

MINUTE ITEM
This Calendar Item No. 87
was approved as Minute Item
No. 87 by the State Lands
Commission by a vote of 3
to 0 at its 11-26-01
meeting.

Minute Item
87

11/26/01
PRC 3639
A. Scott

SANTA CATALINA ISLAND COMPANY AND SANTA
CATALINA ISLAND CONSERVANCY
(APPLICANTS)

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11/26/01

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PRC 3639.9 PRC 3639.1

A. Scott

ISSUANCE OF COMMERCIAL LEASE FOR
MOORINGS AT CATALINA ISLAND

LESSEES:

Santa Catalina Island Company
P.O. Box 737
Avalon, California 90704

Santa Catalina Island Conservancy
P. O. Box 2739
Avalon, California 90704

AREA, LAND TYPE, AND LOCATION:

335 acres, more or less, of tide and submerged lands in various coves around Santa Catalina Island, Pacific Ocean, Los Angeles County.

AUTHORIZED USE:

Continued use and maintenance of 720 revenue producing moorings and six revenue producing stringlines as located and shown on Exhibits A-1 through A-11, attached hereto.

LEASE TERM:

20 years, beginning January 1, 2002.

CONSIDERATION:

A minimum annual rent of \$210,000 payable in two equal installments of \$105,000 each due on or before March 1 and August 31 of each year of the lease against the following percentages of gross income:

Mooring Subleases and Overnight Stay Charges	25%
Towing, Mechanical Services, Boat and Mooring Repairs	4%
Diving Services	5%
All Other Revenue	10%

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SPECIFIC LEASE PROVISIONS:

Insurance:

Combined single limit coverage of \$5,000,000.

Bond:

\$250,000.

OTHER PERTINENT INFORMATION:

1. Applicants own the uplands adjoining the lease premises.
2. Individual moorings have been installed around Santa Catalina Island (Island) for many years, even before the first lease issued by the Commission in 1950. These moorings were installed in various ways, some by individuals, some by contractors for individuals and some by the Santa Catalina Island Company (Company) for rental. Regardless of how the moorings were originally installed, the Company generally maintained them.

In 1966, the Commission issued a lease to the Company for 15 years with no renewal option. This lease allowed the Company operation of all the moorings around the Island with the exception of those located in Avalon Bay. During this lease period a large number of the current 720 moorings were installed, again some by individuals but most others by the Company. The Company operated the moorings through a sublease program. The subleases were of two kinds, one for the mooring equipment installed by the Company for rent to tenants and the other for equipment installed by individuals. When this lease neared its termination the Commission elected to ask for bids to operate a lease of moorings around the Island.

In 1980, as the 1966 lease neared its end and prior to the bid process, the Commission began a series of public hearings seeking input from the public concerning how the new lease for operations of the moorings at the Island should be structured and what services and concerns the boating public felt should be covered by the new lease. This input from the public was to be used in developing the RFP for the bid process. The boating public had a number of concerns regarding any new lease that would be issued by the Commission. They wanted a continuation of the services they had come to expect from the Company. The boaters also were concerned about a practice that was prevalent among the mooring tenants who had placed their own mooring equipment ("Owners"). These

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"Owners", about 260 of them, would from time to time sell their subleases to others. Moorings installed by the Company were available to the public through a waiting list process but the moorings installed by individuals were only available if purchased from an "Owner". Many of the boaters who provided testimony before the Commission during the public hearing process felt that this selling of subleases was unfair to the general public and limited access to the moorings. Many boaters had spent years on existing waiting lists and had yet to receive a mooring sublease. They believed that the sale of subleases contributed to the length of time spent on waiting lists by those who could not afford to purchase a sublease from an "Owner". Considering that these moorings were located on public property many boaters believed that the selling of subleases was not legal or at best was not consistent with good public policy. The Commission agreed that continuing the practice of selling subleases on public lands was not good public policy and should cease. However, the Commission also recognized that the "Owners" had made an investment in their equipment and had an expectation of receiving future value from them.

The Commission sought a solution to this situation that would open all the mooring subleases to the general public and allow the "Owners" to recover their investment. The "Owners" had historically enjoyed a sublease fee lower than the sublease fee charged to tenants of the Company's moorings. The Commission included in its new lease, issued after public hearings and the bid process, a provision that allowed the "Owners" to continue having a lower sublease fee for the 15 year term of the new lease. This would allow recovery of their investment through their lower annual sublease fee. In addition, the new lease allowed the "Owners" to make a one-time transfer of their sublease. Notice of this right of one-time transfer was given to all sublessees and was contained in all future sublease documents that are issued each year. Under the terms of the Commission lease the "Owners" had 14 years within which to make this one-time transfer. At the end of the 14 year transfer period no further transfers would be allowed. The Commission believed that this would make more subleases available to the public through the waiting list process.

Many of the "Owners" (around 200) took advantage of this transfer right during the 14 years that it was available. They transferred their sublease either by sale or transfer to a relative. However, about 60 did not take advantage of their transfer rights during the 14 year transfer period and

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continue to hold their sublease (all sublessees have a right of annual renewal as long as the Commission lease to the Company continues). Although they no longer have a right under terms of the lease to make a transfer a few former "Owners" have made several proposals to Commission staff to extend this right. Their various proposals for extending the transfer rights include sharing a percentage of the sales price with the Commission, allowing a portion of the sales price to be used to fund a hospital on the Island, setting a fixed transfer fee paid to the Commission, allowing the transfer to a family member only, and allowing all of the moorings around the Island to be transferred for a fee.

Staff has considered all of these options but believes that to allow any of them would be counter to the decisions made by the Commission after many public hearings and unfair to those "Owners" who made a transfer of their sublease under the terms of the Commission's lease. Also allowing the continuation of this transfer right would be counter to the desire of the Commission to make more of these mooring subleases available to the general public.

3. The issuance of the 1982 lease had a major impact on how the moorings surrounding the island were to be managed. The lease was issued after a bid process that established the amount of rent that would be paid to the Commission and what services were to be provided by the State's Lessee. It contained provisions for a wait list, set the method for adjustments to the sublease rental, defined the specific use and intensity of use for the leased area, established specific fees for services and provided bonding to assure performance. The lease also set forth the method of handling the "Owners" rights regarding transfer of equipment and rights to the sublease. This lease gave the public certain expectations of availability of mooring subleases through the wait list process by eliminating the future sale of subleases.
4. The 1982 lease expired at the end of December 1996 and has been in holdover since that time pending negotiation of a replacement lease. The primary issues negotiated during the holdover period included, better means of describing the lease areas, more accurate location of the moorings within each cove, better definitions of the various income sources, revisions to the waiting list procedures, clearer identification of the services to be provided by Lessee, revisions to the performance bond requirements to reflect excellent past performance by the State's Lessee,

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approval of a new Operator of the leasehold and specific language dealing with toxic issues not addressed in the 1982 lease.

