

MINUTE ITEM
This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 3
to 0 at its 5-1-91
meeting.

CALENDAR ITEM

A 1

32

S 1

05/01/91
PRC 514
Reese
Small

APPROVE A SUPPLEMENTAL AGREEMENT PROVIDING FOR A
THREE-MONTH LEASE EXTENSION AND SALE OF SCHOOL LANDS
SIERRA ARMY DEPOT

LESSEE:

United States Army Corps of Engineers
650 Capitol Mall
Sacramento, California 95811

The United States Government has leased approximately 16,282.54 acres of school lands since February 1942. These lands have been utilized as part of the Sierra Army Depot. The lease is due to expire on September 30, 1991 and the United States Army Corps of Engineers desires to purchase the school lands. Since funding is not likely to be obtained until the 1992 fiscal year budget is approved, the United States Army Corps of Engineers has requested a three-month extension until December 31, 1991. In consideration of the three month extension the United states will pay thirty thousand dollars (\$30,000) in arrears which will not be apportioned.

The United States had an appraisal performed by an independent contract appraiser. The appraisal was reviewed and approved by the Commission's appraisal staff. The purchase price shall be one million three hundred three thousand and no/100 dollars (\$1,303,000.00) which is the appraised value.

Throughout the negotiations, the most difficult issue to resolve was the status of the mineral rights since the Commission is required by state law to reserve the mineral rights. Because of the nature of the operations conducted at the facility the United States Army Corps of Engineers desires to obtain fee title. The United States Army Corps of Engineers proposed to condemn the mineral estate and desired the Commission's concurrence that the mineral estate had no value. This was not acceptable to the staff. However, since there are other alternatives available to the Commission, the staff does not believe it is in the best interest of the State Teachers Retirement System to be involved in protracted litigation over the value of the reserved mineral

estate which may not be quantifiable. Therefore, the Supplemental Agreement provides that the state and United States Army Corps of Engineers will enter into a friendly condemnation whereby the Commission will retain a 12.5% nonparticipating royalty interest. The United States would then have authority to control all access to the base and if mineral exploration and development is ever approved, the State would share in the proceeds.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Code Regs.: Title 3, 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. Code Regs. 15061), the staff has determined that consideration of the Supplemental Agreement is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities, 2 Cal. Code Regs. 2905(a)(2).

Authority: P.R.C. 21084, 14 Cal. Code Regs. 15300, and 2 Cal. Code Regs. 2905

2. That the consideration of the sale of school land is exempt from the requirements of CEQA as a statutorily exempt project. The project is exempt because it involves an action taken pursuant to the School Land Bank Act, P.R.C. 8700, et seq.

Authority P.R.C. 8710.

EXHIBIT:

- A. Parcel Description

IT IS RECOMMENDED THAT THE COMMISSION:

1. AS TO THE SUPPLEMENTAL AGREEMENT PROVIDING A THREE-MONTH EXTENSION TO THE EXISTING LEASE, FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES, 2 CAL. CODE REGS. 2905(a)(2).

CALENDAR ITEM NO. 32 (CONT'D)

2. APPROVE THE SUPPLEMENTAL AGREEMENT WHICH EXTENDS LEASE PRC 514 FROM OCTOBER 1, 1991 TO DECEMBER 31, 1991.
3. AS TO THE SUBSEQUENT SALE OF THE SCHOOL LANDS PARCEL DESCRIBED IN EXHIBIT "A", FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO P.R.C. 8631, AN ACTION TAKEN PURSUANT TO THE KAPILOFF LAND BANK ACT, P.R.C. 8600, ET SEQ.
4. APPROVE THE SALE OF THE SCHOOL LANDS ENCOMPASSED BY LEASE PRC 514 TO THE UNITED STATES GOVERNMENT FOR THE SUM OF ONE MILLION THREE HUNDRED THREE THOUSAND AND NO/100 DOLLARS (\$1,303,000.00) WHICH SHALL BE DEPOSITED IN THE SCHOOL LAND BANK FUND.
5. AUTHORIZE STAFF AND/OR THE ATTORNEY GENERAL'S OFFICE TO ENTER INTO A FRIENDLY CONDEMNATION TO IMPLEMENT THE PROVISIONS OF THE SUPPLEMENTAL AGREEMENT REGARDING THE MINERAL ESTATE AND RESERVATION OF A 12½ PERCENT ROYALTY.

