

MINUTE ITEM

This Calendar Item No. 54 was approved as Minute Item No. 54 by the State Lands Commission by a vote of 2-0 with one abstention by Commission-Alternate Susanne Morgan at its October 30/ November 3, 1981 meeting

MINUTE ITEM

10/30/81

11/3/81

WP 3/39

Louie  
Mochon

54. AUTHORIZATION FOR SOLICITATION OF BIDS FOR LEASE OF CERTAIN TIDELANDS AND SUBMERGED LANDS AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY

In light of the testimony that was received at the October 15, 1981 public hearing held in Long Beach, the letters received from the public during the past month, and the time constraints of this meeting, the Commission asked those presenting testimony to refrain from reiterating comments already expressed. It was suggested that the meeting recess for five minutes at the outset for the purpose of the witnesses consolidating their testimony. The meeting, therefore, recessed from 11:05 a.m. to 11:10 a.m.

Appearances in favor of the Staff Recommendation to go out to bid:

Dick Stevens, President, Wracher Corporation, a prospective bidder.

Harrison W. Hertzberg, representing Pioneer Take Out Corporation, a prospective bidder.

R. J. Kilpatrick, representing Jack Fennie, owner of Seaway Co. and Catalina Freight Lines, a prospective bidder.

Burton Buser, representing Fy-Tek Industries, a prospective bidder.

Martin McDonough, representing Bruce Ponsel and Jeff Stickler, operators of recreational boating facilities in Long Beach, prospective bidders.

The above people who testified were in support of the lease being put out to bid and each made specific recommendations to the staff's proposal.

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Appearance in support of Management Agreement with Public Agency

Clancy Leland, representing the Los Angeles County Board of Supervisors. Mr. Leland was in support of the Commission entering into a Management Agreement with a public agency and suggested that the County is the logical agency.

Appearances in opposition to the Staff's Recommendation and in Favor of Retaining Santa Catalina Island Company as Lessee:

Dennis Carpenter, representing Santa Catalina Island Company and Santa Catalina Island Conservancy.

Barry Labow, representing Boat Owners Associated Together.

Jo Ann Swan, representing Angeles Girl Scout Council.

Carl Meseck, representing the Glendale YMCA.

Ed Nichols, representing Southern California Marine Association.

Mel Rechley, representing the Yacht Racing Union of Southern California.

Ronald A. Geiger, representing the Blue Water Cruising Club.

Charles Morten, representing the Blue Water Cruising Club.

Bill Leisk, representing the California Marine Parks & Harbors Association, Inc.

John Ewell, in pro per

John Lonergan, in pro per

Henry Snyder, in pro per

Jordan Saunders, in pro per

Thomas Redler, representing 254 taxpayers & voters.

William Davidson, in pro per

Raymond Myroid, in pro per

Doug Oudin, Harbor Master, Catalina Cove & Camp Agency

Bob Johnson, in pro per

Louis Comyns, in pro per

Milt Stein, in pro per \* \* \* \* \*

George Scott, Mayor City of Avalon, appeared. He wanted to make sure that the proposal adopted by the Commission gave the City protection so that it would be able to build a new airport in the Pebbly Beach area.

After the above testimony was received, Commission-Alternate David Ackerman requested Doug Bombard, representing the Santa Catalina Island Company and on-site manager of the existing lease, to comment on the staff's recommendation. Mr. Bombard appeared and testified.

Mr. Ackerman pointed out in his opinion the purpose of going out to bid was not solely based on the economic return to the State, but he felt the Commission is required to obtain a fair market value. He stated if the Commission entered into a negotiated lease with the Island Company, it might be subject to criticism since there are a number of other apparently qualified parties who are interested in being considered. Therefore, he stated a fine line has to be drawn to accommodate both of these concerns.

After Mr. Bombard's testimony, the Commission recessed until 3:30 p.m. because Commission-Alternate Susanne Morgan was required to attend another meeting.

When the meeting reconvened at 3:30 p.m., N. Gregory Taylor, Assistant Attorney General, clarified the record on two points.

- 1) He stated during the recess he had spoken with the Mayor of the City of Avalon, and the Mayor indicated that the City is not interested in any participation on any basis with the Commission outside of the Pebbly Beach area. Since the staff has not recommended leasing of that area to the Company or the Conservancy, it was Mr. Taylor's understanding the City's concerns were accommodated. The Mayor confirmed the statement from the audience.
- 2) With regard to the County of Los Angeles, it was Mr. Taylor's understanding the County is only interested in a management agreement with the Commission similar to that which the State Department of Parks & Recreation enters into with other agencies; the County is not interested in being considered for this on any other basis. Mr. Leland reappeared and confirmed Mr. Taylor's statement.

In conclusion, Mr. Taylor stated that with the above in mind, and the Commission not being interested in the arrangement proposed by the County, what is presently before the Commission is the procedure upon which bids will be solicited and the terms of any future lease to be issued.

During the remainder of the meeting, the Commission discussed what criteria they would like included in the bid package.

Commission-Alternate Susanne Morgan stated it was her opinion the public has been well served by the Santa Catalina Island Company. However, she felt it is important that the State receive a good economic return. Therefore, she suggested that the staff renegotiate the lease with the Island Company, incorporating those criteria discussed by the Commission at this meeting. She stated she was prepared to make a motion along those lines.

Commission-Alternate David Ackerman stated he initially felt the lease should be renegotiated with the Island Company. However, after rethinking that position, he remembered that in every other instance since he has represented the Lieutenant Governor on this Commission, it has always gone to public bid when one of the parties has opted for that choice. He therefore challenged the staff; His decision would be to renegotiate a lease with the existing leaseholder unless he could be convinced to go out to bid, without any disservice to the boaters and the current operations of the island. His goal then at this time is to justify why the Commission should go out to bid; the staff recommendation is the result of that challenge. However, he expressed his disappointment that none of the proposed bidders at this meeting presented to the Commission how they are going to provide the necessary services required. Without these proposals before him, he stated he was in a difficult position to decide on which recommendation to adopt.

Mr. Ackerman indicated he was not in favor of oral bidding as opposed to sealed bids. He suggested bids be solicited, and, following their receipt, the Commission could then make a decision. If none of the proposals were acceptable, the Commission could reject them all.

Chairman Cory suggested the Commission review each of the options available and voice their views.

- 1) Management agreement with government agency:
- 2) Negotiate with littoral landowner or solicit RFP or bid.

Kenneth Cory - Solicit proposals, with the condition that if he does not favor the final draft, he will withdraw his support.

David Ackerman - Solicit proposals. However, the staff's proposal is too restrictive. He proposed the package should allow the Commission more than one variable to make a final decision.

Susanne Morgan - Negotiate with littoral landowner, namely the Santa Catalina Island Company.



Mr. Ackerman asked if the Commission could reject the bid solely on the grounds that the proposed fee schedule is too high. Mr. Taylor stated the staff would have to word the proposal in such a manner that it would be one of the criteria on which the bid could be rejected.

Mr. Taylor emphasized during the proceedings that this lease is categorically exempt under CEQA as long as the use is not changed. There can be some variables on services required and the percentage of gross income, but there can be no increase in the number of moorings or their physical configuration.

Since two Commissioners were in favor of going out to bid, it was decided that the Commission would attempt to define for the staff what they would like to see in the bid solicitation and bid lease. Mr. Cory felt that they should review each issue separately, whereupon each Commissioner could state his/her opinion:

1. The areas that are now sublet to Catalina Freight Company and Standard Oil Company at Pebbly Beach should be excluded from the lease, with the understanding that these leases are individually negotiated with the lessor or the upland owner.

The Commission agreed to the above. It was also agreed that since the upland owner is a prospective bidder, these lease negotiations will not coincide with the bidding process.

2. Whether or not to exempt from the lease the unimproved coves and leave those free for anchorage.

The Commission felt these areas should be included in the lease, and that there should be a minimum level of service provided in these areas by the lessee. However, installation of moorings would be prohibited.

3. Exemption of fairway at Isthmus Harbor.

It was the consensus of the Commission that more information is required as to the size of the fairway, etc. before they can respond to this issue.

4. Joint piers

The Commission agreed that joint use of piers would not be required.

5. Term of lease/services provided.

It was agreed that the lease would be for 15 years with a five year rent review, with the services to be provided as developed by the lessee in the bid package.

6. Should lease be subject to renewal

It was agreed that the lease would be nonrenewable.

7. Rental

It was agreed that submission of a rent schedule or fees would be required on the basis of \$125,000 minimum annual rental with a 17% of gross income minimum bid.

Mr. Northrop asked Mr. Ackerman to specify what variables, other than the percentage of gross income, would he like to see in the bid package. Mr. Ackerman stated, in addition to the percentage of gross income, the level of services should weigh heavily as a deciding factor.

8. Grandfathering Clause

It was agreed that the existing sublessees should be grandfathered into the new lease, allowing them the option to renew each year for the remaining 15 years of the lease.

Mr. Cory stated to avoid future misunderstandings the definition of some of the services to be required e.g. solid waste disposal, towing and mechanical repair, noninterference with services designed to provide access to the upland, etc. should be included in the proposal.

At the conclusion of this discussion, the Commission recessed until November 3 at which time the staff was instructed to return for the Commission's further consideration with a draft proposal incorporating those criteria specified by the Commission.

At this time, since the announcement of the award of the winning bid is scheduled for the December meeting, Mr. Ackerman requested that the meeting be held in Los Angeles. Mr. Cory asked the staff to investigate that possibility.

On November 3, 1981, the meeting reconvened at 12:30 p.m. During this time, the staff presented the Commission with a draft proposal which incorporated the Commission's comments set forth at the October 30 meeting. The Commission reviewed each section of the proposal, including, but not limited to, provisions regarding transferability of mooring site subleases, and amended it as reflected in Exhibit 2 attached hereto.

In response to Mr. Ackerman's request on October 30, Mr. William F. Northrop, Executive Officer, advised that due to budget restraints, it would put a hardship on the staff to hold the December meeting in the Los Angeles area.

Upon motion duly made and carried, the following resolution was adopted by the Commission by a vote of 2-0, with one abstention by Commission-Alternate Susanne Morgan.