5. Staff believes that the lease that is before the Commission for approval is consistent with past Commission actions. The proposed lease contains terms and conditions that will continue the current status of the mooring operations at the Island and meet the needs and desires of the boating public for access to available mooring subleases by continuing the wait list process. Staff therefore recommends Commission approval of this item.
6. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

N/A

FURTHER APPROVALS REQUIRED:

N/A

EXHIBITS:

- A-1 - A-11-Mooring Locations
- B. Site Map
- C. Land Description

PERMIT STREAMLINING ACT DEADLINE:

N/A

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RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905(a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

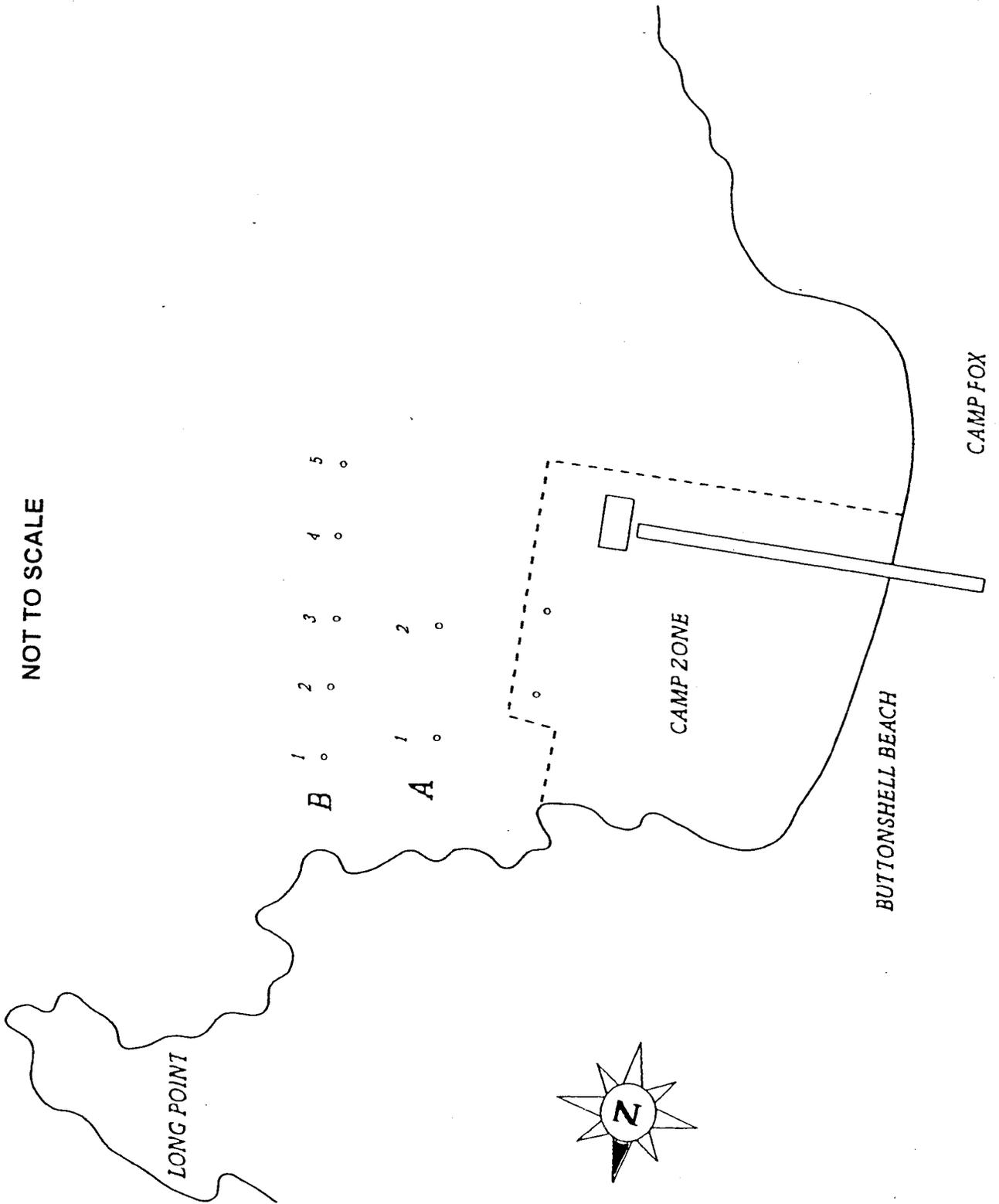
AUTHORIZATION:

AUTHORIZE ISSUANCE TO SANTA CATALINA ISLAND COMPANY AND SANTA CATALINA ISLAND CONSERVANCY OF A GENERAL LEASE - COMMERCIAL USE, BEGINNING JANUARY 1, 2002, FOR A TERM OF 20 YEARS, FOR THE PROVISION AND MAINTENANCE OF 720 REVENUE PRODUCING MOORINGS AND 6 REVENUE PRODUCING STRINGLINES ON THE LANDS SHOWN ON EXHIBITS A -1 THROUGH A-11 AND DESCRIBED ON EXHIBIT C ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; IN CONSIDERATION OF A MINIMUM ANNUAL RENT IN THE AMOUNT OF \$ 210,000 TO BE PAID IN TWO EQUAL INSTALLMENTS OF \$105,000 EACH ON MARCH 1 AND AUGUST 31 AGAINST A PERCENT OF GROSS INCOME AS DEFINED IN THE LEASE, WHICHEVER IS GREATER, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; PROVISION OF LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$5,000,000; AND SURETY IN THE AMOUNT OF \$250,000.

