

**CALENDAR ITEM
C56**

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**CONSIDER A BOUNDARY LINE AGREEMENT INVOLVING CERTAIN REAL
PROPERTY IN AND ADJACENT TO SANTA MONICA STATE BEACH,
LOS ANGELES COUNTY**

PARTIES:

Peter Jay Philbin
The Peter Jay Philbin Trust dated December 7, 1995
643 Palisades Beach Road
Santa Monica, CA 90402

State of California, State Lands Commission
State of California, Department of Parks and Recreation
City of Santa Monica

IDENTIFICATION OF PROPERTIES AFFECTED BY THIS AGREEMENT:

This proposed boundary line agreement (“BLA”) involves the common boundary between sovereign tidelands along Santa Monica State Beach located waterward of the 1921 Mean High Tide Line and a privately-owned upland parcel situated at 643 Palisades Beach Road (“Philbin parcel”).

BACKGROUND:

The subject property is sovereign land owned by the State of California, located adjacent to the Philbin parcel. The City of Santa Monica (“City”) is trustee of the tide and submerged lands granted to it by the California Legislature, pursuant to Chapter 78 of the Statutes of 1917, as amended (G05-08).

The subject property is situated directly waterward of the mean high tide line (“MHTL”) of the Pacific Ocean as originally determined by a survey of the then existing MHTL within the city limits, as ordered by the Santa Monica City Council and adopted by Ordinance No. 188 (Commissioners’ Series) on July 25, 1921 (“the 1921 MHTL”). In 1978, Commission staff completed a resurvey of said 1921 MHTL tying it to current monuments of record so that its location is known with relation to existing conditions (“the 1921 MHTL Retraced 1978”).

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On or about August 1, 1921, the City and the Santa Monica Land Company (Philbin's predecessor in interest) entered into a BLA utilizing the 1921 MHTL as the common and fixed boundary line between the subject property and the upland parcel. Said agreement was affirmed by the California Supreme Court in the case of *Muchenberger v. City of Santa Monica* (1929) 206 Cal. 635.

Jurisdiction over the tidelands of Santa Monica State Beach is currently in the California Department of Parks and Recreation ("Parks") and was transferred from the Commission to Parks on October 25, 1991, pursuant to the terms of BLA 256. Jurisdiction will revert back to the Commission on October 24, 2051, upon expiration of the 60-year JTO term. Santa Monica State Beach is currently managed, operated, and controlled by the City under an operating agreement executed by Parks and the City, effective beginning on June 1, 2006 ("the 2006 Operating Agreement") that shall expire concurrently with the jurisdiction transfer to Parks.

In March 1981, the California State Lands Commission, pursuant to Minute Item No. 37, authorized settlement of litigation through BLAs and leases of existing encroachments to 24 property owners along Santa Monica State Beach. No lawsuit was filed involving the upland parcel at 643 Palisades Beach Road because at the time of the initial investigation in 1970, the encroachment, if any, was considered minor.

Sometime thereafter, an area consisting of approximately 1,327 square feet of private patio and security fencing ("the Philbin Encroachments") were constructed waterward of the 1921 MHTL at Santa Monica State Beach. On or about December 28, 2015, Commission staff received a letter and photographs from Philbin's counsel with information that all the Philbin Encroachments had been voluntarily removed and that the adjacent beach front was restored.

STAFF ANALYSIS AND RECOMMENDATION:

Based upon information and belief, the current fee title owner of 643 Palisades Beach Road, in the City of Santa Monica is Peter Jay Philbin, as Trustee of the Peter Jay Philbin Trust dated December 7, 1995. In addition to his capacity as Trustee of the Peter Jay Philbin Trust, some record documents in the chain of title suggest that Peter Jay Philbin may also have an individual interest in the upland parcel. All parties of the proposed BLA are hereinafter collectively referred to as "upland parties." Upland parties own the private upland parcel adjoining the subject property.

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To date, all homeowners along Santa Monica State Beach – except for seven remaining homeowners, including the Philbins – have applied for and received Encroachment Permits from the City authorizing certain pre-existing private improvements upon the payment of an annual permit fee and back rent. The City, as trustee of the subject tidelands and manager of Santa Monica State Beach, made numerous attempts to contact the remaining homeowners prior to filing suit. On May 6, 2015, the City, Parks and the Commission filed their Complaint in *City of Santa Monica, et al. v. Peter Jay Philbin, et al.*, Los Angeles Superior Court Case No. SC124126 (“the Litigation”) for quiet title and ejectment.