THE COMMISSION:

1. FINDS THAT IT IS WITHIN THE BEST INTEREST OF THE STATE TO ENTER INTO A LEASE OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT 1 ATTACHED HERETO.
2. FINDS:
  - (A) IN LIGHT OF THE FACTS AND CIRCUMSTANCES SET FORTH IN THIS CALENDAR ITEM AND THE STAFF REPORT ATTACHED HERETO AS EXHIBIT 3 AND PURSUANT TO SECTION 2002 OF THE CAL. ADM. CODE, THAT CONSISTENT WITH PROTECTION OF REASONABLE ACCESS OF THE LITTORAL OWNER TO THE LITTORAL LAND, AND USE OF THE STATE-OWNED SUBMERGED LANDS, DESCRIBED IN EXHIBIT 1 ATTACHED HERETO, BY MEMBERS OF THE PUBLIC FOR RECREATIONAL BOATING PURPOSES, AND IN ORDER TO PROVIDE ALL INTERESTED PARTIES AN EQUAL OPPORTUNITY TO PROVIDE THEIR QUALIFICATIONS TO ENTER INTO A LEASE OF THE SAID SUBMERGED LANDS AND TO BETTER ASSURE AN EQUITABLE ECONOMIC RETURN TO THE PEOPLE OF THE STATE, IT IS IN THE BEST INTEREST OF THE STATE TO ADVERTISE AND INVITE BIDS FOR A LEASE REGARDING THE SAID SUBMERGED LANDS; AND
  - (B) THAT THE BID FACTOR WILL BE THE PERCENTAGE OF GROSS INCOME TO BE PAID AS ANNUAL RENTAL ON ANY LEASE OF THE SAID SUBMERGED LANDS; MINIMUM BID IS SET AT 17% OF GROSS INCOME. THE MINIMUM ANNUAL ECONOMIC RETURN TO THE STATE WILL BE FIXED AT \$125,000.
3. AUTHORIZES THE COMMISSION STAFF TO ADVERTISE AND SOLICIT BIDS FOR A LEASE OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT 1 ATTACHED HERETO.
4. DETERMINES THAT THE TIDELANDS AND SUBMERGED LANDS UNDERLYING IMPROVEMENTS STRUCTURALLY ATTACHED TO THE UPLANDS AS OF OCTOBER 1, 1981, INCLUDING BUT NOT LIMITED TO THE PEBBLY BEACH WHARF SITE AND FREIGHT RAMP SITE, BE LEASED DIRECTLY TO THE OWNERS OR LESSEES OF THE UPLANDS ADJACENT TO THOSE IMPROVEMENTS.

5. ADOPTS CERTAIN PROVISIONS TO BE INCLUDED IN THE BID PACKAGE AND THE BID LEASE. THESE PROVISIONS ARE SET FORTH IN THE "SOLICITATION OF BIDS FOR A LEASE OF SUBMERGED LANDS AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY, CALIFORNIA" ATTACHED HERETO AS EXHIBIT 2 .

Attachments:

Exhibits 1 , 2 and 3

(For a verbatim transcript of the meeting, refer to the Commission transcripts of October 30 and November 3, 1981, on file in the office of the State Lands Commission.)

EXHIBIT "1"

LAND DESCRIPTION

WP 3539

PARCEL 1 - Isthmus Cove

All that area bounded on the west, south, and southeast by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 26' 35''$  North Latitude,  $118^{\circ} 29' 25''$  West Longitude to a point on the mean high tide line at approximately  $33^{\circ} 26' 45''$  North Latitude,  $118^{\circ} 29' 50''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps.

PARCEL 2 - Fourth of July Cove

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line beginning at a point on the mean high tide line at approximately  $33^{\circ} 26' 56''$  North Latitude,  $118^{\circ} 29' 55''$  West Longitude, thence northeasterly 50 feet, more or less, to a point offshore at approximately  $33^{\circ} 26' 56''$  North Latitude,  $118^{\circ} 29' 54''$  West Longitude; thence southeasterly 1,200 feet, more or less, to a point on the mean high tide line described as  $33^{\circ} 26' 45''$  North Latitude,  $118^{\circ} 29' 50''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 3 - Howland's Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 27' 40''$  North Latitude,  $118^{\circ} 31' 07''$  West Longitude to a point on the mean high tide line at approximately  $33^{\circ} 27' 55''$  North Latitude,  $118^{\circ} 31' 15''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 4 - Emerald Bay

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude; thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude; thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath the existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 5 - Catalina Harbor

All that area bounded on the west, north and east by the mean lower low waterline and on the south and southeast by a line beginning at a point on the mean high tide line at approximately 33° 25' 41" North Latitude, 118° 30' 21" West Longitude; thence west 848 feet, more or less, to a point at approximately 33° 25' 41" North Latitude, 118° 30' 31" West Longitude; thence southwesterly 1,625 feet, more or less, terminating at a point on the mean high tide line at approximately 33° 25' 30" North Latitude, 118° 30' 39" West Longitude.

EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tideland in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

PARCEL 6 - Buttonshell Beach

All that area bounded on the north and west by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 24' 02" North Latitude, 118° 31' 59" West Longitude to a point on the mean high tide line at approximately 33° 24' 23" North Latitude, 118° 31' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 7 - White's Landing

All that area bounded on the northwest, west, and south by the mean lower low waterline and on the north, northeast, and southeast by a line beginning at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude; thence northeasterly 100 feet, more or less, to a point at approximately 33° 23' 44" North Latitude, 118° 22' 06" West Longitude; thence on a straight line 1,460 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 59" West Longitude; thence southwesterly 556 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 8 - Moonstone Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast and northwest by a line beginning at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude; thence northeasterly 556 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 58" West Longitude; thence southeasterly 1,460 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 18" North Latitude, 118° 21' 51" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 9 - Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 26" North Latitude, 118° 21' 01" West Longitude, to a point on the mean high tide line at approximately 33° 22' 37" North Latitude, 118° 21' 14" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 10 - Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 13" North Latitude, 118° 20' 47" West Longitude, to a point on the mean high tide line at approximately 33° 22' 20" North Latitude, 118° 20' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 11 - Cherry Cove

All that area bounded on the north, west, and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 27' 11" North Latitude, 118° 30' 02" West Longitude; thence southeasterly 1,200 feet to a point offshore at approximately 33° 26' 59" North Latitude, 118° 29' 56" West Longitude; thence southwesterly 150 feet more or less to a point on the mean high tide line at approximately 33° 26' 58" North Latitude, 118° 29' 57" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 - Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude.

PARCEL 13 - Hen Rock

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

PARCEL 14 - Willow Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 22' 38" North Latitude, 118° 21' 16" West Longitude, to a point on the mean high tide line at approximately 33° 22' 41" North Latitude, 118° 21' 20" West Longitude.

PARCEL 15 - Empire Landing

An area 200 feet in width lying 100 feet on each side of the centerline of an existing pier, the shoreward end of said centerline being at approximately 33° 25' 43" North Latitude, 118° 26' 23" West Longitude, extending 200 feet seaward from the mean lower low waterline.



EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 16 - Smeltz Cove (Big Geiger)

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude to a point on the mean lower low waterline at approximately 33° 27' 37" North Latitude, 118° 31' 02" West Longitude.

PARCEL 17 - Little Harbor

All that area bounded on the north and east by the mean lower low waterline and on the south by a straight line extending from a point on the mean lower low waterline at approximately 33° 23' 06" North Latitude, 118° 28' 27" West Longitude, for approximately 980 feet to a point offshore, being a point on the most easterly end of the harbor reef at approximately 33° 22' 48" North Latitude, 118° 28' 36" West Longitude, then north along a straight line for approximately 500 feet to a point on the mean high tide line at approximately 33° 23' 09" North Latitude, 118° 28' 34" West Longitude.

PARCEL 18 - Doctor's Cove

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 28' 17" North Latitude, 118° 31' 52" West Longitude to a point on the mean high tide line at approximately 33° 28' 12" North Latitude, 118° 31' 47" West Longitude.

PARCEL 19 - Ripper's Cove

All that area bounded on the east, south and west by the mean lower low waterline and a straight line on the north, beginning at a point on the mean high tide line at approximately 33° 25' 40" North Latitude, 118° 26' 03" West Longitude, and extending to a point on the mean high tide line at approximately 33° 25' 38" North Latitude, 118° 25' 50" West Longitude.

PARCEL 20 - Cabrillo Harbor

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 25' 15" North Latitude, 118° 24' 14" West Longitude, to a point approximately 100 feet offshore being approximately 33° 25' 13" North Latitude, 118° 24' 13" West Longitude, then southwestly to a point on the mean lower low waterline being approximately 33° 25' 11" North Latitude, 118° 24' 12" West Longitude.

PARCEL 21 - Parson's Landing

All that area bounded on the east, south and west by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 28' 26" North Latitude, 118° 33' 09" West Longitude, to a point on the mean lower low waterline at approximately 33° 28' 08" North Latitude, 118° 32' 55" West Longitude.

END OF DESCRIPTION

PREPARED NOVEMBER 2, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

EXHIBIT 2

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

KENNETH CORY, CHAIRMAN  
MIKE CURB, COMMISSIONER  
MARY ANN GRAVES, COMMISSIONER

1807 13th STREET  
SACRAMENTO, CALIFORNIA 95814

SOLICITATION OF BIDS  
FOR A LEASE OF SUBMERGED LANDS  
AT SANTA CATALINA ISLAND  
LOS ANGELES COUNTY,  
CALIFORNIA

NOVEMBER 6, 1981

FILE REFERENCE WP 3639  
\* \* \* \*

DUE DATE: DECEMBER 7, 1981

4:00 P.M.

\*\*\*\*\*  
 \* NOTICE TO BIDDERS \*  
 \* This bid package supersedes all prior \*  
 \* drafts \*  
 \* November 6, 1981 \*  
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EXHIBIT 2

SOLICITATION OF BIDS

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STATE LANDS COMMISSION

INTRODUCTION

In accordance with a published Notice of Intention, the State of California, acting by and through its State Lands Commission (hereinafter "State") proposes to lease certain State-owned submerged lands at Santa Catalina Island, beginning January 1, 1982, for recreational boating purposes, and for services incidental thereto. These lands are more specifically described in Exhibit "A" of this Solicitation of Bids (hereinafter "Solicitation") and shall hereinafter be referred to as "subject lands". A site map showing the general location of these lands is attached hereto as Exhibit "B". The State proposes to issue this lease pursuant to its authority under Public Resources Code Sections 6216 and 6301, and California Administrative Code Sections 2000 et seq. The State Lands Commission has determined that it is in the best economic, social and environmental interest of the people of the State to advertise and solicit bids for the lease of the subject lands.