BUTTONSHELL
7 MOORINGS

EXHIBIT A-1

NOT TO SCALE

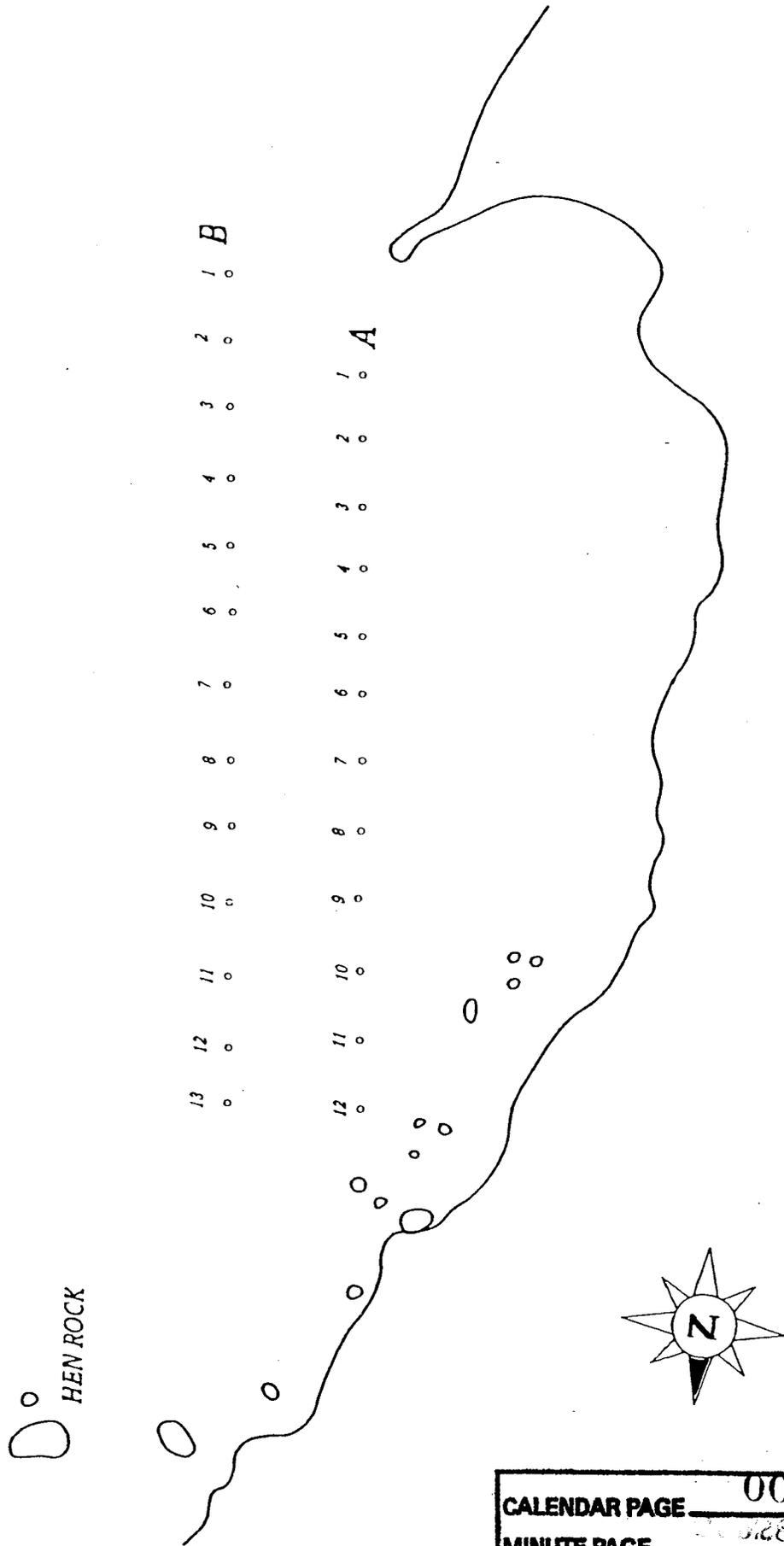


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EXHIBIT A-1

HEN ROCK
25 MOORINGS

EXHIBIT A-2
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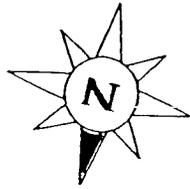


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EXHIBIT A-2

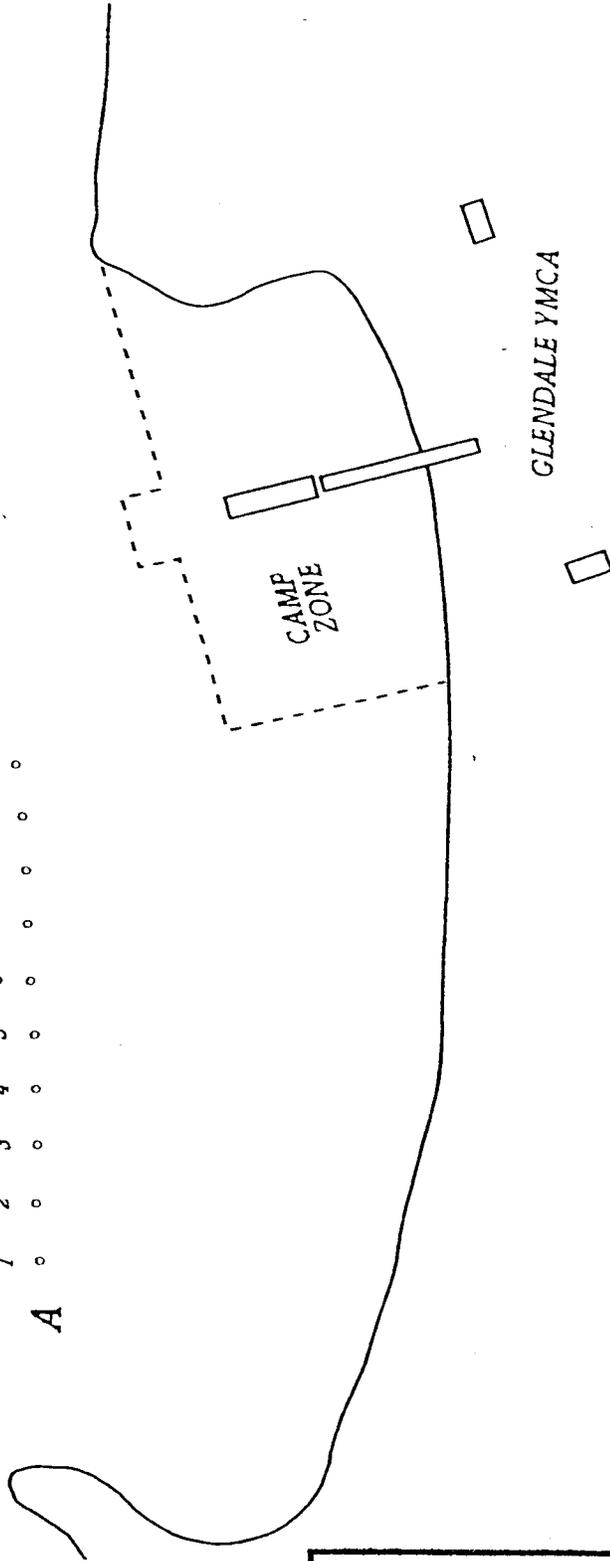
WHITES COVE
17 MOORINGS

EXHIBIT A-3
NOT TO SCALE



B 1 2 3 4 5 6 7
○ ○ ○ ○ ○ ○ ○

A 1 2 3 4 5 6 7 8 9 10
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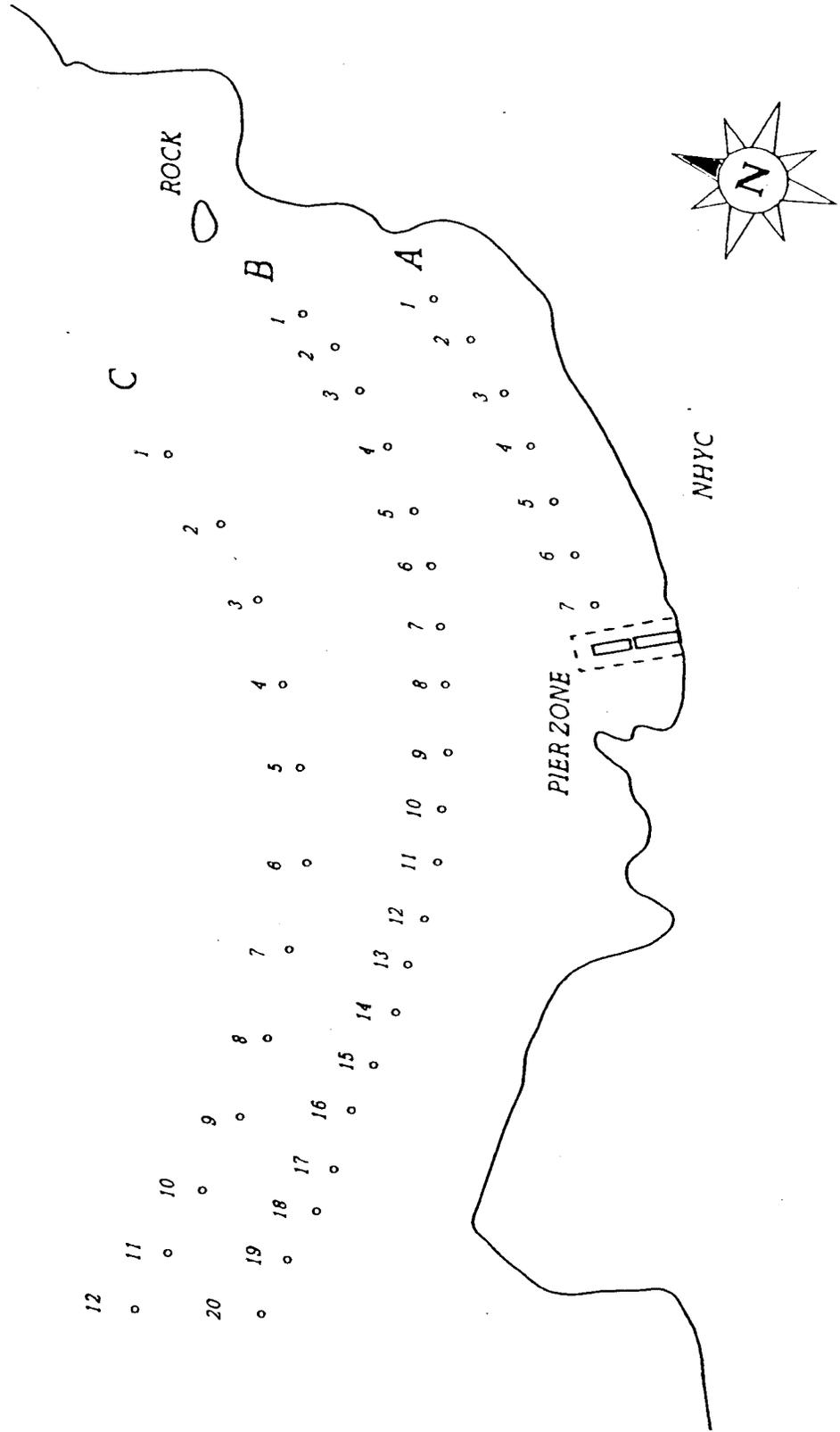