EXHIBIT "A"

LAND DESCRIPTION

WP 514

Those portions of State-owned land in the County of Lassen, State of California, more particularly described as follows:

Subdivision	Sec.	Twp.	Rq.	Meridian
W $\frac{1}{2}$ of SW $\frac{1}{4}$	1	27N	16E	M.D.M.
Lots 2 and 3	2	"	"	"
N $\frac{1}{2}$, SE $\frac{1}{4}$, N $\frac{1}{2}$ of SW $\frac{1}{4}$, SW $\frac{1}{4}$ of SW $\frac{1}{4}$	4	"	"	"
NW $\frac{1}{4}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$	9	"	"	"
NW $\frac{1}{4}$, E $\frac{1}{2}$ of SW $\frac{1}{4}$, NW $\frac{1}{4}$ of SE $\frac{1}{4}$	10	"	"	"
N $\frac{1}{2}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$, SW $\frac{1}{4}$	11	"	"	"
N $\frac{1}{2}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$	12	"	"	"
All	13	"	"	"
All	14	"	"	"
All	15	"	"	"
NW $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$	16	"	"	"
Lots 1 and 2	22	"	"	"
NE $\frac{1}{4}$	23	"	"	"
All	24	"	"	"
All	27	"	"	"
All	34	"	"	"
All	35	"	"	"
All, excepting therefrom 0.23 of an acre more particularly described as follows:				
"BEGINNING at a point which bears N 0° 22' 20" E, 100.58 feet from the northeast corner of the NW $\frac{1}{4}$ of Section 2, T26N, R16E, MDM and running thence N 89° 37' 40" W, 100 feet; thence N 0° 22' 20" E, 100 feet; thence S 89° 37' 40" E, 100 feet; thence S 0° 22' 20" W, 100 feet to the point of beginning.				
Lots 1, 2, 3, 4, 5, 6, 7	6	27N	17E	M.D.M.
Lots 1, 2, 3, 4	7	"	"	"
All	8	"	"	"
All	17	"	"	"
All	18	"	"	"
All	19	"	"	"
All	20	"	"	"
All	30	"	"	"
Lot 4	29	"	"	"
N $\frac{1}{2}$ of N $\frac{1}{2}$, S $\frac{1}{2}$ of NW $\frac{1}{4}$, N $\frac{1}{2}$ of SW $\frac{1}{4}$, S $\frac{1}{2}$ of S $\frac{1}{2}$	31	"	"	"
Portion N of W. Pac. RR R/W	32	"	"	"
" " " " " "	20	28N	16E	M.D.M.
E $\frac{1}{2}$ of SE $\frac{1}{4}$	24	"	"	"
S $\frac{1}{2}$ of SE $\frac{1}{4}$	25	"	"	"
S $\frac{1}{2}$, E $\frac{1}{2}$ of NE $\frac{1}{4}$	25	"	"	"
SE $\frac{1}{4}$	26	"	"	"

<u>Subdivision</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rg.</u>	<u>Meridian</u>
SE $\frac{1}{2}$	28	28N	16E	M.D.M.
N $\frac{1}{2}$ of NE $\frac{1}{4}$	33	"	"	"
S $\frac{1}{2}$, NW $\frac{1}{4}$	34	"	"	"
N $\frac{1}{2}$, SE $\frac{1}{4}$, E $\frac{1}{2}$ of SW $\frac{1}{4}$	35	"	"	"
Lots 3, 4, & 6.74 Ac of Lot 2 So. of S.P.R/W	19	28N	17E	M.D.M.
Lots 1, 2, 3, 4, E $\frac{1}{2}$ of W $\frac{1}{2}$, SE $\frac{1}{4}$	30	"	"	"
S $\frac{1}{2}$ of SH $\frac{1}{4}$	29	"	"	"
All	31	"	"	"
W $\frac{1}{2}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$	32	"	"	"

END OF DESCRIPTION

REVISED MARCH 19, 1985, BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.