

**STAFF REPORT
C69**

A	37, 53, 68, 70, 72, 74	12/03/18 W 4848.1 W 4848.3 W 4848.4 W 4848.5 W 4848.6 W 4848.8 N. Heda D. Cook
S	19, 24, 33, 34, 37	

CONSIDER APPROVAL OF QUALIFYING MILEAGES FOR SUBVENTIONS FOR FISCAL YEAR 2018-2019, TO THE COUNTIES OF VENTURA AND SANTA BARBARA; TO THE CITY OF CARPINTERIA LOCATED IN SANTA BARBARA COUNTY; TO THE CITIES OF HUNTINGTON BEACH AND SEAL BEACH LOCATED IN ORANGE COUNTY; AND TO THE CITY OF LONG BEACH LOCATED IN LOS ANGELES COUNTY

BACKGROUND:

Public Resources Code section 6817 provides for subventions of State tidelands oil and gas revenues to cities and counties, as described below. Pursuant to the statute, the Commission is required to report to the State Controller the amounts of revenues to be used for purposes of calculating those subventions.

Public Resources Code section 6817, subdivision (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 active State tidelands oil and gas leases.

The subventions made to a qualifying city or county for each fiscal year are determined by a subvention distribution formula in Public Resources Code section 6817, subdivision (a). A qualifying city or county may receive 1 percent of the oil and gas revenues the State receives during a fiscal year from leases within its boundaries. The 1 percent share is 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 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 Fiscal Year 1983-84.

STAFF REPORT NO. **C69** (CONT'D)

In addition to the subventions under the provisions of Public Resources Code section 6817, subdivision (a), subdivision (b) provides that under specified circumstances, a city or county having within its boundaries a State tidelands oil and gas lease or leases may receive 20 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. No cities or counties have ever qualified for these additional revenues.

STAFF ANALYSIS AND RECOMMENDATIONS:

With respect to each city and county, the apportionment for any given fiscal year is based on the physical facts existing on June 30 of the preceding fiscal year. Based on verification letters received by Commission staff from the cities and counties, the qualifying miles upon which subventions for Fiscal Year 2018-2019 are to be based are listed on Exhibit A, attached. The list of leases from which the subventions are payable for the qualifying cities and counties for Fiscal Year 2018-2019 are compiled in Exhibits B and C, attached.

The amounts paid to cities and counties are to be held in trust and required to be expended for the promotion, accommodation, establishment, improvement, operation, and maintenance of public recreational beaches and coastline for the benefit of all the people of the State. Staff recommends the Commission approve the qualifying beaches and parks, as reported by the subject cities and counties, and verify this qualifying mileage as the basis for subventions in Fiscal Year 2018-2019 (See Exhibit A). Staff also recommends that the Commission report to the State Controller the revenue to be transmitted to the subject cities and counties based on the approved qualified mileages as required by Public Resources Code section 6817 for Fiscal Year 2017-2018.

The Commission, at the time of remitting revenues to the State Treasurer, shall report to the State Controller the total amount of revenue received from tide and submerged lands shown with respect to each city or county to which such amount is applicable.

Subventions for Fiscal Year 2017-2018 were as follows:

City of Huntington Beach	\$429,448.78
City of Seal Beach	\$42,394.35
City of Long Beach	\$32,570.70
City of Carpinteria	\$0
County of Ventura	\$0
County of Santa Barbara	\$0
Total	<u>\$504,413.83</u>

STAFF REPORT NO. **C69** (CONT'D)

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6817.

OTHER PERTINENT INFORMATION:

- 1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction; and Strategy 1.3, to protect, expand, and enhance appropriate public use and access to and along the State's inland and coastal waterways.
- 2. The subject approval of qualifying mileages for subventions to cities and counties for Fiscal Year 2018-2019 is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBITS:

- A. Cities and Counties Qualifying for Subventions and Qualifying Mileage, Fiscal Year 2018-2019
- B. Subvention Leases for the Qualifying Cities and Counties, Fiscal Year 2018-2019
- C. Townlot Leases Associated with PRC 91 Main Zone Units for Fiscal Year 2018-2019

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

- 1. Approve the qualifying beaches and parks, as reported by cities and counties, and verify their qualifying mileage as a basis for subventions in Fiscal Year 2018-2019.
- 2. Approve the reporting of revenue based on the approved qualified mileages to the State Controller as required by Public Resources Code section 6817 for Fiscal Year 2017-2018.

W 4848.1, W 4848.3, W 4848.4
W 4848.5, W 4848.6, W 4848.8

EXHIBIT A

CITIES AND COUNTIES QUALIFYING FOR SUBVENTIONS AND QUALIFYING MILEAGE UNDER PUBLIC RESOURCES CODE SECTION 6817 FISCAL YEAR 2018-2019

City/County	Park or Beach Owned or Operated by City or County	Adjacent Qualifying Lease	Footage FY17-18	Footage FY 18-19	Total Qualifying Miles	Changes from Previous Year's Miles
City of Huntington Beach (W 4848.1)	Huntington Beach City \					
	Bolsa Chica Beach		5,665	5,665		
		*Not Required	11,873	11,873		
	**Sunset Beach	*Not Required	6,124	6,124		
	TOTAL		23,662	23,662	5	No change
City of Seal Beach (W 4848.4)	Seal Beach Public Beach	*Not Required	8,124	8,124		
	TOTAL		8,124	8,124	2	No change
City of Long Beach (W 4848.8)	Alamitos Beach Park	*Not Required	2,005	2,005		
	TOTAL		2,005	2,005	1	No change
City of Carpinteria (W 4848.6)	Carpinteria City Beach	*Not Required	9,350	9,350		
	TOTAL		9,350	9,350	2	No change
County of Ventura (W 4848.5)	Mandalay Beach Park	PRC 3314	0	0		
	TOTAL		0	0	0	No change
County of Santa Barbara (W 4848.3)	Loon Point Recreation	PRC 1824	2,594	2,594		
	Rincon Beach Park	PRC 3133	1,380	1,380		
	TOTAL		3,974	3,974	1	No change

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

**The city of Huntington Beach annexed Sunset Beach in 2011.

W 4848.1, W 4848.3, W 4848.4
W 4848.5, W 4848.6, W 4848.8

EXHIBIT B

**SUBVENTION LEASES FOR THE QUALIFYING CITIES AND COUNTIES
UNDER PUBLIC RESOURCES CODE SECTION 6817
FISCAL YEAR 2018-2019
SUBVENTION INTERESTS (100 PERCENT UNLESS OTHERWISE INDICATED)**

CITY OF HUNTINGTON BEACH (W 4848.1)	CITY OF SEAL BEACH (W 4848.4)	CITY OF LONG BEACH (W 4848.8)	CITY OF CARPINTERIA (W 4848.68)	COUNTY OF SANTA BARBARA (W 4848.3)
PRC	PRC	PRC	PRC	PRC
91*	186	3455	3133 (44.6%)	4000
163	1482		3150 (54.16%)	1824
392	3095 (73.0%)		7911 (7.3%)	7911 (92.7%)
425				3133 (55.4%)
426				3150 (45.84%)
3033				
3413				
4736				

*See Exhibit C, Townlot Leases associated with PRC 91 Main Zone Units.

W 4848.1, W 4848.3, W 4848.4
W 4848.5, W 4848.6, W 4848.8

EXHIBIT C

TOWNLOT LEASES ASSOCIATED WITH PRC 91 MAIN ZONE UNITS FOR FISCAL YEAR 2018-2019

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