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MOONSTONE
39 MOORINGS

EXHIBIT A-4
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USCG MOORING
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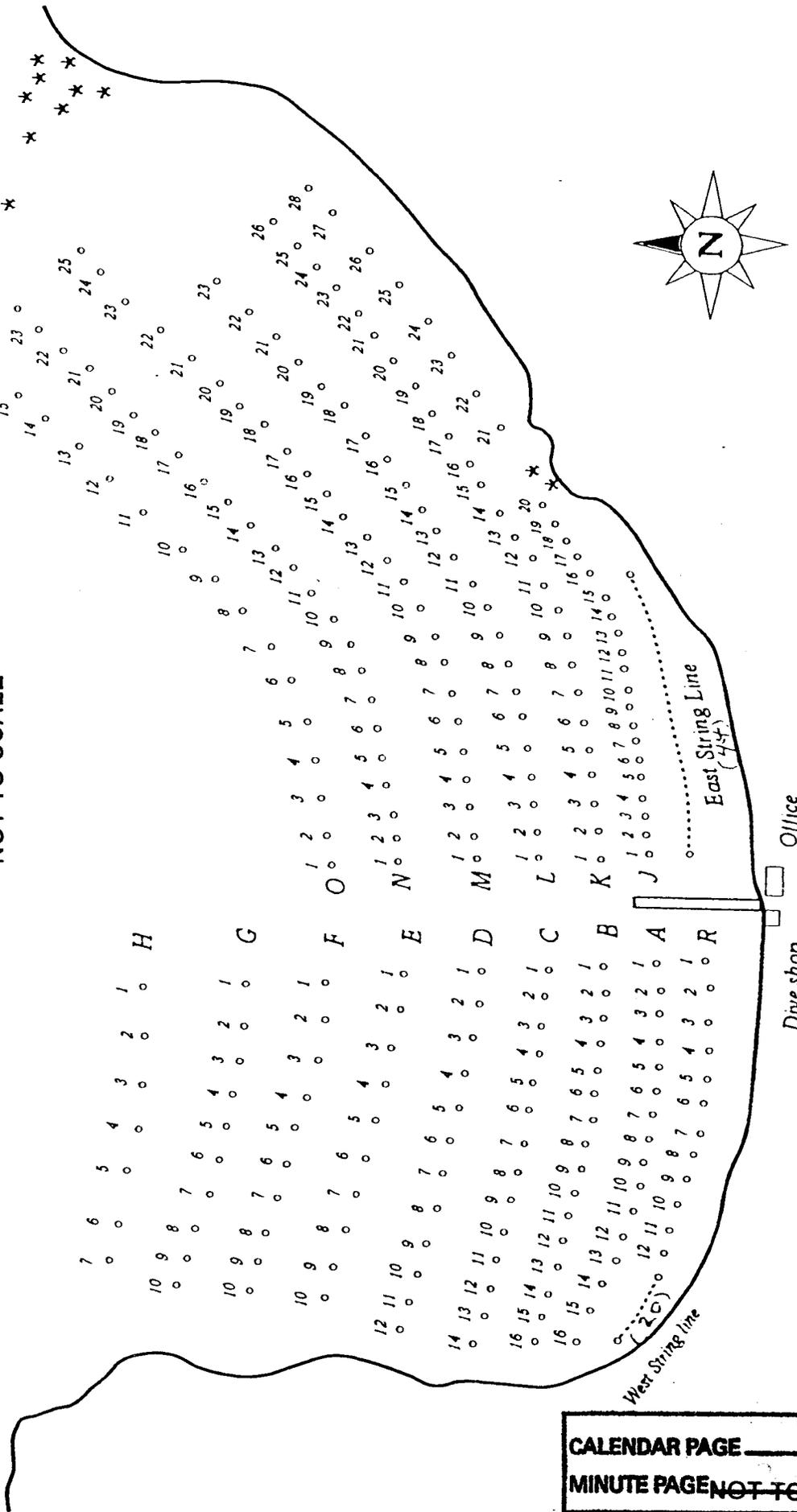
EXHIBIT A-4

ISTHMUS COVE

MOORINGS: 249
WEST STRING LINE: 20
EAST STRING LINE: 44

EXHIBIT A-5

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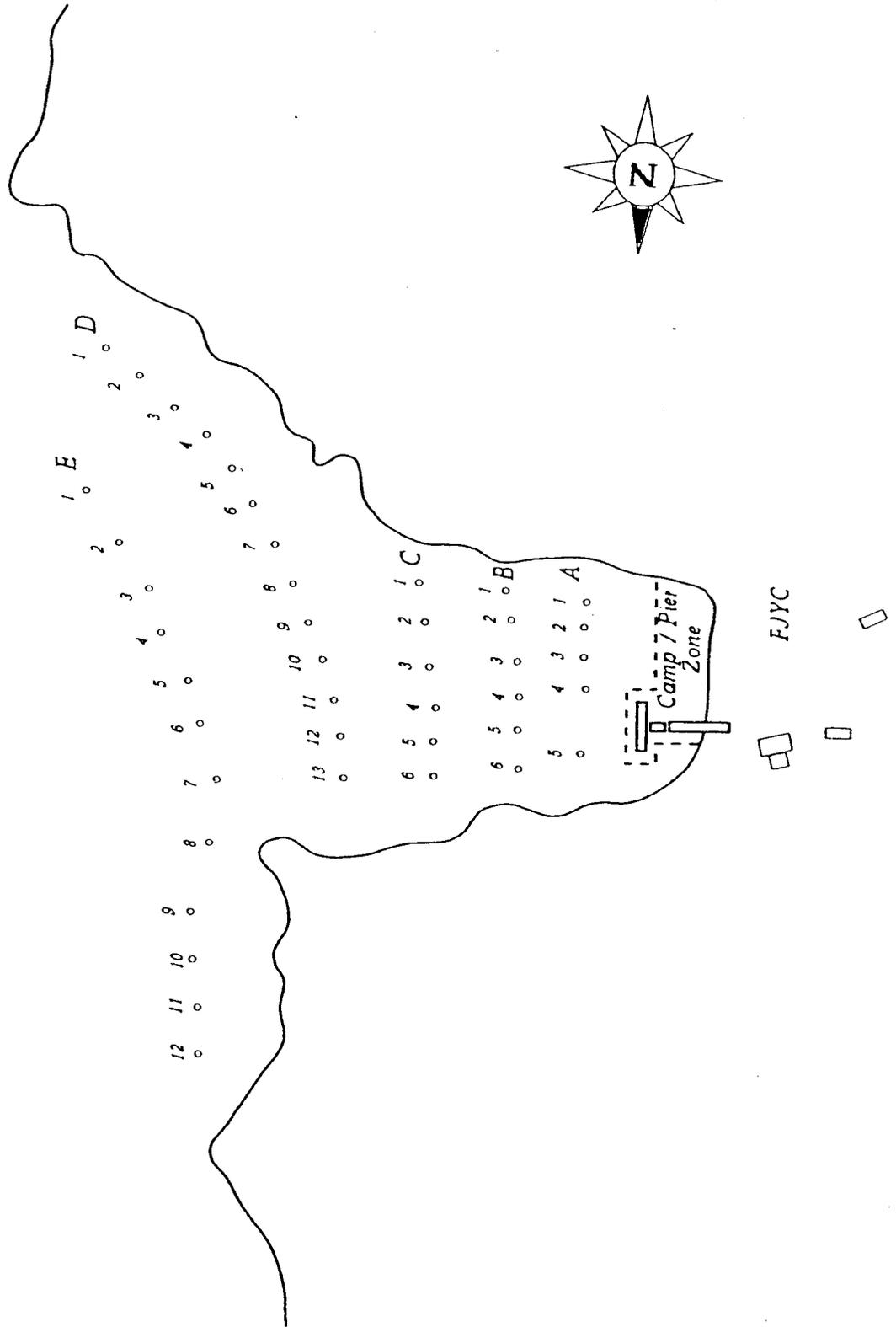
EXHIBIT A-5