The subject lands are all located outside the city limits of Avalon. The tidelands and submerged lands within the City of Avalon were granted in trust by the Legislature to the city by Chapter 303 of the Statutes of 1943, later clarified and amended by Chapter 493 of the Statutes of 1949, and Chapter 1884 of the Statutes of 1963. Therefore, primary leasing and management authority over tidelands and submerged lands within the city limits lies in the City of Avalon.

This Solicitation is designed to provide background information, to describe in detail the contemplated lease, and to define the requirements of any bid to be submitted in response to this Solicitation.

Much of the geographical and historical information provided in this Solicitation was drawn from the Santa Catalina Draft LCP prepared by the South Coast Regional Coastal Commission, and is provided as background only. More specific data may be obtained by reference to that document. The State hereby makes no representation as to the accuracy and completeness of the background information. Bidders should independently confirm any such information which is essential to their bids.

EXHIBIT 2

GENERAL BACKGROUND INFORMATION

A. ISLAND DESCRIPTION: PHYSICAL SETTING

Santa Catalina Island is the only significantly inhabited island near the California coast. It is located approximately 22 miles south of the Palos Verdes Peninsula and 27 miles southwest of the Orange County shoreline. The island is approximately twenty-one miles long and eight miles wide, and has a land area of approximately seventy-four square miles. The Island has a total estimated resident population of 2300 people; approximately 2000 living within the corporate boundaries of the City of Avalon, and 300 in the unincorporated area, primarily in the vicinity of Two Harbors (Isthmus Cove and Catalina Harbor). During popular visitor periods, the daily and overnight population may increase to 6,000 to 8,000 in the Avalon area; the population in the unincorporated area, concentrated in the Two Harbors area, may expand to 3,000 to 6,000.

Santa Catalina Island is characterized by rugged topography and a cliffed shoreline. Level terrain is limited to a few large inland and coastal canyons such as those located at Avalon, Pebbly Beach, White's Landing, Middle Ranch, Two Harbors and Emerald Bay. Mt. Orizaba, located in the central portion of the Island, is the highest peak at 1,125 feet. Avalon and Two Harbors have always been the major ports of entry and primary population and service communities on Santa Catalina Island.

The Two Harbors community is located thirteen miles westerly of Avalon. The actual roadway distance is twenty-one miles through rugged terrain, across lands owned by the Santa Catalina Island Company and the Santa Cataline Island Conservancy, with an average driving time of one hour and fifteen minutes. Boat transport from Avalon harbor to Two Harbors is the shortest travel distance and can average fifty to sixty minutes; however, frequent westerly winds resulting in rough water can slow this trip to seventy-five or eighty minutes. Two Harbors is a major boating destination point and has historically been recognized as a general service center for all boating, camping and other visitor activities in the westerly portion of Santa Catalina Island. Catalina Harbor is the only all-weather, small craft harbor off the mainland coast and, on many occasions throughout the year, offers storm refuge to commercial fishing vessels and a variety of other craft.

B. ISLAND HISTORY

Initial development commenced on Santa Catalina Island in the late 1880's when island owner George Shatto and his agent, C. A. Sumner, laid out the town of Avalon, sold lots, and built the Hotel Metropole. In purchasing the island from the James Lick estate, Shatto mortgaged his acquisition heavily with the trustees of the Lick estate and soon found himself in financial difficulties in his efforts to develop Avalon. This resulted in repossession of the island by the



Lick trustees, who in 1892 resold Catalina to the three sons of General Phineas Banning: Judge Joseph Brent Banning, Captain William Banning, and Hancock Banning.

In 1892, the Bannings formed the Santa Catalina Island Company (hereinafter "Company") as a closed family corporation to implement the plans for resort development initiated by George Shatto. Their efforts included additional leasing of tent platform sites to summer visitors, expansion of commercial development along Crescent Avenue, and building of the 167-room St. Catherine Hotel in Avalon. The City of Avalon was incorporated in 1913.

In 1910, Judge Joseph Banning built his family residence at the Isthmus on a high knoll overlooking Two Harbors; this residence still stands today. The Union Army Barracks, built in 1864 by the Occupying Union Army, also remains in the Two Harbors area.

Financial problems resulting from a 1915 fire in Avalon and heavy debt incurred in the construction of the St. Catherine Hotel forced the Banning Brothers to sell their stock in the Company. In February, 1919, Mr. William Wrigley, Jr. joined a small real estate syndicate in purchasing part of the stock of the Company from the Banning family. Mr. Wrigley proceeded to acquire the remaining stock and majority interest in the Company in October, 1919. The purchase included approximately 75% of

all land within the incorporated boundary of Avalon and all land outside the City. All land on the island outside the City limits remains in the ownership of the Company or in the Santa Catalina Island Conservancy (see below).

Conservation and controlled recreational access have been pursued in most of the island's extensive undeveloped rugged areas. The Company has promoted agency and public camping use of uplands adjacent to major island coves (primarily on a lease basis), and encouraged educational programs on the island.

In February of 1974, the Company granted to the County of Los Angeles a fifty year Open Space Easement covering approximately 41,000 acres within the unincorporated area of the Island, substantially all the undeveloped land on Catalina. The Open Space Easement was granted pursuant to the provisions of Article XXVIII of the California Constitution and Chapter 12 of the California Government Code. In turn, the Company received a substantial mitigation of property taxes on the lands subject to the Easement.

In 1972, the Santa Catalina Island Conservancy (hereinafter Conservancy), a non-profit operating foundation, was formed for purposes of establishing a permanent nature preserve over a substantial portion of the island. Subsequently,

ownership of 42,000 acres (an area roughly coterminous with the Open Space Easement and equal to over 80% of the island) was transferred from the Company to the Conservancy in furtherance of this goal.

C. TRANSPORTATION BETWEEN ISLAND AND MAINLAND

Avalon Bay is the major point of arrival on the Island accepting commercial passenger boats originating from San Pedro, Long Beach, Newport-Balboa and Two Harbors. It is, additionally, a site for amphibious plane and helicopter landings.

Isthmus Cove (Two Harbors) is the other major Island arrival point accepting commercial passenger boats originating from San Pedro, Long Beach, and Avalon on a daily basis from June through September. From October through May, this direct commercial passenger service is available only on Fridays and Sundays. (Additional trips to Two Harbors are provided when a threshold of 60 passengers is reached.) Catalina's Airport-in-the-Sky, located outside the City of Avalon, accepts air taxi service from Long Beach and John Wayne airports and is, additionally, an alternative site for amphibious plane and helicopter landings in instances where heavy fog prohibits usage of the Pebbly Beach or Two Harbors facilities. Bus shuttle service is available from Airport-in-the-Sky to Avalon. Airport-in-the-Sky also handles private and specially chartered aircraft up to approximately 26,000 pounds.

The County of Los Angeles and the City of Avalon are currently considering location of a new airport in the general Avalon area. They have appointed a technical advisory committee to investigate potential sites for such an airport, two of which are in the Pebbly Beach-Jewfish Point area.

D. CURRENT LEASE

On August 29, 1950, the State authorized and entered into a 15-year lease (PRC 185.1) to the Company for 17 parcels of State-owned tidelands and submerged lands around the Island. Annual rental was \$1,293.60. The lease provided for two renewal periods of 10 years each. The lease was amended at various times to add other parcels.

On October 27, 1966, the State authorized a new lease (PRC 3636.1) (hereinafter "current lease") in lieu of renewing the old lease. PRC 3639.1 included 29 parcels totalling approximately 357 acres at an annual rental of \$19,211.86. The term of the lease is 15 years, with no option to renew. By agreement between the Company and the State, the term of this lease has been extended to and includes December 31, 1981.

Under the terms of PRC 3639.1, the lease premises were to be used for commercial and recreational moorings and for the landing of water craft, and uses incidental thereto. The current lease further provides that none of the improvements located upon the lease premises shall become the property of the State upon expiration or earlier termination of the lease. The lease requires that the Company remove from the

lease premises all structures and equipment within ninety (90) days of the expiration of the lease. It is important to note that such removal operations may trigger permit requirements of other State and local agencies (i.e., Coastal Commission) as well as environmental study requirements of CEQA. The removal operations may be further complicated by the fact that many of the improvements located on the lease premises are owned by parties other than the State's lessee (see below). Should any party other than the current lessee submit the winning bid, and should the current lessee opt to remove all existing improvements from the lease premises rather than negotiate their transfer to a new lessee, the Commission may be unable to deliver quiet possession to the new lessee for at least ninety (90) days. Should there be such a delay in delivery of quiet possession, there shall be a proportionate deduction of rent covering the period between commencement of the term of the lease and the time when Lessor can deliver possession. See page 14 in this regard.

The Company and the Conservancy own and control all upland access to the island outside the City of Avalon. The Company has issued upland leases which include use of the leased tidelands and submerged lands to the following parties:

1. Standard Oil of California;
2. Jack L. Fennie;
3. Doug Bombard Enterprises (dba "Catalina Cove and Camp Agency").

The first two leases, to Standard Oil and Jack L. Fennie, are located at Pebbly Beach and are used in connection with their respective businesses. These Pebbly Beach lease sites

are not the subject of the Solicitation. The third lease to Bombard Enterprises (hereinafter Bombard) include all other tidelands and submerged lands leased by the State to the Company pursuant to PRC 3639.1. Bombard in turn sublets on a daily or annual basis 729 mooring sites on the leased premises to individual boaters and yacht club members.

