

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 2/28/85 meeting.

Minute item 20 meeting of 2/28/85 attended

by minute item 33 meeting of 2/26/85 JP

MINUTE ITEM

20

2/28/85  
W 23466  
TOWNSEND

CONDITIONAL ACCEPTANCE OF PROPOSAL  
SUBMITTED BY THE CITY OF HUNTINGTON BEACH  
AND AWARD OF 18-MONTH OPTION TO LEASE;  
REJECTION OF PROPOSALS SUBMITTED BY  
MOLA DEVELOPMENT CORPORATION  
CITY OF HUNTINGTON BEACH, ORANGE COUNTY

During consideration of Calendar Item 20 attached, Lance Kiley, Chief of the Land Management and Conservation Division, outlined some proposed changes in Calendar Item 20.

Staff recommended that the Commission reject the two proposals submitted by Mola Development Corporation, accept the City's proposal, and issue an 18 month option to lease, subject to the following modifications.

Add to Condition (1), Page 3 of the Calendar Item: The City shall further agree that no further subleasing of that parcel shall be allowed without prior consent of the Commission.

Add new Condition (5), Page 4 of the Calendar Item: The City shall be authorized to exercise the option to lease in two parts in the event that Mola is able to obtain all required permits for its proposed development before the City has fulfilled requirements for its proposed marina development.

Add new Condition (6), Page 4 of the Calendar Item: Authorize acceptance of land, or an interest in land, in lieu of the option price.

Prior Condition (5) becomes new Condition (7) on page 4 of the Calendar Item.

Councilman Jack Kelly, City of Huntington Beach, appeared to indicate acceptance of the proposed lease terms on behalf of the City of Huntington Beach. Councilman Kelly also extended appreciation to Executive Officer Dedrick and staff for their help during the negotiations for this project.

Responding to a concern raised by Executive Officer Dedrick, Councilman Kelly assured the Commission of the City's intent to proceed in a timely manner with development of the public marina.

Mr. Peter Von Elton, Executive Vice President of the Mola Development Corporation, echoed the comments of Councilman Kelly and also thanked staff for their cooperation.

CALENDAR PAGE  
MINUTE PAGE  
739

There being no further discussion and upon motion duly made by Commission-Alternate Susan Wallace and seconded by Acting Chairwoman Nancy Ordway, the following resolution was approved, as amended, by a vote of 2-0:

## THE COMMISSION:

1. FINDS THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. REJECTS THE TWO PROPOSALS SUBMITTED BY MOLA DEVELOPMENT CORPORATION.
3. DECLARES AND DETERMINES THAT THE PROPOSAL SUBMITTED BY THE CITY OF HUNTINGTON BEACH REPRESENTS THE BEST RESPONSIBLE BID AND SUBSTANTIALLY MEETS THE REQUIREMENTS OF THE INVITATION, AND FURTHER THAT CONDITIONAL ACCEPTANCE OF THE SUBJECT PROPOSAL IS IN THE BEST INTERESTS OF THE STATE.
4. AUTHORIZES THE CONDITIONAL ACCEPTANCE OF THE PROPOSAL SUBMITTED BY THE CITY OF HUNTINGTON BEACH AND AUTHORIZES THE AWARD OF AN 18-MONTH OPTION TO LEASE.
5. AUTHORIZES THE EXECUTIVE OFFICER OR HER DESIGNEE AND THE OFFICE OF THE ATTORNEY GENERAL TO NEGOTIATE REQUIRED CHANGES TO THE OPTION AND LEASE(S) TO CONFORM WITH THE CONDITIONS OUTLINED ABOVE.
6. AUTHORIZES THE EXECUTIVE OFFICER OR HER DESIGNEE AND THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY OR APPROPRIATE TO EFFECTUATE THE PROPOSED OPTION TO LEASE.
7. FINDS THAT THE APPROVAL AND ISSUANCE OF A LEASE OR LEASES, UPON SUCCESSFUL COMPLIANCE WITH THE TERMS OF THE OPTION, WILL BE SUBJECT TO SUBSEQUENT APPROVAL BY THE COMMISSION.

