

MINUTE ITEM

This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 2
to 0 at its 12/23/86
meeting.

MINUTE ITEM

22

12/23/86
PRC 6978
J. Ludlow

**TEMPORARY REDUCTION OF LIABILITY INSURANCE
GENERAL LEASE - COMMERCIAL USE**

During consideration of Calendar Item 22 attached,
Commission-Alternate Ordway requested that the "temporary"
reduction be limited to a period of six months. At that time,
the item would be brought back to the Commission.

Upon motion duly made and carried, the following resolution was
approved, as amended, by a vote of 2-0.

THE COMMISSION:

1. FINDS THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS
OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A
CATEGORICAL EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES,
14 CAL. ADM. CODE 15304, 2 CAL. ADM. CODE 2905(a)(2).
2. AUTHORIZES A SIX-MONTH REDUCTION OF LIABILITY INSURANCE
COVERAGE REGARDING LEASE PRC 6978 FROM \$1,000,000 TO
\$500,000.

Attachment: Calendar Item 22

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CALENDAR ITEM

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12/23/86

PRC 6978

J. Ludlow

TEMPORARY REDUCTION OF LIABILITY INSURANCE
GENERAL LEASE - COMMERCIAL USE

APPLICANT: Lawson Brothers
dba Lawson's Landing
P. O. Box 68
Dillon Beach, California 94929

AREA, TYPE LAND AND LOCATION:
A 15.18-acre parcel of tide and submerged land,
located in Tomales Bay, Marin County.

LAND USE: Operation and maintenance of a commercial
marina known as Lawson's Landing.

TERMS OF EXISTING LEASE:
Initial period: 30 years beginning January 1,
1979.

Surety bond: \$2,000.

Public liability insurance: Combined single
limit coverage of \$1,000,000.

CONSIDERATION: Minimum annual rental of \$1,000 for the period
covering January 1, 1979 through December 31,
1985 and \$1,900 minimum annual rental beginning
January 1, 1986, against five percent of gross
income derived from the State land, one cent per
gallon of fuel sold during the reporting period
to a maximum of 100,000 gallons and one and
one-half cents per gallon thereafter, with the
State reserving the right to fix a different
rental on each fifth anniversary of the lease.

BASIS FOR CONSIDERATION:
Pursuant to R Cal. Adm. Code 2003.

CALENDAR ITEM NO. 22 (CONT'D)

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.

OTHER PERTINENT INFORMATION:

1. 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.

2. On May 22, 1986, by Minute Item No. 6, the Commission approved the issuance of Lease No. PRC 6978 authorizing the use and maintenance of 56 moorings, a boat launching facility, a pier, fuel sales and a bulkhead on State land. The lease required the applicant provide comprehensive liability insurance in the amount of \$1,000,000.
3. The lessees have provided staff with an insurance certificate for the amount of \$500,000, combined single limit which is the amount of insurance the lessee carried prior to their lease with the Commission. The lessee's, to date, have been unsuccessful in obtaining additional amounts of coverage to their existing limit to satisfy the terms of the lease.
4. The insured's carrier has advised staff that, at present, \$500,000 is the maximum limit they can offer and they see no indication of any movement in the near future for any relief, either in the limits of liability available, or cost to the State's lessee.

CALENDAR ITEM NO. 22 (CONT'D)

5. At present, the lessee's additional cost to name the State of California as an additional insured amounts to more than the lessee's minimum annual rental.
6. The lessee has advised the staff that they will continue to pursue the matter of increasing their insurance limit to \$1,000,000 as required under the terms of the lease and will provide staff with evidence of their efforts to do so on a semi-annual basis as set forth in a Supplementary Letter of Understanding between the State and the State's lessee, and herein attached as Exhibit "B".

APPROVALS OBTAINED:
None.

FURTHER APPROVALS REQUIRED:
None.

EXHIBIT: A. Location Map.
 B. Letter of Understanding.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE 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. AUTHORIZE A TEMPORARY REDUCTION OF LIABILITY INSURANCE COVERAGE REGARDING LEASE PRC 6978 FROM \$1,000,000 TO \$500,000, PROVIDED THAT:
 - A. SUCH COVERAGE SHALL BE RESTORED TO \$1,000,000 AS SOON AS LESSEE IS ABLE TO OBTAIN THE ADDITIONAL COVERAGE;
 - B. LESSEE PROVIDES STAFF WITH RELIABLE DATA WHICH ESTABLISHES VERIFICATION OF LESSEE'S EFFORT TO OBTAIN SUCH ADDITIONAL INSURANCE COVERAGE ON A SEMI-ANNUAL BASIS SET FORTH IN SUPPLEMENTARY LETTER OF UNDERSTANDING (LEASE AMENDMENT).