Of these 729 mooring sites, nearly half are sublet by boaters who own the mooring equipment on the site. In the remaining cases, the mooring equipment is owned by the Catalina Mooring Service (another branch of Doug Bombard Enterprises, also hereinafter referred to as "Bombard"), and boaters sublet the site and lease the mooring equipment from Bombard. An approximate distribution of the mooring sites, broken down by location and ownership of mooring equipment follows as Table 1:

TABLE 1

APPROXIMATE CURRENT DISTRIBUTION OF MOORING SITES UNDER PRC 3639.1

<u>Location</u>	<u>Mooring Equipment Leased By Boaters</u>	<u>Mooring Equipment Owned By Boaters</u>	<u>Total</u>
Isthmus Cove	158	86	244
Fourth of July Cove	19	23	42
Howland's Landing	1	42	43
Emerald Bay	86	18	104
Catalina Harbor (including Well's Beach)	87	10	97
Buttonsell Beach	4	5	9
White's Landing	14	3	17
Moonstone	3	35	38
Toyon Bay	0	7	7
Gallagher Beach	0	3	3
Cherry Cove	8	93	101
Little Geiger Cove	0	1	1
Hen Rock	<u>20</u>	<u>3</u>	<u>23</u>
Total	400	329	729

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Boaters who have subleased the mooring site and leased the mooring equipment from Bombard, and those boaters who sublease the site but own their equipment and who have so agreed with Bombard, must notify Bombard in advance of their intent to occupy their mooring on a given date. Absent such notice, Bombard leases the mooring to members of the public on a daily, first come, first served basis.

As of March 1981, rates charged boaters in connection with their use of recreational moorings on the lease premises were as follows:

Mooring Leases -- Annual rental to lease mooring equipment from Doug Bombard Enterprises (dba Catalina Mooring Service): \$13 per deck line foot with a minimum of \$330 per boat.

Mooring Service Contracts -- Annual contract for maintenance and repair of privately owned mooring equipment:

- (1) When owner of equipment has agreed that mooring may be rented on a nightly basis when not in use by owner: \$9.70 per deck line foot, with a minimum of \$306 per boat; and
- (2) When owner of equipment has not so agreed: \$10.90 per deck line foot, with a minimum of \$336 per boat.

Submerged Land Sublease -- Annual sublease of a mooring site (submerged land upon which mooring equipment is located), whether mooring equipment is privately owned or leased from Bombard. Rental for the mooring site is \$1.30 per deck line foot with a minimum of \$39 per boat. The

Submerged Land Sublease is not a separate agreement, but included as a part of the Mooring Lease or the Mooring Service Contract.

Mooring Rental -- Daily mooring rental charged boaters who do not have an annual Mooring Lease or Mooring Service Contract with Bombard.

Daily rates:

<u>Daily Rate</u>	<u>Size of Boat</u>
\$ 6	Under 30 feet
7	31 to 40 feet
8	41 to 50 feet
9	51 to 60 feet
11	61 to 70 feet
12	Over 70 feet

All rates are \$1 more on Saturdays.

Services provided by Bombard in connection with the use of the leased premises for recreational moorings include but may not be limited to the following:

Garbage pick-up with upland disposal sites;

Patrol boat service;

Anchorage and mooring assistance;

Fuel sales;

Shore boat service;

Service and repair of mooring equipment; and

Water reprovisioning from an upland source.

Bombard also cooperates in providing towing and mechanical service and rescue and firefighting service.



## PROJECT DESCRIPTION

The purpose of this section is to describe in detail the terms of the lease which is the subject of this Solicitation (hereinafter "bid lease"). Requirements set forth herein are not open to negotiation, except insofar as alternative methods may be suggested to satisfy these requirements.

A copy of the bid lease which will be used by the State for this project is attached hereto as Exhibit "C", and is herein incorporated by this reference. Further modifications in the lease will be made to conform to the specifications set forth herein and specific proposals set forth in the bid awarded. Following is discussion of the more substantial provisions which will be included in the lease.

Consideration: Annual rental payable to Lessor shall be based upon a percentage of the gross income attributable to the lease premises, with a minimum annual rental of \$125,000.00 payable in advance. More specific details in this regard may be found under Section 2, Paragraph 2, of the bid lease form attached hereto as Exhibit "C". Rental will be subject to periodic review and modification in accordance with Section 4, Paragraph 2(b) of the bid lease.

EXHIBIT 2

Term: The term of the bid lease will be fifteen (15) years, beginning January 1, 1982, and terminating December 31, 1996. If Lessor, for any reason whatsoever, cannot deliver possession of the subject lands to Lessee at the commencement of the said term, as hereinbefore specified, this lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom; but in that event there shall be a proportionate deduction of rent covering the period between the commencement of the term and the time when Lessor can deliver possession. The term of this lease shall not be extended by such delay. The lease will include no option to renew.

Land Use or Purpose: The subject lands shall be used for recreational boating purposes and for activities and services incidental thereto. Fuel sales will not be a part of the proposed lease.

Initially, activities to be conducted on the subject lands must be of a nature that will have no significant effect on the environment, such as to be categorically exempt from the provisions of CEQA pursuant to California Administrative Code Sections 15100 et seq. Examples of such activities may include (1) continuation of the existing operation without expansion, or (2) replacement or reconstruction of the existing structures and facilities to be located on the same site as the structure replaced and having the same purpose and capacity of the structure replaced. Note that such replacement or reconstruction must in fact have no significant effect on the environment. Note also, that these activities may trigger permit requirements of the Coastal Commission and other regulatory agencies. Existing operations are defined to include management of a maximum of 729 recreational mooring buoys, located upon the subject lands as indicated on Page 10, Table 1 of this Solicitation, together with other open coves used for anchorage. No moorings or other improvements may be placed in the open coves.

Lessee may propose to the State a project which will require modification of the current use of the subject lands. Any such proposed project must satisfy the requirements of all applicable laws, including but not limited to pertinent regulations of local, State, and federal agencies, the California Environmental Quality Act and CEQA Guidelines. Any such proposed project will require an amendment to the bid lease and will be subject to the prior approval of the State Lands Commission. The State, in its consideration of an application to so amend the bid lease, will

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examine Lessee's compliance with applicable laws and regulations, economic, social, safety, environmental, and other pertinent factors, including, but not limited to, the proposed method of transition from current use to proposed use.

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Assignment, Subletting, Encumbrancing: Lessee shall not assign, sublet, or encumber the subject lands without the prior consent of the State, except as set forth below regarding Individual Mooring Site Subleases. Any agreement between Lessee and any third party regarding management of the subject lands will be subject to the prior approval of the State.

Individual Mooring Site Subleases:

- (a) Individual mooring site subleases shall be issued by a standard form which has been previously approved by the State Lands Commission. A list of individual mooring site sublessees effective January 1 of each year shall be provided to the Commission by January 25 of that same year. The State reserves the right to require that individual mooring site subleases be subject to the prior approval of the State.
- (b) Any individual mooring site sublessee may hold only one individual mooring site sublease at any given time.
- (c) Individual mooring site subleases shall be on an annual basis with the right of annual renewals for the term of this bid lease.
- (d) Lessee or operator shall reserve the right to and shall assign individual mooring sites on a daily basis when not in use by an annual sublessee.
- (e) Holders of existing individual mooring site subleases of the subject lands under the current lease, PRC 3639.1, will be given a preferential right

to renew those subleases under any new lease on terms and conditions established by a new lessee for the term of said lease.

(f) (1) Individual mooring site sublessees who, on December 31, 1981, own the mooring equipment on the site, shall have the right to make one assignment of their interest, provided their assignees meet all reasonable requirements imposed by the lessee under this lease. Such right of assignment shall terminate on December 31, 1987. All other individual mooring site subleases shall be nontransferable.

(2) The lessee under this lease shall provide each sublessee with written notice, no later than lease commencement of the limitations on assignment set forth in this subdivision. Such notice shall be incorporated into all subleases entered into under this lease.

No assignments shall be accepted by the lessee unless he has been provided with satisfactory evidence that the proposed assignee has been informed, in writing, that he will have no further right to assign the sublease.

(3) Except as provided in this paragraph, all individual mooring site subleases shall be non-transferable.

(4) In order to assure continued use of a mooring site by the same party, a copy of current boat registration shall be provided annually as a pre-requisite to issuance of an individual mooring site sublease or renewal thereof.

- (g) In the event multiple parties are presently (as of October 1, 1981) sublessees, all parties must be listed on the new sublease as sublessees. To qualify for renewal for the new sublease, all parties must have equal shares of the new sublease. No additional parties may be added after the parties are first registered. All remaining parties may continue to use the sublease until their number is diminished to zero, thereupon the sublease terminates and returns to the lessee for assignment from the waiting lists.

Except as provided herein, no future multiple party mooring site subleases shall be granted.

- (h) Use of the subleased premises may only be had by the named sublessees. Guest or non-sublessee use shall be on a daily basis pursuant to paragraph (d) above.
- (i) Operator shall maintain waiting lists for use in issuing available mooring site subleases. Initially, the waiting lists maintained by Bombard under the current lease, PRC 3639.1, if made available by Bombard, will be adopted by the lessee under the bid lease. If the lists are not made available to the lessee under the bid lease, that lessee shall establish new waiting lists by fair and equitable

lottery. Thereafter, the waiting lists shall be maintained on the first come, first served basis, except that consideration may be given to the suitability of the mooring site for the type and size of applicant's boat. The lists may be maintained by cove and length and type of boat.

A copy of the waiting lists effective January 1 of each year shall be provided to the State Lands Commission by January 25 of that same year.

- (j) No moorings or other related improvements on the lease premises shall be subleased by lessee in connection with any upland development projects on Catalina Island or elsewhere nor shall participation in any such development be made a condition of obtaining a mooring site sublease.

General Public Use

No less than 12 mooring sites shall be available to the general public.

Required Services:

- (a) Lessee shall provide on a daily basis garbage pick-up and environmentally appropriate disposal adequate to service all boats on the subject lands.
- (b) Patrol boats shall be in service on a twenty-four hour basis, May 15 to October 15, balance of year 8 a.m. to 5 p.m. weekdays, 24 hours weekends and shall assure authorized, safe, and orderly use of the subject lands.



## (c) Health and Safety:

- (1) Lessee shall provide anchorage and mooring assistance upon the subject lands for the protection of individuals, property, and the subject lands.
- (2) Lessee's boats shall be equipped with rescue and fire equipment but this shall not obligate lessee to provide services currently provided by governmental agencies.
- (3) Lessee shall assure the availability of towing and mechanical services at reasonable rates to boaters on the subject lands.