CALENDAR ITEM

A 58

S 37

20

02/28/85  
W 23466  
Townsend  
Hadly

CONDITIONAL ACCEPTANCE OF PROPOSAL  
SUBMITTED BY THE CITY OF HUNTINGTON BEACH  
AND AWARD OF 12-MONTH OPTION TO LEASE;  
REJECTION OF PROPOSALS SUBMITTED BY  
MOLA DEVELOPMENT CORPORATION  
CITY OF HUNTINGTON BEACH, ORANGE COUNTY

I. BID SOLICITATION

In November 1984, staff advertised and distributed an "Invitation to Submit Proposals for Development and for Option to Lease" a commercial marina in the Huntington Harbour Main Channel and the Bolsa Chica Flood Control Channel, located in the City of Huntington Beach, Orange County.

It was specified in the Invitation that award of the option to lease would be based upon consideration of certain evaluation criteria according to the sole discretion of the Commission. The criterion are summarized below:

1. Completeness of the submitted proposal package.
2. Qualifications and responsibility of the proposer.
3. Quality and responsiveness of proposal.
4. Public benefit factors.
5. Consideration.

The following options regarding submitted proposals (as provided in the Invitation) are available to the Commission, at its sole discretion:

(ADDED 02/27/85)

-1-

CALENDAR PAGE	36
THIS PAGE	74

CALENDAR ITEM NO. 2 (CONT'D)

1. It may select one of the submitted proposals and award an option to lease the commercial marina site.
2. It may reject all of the submitted proposals.

If the Commission rejects all of the submitted proposals, it may then, at its sole discretion:

1. Readvertise the development opportunity.
2. Elect not to readvertise the development opportunity.
3. Negotiate a lease for the State's property.
4. Elect not to lease the State's property.

#### II. THE BIDS

Three bids were received on January 16, 1985, and were opened publicly by Commission staff at 10:15 a.m., on January 17, 1985. Two proposals were submitted by Mola Development Corporation, and one proposal was submitted by the City of Huntington Beach. The proposals, as well as a staff summary of them, dated January 30, 1985, are on file in the Office of the State Lands Commission.

As was discussed in Section I, above, the weight to be given each of the factors in awarding the option is totally within the discretion of the Commissioners. Each of the proposals substantially comply with the requirements specified in the Invitation, provide for an annual rental factor, and economic security as assurance to the State in meeting the service objectives of the lease. Both proposers demonstrate the financial ability to undertake a project of this type.

In its evaluation of the proposals, staff placed considerable weight on the public benefit factor. Via a Reciprocal Parking Agreement between the City and Mola, the City is able to provide two additional upland parcels to the project site. Combined with the State's upland parcel, the City proposes to develop a parking lot sufficient to supply parking for the public marina in the Bolsa Chica Channel and the long-needed parking for the City-operated Seabridge Park across Countess Drive. Due to the irregular shape of the State's upland parcel, access to a public street can not be obtained without these parcels.

(ADDED 02/27/85)

-2-

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 27 1985	
FBI - HUNTINGTON BEACH	
742	

CALENDAR ITEM NO. 20 (CONT'D)

Under the direction of the City's Department of Community Services, the public can be assured of reliable operation and maintenance of the marina on a long-term basis.

The heavy siltation problems in the Huntington Harbour area channels are of optimum concern on a local level, and have been a continued hindrance to the safe navigation of boat users. It is staff's understanding that surplus profit from the marina will be applied toward the City's expenses for dredging in the channels under its jurisdiction.