FOURTH OF JULY COVE

42 MOORINGS

EXHIBIT A-6

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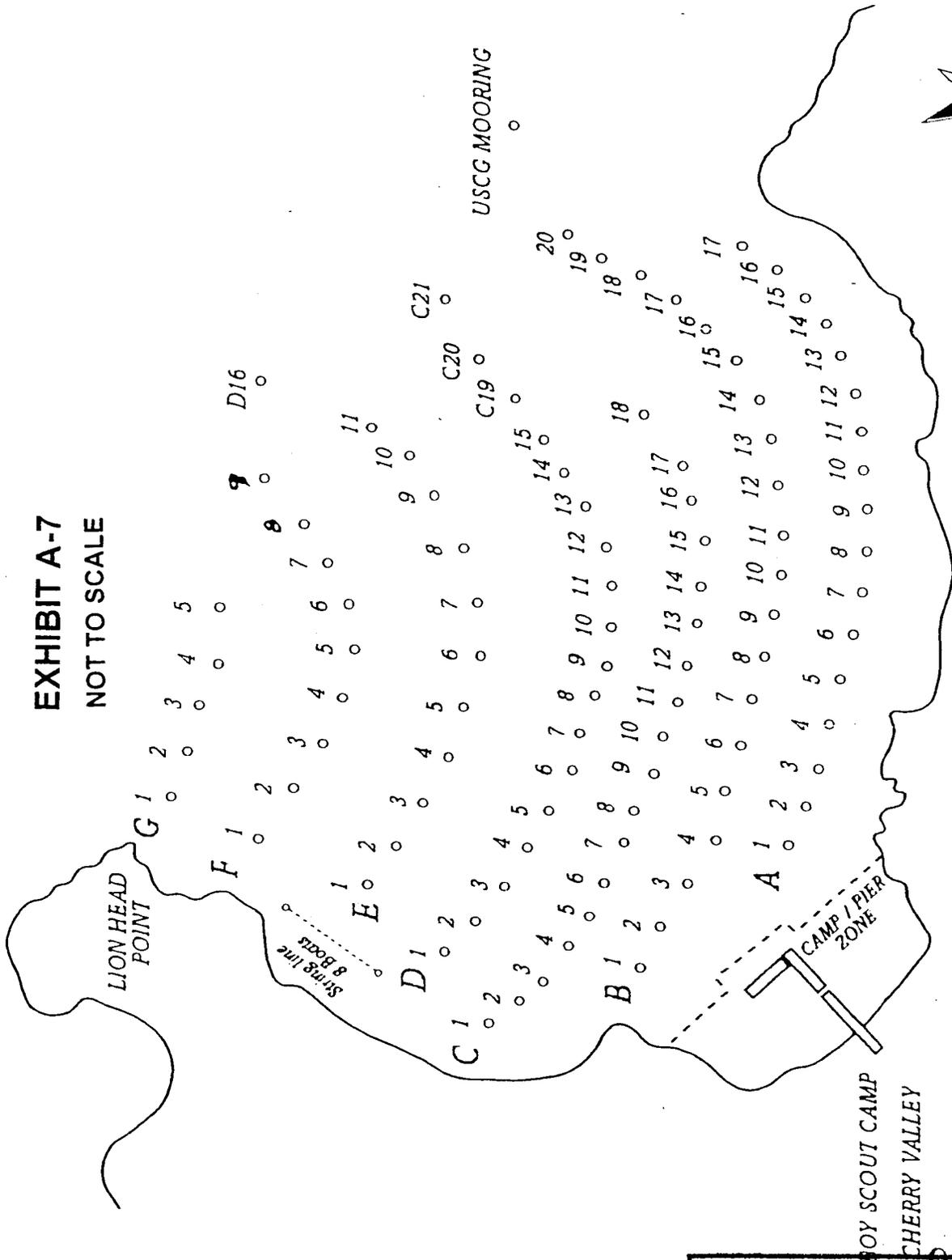
EXHIBIT A-6

CHERRY COVE

MOORINGS: 99
STRING LINE: 8

EXHIBIT A-7

NOT TO SCALE



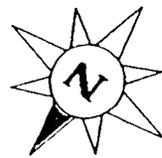
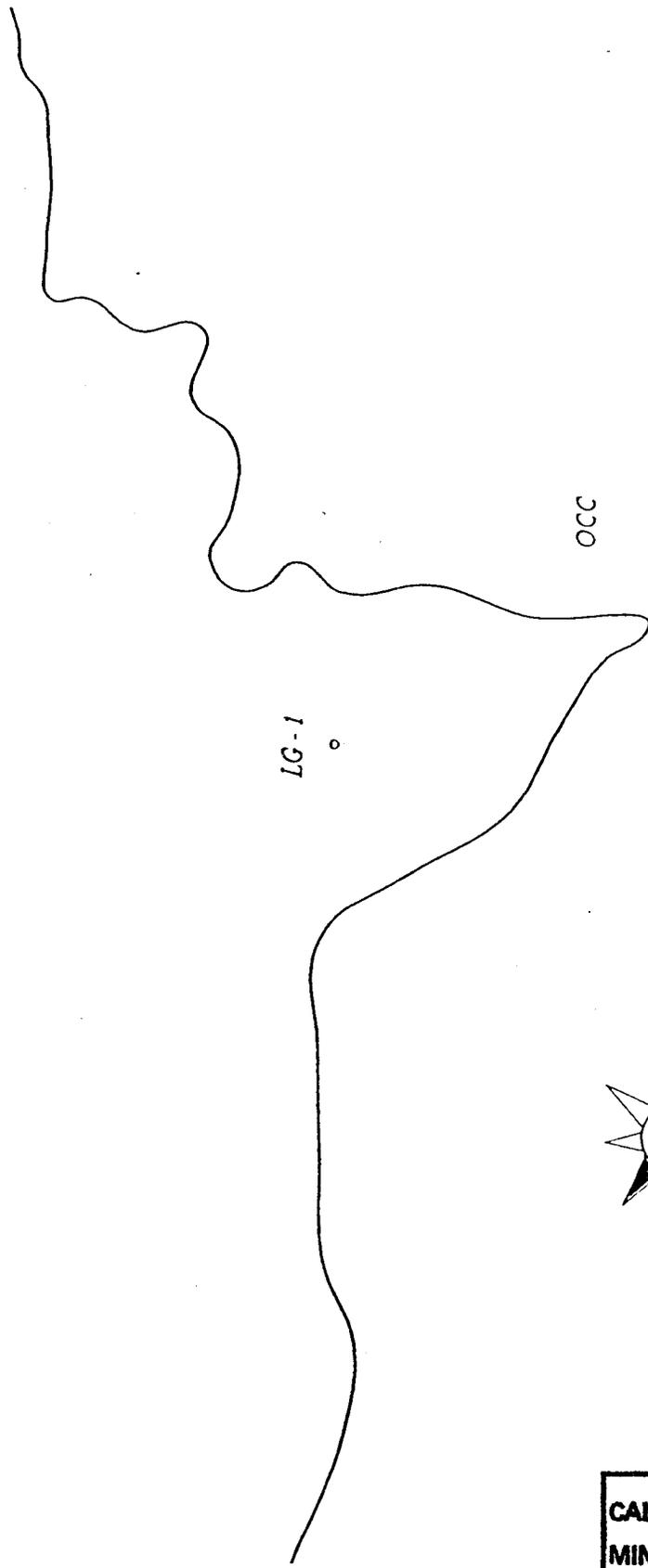
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EXHIBIT A-7