## (d) Service of moorings:

Lessee shall assure that all mooring equipment located on the subject lands is constructed adequately to provide safe mooring for boats occupying such moorings. In order to further assure the safe use of the subject lands, Lessee shall (1) inspect each mooring located on the subject lands for damage not less than once a week during the period from May 15 - October 15; (2) repair any damage to any mooring located on the subject lands during the period May 15 - October 15 within four hours on Friday or Saturday or within twenty-four hours on other days, after having received notice of such damage; and

(3) at least once each year during the period October 15- May 15 completely overhaul each mooring, lifting the weight and chain aboard, strip chain of marine growth and inspect; replace any weak chain or shackle; check weight; overhaul buoys and pickup poles; and replace lines of each mooring on the subject lands.

(e) Access to upland

Lessee will not interfere with reasonable access to the upland including the preservation of any existing fairways or landings.

(f) Lessee shall make available on a daily basis at reasonable rates to all boaters adequate water provisioning on the leased premises.

(g) Although under this lease no rental is charged for anchorage in the open coves, nothing herein shall restrict lessee from charging reasonable rates for actual services furnished in the open coves.

(h) Reasonable shoreboat service shall be provided.

Liability Insurance: Lessee shall provide liability insurance naming the State as a co-insured or additional insured with a minimum combined single limit of \$5,000,000.00. State reserves the right to require modification of policy limits consistent with standard price indices.

Surety Bond or Other Security: Lessee shall provide a surety bond in the amount of \$125,000.00..

Entitlement to Use Littoral or Riparian Lands:

Notwithstanding the provisions of Paragraph 10(b) of Section 4 of the bid lease, entitlement to use littoral or riparian lands adjacent to the subject lands shall not be a prerequisite of the bid lease, provided however, that Lessee shall not unreasonably interfere with access to those lands.

BID PROCEDUREA. SUBMISSION OF BIDS

All bids submitted in response to this Solicitation shall be addressed as follows:

State Lands Commission  
1807 13th Street  
Sacramento, CA 95814

All bids must be sealed and must be received in the office designated above no later than 4:00 p.m. Monday, December 7, 1981.

Upon the sealed envelope containing such bid shall be written the following:

"Bid for parcels designated as WP 3639 of (Name of Bidder) made pursuant to the Notice of Intention of the State Lands Commission to enter into a lease for certain State-owned submerged lands surrounding Santa Catalina Island, Los Angeles, County, State of California. Not to be opened prior to 4:00 p.m. on December 7, 1981."

Each bid package shall contain the name, address, and telephone number of the bidder in the upper left hand corner.

Bids received pursuant to this proposal will be opened publicly at 4:00 p.m., December 7, 1981, at the offices of the State Lands Commission at 1807 13th Street, Sacramento, California, or thereafter at such place and such date as the Commission shall determine.

Each bid shall be a firm bid for a period of sixty (60) days from the date of bid opening.

B. FORMAT

Bids shall be submitted by transmitting two (2) copies of the bid executed by bidder to show complete and final acceptance of the terms set forth therein. Transmitting to the office of the State Lands Commission, 1807 13th Street Sacramento, California.

In the event of a joint bid, or a bid by a partnership, each bidding party shall execute the bid. The execution may be in the form of counterparts. Corporations executing a bid shall submit with the bid evidence of the authority of the officer or officers executing the bid on behalf of the corporation and shall affix the corporate seal.

No deviation from any requirements or provisions which are specifically set forth in this Solicitation, shall be permitted.

Each bidder shall transmit with its bid evidence satisfactory to the State Lands Commission of the bidder's plan and ability to satisfy the requirements set forth in the bid lease and this Solicitation and to manage the subject lands safely, competently, and in compliance with all applicable laws, rules and regulations. This shall include a description of the nature, type, and frequency of services to be provided, the areas to which such services shall extend, and a description of the bidder's present abilities to perform said services and what will be needed or will be done to provide the services by lease commencement.

Bidder must specify the anticipated initial capital investment necessary to fulfill the terms of the lease and the means by which bidder intends to provide that capital. In the discussion, the bidder shall address the manner in which mooring equipment shall be provided.

Bidder shall submit a projected fee schedule including rates for mooring site rentals (both daily and annual, or otherwise as established by bidder), service charges, and all other charges. The fee schedule will set forth rates to be charged upon the beginning date of the lease and shall also detail what formula or procedure will be used to calculate rate changes thereafter.

Each bidder shall submit with a bid a financial report prepared in accordance with good accounting practice and upon principles consistently applied, establishing to the satisfaction of the Commission such bidder's financial ability to undertake and fulfill all obligations under the prospective lease. The Financial Report must include a Balance Sheet, Income Statement and Statements of Changes in Financial Position, if any, for the current fiscal year and two immediately preceding fiscal years, and all notes to all financial statements submitted. Each of the financial statements submitted shall be certified as to their truth and accuracy by a financial officer of each bidder, according to the form attached hereto as Exhibit "E". Such financial statements shall be accurate as of the date of certification, which date shall not be earlier than October 1, 1981. The findings of the State Lands Commission as to whether the successful bidder has the financial ability to undertake and fulfill all obligations under the bid lease, shall be final and conclusive. In connection therewith the State Lands Commission reserves the right to demand and receive additional evidence from the successful bidder prior to the awarding of the bid lease by the Commission of the bidder's financial ability and/or ability to perform all of the conditions of the bid lease. All information required to be provided by this paragraph shall be treated as confidential except in any litigation or arbitration proceedings between prospective lessee and State, and except also that State may divulge such information to a governmental agency, department, or employee demanding the information under legal authority.

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EXHIBIT 2

Bidder must certify, on the form provided by the State and attached hereto as Exhibit "F", that bidder, or if bidder is an organization any member of the bidding organization, does not have a financial or other interest in more than one bid submitted.

Each bidder shall designate, by letter of authority, the name and address of a California resident who is authorized to give or receive any notice to or from the State Lands Commission with regard to its bid and to receive any refund of sums due the bidder. Said letter shall be submitted with the bid and shall be duly executed by the bidder. In the case of a joint bid, said letter shall be duly executed by each person or other entity joining in said bid. The California resident so authorized to receive notice shall, in the case of the successful bidder, be deemed to be the agency duly authorized to give and receive all notices on behalf of the lessee, including service of process. A checklist of information necessary to a complete bid is attached hereto as Exhibit "G". Any bid not including all such information requested by Commission may be rejected by the Commission.



C. DEPGSIT

Each bid shall be accompanied by a certified or cashier's check or checks of a California bank in good standing made payable to the State of California in the sum of \$25,000.00. Said sum will be offered as a deposit on payments which may become due the State under the bid lease, and as evidence of the bidder's good faith.

Sixty (60) days after the sealed bids have been opened and the selected bidder has been identified, any other bidder may request the refund of the deposit submitted with its bid. Any request for a refund shall be submitted on the form provided by the Commission, attached hereto as Exhibit "H". Such request for refund shall be deemed both a withdrawal of such bidder's offer and a waiver of all rights the bidder may have in connection with its bid.

The State Lands Commission reserves the right, in its discretion, at any stage of these proceedings to withdraw this offer to receive bids, and upon such withdrawal there shall be returned all deposits accompanying all bids. The State Lands Commission reserves the right, in its discretion, at any stage of these proceedings, to reject all bids, and upon such rejection, there shall be returned all deposits accompanying any rejected bid or bids.

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D. AWARD OF BID

The findings of the State Lands Commission as to bidder qualifications, ability to perform terms and conditions of the bid lease, or other proposals for lease operation or rental charges shall be at the sole discretion of the Commission and their findings shall be final and conclusive. The State Lands Commission reserves the right in its sole discretion to reject any and all bids.

The successful bid will be determined by consideration of the type and quality of services to be provided, the rate schedule to lease sublessees and other charges to be levied by lessee, and the rental factor submitted. The weight to be given each of the foregoing elements shall be at the sole discretion of the State Lands Commission. The Commission reserves the right to reject any and all bids.

Rental factor will be based upon a percentage of gross annual income, with a fixed minimum dollar amount payable in advance. Minimum acceptable rental factor is hereby set at 17.0000% of gross annual income. Any rental factor fixing a percentage less than 17.0000% of gross annual income will not be considered. Bids should specify a percentage rental factor to four decimal points. The minimum annual rental will be \$125,000.00 payable in advance as specified in the bid lease. Award of the bid lease will be made pursuant to approval by the State Lands Commission.

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Should the successful bidder fail or refuse within ten (10) days after the award of the bid lease by the Commission to complete execution thereof and file the executed copy with the Commission together with good and sufficient corporate surety bond in the amount of \$125,000.00, guaranteeing the performance of the terms of the bid lease and this Solicitation, the award shall be cancelled and the required deposit or \$25,000.00 shall be forfeited to the State of California. Otherwise, the deposit shall be applied upon the minimum annual rental for the first year.

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EXHIBIT "A"

DESCRIPTION OF LEASE PREMISES

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EXHIBIT "A"

LAND DESCRIPTION

WP 3639

PARCEL 1 - Isthmus Cove

All that area bounded on the west, south, and southeast by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 26' 35" North Latitude, 118° 29' 25" West Longitude to a point on the mean high tide line at approximately 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps.

PARCEL 2 - Fourth of July Cove

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line beginning at a point on the mean high tide line at approximately 33° 26' 56" North Latitude, 118° 29' 55" West Longitude, thence northeasterly 50 feet, more or less, to a point offshore at approximately 33° 26' 56" North Latitude, 118° 29' 54" West Longitude; thence southeasterly 1,200 feet, more or less, to a point on the mean high tide line described as 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 3 - Howland's Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 40" North Latitude, 118° 31' 07" West Longitude to a point on the mean high tide line at approximately 33° 27' 55" North Latitude, 118° 31' 15" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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## EXHIBIT "A"

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PARCEL 4 - Emerald Bay

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude; thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude; thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 5 - Catalina Harbor

All that area bounded on the west, north and east by the mean lower low waterline and on the south and southeast by a line beginning at a point on the mean high tide line at approximately 33° 25' 41" North Latitude, 118° 30' 21" West Longitude; thence west 848 feet, more or less, to a point at approximately 33° 25' 41" North Latitude, 118° 30' 31" West Longitude; thence southwesterly 1,625 feet, more or less, terminating at a point on the mean high tide line at approximately 33° 25' 30" North Latitude, 118° 30' 39" West Longitude.

EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tideland in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

PARCEL 6 - Buttonshell Beach

All that area bounded on the north and west by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 24' 02" North Latitude, 118° 31' 59" West Longitude to a point on the mean high tide line at approximately 33° 24' 23" North Latitude, 118° 31' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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PARCEL 7 - White's Landing

All that area bounded on the northwest, west, and south by the mean lower low waterline and on the north, northeast, and southeast by a line beginning at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude; thence northeasterly 100 feet, more or less, to a point at approximately 33° 23' 44" North Latitude, 118° 22' 06" West Longitude; thence on a straight line 1,460 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 59" West Longitude; thence southwesterly 556 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 8 - Moonstone Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast and northwest by a line beginning at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude; thence northeasterly 556 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 58" West Longitude; thence southeasterly 1,460 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 18" North Latitude, 118° 21' 51" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 9 - Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 26" North Latitude, 118° 21' 12" West Longitude, to a point on the mean high tide line at approximately 33° 22' 37" North Latitude, 118° 21' 14" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 10 - Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 13" North Latitude, 118° 20' 47" West Longitude, to a point on the mean high tide line at approximately 33° 22' 20" North Latitude, 118° 20' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 11 - Cherry Cove

All that area bounded on the north, west, and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 27' 11" North Latitude, 118° 30' 02" West Longitude; thence southeasterly 1,200 feet to a point offshore approximately 33° 26' 59" North Latitude, 118° 29' 56" West Longitude; thence southwesterly 150 feet more or less to a point on the mean high tide line at approximately 33° 26' 58" North Latitude, 118° 29' 57" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 - Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude.

PARCEL 13 - Hen Rock

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 23' 42" North Latitude, 118° 21' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

PARCEL 14 - Willow Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 22' 38" North Latitude, 118° 21' 16" West Longitude, to a point on the mean high tide line at approximately 33° 22' 41" North Latitude, 118° 21' 20" West Longitude.

PARCEL 15 - Empire Landing

An area 200 feet in width lying 100 feet on each side of the centerline of an existing pier, the shoreward end of said centerline being at approximately 33° 25' 43" North Latitude, 118° 26' 23" West Longitude, extending 200 feet seaward from the mean lower low waterline.



EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 16 - Smeltz Cove (Big Geiger)

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude to a point on the mean lower low waterline at approximately 33° 27' 37" North Latitude, 118° 31' 02" West Longitude.

PARCEL 17 - Little Harbor

All that area bounded on the north and east by the mean lower low waterline and on the south by a straight line extending from a point on the mean lower low waterline at approximately 33° 23' 06" North Latitude, 118° 28' 21" West Longitude, for approximately 980 feet to a point offshore, being a point on the most easterly end of the harbor reef at approximately 33° 22' 48" North Latitude, 118° 28' 36" West Longitude, then north along a straight line for approximately 500 feet to a point on the mean high tide line at approximately 33° 23' 09" North Latitude, 118° 28' 34" West Longitude.

PARCEL 18 - Doctor's Cove

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 28' 17" North Latitude, 118° 31' 52" West Longitude to a point on the mean high tide line at approximately 33° 28' 12" North Latitude, 118° 31' 47" West Longitude.

PARCEL 19 - Ripper's Cove

All that area bounded on the east, south and west by the mean lower low waterline and a straight line on the north, beginning at a point on the mean high tide line at approximately 33° 25' 40" North Latitude, 118° 26' 03" West Longitude, and extending to a point on the mean high tide line at approximately 33° 25' 38" North Latitude, 118° 25' 50" West Longitude.

PARCEL 20 - Cabrillo Harbor

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately 33° 25' 15" North Latitude, 118° 24' 14" West Longitude, to a point approximately 100 feet offshore being approximately 33° 25' 13" North Latitude, 118° 24' 13" West Longitude, then southwesterly to a point on the mean lower low waterline being approximately 33° 25' 11" North Latitude, 118° 24' 12" West Longitude.

PARCEL 21 - Parson's Landing

All that area bounded on the east, south and west by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 28' 26" North Latitude, 118° 33' 09" West Longitude, to a point on the mean lower low waterline at approximately 33° 28' 08" North Latitude, 118° 32' 55" West Longitude.

END OF DESCRIPTION

PREPARED NOVEMBER 2, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

EXHIBIT "B"

SITE MAP

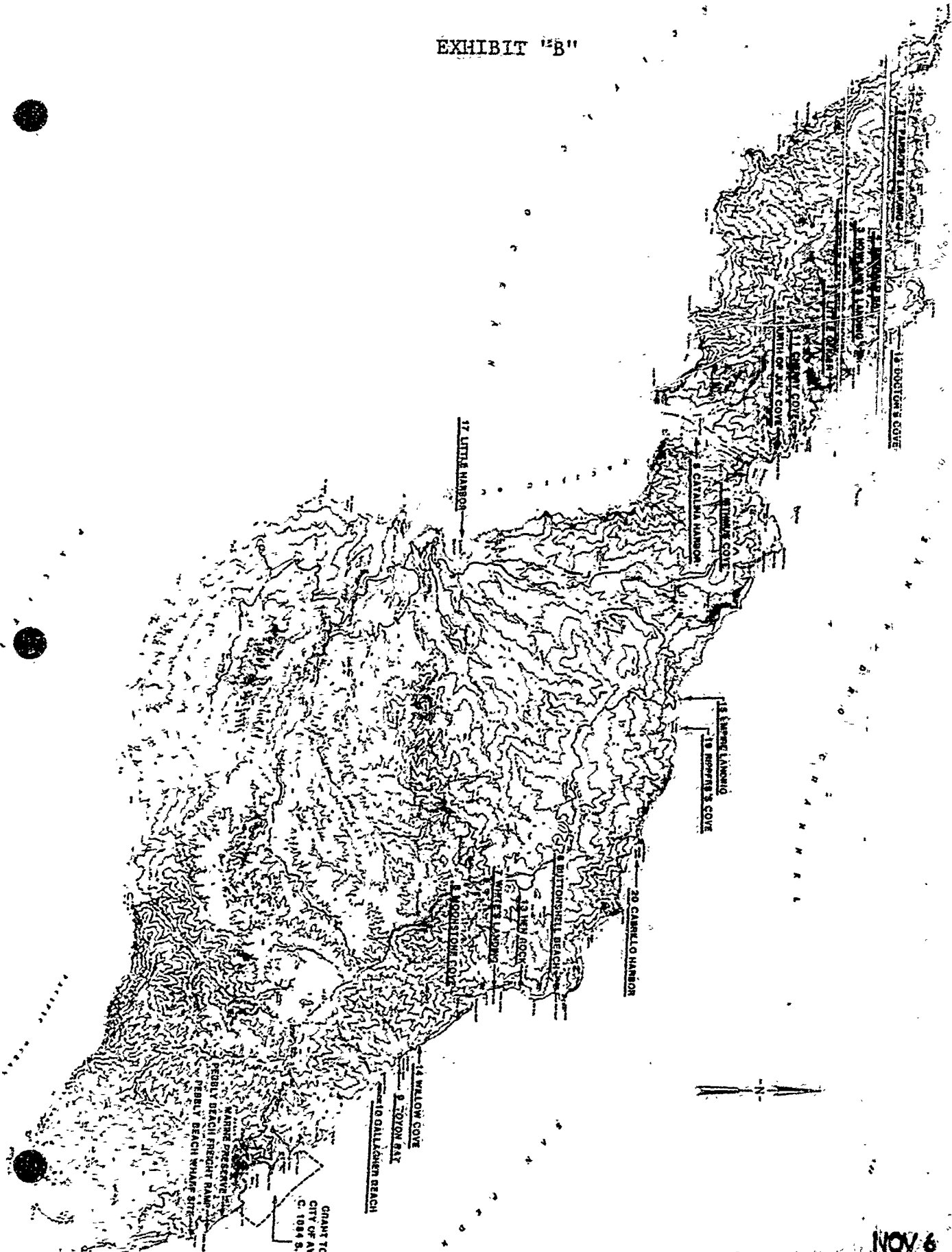
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EXHIBIT 2

EXHIBIT "B"



GRANT TO THE  
CITY OF AVALON  
C. 1984 S. 1985

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STATE LANDS DEPARTMENT

EXHIBIT "C"  
BID LEASE FORM

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STATE LANDS COMMISSION

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

FOR RECORDERS USE ONLY

**RECORDED AT THE REQUEST OF**  
State of California/State Lands Commission  
Official Business — Document entitled to free  
recording pursuant to Government Code  
Section 27383.

**WHEN RECORDED MAIL TO**  
State Lands Commission  
1807 - 13th Street  
Sacramento, CA 95814  
Attention: Title Unit

**LEASE NO.** \_\_\_\_\_

This Lease consists of this summary and the following attached and incorporated parts:

- Section 1 Basic Provisions
- Section 2 Special Provisions amending or supplementing Section 1 or 4
- Section 3 Description of Lease Premises
- Section 4 General Provisions

SECTION  
BASIC

**THIS LEASE FORM IS SUBJECT TO FURTHER  
MODIFICATIONS TO CONFORM TO THE SPECIFICATIONS  
SET FORTH IN THE BID PACKAGE AND SPECIFIC  
PROPOSALS SET FORTH IN THE BID AWARDED.**

THE STATE OF CALIFORNIA, hereinafter referred to as Lessor, acting by and through the STATE LANDS COMMISSION (1807 - 13th Street, Sacramento, California 95814), pursuant to Division 6 of the Public Resources Code and Title 2, Division 3 of the California Administrative Code, and for the consideration specified in the Lease, does hereby lease,

demise and let to: \_\_\_\_\_  
hereinafter referred to as Lessee:  
WHOSE MAILING ADDRESS IS: \_\_\_\_\_  
\_\_\_\_\_

those certain lands described in Section 3 subject to the reservations, terms, covenants and conditions of this Lease.

LEASE TYPE: Commercial

LAND TYPE: Submerged Lands LOCATION: Pacific Ocean adjacent to Santa Catalina Island

LAND USE OR PURPOSE: Provision and maintenance of 729 recreational moorings, together with open coves for anchorage. See Section 2

TERM: 15 years; beginning January 1, 1982 (see, however, Section 2, Paragraph 1)  
ending December 31, 1996, unless sooner terminated as provided under this Lease.

CONSIDERATION: \$ See Section 2, Paragraph 2

subject to modification by Lessor as specified in Paragraph 2(b) of Section 4.