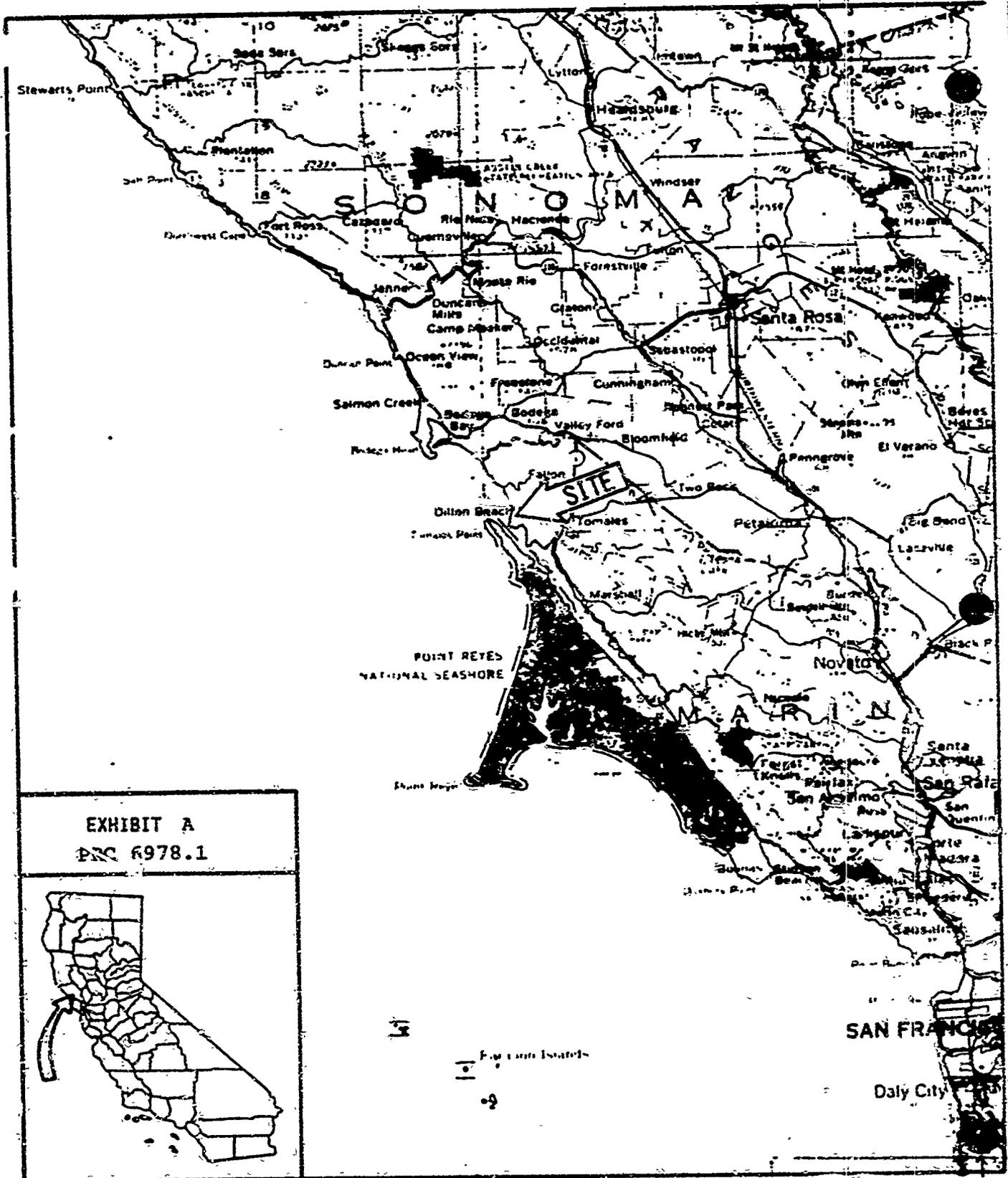


EXHIBIT A
 PRC 6978.1



EXHIBIT "B"

STATE OF CALIFORNIA
STATE LANDS COMMISSION

LEASE NO. PRC 6978.1, PUBLIC RESOURCES CODE SERIES
SUPPLEMENTARY LETTER OF UNDERSTANDING

This letter shall be deemed a part of said Lease as if fully set forth therein, effective upon execution on behalf of the State Lands Commission of the State of California.

Notwithstanding the Basic Provisions contained in Section 1 and the General Provisions contained in Section 4 of PRC 6978.1, dated November 21, 1986, the amount of liability insurance is temporarily reduced from \$1,000,000 to \$500,000 with the following conditions:

1. Lessee will provide the State of California with an insurance policy written for the amount of \$1,000,000 as soon as Lessee is able;
2. Lessee will provide the State Lands Commission staff with reliable data, submitted on a semi-annual basis, beginning July 1, 1987, which establishes verification of Lessee's effort to obtain such additional insurance coverage.

All other terms and conditions of PRC 6978.1 remain unchanged.

LAWSON'S LANDING

STATE OF CALIFORNIA
STATE LANDS COMMISSION

NANCY VOGLER

By _____

Title _____

Date _____

Date _____

ACKNOWLEDGEMENT

Execution of this letter was
authorized by the State Lands
Commission on _____

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