Based on the overall responsiveness of the City's proposal to the Invitation, and the City's ability to provide significant benefit to the public by providing additional land to the project site, additional public parking for the marina and the City's park, public access, and responsible and reliable maintenance and operation of the facilities, staff has concluded that it would be in the best interests of the State to accept the City's proposal. There are, however, certain modifications to the City's proposal, as well as to the option agreement and lease form, provided in the Invitation, which should be required.

Staff recommends that the Commission reject the two proposals submitted by Mola Development Corporation, and accept the City's proposal and issue a 12-month option to lease, subject to the following conditions and modifications:

1. The City shall agree to sublease the improvements in the Main Channel to Mola Development Corporation rather than to the Portofino Boatowners Association as specified in the City's proposal.
2. The City's proposal specifies a lease consideration of \$1,950 per annum for the improvements in the Main Channel. The City shall agree to rent these improvements at a fair market rental rate reflective of the Huntington Harbour area in the amount of \$8,424 per annum. This rental shall be paid to the State, on an annual basis, with the State reserving the right to modify the amount or rate of consideration on each fifth anniversary of the beginning date of the lease.
3. The base term of the lease shall be for 49 years rather than 30 years as specified in the Invitation.

(ADDED 02/27/85)

6.2
743

CALENDAR ITEM NO. 20 (CONT'D)

4. The City shall assume the role of Lead Agency in the preparation of an Environmental Impact Report (EIR) or other appropriate environmental document for the proposed project. The option agreement shall be modified to reflect this change.
5. Authorize staff to further negotiate any changes and modifications to the option agreement and lease form, with the City, as a public municipality, including the deletion of the Invitation's requirements for performance bonds.

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

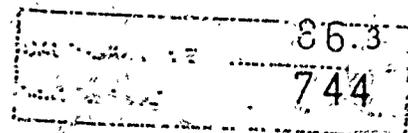
AB 884: N/A.

EXHIBITS: A. Project Site.  
B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. REJECT THE TWO PROPOSALS SUBMITTED BY MOLA DEVELOPMENT CORPORATION.
2. DECLARE AND DETERMINE THAT THE PROPOSAL SUBMITTED BY THE CITY OF HUNTINGTON BEACH REPRESENTS THE BEST RESPONSIBLE BID AND SUBSTANTIALLY MEETS THE REQUIREMENTS OF THE INVITATION, AND FURTHER THAT CONDITIONAL ACCEPTANCE OF THE SUBJECT PROPOSAL IS IN THE BEST INTERESTS OF THE STATE.
3. AUTHORIZE THE CONDITIONAL ACCEPTANCE OF THE PROPOSAL SUBMITTED BY THE CITY OF HUNTINGTON BEACH AND AUTHORIZE THE AWARD OF A 12-MONTH OPTION TO LEASE.

(ADDED 02/27/85)



CALENDAR ITEM NO. 20 (CONT'D)

4. AUTHORIZE THE EXECUTIVE OFFICER OR HER DESIGNEE AND THE OFFICE OF THE ATTORNEY GENERAL TO FURTHER NEGOTIATE ANY REQUIRED CHANGES AND MODIFICATIONS TO THE OPTION AND LEASE FORM WITH THE CITY, AS A PUBLIC MUNICIPALITY.
5. AUTHORIZE THE EXECUTIVE OFFICER OR HER DESIGNEE AND THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL STEPS NECESSARY OR APPROPRIATE TO EFFECTUATE THE PROPOSED OPTION TO LEASE
6. FIND THAT THE APPROVAL AND ISSUANCE OF A LEASE, UPON SUCCESSFUL COMPLIANCE WITH THE TERMS OF THE OPTION, WILL BE SUBJECT TO SUBSEQUENT APPROVAL BY THE COMMISSION.
7. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

(ADDED 02/27/85)