LITTLE GEIGER COVE
1 MOORING

EXHIBIT A-8

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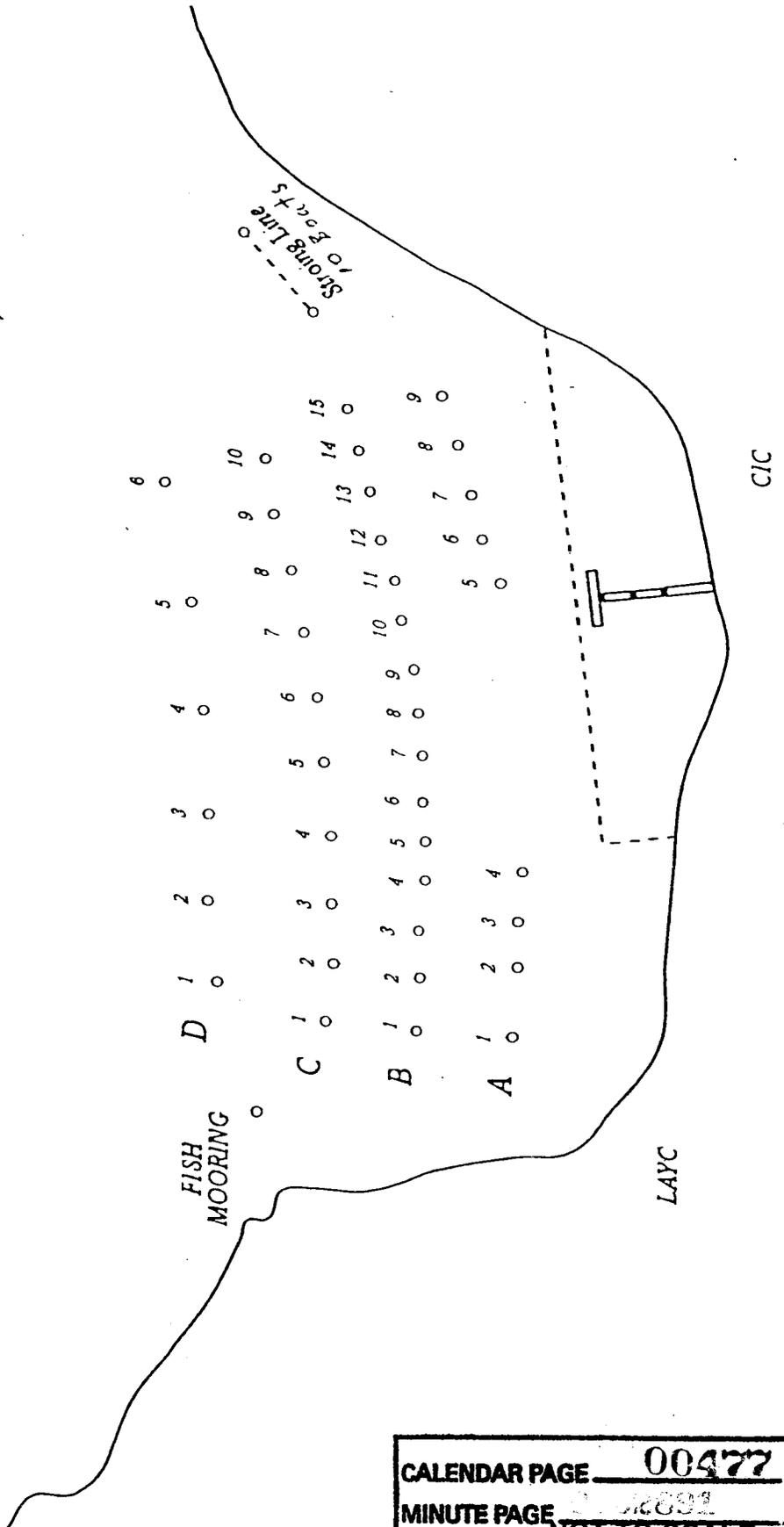
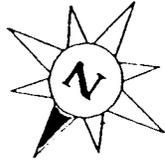
EXHIBIT A-8

HOWLANDS LANDING

MOORINGS: 40
STRING LINE: 10

EXHIBIT A-9

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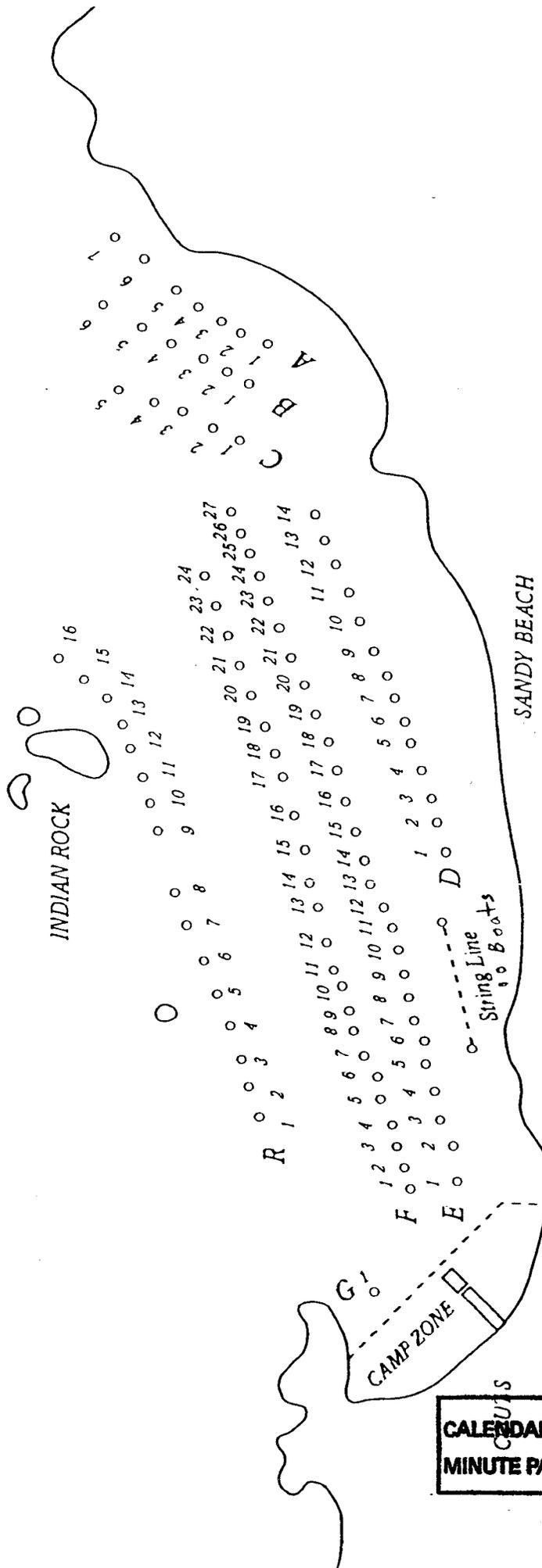


