

MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 2
to 0 at its 3/27/86
meeting.

CALENDAR ITEM

A 70

29

03/27/86

S 37

G 09-00

Horn:

J. Sekelsky

CONSIDERATION OF EXPENDITURE OF \$1.5 MILLION
OF TIDELANDS REVENUES (PLUS INTEREST) FOR
NEWPORT DUNES PROJECT BY COUNTY OF ORANGE

GRANTEE/TRUSTEE:

County of Orange
Environmental Management Agency
Attn: H. J. Krizan, Director
EMA Parks and Recreation
P. O. Box 4048
Santa Ana, California 92702

BACKGROUND:

Newport Dunes is a privately operated recreational complex including a swimming and beach recreation lagoon, small boat marina, launch ramp, and various retail commercial facilities and restaurants. The development is located on tidelands originally granted to the County of Orange by Chapter 526, Statutes of 1919, as amended, and subsequent grants. The County's lessee is Newport Dunes, Inc. (NDI).

A redevelopment plan for the site was approved for the site in 1980. In 1981, the City of Newport Beach filed suit to overturn the environmental documentation for the project. The suit was finally settled in 1983. The redevelopment plan has been approved by all the parties and has also received a permit from the California Coastal Commission.

CURRENT SITUATION:

The current County lessee (NDI) operates the 72-acre leasehold. The site is generally open to the public; however, individual admission fees are charged for all entry and parking on the property. Current plans call for construction of a

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medium price hotel, additional restaurants, upgraded beach recreation, dry boat storage and RV camping facilities. The coastal permit requires that the area be open to the public at no charge to pedestrians or bicyclists entering the property. Other public access works are also planned for the site.

Because the settlement agreement and Coastal Permit require the development of significant public serving facilities for which no admission fee may be charged, the County proposes to offset the costs for these improvements against future revenues.

Specifically, the County is proposing to fund the construction on granted tidelands of approximately \$1.5 million of public access improvements including: pedestrian and bike path, lifeguard structures, restrooms, parking and an Upper Bay Interpretive Center. These costs would be funded by a loan to the Newport Tidelands Fund from the County Harbors, Reaches and Parks District. The funds would be repaid from the significantly enhanced revenue stream produced by the rentals from the new improvements. The repayment from tidelands trust funds would include interest on the borrowed funds, at a rate not to exceed the County Auditor/Controller's commingled interest rate realized on funds retained and invested by the Auditor/Controller.

Financial projections show revenues increasing from the current \$200,000 to in excess of \$1 million per year. The loan proceeds would be paid back within ten years and the remaining tidelands trust funds would be available for local tidelands operations and improvements.

The Newport (County) Tidelands grant provides that any proposed single capital improvement on the granted lands in excess of \$250,000 requires the prior approval of the State Lands Commission. Staff of the Commission has examined the County's proposal and finds that it is consistent with the provisions of the grant and is in the statewide interest and benefit.

The County prepared a final environmental impact report on the project dated December 23, 1980. The settlement resolved the issues originally brought by the City in its suit against the County. In addition, the State Coastal Commission has issued a permit which, under Section 21080.5 of the P.R.C., functions as a CEQA - equivalent document. (See also 14 Cal. Adm. Code 15251(c)). Staff has reviewed these documents and is satisfied that the project as approved by those agencies, will not have a significant effect on the environment.

AB 884: N/A.

(REVISED 03/21/86)

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE COUNTY OF ORANGE HAS PREPARED AN ENVIRONMENTAL IMPACT REPORT (EIR) PURSUANT TO CEQA AND THE COASTAL COMMISSION HAS ISSUED A PERMIT FOR THE PROJECT, AND THAT BOTH AGENCIES HAVE DETERMINED THAT THE NEWPORT DUNES PROJECT, AS CURRENTLY PROPOSED WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
2. FIND THAT, BASED UPON A REVIEW OF THE ENVIRONMENTAL DOCUMENTS PREPARED BY THE COUNTY AND THE COASTAL COMMISSION, THE PROJECT AS PROPOSED WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. FIND THAT THE PROPOSED FINANCING OF PUBLIC ACCESS IMPROVEMENTS BY THE COUNTY THROUGH THE USE OF TIDELANDS TRUST REVENUES IS CONSISTENT WITH THE TERMS OF ITS GRANT AND IS IN THE STATEWIDE INTEREST AND BENEFIT.
4. FIND THAT THE PROPOSED METHOD OF FINANCING THE PROJECT BY A LOAN FROM THE COUNTY HARBORS, BEACHES, AND PARKS DISTRICT, TO BE REPAID FROM FUTURE TRUST REVENUES, WITH INTEREST AT A RATE NOT TO EXCEED THE COUNTY AUDITOR/CONTROLLER'S COMMINGLED INTEREST RATE REALIZED ON FUNDS RETAINED AND INVESTED BY THE AUDITOR/CONTROLLER, IS CONSISTENT WITH THE TERMS OF THE COUNTY'S GRANT AND IS IN THE STATEWIDE INTEREST AND BENEFIT.
5. AUTHORIZE STAFF TO TAKE ANY AND ALL STEPS NECESSARY TO GIVE EFFECT TO THESE FINDINGS AND DETERMINATIONS.

