

**CALENDAR ITEM
C54**

A 35, 54, 67

10/22/09

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J. L. Smith

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D. Brown

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**CONSIDER APPROVAL OF
QUALIFYING MILES FOR SUBVENTIONS
TO CITIES AND COUNTIES FOR FISCAL YEAR 2009-2010,
ORANGE, LOS ANGELES, VENTURA, AND
SANTA BARBARA COUNTIES**

APPLICANT:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95625-8202

BACKGROUND:

Public Resources Code (PRC) section 6817 provides for grants of financial support, known as subventions from State tidelands oil and gas lease revenues to cities and counties under conditions described below, and requires the California State Lands Commission to report to the State Controller the amounts of revenues to be used for purposes of calculating subventions.

PRC section 6817 (a) provides that subventions shall be made to cities or counties that have within their boundaries active State tidelands oil and gas leases and that own or operate parks (public beaches) free of charge to the public for recreational purposes. In the case of the counties, these parks must be immediately adjacent to and have common frontage with an active State tidelands oil and gas lease.

The subventions made to a qualifying city or county for each fiscal year are determined by a subvention distribution formula in PRC section 6817(a). A qualifying city or county may obtain one percent of the oil and gas revenues the State receives during a fiscal year from leases within its boundaries. The one

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percent share, however, may be limited to a maximum of \$100,000 for every mile or portion of a mile of qualifying beach park frontage owned or operated by the city or county. However, the limitation on the amount that may be apportioned to each city or county in each year does not apply to revenues from leases within the limits of the particular county or city that exceed the revenues paid to the State during the 1983-84 fiscal year.

In addition to the subventions that may be obtained under the provisions of PRC section 6817 (a), a city or county having within its boundaries a State tidelands oil and gas lease or leases may receive twenty percent of the revenues paid to the State for production of oil, gas and other hydrocarbons from the lease or leases, but not to exceed a total of \$200,000,000, adjusted for inflation, over a 20 year period. The oil, gas, or other hydrocarbons, however, must have been extracted under circumstances specified in the statute. These additional revenues and the circumstances under which they are payable are provided by PRC section 6817 subsections (b) and (c), added by Chapter 613 of the Statutes of 1996. No cities or counties ever have qualified for these additional revenues.

With respect to each city and county, the apportionment for any given fiscal year shall be based upon the physical facts existing on June 30 of the preceding fiscal year. As of June 30, 2009, based on verification letters received by Commission staff from the cities and counties, the qualifying mileage upon which subventions for fiscal year 2009-2010 are to be based are listed in Exhibit A (attached hereto). The list of leases from which the subventions are payable for the qualifying cities and counties for fiscal year 2009-2010 is in Exhibits B and C (attached hereto).

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6817.

OTHER PERTINENT INFORMATION

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060(c)(3) and 15378.

- 2. The California State Lands Commission, at the time of remitting revenues to the State Treasurer, shall report to the State Controller the total amount

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of revenue received from tide and submerged lands shown with respect to each city or county to which such amount is applicable.

3. Subventions for fiscal year 2008-2009 were as follows:

City of Huntington Beach	\$236,680.94
City of Seal Beach	\$81,408.81
City of Long Beach	\$99,088.60
City of Carpinteria	\$47.54
County of Ventura	\$22,916.26
County of Santa Barbara	\$61,142.39
Total	\$501,284.54

EXHIBITS:

- A. Cities and Counties Qualifying for Subventions and Qualifying Mileage, as of June 30, 2009.
- B. Subvention Leases for the Qualifying Cities and Counties for Current FY 2009-2010.
- C. Individual Main Zone Leases Associated with PRC 91 Main Zone Pool for Current FY 2009-2010.

PERMIT STREAMLINING ACT DEADLINE:

N/A (not a "development project" subject to the Act)

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

- 1. FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378

AUTHORIZATION:

- 1. APPROVE THE QUALIFYING BEACHES AND PARKS, AS REPORTED BY CITIES AND COUNTIES, AND VERIFY THIS QUALIFYING MILEAGE AS A BASIS FOR SUBVENTIONS IN FISCAL YEAR 2009-2010.

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2. APPROVE THE REPORTING OF REVENUE BASED ON THE APPROVED QUALIFIED MILEAGES TO THE STATE CONTROLLER AS REQUIRED BY PUBLIC RESOURCES CODE SECTION 6817.

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EXHIBIT A

CITIES AND COUNTIES QUALIFYING FOR SUBVENTIONS UNDER PUBLIC RESOURCES CODE SECTION 6817 FISCAL YEAR 2009-2010

CITY/COUNTY	PARK OR BEACH OWNED OR OPERATED BY CITY OR COUNTY	ADJACENT QUALIFYING LEASE	FOOTAGE (FY 08-09)	FOOTAGE (FY 09-10)	TOTAL QUALIFYING MILES	CHANGES FROM PREVIOUS YEAR'S MILES
City of Huntington Beach	HB City Beach	*Not required	5,665	5,665	4	No change
	Bolsa Chica Beach	*Not required	11,873	11,873		
	TOTAL		17,538	17,538		
City of Seal Beach	Seal Beach Public Beach	*Not required	8,214	8,214	2	No change
	TOTAL		8,214	8,214		
City of Long Beach	Alamitos Beach Park	*Not required	2,005	2,005	1	No change
	TOTAL		2,005	2,005		
City of Carpinteria	Carpinteria City Beach	*Not required	9,350	9,350	2	No change
	TOTAL		9,350	9,350		
County of Ventura	Mandalay Beach Park	PRC 3314	1,530	1,530	1	No change
	TOTAL		1,530	1,530		
County of Santa Barbara	Loon Point Recreation	PRC 1824	2,594	2,594	1	No change
	Rincon Beach Park	PRC 3133	1,380	1,380		
	TOTAL		3,974	3,974		

*Adjacency to the qualifying leases is not required for the cities

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EXHIBIT B

**SUBVENTION LEASES FOR THE QUALIFYING CITIES AND COUNTIES
UNDER PUBLIC RESOURCES CODE SECTION 6817
FISCAL YEAR 2009-2010
SUBVENTION INTERESTS (100% UNLESS OTHERWISE INDICATED)**

CITY OF HUNTINGTON BEACH	CITY OF SEAL BEACH	CITY OF LONG BEACH	CITY OF CARPINTERIA	COUNTY OF VENTURA	COUNTY OF SANTA BARBARA
PRC	PRC	PRC	PRC	PRC	PRC
91*	186	3455	3133 (44.6%)	145	421
163	1482		3150 (54.16%)	410	1824
392	3095 (73.0%)		7911 (7.3%)	427	3120
425				429***	3133 (55.4%)
426				735	3150 (45.84%)
3033				1466	3242
3413				3314	4000
4736					7911 (92.7%)
7820**					

* See EXHIBIT C PRC 91 includes PRC 91 and current individual Main Zone leases associated with PRC 91 Main Zone pool

** PRC 7820 is an accounting agreement (Royalty PRC for PRCs 91, 163, 392, 425 & 426)

*** PRC 429 was quit claimed on 09/03/2008

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EXHIBIT C

INDIVIDUAL MAIN ZONE LEASES ASSOCIATED WITH PRC 91 MAIN ZONE POOL FOR CURRENT FISCAL YEAR 2009-2010

400*	983	993	1333	1340	2517*
401*	985	997	1334	1342	
919	986	998	1335	1343	
920	988	999	1336	1345	
976	989	1329	1337	1346	
977	991	1331	1338	2515*	
980	992	1332	1339	2516*	

*Annual rental credited against royalty