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Form SL 15 (1/78)

AUTHORIZED IMPROVEMENTS: See Section 2.

EXISTING: See Section 2

TO BE CONSTRUCTED; CONSTRUCTION MUST BEGIN BY: \_\_\_\_\_

AND BE COMPLETED BY: \_\_\_\_\_  
LIABILITY INSURANCE: Combined single limit of \$5,000,000.00; State reserves the right to require modification of policy limits consistent with standard price indices. See also Section 4, Paragraph 8.  
SURETY BOND OR OTHER SECURITY: Lessee shall provide surety bond in the amount of \$125,000.00; see Section 4, Paragraph 9.

SECTION 2  
SPECIAL PROVISIONS

BEFORE THE EXECUTION OF THIS LEASE, ITS PROVISIONS ARE AMENDED, REVISED OR SUPPLEMENTED AS FOLLOWS:

1. Term: The term of the bid lease will be fifteen (15) years, beginning January 1, 1982, and terminating December 31, 1996. If Lessor, for any reason whatsoever, cannot deliver possession of the lease premises to Lessee at the commencement of the said term, as hereinbefore specified, this lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom; but in that event there shall be a proportionate deduction of rent covering the period between the commencement of the said term and the time when Lessor can deliver possession. The term of this lease shall not be extended by such delay.
2. Consideration
  - (a) Annual rental payable to Lessor shall be \_\_\_\_\_ (rental factor) Percent of the Gross Income, as defined below, attributable to the lease premises, more specifically described in Exhibit "A" attached hereto. The sum of the above less a \$125,000 minimum annual rental paid in advance, in accordance with other terms of this lease, shall be due and payable on the 25th of January following the end of each lease year.
  - (b) Minimum annual rental -- Lessee shall pay the minimum annual rental of \$125,000.00 to Lessor in advance on or before the beginning date of this lease and on or before each anniversary of its beginning date during each year of the lease term.
  - (c) Definitions: "Gross Income" for the purpose of computing rental due to Lessor, shall mean all sales, revenues and receipts, by cash or credit, properly accrued during each lease year and attributable directly or indirectly to operations in, on or from the lease premises, including, without limitations, all gross revenue attributable to:

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- (1) All sources of mooring revenue;
- (2) All boat rental revenue;
- (3) All sublease revenue or site use revenue (including movie and location fees and other special projects);
- (4) All service and patrol boat revenue;
- (5) All other sources of revenue attributable to the lease premises.

(d) Reporting Form -- Lessee shall submit, on forms approved by Lessor, an annual report detailing all gross income attributable to the lease premises for the preceding lease year whether or not any additional rental is due. These reports shall be due on or before the twenty-fifth (25th) day of January following the end of each lease year.

(e) Financial Statements -- Lessee shall submit to Lessor on or before the twenty-fifth (25th) day of February following the end of each lease year an audited Balance Sheet of the Lessee as of the last day covered on the annual report, and an audited Income Statement covering the results of the Lessee's operations for the year ended on the last day covered by the annual report. These financial statements must be audited by an independent Certified Public Accountant.

(f) Books and Records -- Lessee shall keep and maintain books and records of all financial transactions relating to the lease premises in accordance with generally accepted accounting principles. These records shall be supported by source documents such as mooring leases, copies of invoices, receipts, and other pertinent documents. If requested by Lessor, Lessee shall allow representatives of the State Lands Commission to examine copies

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EXHIBIT 2

of Federal and State Income Tax Returns, and Board of Equalization Tax Returns in order to corroborate information shown on reports to Lessor. Further, Lessee shall keep said books and records on the lease premises, or other location acceptable to Lessor.

(g) Examination of Books and Records -- All annual reports submitted to Lessor are subject to audit and revision by Lessor, and Lessee agrees that Lessor may inspect all Lessee's books, records, and documents relating to the operation of the lease premises at all reasonable times. Any statutory or other rights that Lessee may have to object to such inspection by Lessor are hereby waived.

(h) Penalty and Interest -- Lessee agrees that any rental or other monetary consideration accruing under the provisions of this lease and not paid when due shall be subject to a ten (10) percent penalty and shall bear interest at the specified rate as provided in Public Resources Code Section 6224 from the date when the amount was due until the date it is received by Lessor.

Notwithstanding the provisions of Paragraph 15 of Section 4 of this lease, any holding-over by Lessee after the expiration of the lease term, with or without the express or implied consent of Lessor, shall constitute a tenancy from month-to-month and not an extension of the lease term and shall be on the terms, covenants and conditions of the lease with any fixed rental, royalty or consideration provided for in the expired lease being payable in advance on the first day of the month at the rate of one-twelfth (1/12th) of the annual amount, and any variable rental, royalty or other consideration being payable monthly in arrears in accordance with the rate schedule set forth in the expired lease.

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3. Land Use or Purpose

Initially, activities to be conducted on the lease premises must be of a nature that will have no significant effect on the environment, such as to be categorically exempt from the provisions of CEQA pursuant to California Administrative Code Sections 15100 et seq. Examples of such activities may include (a) continuation of the existing operation without expansion, or (b) replacement or reconstruction of the existing structures and facilities to be located on the same site as the structure replaced and having the same purpose and capacity of the structure replaced. Existing operations are defined to include provision and maintenance of a maximum of 729 recreational mooring buoys, located upon the lease premises as indicated below in Section 2, Paragraph 4 of this lease, together with open coves used for anchorage. No moorings or other improvements may be placed on those portions of the lease premises which were maintained as open space on October 1, 1981.

Lessee may propose to the State a project which will require modification of the current use of the lease premises. Any such proposed project must satisfy the requirements of all applicable laws, including but not limited to pertinent regulations of local, State, and federal agencies, the California Environmental Quality Act and CEQA Guidelines. Any such proposed project will require an amendment to this lease and will be subject to the prior approval of Lessor. Lessor, in its consideration of an application to so amend this Lease, will examine Lessee's compliance with applicable laws and regulations, economic, social, safety, environmental, and other pertinent factors, including, but not limited to, the proposed method of transition from current use to proposed

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4. Intensity of Use

(a) The maximum number of mooring buoys to be located in specific coves included in this lease shall be as follows:

<u>Parcel</u>	<u>Location</u>	<u>Total No. of Moorings</u>
1	Isthmus Cove	244
2	Fourth of July Cove	42
3	Howland's Landing	43
4	Emerald Bay	104
5	Catalina Harbor (including Weil's Beach)	97
6	Buttonsell Beach	9
7	White's Landing	17
8	Moonstone	38
9	Toyon Bay	7
10	Gallagher Beach	3
11	Cherry Cove	101
12	Little Geiger Cove	1
13	Hen Rock	23
14-21		0
Total		729

(b) Any increase in the number of buoys within any given cove above the numbers designated in Paragraph 4(a) above will be subject to the prior written approval of Lessor.

(c) Any new structures to be placed on the lease premises will be subject to the prior written approval of Lessor.

5. Fuel Sales

This agreement does not contemplate fuel sales.

6. Assignment, Subletting, Encumbrancing: Lessee shall not assign, sublet, or encumber the lease premises without the prior consent of Lessor, except as set forth below regarding Individual Mooring Site Subleases. Any agreement between Lessee and any third party regarding management of the lease premises will be subject to the prior approval of lessor.

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## 7. Individual Mooring Site Subleases:

- (a) Individual mooring site subleases shall be issued by a standard form which has been previously approved by the State Lands Commission. A list of individual mooring site sublessees effective January 1 of each year shall be provided to the Commission by January 25 of that same year. The State reserves the right to require that individual mooring site subleases be subject to the prior approval of the State.
- (b) Any individual mooring site sublessee may hold only one individual mooring site sublease at any given time.
- (c) Individual mooring site subleases shall be on an annual basis with the right of annual renewals for the term of this bid lease.
- (d) Lessee or operator shall reserve the right to and shall assign individual mooring sites on a daily basis when not in use by an annual sublessee.
- (e) Holders of existing individual mooring site subleases of the subject lands under the current lease, PRC 3639.1, will be given a preferential right

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to renew those subleases under any new lease on terms and conditions established by a new lessee for the term of said lease.

(f) (1) Individual mooring site sublessees who, on December 31, 1981, own the mooring equipment on the site, shall have the right to make one assignment of their interest, provided their assignees meet all reasonable requirements imposed by the lessee under this lease. Such right of assignment shall terminate on December 31, 1987. All other individual mooring site subleases shall be nontransferable.

(2) The lessee under this lease shall provide each sublessee with written notice, no later than lease commencement of the limitations on assignment set forth in this subdivision. Such notice shall be incorporated into all subleases entered into under this lease.

No assignments shall be accepted by the lessee unless he has been provided with satisfactory evidence that the proposed assignee has been informed, in writing, that he will have no further right to assign the sublease.

(3) Except as provided in this paragraph, all individual mooring site subleases shall be non-transferable.

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(4) In order to assure continued use of a mooring site by the same party, a copy of current boat registration shall be provided annually as a prerequisite to issuance of an individual mooring site sublease or renewal thereof.

(g) In the event multiple parties are presently (as of October 1, 1981) sublessees, all parties must be listed on the new sublease as sublessees. To qualify for renewal for the new sublease, all parties must have equal shares of the new sublease. No additional parties may be added after the parties are first registered. All remaining parties may continue to use the sublease until their number is diminished to zero, thereupon the sublease terminates and returns to the lessee for assignment from the waiting lists.

Except as provided herein, no future multiple party mooring site subleases shall be granted.

(h) Use of the subleased premises may only be had by the named sublessees. Guest or non-sublessee use shall be on a daily basis pursuant to paragraph (d) above.

(i) Operator shall maintain waiting lists for use in issuing available mooring site subleases. Initially, the waiting lists maintained by Bombard under the current lease, PRC 3639.1, if made available by Bombard, will be adopted by the lessee under the bid lease. If the lists are not made available to the lessee under the bid lease, that lessee shall establish new waiting lists by fair and equitable

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lottery. Thereafter, the waiting lists shall be maintained on the first come, first served basis, except that consideration may be given to the suitability of the mooring site for the type and size of applicant's boat. The lists may be maintained by cove and length and type of boat.

A copy of the waiting lists effective January 1 of each year shall be provided to the State Lands Commission by January 25 of that same year.

