MINUTE ITEM

This Calendar Item No. 20
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 3
to 0 at its 6/29/82
meeting.

CALENDAR ITEM

20

6/29/82
G 15-02
Horton

CONSIDERATION OF PROPOSED LEASE FOR
PIPELINE PURPOSES OF
CERTAIN TIDE AND SUBMERGED LANDS
GRANTED IN TRUST AND UNDER THE CONTROL OF
THE CITY OF CARPINTERIA

TRUSTEE: City of Carpinteria
5775 Carpinteria Avenue
Carpinteria, California 93013

LOCATION: A 200-foot corridor crossing granted tide and submerged lands, located within the boundaries of the City of Carpinteria, County of Santa Barbara. The proposed lease will form part of the Pitas Point Gas Pipeline Right-of-Way, required for the transport of natural gas from Texaco's offshore platform "Habitat" to a proposed onshore gas odorization and metering facility adjacent to Chevron's Carpinteria Marine Terminal. The pipeline will extend approximately 8.5 miles. The portion crossing the City's granted lands will be angled so that it extends for more than two miles to the City's seaward boundary.

APPROVAL REQUIRED FOR LEASE PURSUANT TO GRANT STATUTE:
Section 6.5 of Chapter 1044, Statutes of 1968, as amended by Chapter 697, Statutes of 1978, provides that the City of Carpinteria may not authorize a capital outlay project, lease or agreement for port facilities such as marine terminals, pipelines, or other related energy facilities on the granted lands without first requesting and receiving approval in writing of the State Lands Commission.

REPORT OF INVESTIGATION:

The City Council adopted Resolution 1214 on May 10, 1982, authorizing execution of a lease between the City and Pacific

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Interstate Offshore Company, 720 West Eighth Street, Los Angeles, California 90016, providing that the lease has been approved by the California State Lands Commission. The lease was forwarded for approval on May 13, 1982.

On June 8, 1982, City staff and Pac-Interstate drafted additional conditions to assure among other things that, to the extent feasible, potential significant environmental impacts associated with those elements of the project, subject to the City of Carpinteria as lessor, are mitigated. Members of the City Council were consulted during the negotiation and have agreed to adopt the proposed lease as amended by the letter of June 8, 1982, if approved by the State Lands Commission.

Under the final proposal, the City will lease the described real property, two hundred feet in width and approximately 13,563 feet long, for the purpose of installing, maintaining and operating a pipeline approximately eleven (11) inches internal diameter for the transmission of natural gas and natural gas liquids. Note that according to the final Environmental Impact/Environmental Assessment Report, no oil is to be produced; oil production would necessitate a separate project.

If approved, the commencement date will be July 1, 1982, and the lease will continue for 15 years thereafter. The lease may be renewed for successive five-year periods up to a total term of fifty years, including the original fifteen year term. Annual rental will be $3,257, with the City reserving the right to change the amount of the annual rental at five-year intervals under a prescribed formula that considers the Consumers Price Index. The rental rate may not be reduced below the original annual rental fee. An initial granting fee of $500 will be charged.

The County of Santa Barbara was designated as the lead agency and issued the final

joint Environmental Impact/Environmental Assessment Report covering the entire Pitas Point Project in May 1981. The California Coastal Commission found it consistent with the State's Coastal Zone Management Plan in September 1981. Pac-Interstate will apply to the Coastal Commission for a Coastal Development Permit for the portion of the pipeline within its jurisdiction.

The Board of Supervisors of the County of Santa Barbara, which has jurisdiction for State tide and submerged lands between two and three miles off shore, granted a lease to Texaco, August 10, 1981. The Santa Barbara County Grant, Chapter 846, Statutes of 1931, permits the County to lease lands for purposes consistent with the public trust, but the County is not required to obtain written approval for its lease from the State Lands Commission as is the City. The staff of the Commission and other appropriate agencies reviewed and commented on the entire project during the environmental review process.

The County lease will be amended to modify the route of the pipeline near shore to prevent its crossing of Chevron's existing ten-inch diameter products pipeline, and to provide greater clearance between the proposed pipeline and Chevron's tanker anchorage area and other modifications near the platform. This followed the review of the Environmental Impact Report and the subsea survey data generated. The proposed Carpinteria lease describes the route as corrected.

The lessee will maintain comprehensive liability insurance including pollution liability on an occurrence basis applicable to personal injury, bodily injury and property damage to a combined single limit of $6,000,000 each occurrence.

Pac-Interstate has applied to the United States Bureau of Land Management for a

right-of-way for the portion of the pipeline between the County lease and platform "Habitat" and for appropriate certificates, permits, approvals, agreements and easements from federal, State and regional agencies and from private companies.

The terms of the City's proposed lease represents a reasonable effort by the City to charge rates which are consistent with those charged for land of similar location and value or for uses of similar nature. State agencies have had the opportunity to comment on the project.

In January 1982, Carpinteria's Local Coastal Plan was certified by the State. It summarized past efforts of the City to assure public access to the beach, tide and submerged lands, to promote recreational uses. It listed a number of future projects for protection of environmentally significant lands, specifics about supporting facilities needed to handle and serve day visitors drawn to the City's beach from such points as San Joaquin County and San Fernando Valley, and other tourists and residents. In June 1981 the City adopted a Tidelands Improvement Plan with data on marsh restoration, beach maintenance, parks, and erosion control measures. In April 1982, Bailard/Jenkins Consultants completed a Beach Erosion and Pier Siting Study so that the City can proceed to accomplish its goals based on scientific assessment of the beach, waves, weather, tides, sand movements, engineering and costs.