In light of both the history and complexity of matters at issue in the Litigation, Commission staff believes it is necessary to reaffirm and to redescribe with greater specificity the physical location of the 1921 MHTL of the Pacific Ocean as fixed and determined originally by Ordinance No. 188 (Commissioners’ Series) and as resurveyed by the Commission pursuant to the 1921 MHTL Retraced 1978.

If the controversy cannot be resolved by agreement, a judicial resolution of the parties’ rights, titles and interests in the subject property could require costly, protracted, and vigorously disputed litigation. The Parties consider it expedient and necessary and in the best interests of the State, the public, and the upland parties, to resolve this title dispute by an agreement to identify, describe and permanently fix the true and correct fee boundary line between the public tidelands and adjacent private uplands, thereby avoiding any further costs and time of litigation.

Consistent with prior settlements and BLAs in and along Santa Monica State Beach, the essence of the proposed settlement is as follows:

- a. EXECUTION OF A BOUNDARY LINE AGREEMENT which establishes as a fee boundary the 1921 MHTL as retraced in 1978 as shown on the Record of Survey, filed in Book 90, Page 39, et seq., of Record of Surveys, Los Angeles County. The boundary will not change due to accretion or erosion, whether artificially or naturally caused (“BOUNDARY LINE”);
- b. The upland parties will quitclaim to the State all right, title, and interest in those lands lying waterward of the BOUNDARY LINE (“STATE PARCEL”);

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- c. The Commission and Parks will quitclaim to the upland parties, all right, title, and interest in those fee lands lying landward of the BOUNDARY LINE (“UPLAND PARCEL”);
- d. The upland parties have removed all improvements that previously extended waterward of the BOUNDARY LINE and therefore no Encroachment Permit will be entered into and executed with the City;
- e. The upland parties will pay \$14,597 of back rent to the City;
- f. A judgment confirming the settlement will be obtained in Los Angeles Superior Court. The court shall retain jurisdiction to enforce the terms of the Stipulated Judgment and Boundary Line Agreement.

Commission staff recommends the proposed boundary line agreement because the settlement accomplishes the objective of the Commission to establish a boundary between private uplands and tidelands, and reduces the possibility of further litigation. The Office of the Attorney General concurs in this recommendation.

OTHER PERTINENT INFORMATION:

- 1. The Commission is a land and resource trust manager and thus has significant influence over development and uses of public trust lands that will be affected by sea-level rise. Future sea-level rise is expected to compound the effects of natural hazards on existing critical coastal infrastructure, and may affect the boundaries between sovereign public trust lands and privately owned uplands. In consideration of these concerns, Commission staff has consistently included a provision in all open-coast BLAs to reserve back a springing easement for commerce, navigation, fisheries and other recognized public trust purposes in the event the Upland Parcel becomes submerged or subject to the ebb and flow of the tide. However, the site-specific California Supreme Court *Muchenberger* decision fixing and affirming the 1921 MHTL as the boundary line at this location has resulted in a situation unique as compared to other Commission-owned lands where this language would ordinarily be appropriate. Therefore, this language has not been included in the Philbin BLA.

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2. The proposed action is consistent with the 2016-2020 Commission's Strategic Plan; Strategy 1.3 – Protect, expand and enhance appropriate public use and access to and along the State's inland and coastal waterways.
3. The State, acting by and through the Commission, is authorized under Division 6 of the Public Resources Code, and specifically pursuant to section 6357, to enter into BLAs.
4. The staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as statutorily exempt. The subject activity is exempt because it involves settlement of title and boundary problems.

Authority: Public Resources Code section 21080.11 and California Code of Regulations, Title 14, section 15282, subdivision (f).

EXHIBIT:

- A. Location and Site Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a statutorily exempt project pursuant to Public Resources Code section 21080.11 and California Code of Regulations, section 15282, subdivision (f), settlement of title and boundary problems.

