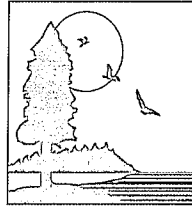


**CALIFORNIA STATE
LANDS COMMISSION**



EXECUTIVE OFFICE
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

JENNIFER LUCCHESI, Executive Officer
(916) 574-1800 Fax (916) 574-1810
California Relay Service TDD Phone 1-800-735-2929
Voice Phone 1-800-735-2922

December 26, 2012

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Brown:

Please find enclosed for your information the Kapiloff Land Bank Report. This complies with the annual reporting requirement pursuant to Section 8618 of the Public Resources Code.

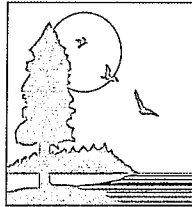
If you have any questions regarding this report, please contact Dave Brown, Chief, Administrative and Information Services, at (916) 574-1870.

Sincerely,


JENNIFER LUCCHESI
Executive Officer

Enclosure

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December 26, 2012

Mr. Gregory Schmidt
Secretary of the Senate
State Capitol, Room 3044
Sacramento, CA 95814

Dear Mr. Schmidt:

Please find enclosed for your information the Kapiloff Land Bank Report. This complies with the annual reporting requirement pursuant to Section 8618 of the Public Resources Code.

If you have any questions regarding this report, please contact Dave Brown, Chief, Administrative and Information Services, at (916) 574-1870.

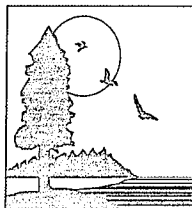
Sincerely,

A handwritten signature in cursive script that reads "Jennifer Lucchesi".

JENNIFER LUCCHESI
Executive Officer

Enclosure

**CALIFORNIA STATE
LANDS COMMISSION**



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100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

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Voice Phone 1-800-735-2922

December 26, 2012

E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, CA 95814

Dear Mr. Wilson:

Please find enclosed for your information the Kapiloff Land Bank Report. This complies with the annual reporting requirement pursuant to Section 8618 of the Public Resources Code.

If you have any questions regarding this report, please contact Dave Brown, Chief, Administrative and Information Services, at (916) 574-1870.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Lucchesi".

JENNIFER LUCCHESI
Executive Officer

Enclosure

**CALIFORNIA STATE LANDS COMMISSION
KAPILOFF LAND BANK REPORT
Fiscal Year 2011-2012**

This report complies with the annual reporting requirement pursuant to Section 8618 of the Public Resources Code. It is a summary description of title settlements and other transactions entered into by the California State Lands Commission (CSLC) to meet the objectives of the Kapiloff Land Bank Act. This report reflects transactions from July 1, 2011 through June 30, 2012.

BACKGROUND

The Kapiloff Land Bank Act (Act) was introduced by Assemblyman Lawrence Kapiloff and enacted by the Legislature in 1982 (Public Resources Code §§ 8600, *et seq.*). The Act is an extension of CSLC authority provided for in Public Resources Code section 6307. The Act was created to facilitate settlements of title to real property with cash payments where exchange parcels are not readily available or are not of equal value and to facilitate mitigation through the pooling of such payments. The CSLC holds and administers the acquired lands as sovereign public trust lands of the legal character of tidelands and submerged lands.

ACQUISITION OF PROPERTY WITH LAND BANK FUNDS

There were no acquisitions of property made during fiscal year 2011-2012.

LAND BANK FUND DEPOSITS/EXPENDITURES

Moneys received into the Kapiloff Land Bank Fund (Fund) are subject to use restrictions as set forth in Public Resources Code section 8613. Moneys in the Fund shall be available for expenditure to purchase outstanding interests in tide and submerged lands; lands which have been or may be converted to wetlands, or adjoining or nearby lands where the public use and ownership of the land is necessary or extremely beneficial for furtherance of public trust purposes. Furthermore, if a deposit is made into the Fund for purposes of mitigation, the moneys deposited are subject to a statutory trust limiting its use exclusively to the identified mitigation.