Increased funds will be needed to complete the work planned for tide and submerged lands and adjacent access and support facilities.

As provided by Section 10 of the grant statute, should the City accumulate an amount of excess revenues of $250,000 in its tidelands trust fund after current and accrued operating costs and expenditures

for trust activities, it would be obligated to return 85 percent to the General Fund in the State Treasury. The remaining 15 percent would be retained by the City in the trust fund to be used for purposes authorized by the grant. The City is required to submit an annual financial report to the State Lands Commission and has reported in a timely fashion.

AB 884: N/A.

EXHIBIT: A. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A FINAL ENVIRONMENTAL IMPACT REPORT ENTITLED "NATURAL GAS PLATFORM HABITAT AND PIPELINE -- PITAS POINT UNIT, SANTA BARBARA CHANNEL" WAS PREPARED BY THE COUNTY OF SANTA BARBARA, CERTIFIED AND TRANSMITTED TO PERMITTING AGENCIES ON MAY 8, 1981, AND FILED BY THE COUNTY ON AUGUST 10, 1981 (CAL. ADM. CODE 15061(c)).

2. FIND THAT TERMS OF THE PROPOSED LEASE OF GRANTED LANDS AT CARPINTERIA, PROPOSED BY THE CITY, ON MAY 12, 1982, WITH PROPOSED CHANGES DATED JUNE 8, 1982, ARE IN THE BEST INTERESTS OF THE PEOPLE OF THE STATE; CONFORMS TO SECTION 6.5 OF THE GRANT STATUTE; AND THAT ANY REVENUES GENERATED AS A RESULT WILL BE ALLOCATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 10 OF THE GRANT STATUTE.

(Revised 6/22/82)

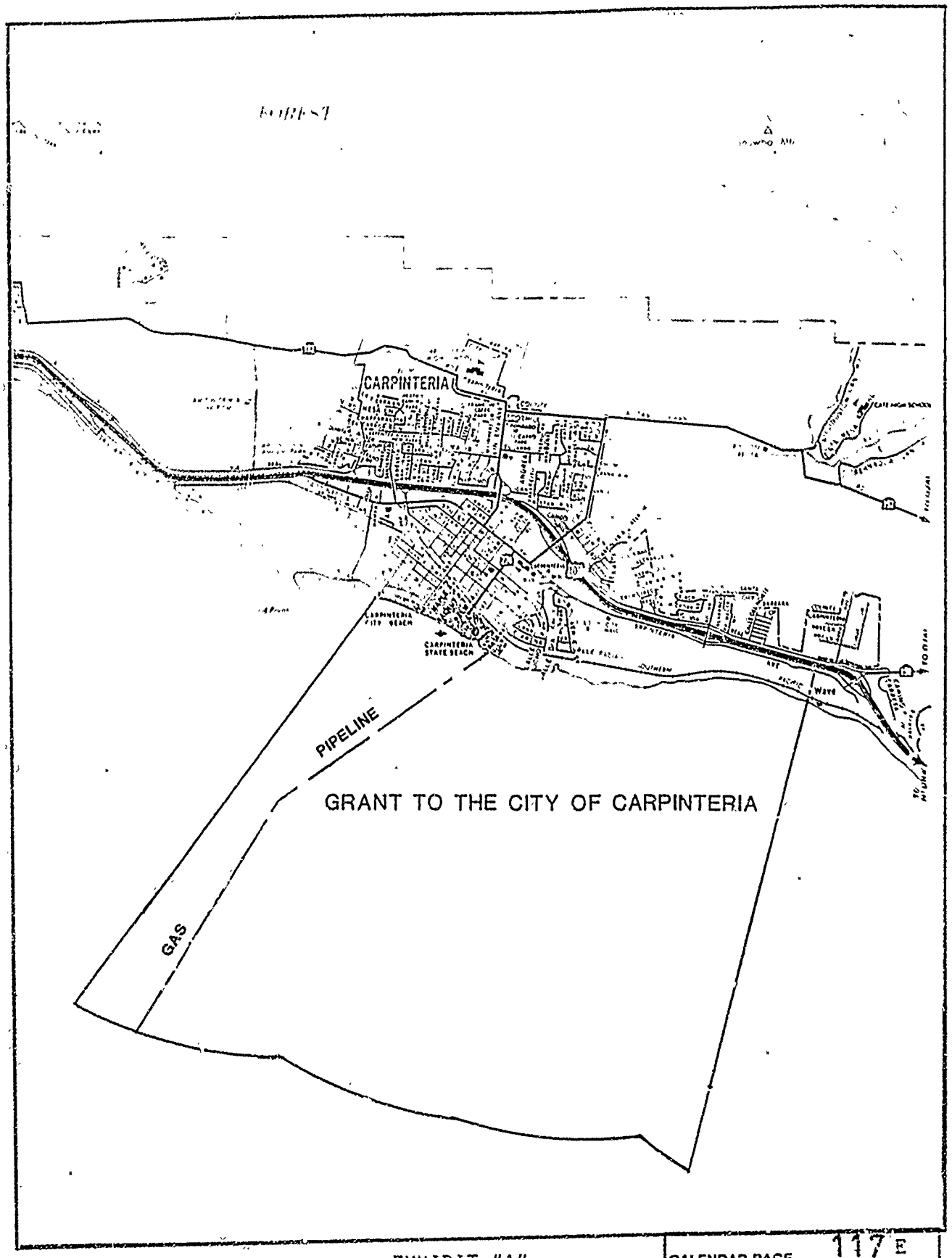

EXHIBIT "A"
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