AUTHORIZATION:

1. Find that the proposed settlement is in the best interests of the State.
2. Approve and authorize the execution, acknowledgment, acceptance, and recordation, on behalf of the Commission, of the Stipulated Judgment and Boundary Line Agreement in substantially the form of the copy of such agreement on file with the Commission, including but not limited to the State's Certificate of Acceptance and all further documents, conveyances and other

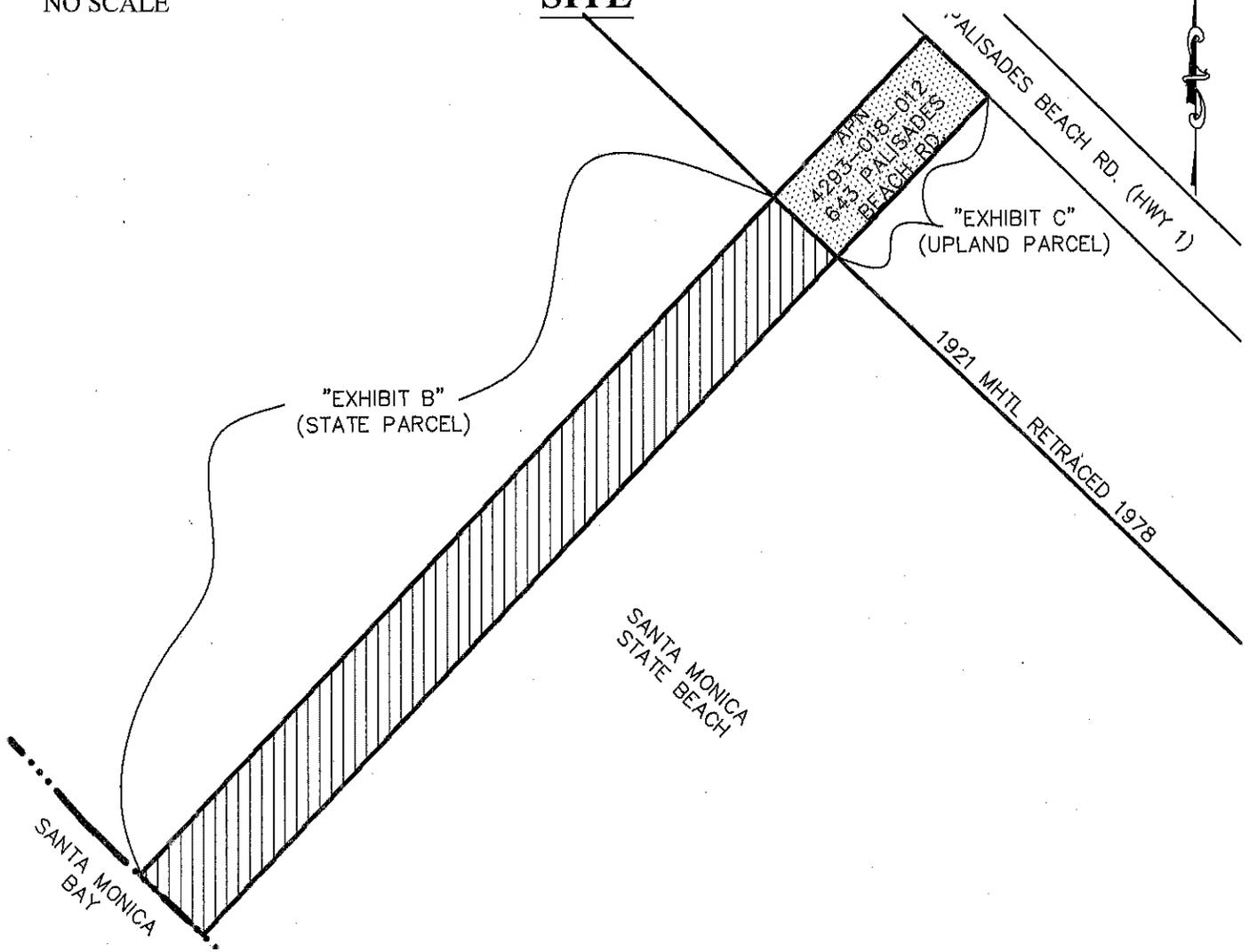
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instruments that may be necessary to fully effectuate the provisions of the proposed settlement.

3. Authorize and direct the staff of the Commission and/or the California Attorney General to take all necessary or appropriate actions on behalf of the Commission, including the execution, acknowledgment, acceptance, and recordation of all documents as may be necessary or convenient to carry out the proposed settlement; and to appear on behalf of the Commission in any legal proceedings relating to the subject matter thereof.

NO SCALE

SITE



643 PALISADES BEACH RD., SANTA MONICA

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit A

AD 648
 PHILBIN
 APN 4293-018-012
 BOUNDARY LINE
 AGREEMENT
 LOS ANGELES COUNTY



MJF 3/17/16