(REVISED 03/21/86)

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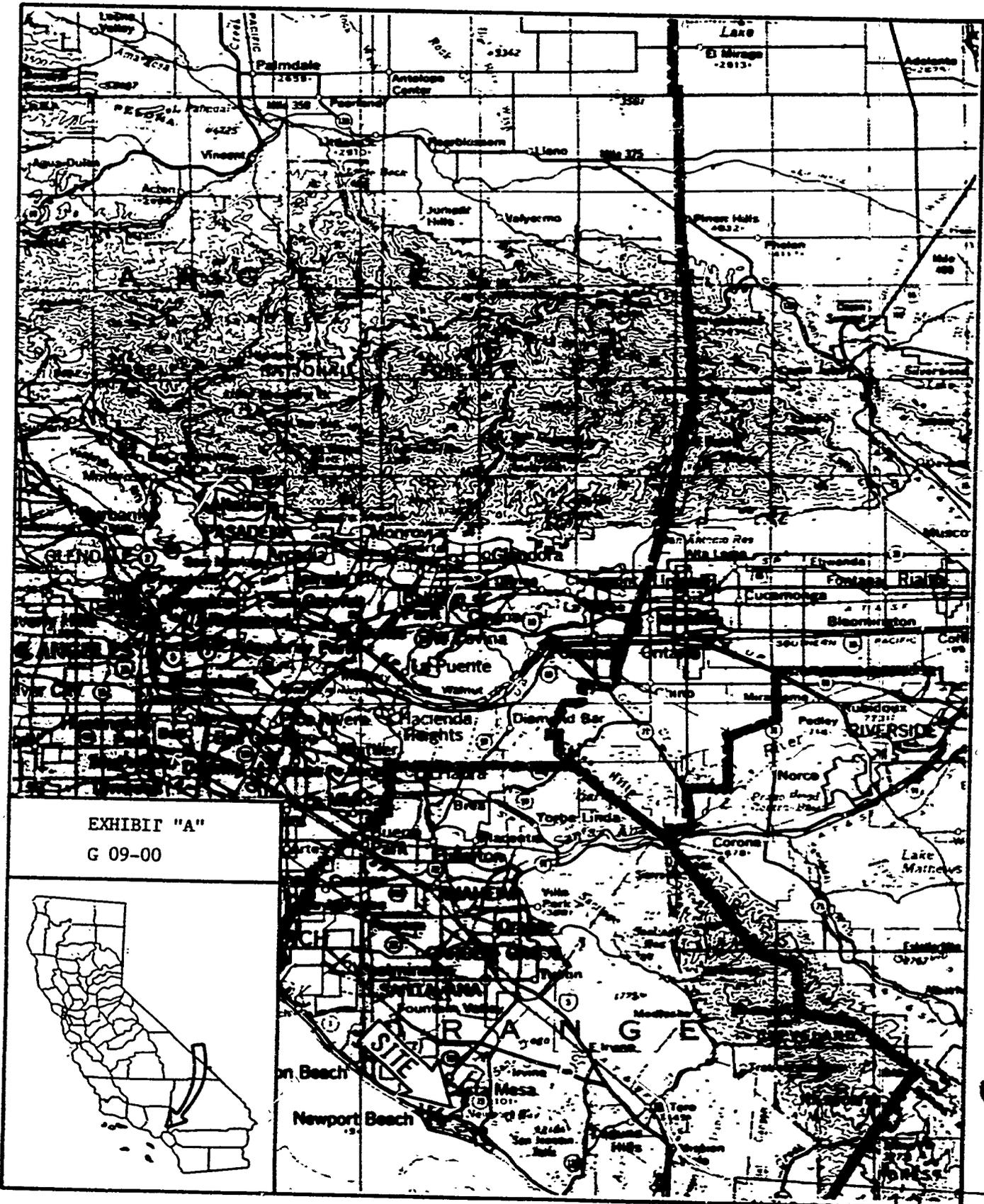


