

This Calendar Item No. C42 was approved as Minute Item No. 42 by the California State Lands Commission by a vote of 3 to 0 at its 2/2/04 meeting.

CALENDAR ITEM
C42

A 51
S 25

02/2/04
W 40804, RA# 09603
D. Mercier
D. Brown
A. Cueva

REQUEST AUTHORITY FOR THE EXECUTIVE OFFICER TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE BALDWIN HILLS CONSERVANCY TO CONDUCT AN ENGINEERING AND APPRAISAL DUE DILIGENCE STUDY FOR THE ACQUISITION OF THE BALDWIN HILLS/INGLEWOOD OIL FIELD AND TO SOLICIT BIDS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE A CONSULTING CONTRACT TO ASSIST IN THE STUDY

APPLICANT:

California State Lands Commission
100 Howe Avenue, Suite 100 – South
Sacramento, CA 95825-8202

PROPOSAL:

The Executive Officer requests delegation of authority to execute a reimbursable agreement with the Baldwin Hills Conservancy for Commission staff to conduct engineering and appraisal due diligence studies for the Baldwin Hills/Inglewood oil fields acquisition and to solicit bids, negotiate fair and reasonable price, award and execute a consulting contract to assist in the study. The Commission approved the first phase of this appraisal and engineering due diligence study on February 21, 2003. The first phase consisted of a \$200,000 appropriation. This second phase of the study involves further refining the reservoir, geologic, surface market sales and other information gathered to date as well as assembling the additional information that is needed to evaluate and prioritize different strategies to optimize the use of available resources. The Conservancy has allotted \$250,000 for this second phase of the study.

BACKGROUND INFORMATION:

The Baldwin Hills encompass 450 acres of protected parkland, including the Kenneth Hahn State Recreation Area, the Ladera Balls Fields, the Vista Pacifica Scenic Site, Culver City Park and Norman O. Houston Park. The Baldwin Hills have been used for oil and gas infrastructure and covers the remaining 950

CALENDAR ITEM NO. C42 (CONT'D)

acres. While these operations will remain as long as oil production is economically feasible, it is anticipated that the land in the Baldwin Hills will become available for park acquisition and development over time.

The Preliminary Kenneth Hahn State Recreation Area General Plan sets forth a comprehensive vision for improvement and restoration of these lands, so that over time, a balance between active recreations, natural habitat and community facilities can be achieved. The purpose of the Preliminary Kenneth Hahn State Recreation Area General Plan is to serve as a guide for future natural open space and parkland acquisition and improvements, facility development and habitat restoration within the Baldwin Hills, and for connections to trails, parks and other public facilities. The plan anticipates that as areas of the oil field become uneconomic to produce, those areas will be rehabilitated and converted to park and public use.

The Baldwin Hills is the last, large undeveloped area of open space in urban Los Angeles County, covering over two square miles of dramatic ridgelines and steep canyons. The area was not developed because it contains the Inglewood Hills oil field that has been in production since 1924, and is still producing over 7,300 barrels of oil per day. The area is close to both downtown Los Angeles and the Pacific Ocean. The Baldwin Hills are easily accessible to millions of residents, and provide unparalleled opportunities for outdoor recreation in a natural setting. Home to hundreds of species of native plants and animals, the Baldwin Hills provide important natural habitats, an example of the vast system of swamps, grasslands and riparian areas that once made up this area. Part of the Ballona Creek Watershed, water from the hills drain into adjacent Ballona and Centinela creeks, which join the Pacific Ocean four miles downstream.

The State Lands Commission has a unique opportunity to work with the Baldwin Hills Conservancy to assess the mineral/land value and develop a plan to facilitate the development of a world-class park in the Baldwin Hills of Los Angeles County. Preliminary staff analysis indicates that these resources could provide an excellent return on investment, and assist the State, Los Angeles County, and local communities surrounding Baldwin Hills to create a world-class park for public use. SLC is the only agency within state government that possesses the unique skills and expertise to provide support in oil and gas engineering, land and minerals appraisals, innovative financing and funding methods, land and minerals acquisitions, oil field management, environmental assessments, and evaluation of revenue generation opportunities.

CALENDAR ITEM NO. C42 (CONT'D)

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 (A & E method)
- C. Public Contract Code Section 6106
- D. Public Contract Code Section 10335 et seq. (Contracts for Services)
- E. Public Contract Code Section 10355 et seq. (Consulting Services)
- F. Government Code Section 11256 Interagency Agreements
- G. Government Code Section 4526
- H. California Administrative Code Title 2 Article 13 Section 2980.0 – 2980.9

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITIES AUTHORIZED BELOW ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. 15060(c)(3) BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.
2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE AN INTERAGENCY AGREEMENT WITH THE BALDWIN HILLS CONSERVANCY TO REIMBURSE ACTUAL COSTS FOR THE PROVISION OF ENGINEERING AND REAL ESTATE SERVICES BY THE STATE LANDS COMMISSION.
3. FIND THAT THE SELECTION OF ENGINEERING CONSULTANT SERVICES DESCRIBED BELOW WILL NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342, SUB. (H) BECAUSE SUCH BUSINESSES WILL BE ACCORDED AN EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS FOR, NEGOTIATE AND EXECUTE A CONTRACT FOR ENGINEERING AND CONSULTANT SERVICES TO AID COMMISSION STAFF IN CARRYING OUT ITS OBLIGATIONS UNDER THE INTERAGENCY AGREEMENT; SAID CONSULTANT CONTRACT TO BE SOLICITED AND NEGOTIATED IN ACCORDANCE WITH STATE POLICIES

CALENDAR ITEM NO. C42 (CONT'D)

AND PROCEDURES AS SPECIFIED IN GOVERNMENT CODE
SECTION 4526 AND TITLE 2, CAL CODE REGS. 2980 – 2980.9.