SPECIAL MITIGATION AND MANAGEMENT PROJECTS

Bolsa Chica Lowlands Restoration

Bolsa Chica consists of 880 acres of lowlands located in Orange County adjacent to the Pacific Ocean and 327 acres of historic wetlands acquired by the CSLC in 1973 in settlement of long-standing land title claims. The property has been transformed into a full tidal basin with the remainder into wetlands. The primary source of funding has

KAPILOFF LAND BANK REPORT

Fiscal Year 2011-2012

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come from the Ports of Los Angeles and Long Beach in return for mitigation credits necessary for port expansion. A total of \$800,276 was expended during fiscal year 2011-2012 for site management and environmental monitoring.

City of Newport Beach

Pursuant to Chapter 728, Statutes of 1994, and Chapter 317, Statutes of 1997, the City of Newport Beach has deposited \$362,125.96 for the fiscal year into the Fund for costs related to the administration of Granted Trust Lands. A total of \$394,363.86 was expended during fiscal year 2011-2012 to support the Commissions Granted Lands oversight program.

Batiquitos Lagoon Maintenance Dredging

Mitigation monies were transferred from the California Department of Fish and Game (DFG) to support a maintenance dredging project at Batiquitos Lagoon, in Carlsbad, San Diego County. The Batiquitos Lagoon Enhancement Project was undertaken as mitigation for the loss of deep water fish habitat due to channel improvements and construction of landfill for cargo terminals at the Port of Los Angeles. The project includes lands owned by both the DFG and the Commission. At its October 22, 2009 meeting (Item 52), the Commission authorized staff to provide procurement and contract management services for maintenance dredging and to receive funding provided by the Port of Los Angeles held in trust by DFG. To facilitate the transaction, the Commission authorized transfer of those mitigation funds to the Fund per agreement with DFG. In addition to funds received in 2010-2011 fiscal year, a total of \$2,058,417.91 was received in fiscal year 2011-2012 to provide for project engineering and management consultant services. Dredging contractor, engineering consultant and Commission administrative support costs of \$2,358,235.35 were expended during the 2011-2012 fiscal year.

Oil Spill Remediation

On September 26, 1998, the tanker Command left San Francisco Bay bound for Panama. As it traveled in the southbound traffic lane off the San Francisco and San Mateo County coasts, it released an estimated 3,000 gallons of Intermediate Bunker Fuel. That oil washed ashore, largely in the form of scattered tar balls, over 15 miles of beaches, mainly in San Mateo County. The Federal Government and the State of California reached a settlement with the parties responsible designating that funds used for human use loss restoration projects. The Commission has previously approved funding projects for the Fitzgerald Marine Reserve and Mirada Surf Improvements in San Mateo County. \$14,136.10 was expended from these funds in fiscal year 2011-2012.

TITLE SETTLEMENTS

There were no Title Settlements during this period involving the Fund.

KAPILOFF LAND BANK REPORT

Fiscal Year 2011-2012

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FUND BALANCE SUMMARY 07/01/2012

Title Settlements pursuant to PRC §8625 (a)	\$ 7,202,122.73
Bolsa Chica Lowlands Restoration	\$ 9,554,154.15
Special Mitigation and Management Projects	\$ 3,149,132.94

Moneys received into the Land Bank Fund are subject to use restrictions as set forth in Public Resources Code section 8613 – Moneys in the fund shall be available for expenditure by the trustee to purchase outstanding interests in tide and submerged lands; lands which have been or may be converted to wetlands, or adjoining or nearby lands where the public use and ownership of the land is necessary or extremely beneficial for furtherance of public trust purposes. Furthermore, if a deposit is made into the land bank for purposes of mitigation, the moneys donated are subject to a statutory trust limiting their use exclusively to the identified mitigation.