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EXHIBIT A-9

EMERALD BAY
MOORINGS 100
STRING LINE 10

EXHIBIT A-10
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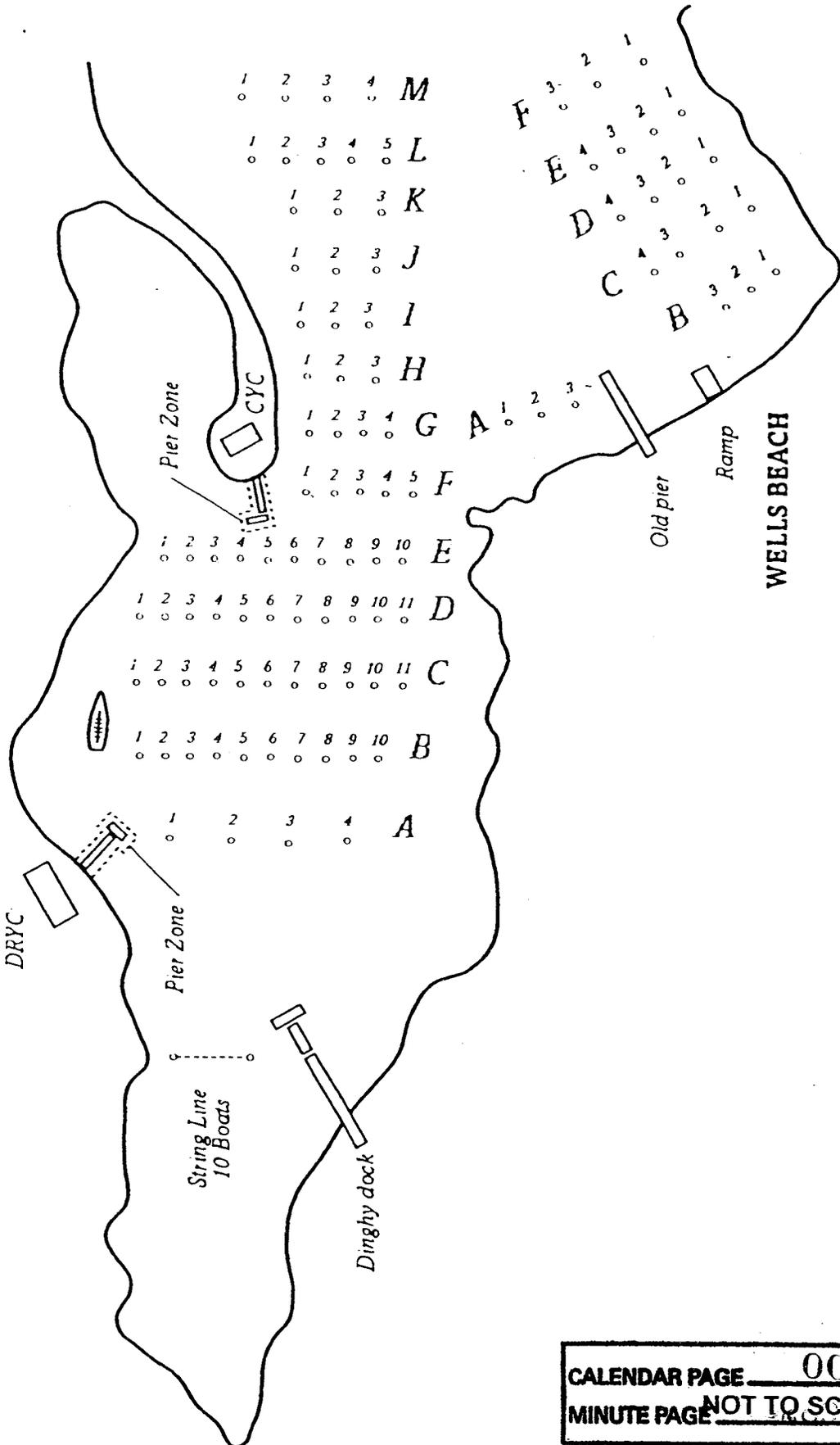
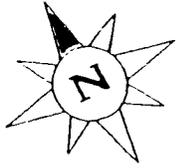


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CATALINA HARBOR / WELLS BEACH