EXHIBIT "A"
G 09-00



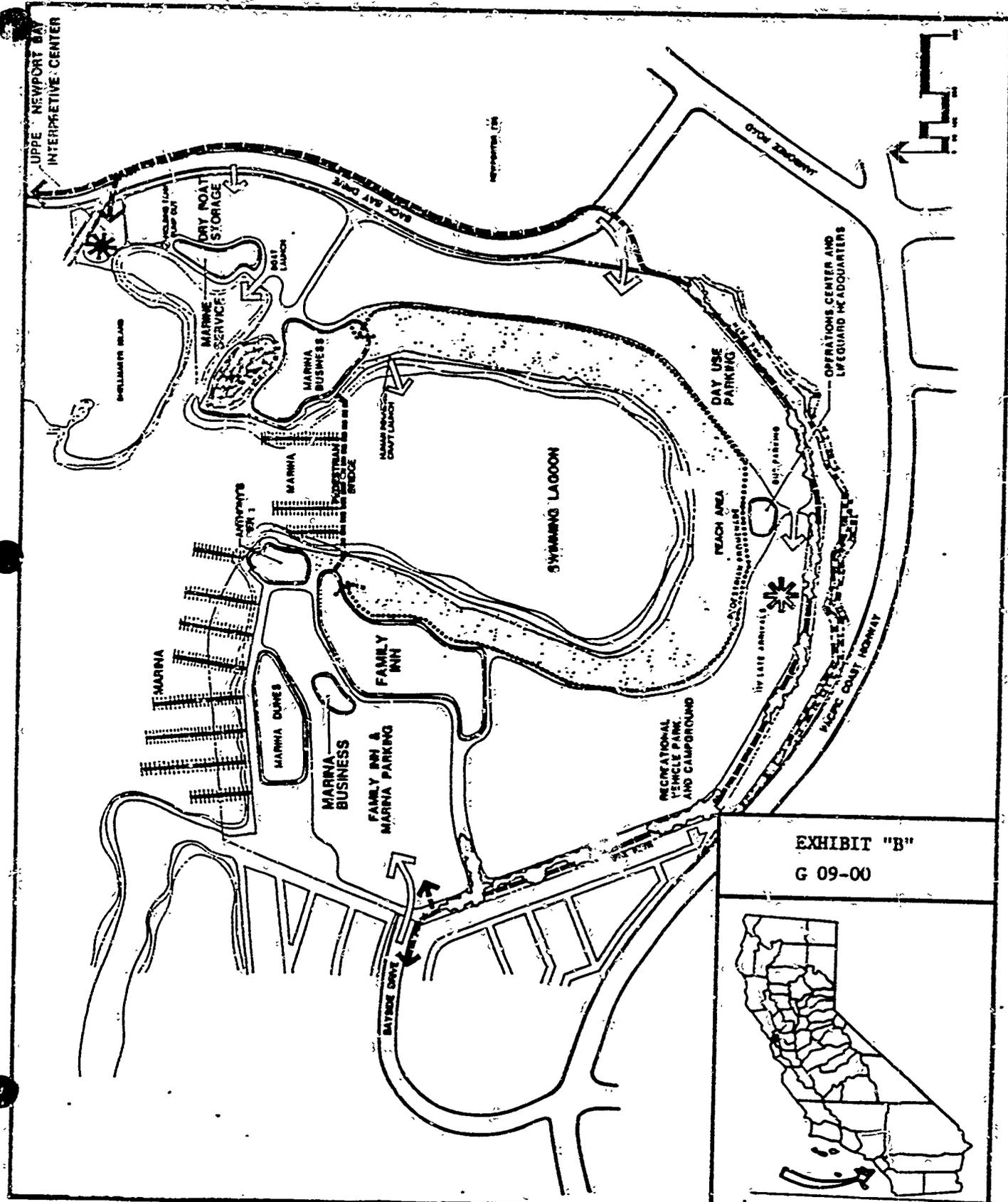


EXHIBIT "B"
G 09-00

