b. Royalty on sand and gravel produced or sold in place shall be ten percent of the weighted average sales price as more fully described in Exhibit "B", Royalty Formula, attached.
 - c. The minimum royalty payable to the State for sand and gravel produced or sold in place shall be \$0.30 per cubic yard.
 - d. The minimum required annual production subject to royalty shall be 50,000 cubic yards per year.
 - e. Royalties shall be due and payable on the 25th day of the month following the lease quarter of production.

CALENDAR ITEM NO. C 22 (CONTD)

- f. Penalty and interest charges shall be due for any royalty or rental not paid when due.
 - g. The required performance bond shall be increased from \$5,000 to \$15,000.
 - h. All terms and conditions of the royalty schedule shall be subject to review and possible readjustment at the end of the fifth year of the lease term.
4. This project is exempt from CEQA as an ongoing project with no physical changes in the operation.

Authority: P.R.C. Div. 13, Section
21169, 14 Cal. Adm. Code
Section, 15070.

EXHIBITS: A. Location Map.
 B. Royalty Formula.

IT IS RECOMMENDED THAT THE COMMISSION:

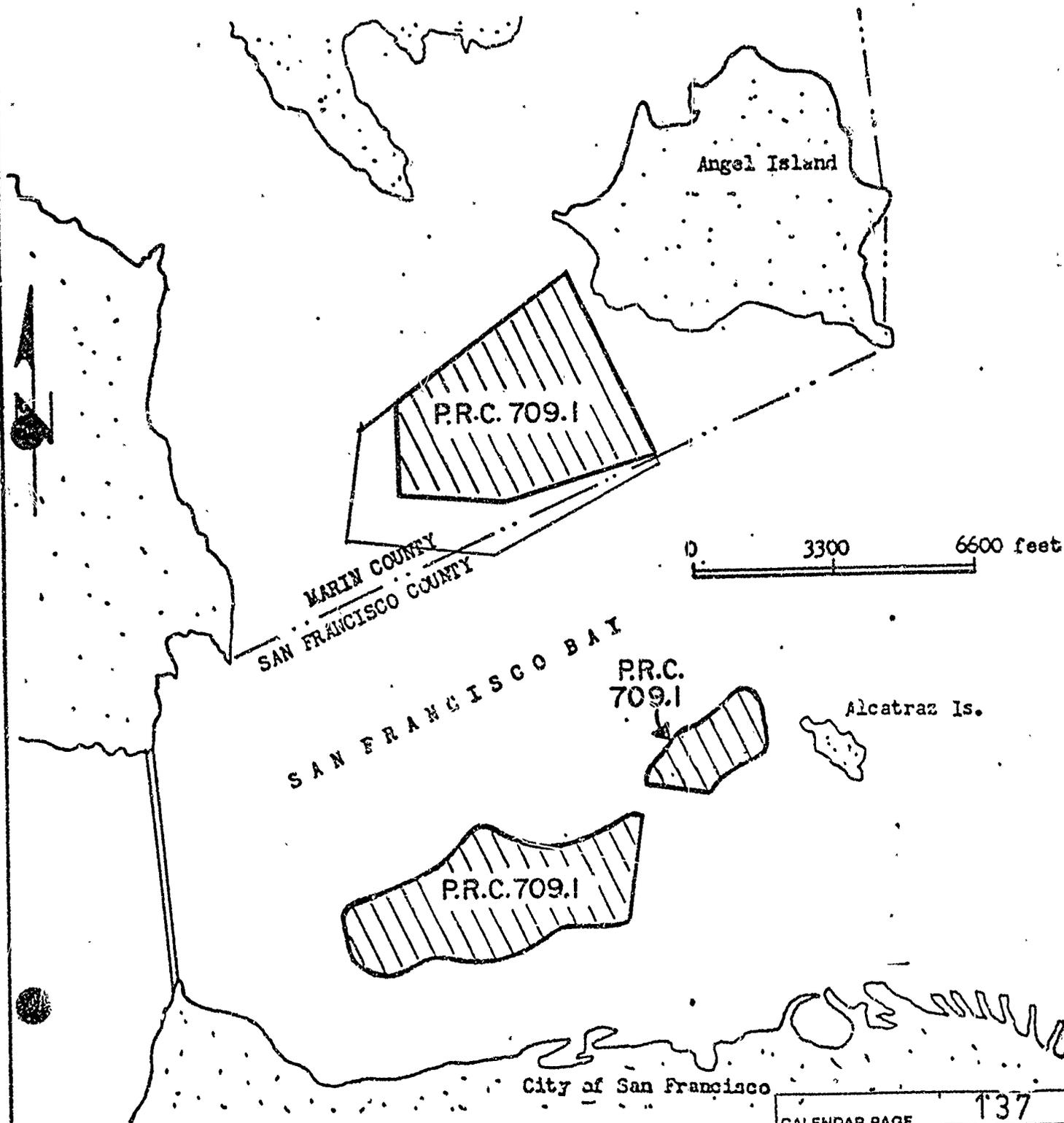
1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF P.R.C. 21169, AND 14 CAL. ADM. CODE 15070.
2. AUTHORIZE THE RENEWAL AND AMENDMENT OF MINERAL EXTRACTION LEASE PRC 709.1 FOR A TEN YEAR TERM COMMENCING ON FEBRUARY 14, 1982, WHICH INCLUDES THE CHANGES IN TERMS STATED ABOVE.

EXHIBIT "A"
STATE LANDS COMMISSION

MINERAL EXTRACTION LEASE P.R.C. 709.1
CONSTRUCTION AGGREGATES CORPORATION
MARIN AND SAN FRANCISCO COUNTIES, CAL.

FEBRUARY 1982

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CALENDAR PAGE	137
MINUTE PAGE	443

EXHIBIT "B"

RENEWAL OF MINERAL EXTRACTION LEASE PRC 709.1

Royalties for the mineral resources produced or extracted are to be determined according to the following formula:

$$R = 0.10 W(Y)$$

Where R = royalty in dollars and cents paid to the State.

W = weighted average sales price, f.o.b. the dock, per cubic yard.

Y = total lease yardage sold.

The weighted average sales price (WASP) shall include consideration of wholesale and retail sales and is subject to approval and audit by the State. The royalty rate for a lease quarter shall be based upon the WASP for that quarter. The minimum royalty per cubic yard shall not be less than \$0.30.

Where the royalty is based upon the "sales price f.o.b., dock" said price shall not be less than the reasonable fair market value as fixed by the State for any mineral resource extracted or produced from the leased lands and shall not be less than the amount received from the sale or other disposition of such mineral resource where such sale or disposition is at a price f.o.b., dock.