64  
745

# PROJECT SITE

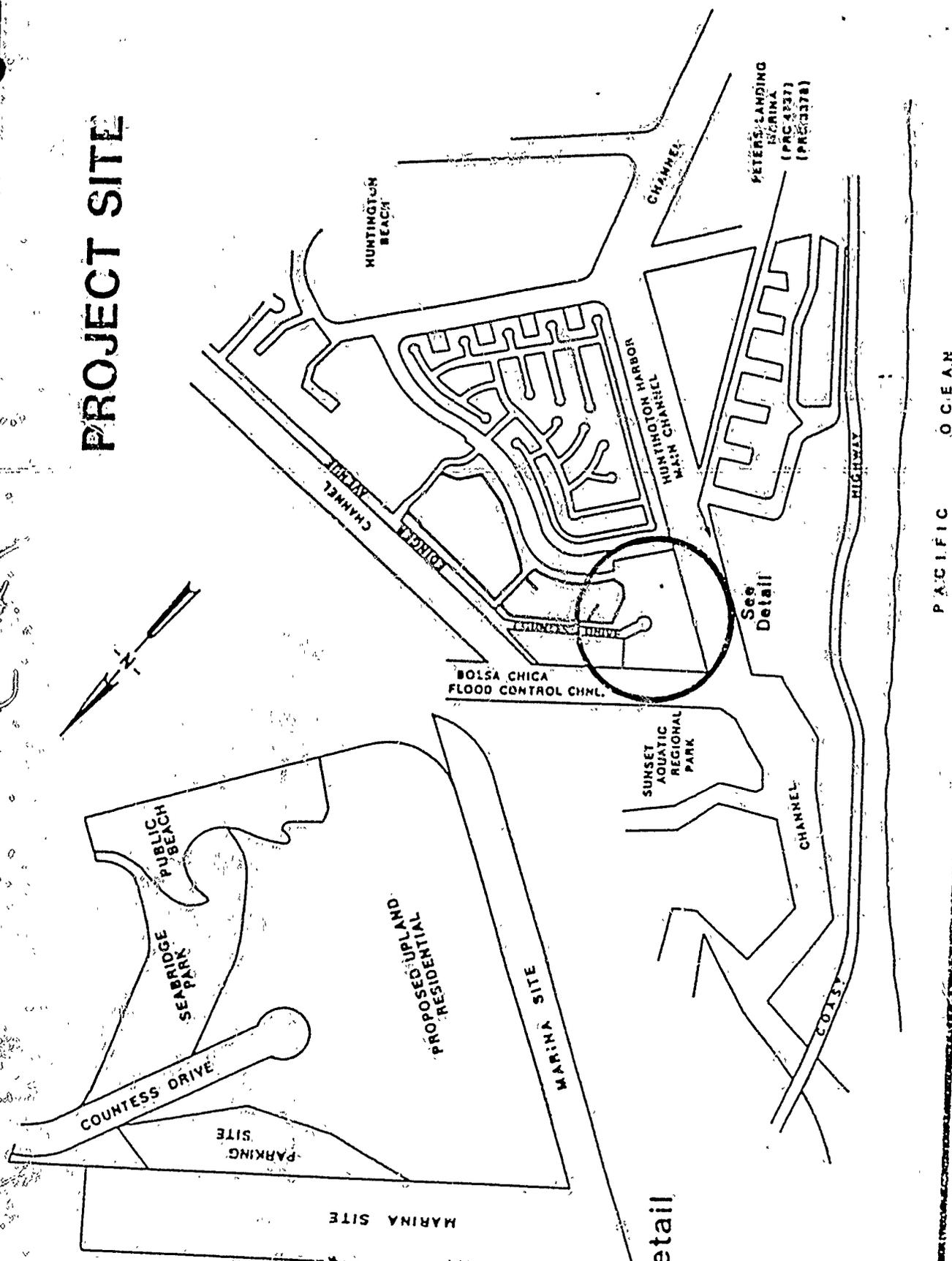


EXHIBIT "A"

Detail

865  
746

SITE

EXHIBIT "B"  
W 23466

HUNTINGTON BEACH

CALENDAR PAGE	26.6
SITE NO.	747