MOORINGS TOTAL: 97
STRING LINE: 10

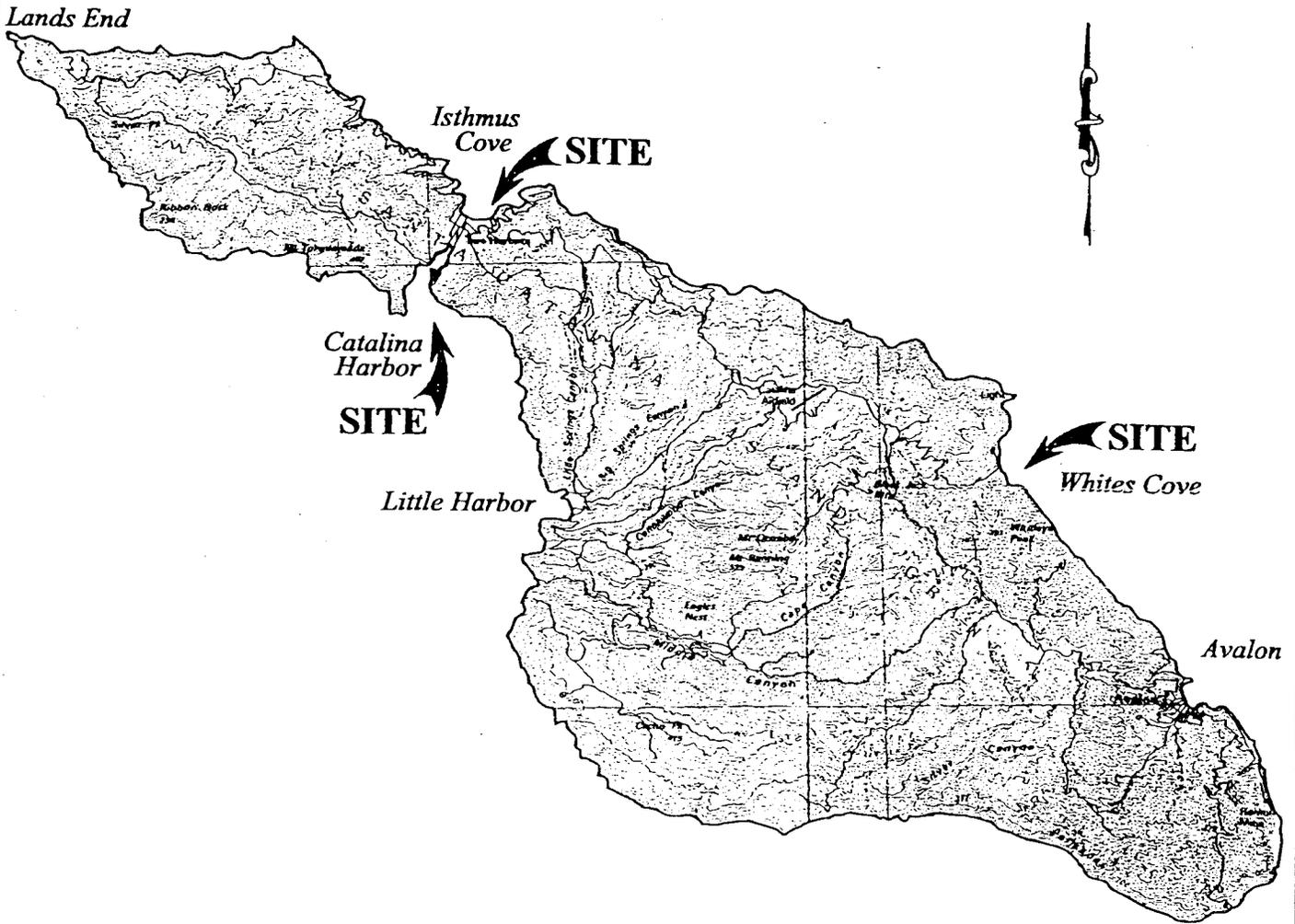
EXHIBIT A-11
NOT TO SCALE



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EXHIBIT A-11

NO SCALE



This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver of limitation of any state interest in the subject or any other property.

EXHIBIT B

PRC 3639

Santa Catalina Is.

LOS ANGELES

COUNTY

Site Map

Santa Catalina Island



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SITE

LAND DESCRIPTION

PARCEL 1 – Isthmus Cove Area

All of those submerged lands in the bed of the Pacific Ocean on the northeast side of Santa Catalina Island, Los Angeles County, State of California, lying adjacent to Isthmus Cove, Fishermans Cove, Fourth of July Cove and Cherry Cove and lying landward or westerly of a line being more particularly described as follows:

BEGINNING at USC&GS Station “Cherry2 1933” having a California Coordinate System of NAD 1927, Zone 6, coordinates of Y = 475,442.21 and X = 1,313,536.29, thence South 63° 44’ 15” East 5,550 feet, more or less, to a point on the Ordinary High Water Mark northeast of Fishermans Cove.

EXCEPTING THEREFROM any portion of said land lying landward of the mean lower low water line.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers located in Isthmus Cove, Fourth of July Cove, and Cherry Cove.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps located in Isthmus Cove.

The basis of bearings and coordinates for this description is North American Datum of 1927 zone 6. All distances are grid and in feet.

PARCEL 2 – Howland’s Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27’ 40” North Latitude, 118° 31’ 07” West Longitude to a point on the mean high tide line at approximately 33° 27’ 55” North Latitude, 118° 31’ 15” West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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PARCEL 3 – Emerald Bay

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude; thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude; thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 4 – Catalina Harbor

All those submerged lands in the bed of the Pacific Ocean on the northwest side of Santa Catalina Island, Los Angeles County, State of California, lying adjacent to Catalina Harbor and landward or easterly of a line being more particularly described as follows:

BEGINNING at USC&GS Station "Harbor 1933" having a California Coordinate System of NAD 1927, Zone 6, coordinates of X = 1,311,829.67 and Y = 466,341.40 thence South 41° 44' 41" West 2920 feet more or less to a point on the Ordinary High Water Mark at southerly extremity of Catalina head.

EXCEPTING THEREFROM any portion of said land lying landward of the mean lower low waterline.

ALSO EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tideland in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water mark and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

The basis of bearings and coordinates for this description is North American Datum of 1927 zone 6. All distances are grid and in feet.

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PARCEL 5 – Whites Cove Area

All of those submerged lands in the bed of the Pacific Ocean on the easterly side of Santa Catalina Island, Los Angeles County, State of California, lying adjacent to Button Shell Beach, Whites Cove and Moonstone Beach and lying landward or westerly of a line being more particularly described as follows:

BEGINNING at a point on the Ordinary High Water Mark at the most easterly extremity of Long Point at approximate coordinates of Y = 457,650 feet and X = 1,354,390 feet, thence South 03° 00' 30" East 6,650 feet more or less to a point on the Ordinary High Water Mark at the easterly extremity of Moonstone Cove.

EXCEPTING THEREFROM any portion of said land lying landward of the mean lower low water line.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers located in Button Shell Beach, Whites Landing and Moonstone Cove.

The basis of bearings and coordinates for this description is North American Datum of 1927 zone 6. All distances are grid and in feet.

PARCEL 6 – Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 26" North Latitude, 118° 21' 02" West Longitude, to a point on the mean high tide line at approximately 33° 22' 37" North Latitude, 118° 21' 14" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 7 – Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 13" North Latitude, 118° 20' 47" West Longitude, to a point on the mean high tide line at approximately 33° 22' 20" North Latitude, 118° 20' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 8 – Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude.

PARCEL 9 – Hen Rock

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

PARCEL 10 – Willow Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline and approximately 33° 22' 38" North Latitude, 118° 21' 16" West Longitude, to a point on the mean high tide line at approximately 33° 22' 41" North Latitude, 118° 21' 20" West Longitude.

PARCEL 11 – Empire Landing

An area 200 feet in width lying 100 feet on each side of the centerline of an existing pier, the shoreward end of said centerline being at approximately 33° 25' 43" North Latitude, 118° 26' 23" West Longitude, extending 200 feet seaward from the mean lower low waterline.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 – Smeltz Cove (Big Geiger)

All that area bounded on the west and south by the lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude to a point on the mean lower low waterline at approximately 33° 27' 37" North Latitude, 118° 31' 02" West Longitude.

PARCEL 13 – Little Harbor

All that area bounded on the north and east by the mean lower low waterline and on the south by a straight line extending from a point on the mean lower low waterline at approximately 33° 23' 06" North Latitude, 118° 28' 27" West Longitude, for approximately 980 feet to a point offshore, being a point on the most easterly end of the harbor reef at approximately 33° 22' 48" North Latitude, 118° 28' 36" West Longitude, then north along a straight line for approximately 500 feet to a point on the mean high tide line at approximately 33° 23' 09" North Latitude, 118° 28' 34" West Longitude.

PARCEL 14 – Doctor's Cove

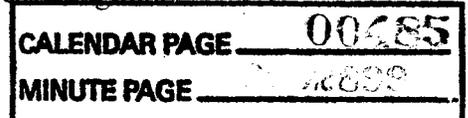
All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 28' 17" North Latitude, 118° 31' 52" West Longitude to a point on the mean high tide line at approximately 33° 28' 12" North Latitude, 118° 31' 47" West Longitude.

PARCEL 15 – Ripper's Cove

All that area bounded on the east, south and west by the mean lower low waterline and a straight line on the north, beginning at a point on the mean high tide line at approximately 33° 25' 40" North Latitude, 118° 26' 03" West Longitude, and extending to a point on the mean high tide line at approximately 33° 25' 38" North Latitude, 118° 25' 50" West Longitude.

PARCEL 16 – Cabrillo Harbor

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 25' 15" North Latitude, 118° 24' 14" West Longitude, to a point approximately 100 feet offshore being approximately 33° 25' 13" North Latitude, 118° 24' 13" West Longitude, then southwesterly to a point on the mean lower low waterline being approximately 33° 25' 11" North Latitude, 118° 24' 12" West Longitude.



PARCEL 17 – Parson’s Landing

All that area bounded on the east, south and west by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 28’ 26” North Latitude, 118° 33’ 09” West Longitude, to a point on the mean lower low waterline at approximately 33° 28’ 08” North Latitude, 118° 32’ 55” West Longitude.

END OF DESCRIPTION

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