- (j) No moorings or other related improvements on the lease premises or subleased by lessee in connection with any upland development projects on Catalina Island or elsewhere nor shall participation in any such development be made a condition of obtaining a mooring site sublease.

8. General Public Use:

No less than 12 mooring sites shall be available to the general public.

9. Required Services:

- (a) Lessee shall provide on a daily basis garbage pick-up and environmentally appropriate disposal adequate to service all boats on the subject lands.
- (b) Patrol boats shall be in service on a twenty-four hour basis, May 15 to October 15, balance of year 8 a.m. to 5 p.m. weekdays, 24 hours weekends and shall assure authorized, safe, and orderly use of the subject lands.

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(c) Health and Safety:

- (1) Lessee shall provide anchorage and mooring assistance upon the subject lands for the protection of individuals, property, and the subject lands.
- (2) Lessee's boats shall be equipped with rescue and fire equipment but this shall not obligate lessee to provide services currently provided by governmental agencies.
- (3) Lessee shall assure the availability of towing and mechanical services at reasonable rates to boaters on the subject lands.

(d) Service of moorings:

Lessee shall assure that all mooring equipment located on the subject lands is constructed adequately to provide safe mooring for boats occupying such moorings. In order to further assure the safe use of the subject lands, Lessee shall (1) inspect each mooring located on the subject lands for damage not less than once a week during the period from May 15 - October 15; (2) repair any damage to any mooring located on the subject lands during the period May 15 - October 15 within four hours on Friday or Saturday or within twenty-four hours on other days, after having received notice of such damage; and

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(3) at least once each year during the period October 15- May 15 completely overhaul each mooring, lifting the weight and chain aboard; strip chain of marine growth and inspect; replace any weak chain or shackle; check weight; overhaul buoys and pickup poles; and replace lines of each mooring on the subject lands.

(e) Access to upland

Lessee will not interfere with reasonable access to the upland including the preservation of any existing fairways or landings.

(f) Lessee shall make available on a daily basis at reasonable rates to all boaters adequate water reprovisioning on the leased premises.

(g) Although under this lease no rental is charged for anchorage in the open coves, nothing herein shall restrict lessee from charging reasonable rates for actual services furnished in the open coves.

(h) Reasonable shoreboat service shall be provided.

Liability Insurance: Lessee shall provide liability insurance naming the State as a co-insured or additional insured with a minimum combined single limit of \$5,000,000.00. State reserves the right to require modification of policy limits consistent with standard price indices.

Surety Bond or Other Security: Lessee shall provide a surety bond in the amount of \$125,000.00.

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Entitlement to Use Littoral or Riparian Lands:

Notwithstanding the provisions of Paragraph 10(b) of Section 4 of the bid lease, entitlement to use littoral or riparian lands adjacent to the subject lands shall not be a prerequisite of the bid lease, provided however, that Lessee shall not unreasonably interfere with access to those lands.

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## Section 3

## LAND DESCRIPTION

WP 3639

PARCEL 1 - Isthmus Cove

All that area bounded on the west, south, and southeast by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 26' 35" North Latitude, 118° 29' 25" West Longitude to a point on the mean high tide line at approximately 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps.

PARCEL 2 - Fourth of July Cove

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line beginning at a point on the mean high tide line at approximately 33° 26' 56" North Latitude, 118° 29' 55" West Longitude, thence northeasterly 50 feet, more or less, to a point offshore at approximately 33° 26' 56" North Latitude, 118° 29' 54" West Longitude, thence southeasterly 1,200 feet, more or less, to a point on the mean high tide line described as 33° 26' 45" North Latitude, 118° 29' 50" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 3 - Howland's Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 40" North Latitude, 118° 31' 07" West Longitude to a point on the mean high tide line at approximately 33° 27' 55" North Latitude, 118° 31' 15" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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PARCEL 4 - Emerald Bay

All that area bounded on the west and south by the mean lower low water line and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude; thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude; thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 5 - Catalina Harbor

All that area bounded on the west, north and east by the mean lower low water line and on the south and southeast by a line beginning at a point on the mean high tide line at approximately 33° 25' 41" North Latitude, 118° 30' 21" West Longitude; thence west 848 feet, more or less, to a point at approximately 33° 25' 41" North Latitude, 118° 30' 31" West Longitude; thence southwesterly 1,625 feet, more or less, terminating at a point on the mean high tide line at approximately 33° 25' 30" North Latitude, 118° 30' 39" West Longitude.

EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tideland in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

PARCEL 6 - Buttonshell Beach

All that area bounded on the north and west by the mean lower low water line and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 24' 02" North Latitude, 118° 31' 59" West Longitude to a point on the mean high tide line at approximately 33° 24' 23" North Latitude, 118° 31' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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PARCEL 7 - White's Landing

All that area bounded on the northwest, west, and south by the mean lower low waterline and on the north, northeast, and southeast by a line beginning at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude; thence northeasterly 100 feet, more or less, to a point at approximately 33° 23' 44" North Latitude, 118° 22' 06" West Longitude; thence on a straight line 1,460 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 59" West Longitude; thence southwesterly 556 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 21" North Latitude, 118° 22' 03" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 8 - Moonstone Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast and northwest by a line beginning at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude; thence northeasterly 556 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 58" West Longitude; thence southeasterly 1,460 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 18" North Latitude, 118° 21' 51" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 9 - Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 26" North Latitude, 118° 21' 02" West Longitude, to a point on the mean high tide line at approximately 33° 22' 37" North Latitude, 118° 21' 14" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 10 - Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 13" North Latitude, 118° 20' 47" West Longitude, to a point on the mean high tide line at approximately 33° 22' 20" North Latitude, 118° 20' 56" West Longitude.

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EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 11 - Cherry Cove

All that area bounded on the north, west, and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 27' 11" North Latitude, 118° 30' 02" West Longitude; thence southeasterly 1,200 feet to a point offshore at approximately 33° 25' 59" North Latitude, 118° 29' 56" West Longitude; thence southwesterly 150 feet more or less to a point on the mean high tide line at approximately 33° 26' 58" North Latitude, 118° 29' 57" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 - Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 56" West Longitude.

PARCEL 13 - Hen P.

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

PARCEL 14 - Willow Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately 33° 22' 38" North Latitude, 118° 21' 16" West Longitude, to a point on the mean high tide line at approximately 33° 12' 41" North Latitude, 118° 21' 20" West Longitude.

PARCEL 15 - Empire Landing

An area 200 feet in width lying 100 feet on each side of the centerline of an existing pier, the shoreward end of said centerline being at approximately 33° 25' 43" North Latitude, 118° 26' 23" West Longitude, extending 200 feet seaward from the mean lower low waterline.

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EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 16 - Smeltz Cove (Big Geiger)

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean lower low waterline at approximately  $33^{\circ} 27' 32''$  North Latitude,  $118^{\circ} 30' 56''$  West Longitude to a point on the mean lower low waterline at approximately  $33^{\circ} 27' 37''$  North Latitude,  $118^{\circ} 31' 02''$  West Longitude.

PARCEL 17 - Little Harbor

All that area bounded on the north and east by the mean lower low waterline and on the south by a straight line extending from a point on the mean lower low waterline at approximately  $33^{\circ} 23' 56''$  North Latitude,  $118^{\circ} 28' 27''$  West Longitude, for approximately 980 feet to a point offshore, being a point on the most easterly end of the harbor reef at approximately  $33^{\circ} 22' 48''$  North Latitude,  $118^{\circ} 28' 36''$  West Longitude, then north along a straight line for approximately 500 feet to a point on the mean high tide line at approximately  $33^{\circ} 23' 09''$  North Latitude,  $118^{\circ} 28' 34''$  West Longitude.

PARCEL 18 - Doctor's Cove

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 28' 17''$  North Latitude,  $118^{\circ} 31' 52''$  West Longitude to a point on the mean high tide line at approximately  $33^{\circ} 28' 12''$  North Latitude,  $118^{\circ} 31' 47''$  West Longitude.

PARCEL 19 - Ripper's Cove

All that area bounded on the east, south and west by the mean lower low waterline and a straight line on the north, beginning at a point on the mean high tide line at approximately  $33^{\circ} 25' 40''$  North Latitude,  $118^{\circ} 26' 03''$  West Longitude, and extending to a point on the mean high tide line at approximately  $33^{\circ} 25' 38''$  North Latitude,  $118^{\circ} 25' 50''$  West Longitude.

PARCEL 20 - Cabrillo Harbor

All that area bounded on the west and south by the mean lower low waterline and on the north and east by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 25' 15''$  North Latitude,  $118^{\circ} 24' 14''$  West Longitude, to a point approximately 100 feet offshore being approximately  $33^{\circ} 25' 13''$  North Latitude,  $118^{\circ} 24' 13''$  West Longitude, then southwesterly to a point on the mean lower low waterline being approximately  $33^{\circ} 25' 11''$  North Latitude,  $118^{\circ} 24' 12''$  West Longitude.

PARCEL 21 - Parson's Landing

All that area bounded on the east, south and west by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately 33° 28' 26" North Latitude, 118° 33' 09" West Longitude, to a point on the mean lower low waterline at approximately 33° 28' 08" North Latitude, 118° 32' 55" West Longitude.

END OF DESCRIPTION

PREPARED NOVEMBER 2, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

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## SECTION 4 GENERAL PROVISIONS

### 1. GENERAL

These provisions are applicable to all leases, permits, rights-of-way, easements, or licenses or other interests in real property conveyed by the State Lands Commission.

### 2. CONSIDERATION

#### (a) Categories:

##### (1) Rental:

Lessee shall pay the annual rental as stated in Section 1 or 2 to Lessor without deduction, delay or offset, on or before the beginning date of this Lease and on or before each anniversary of its beginning date during each year of the Lease term.

##### (2) Royalty or other consideration:

Lessee shall pay a royalty or other consideration in the amount, method and manner as specified in Section 1 or 2.

##### (3) Non-Monetary Consideration:

If a monetary rental, royalty, or other consideration is not specified in Section 1 or 2, consideration to Lessor for this Lease shall be the public use, benefit, health or safety, as appropriate, however Lessor shall have the right to review such consideration at any time and to set a monetary rental if the State Lands Commission, at its sole discretion, determines that such action is in the best interest of the State. Lessee shall notify Lessor within ten (10) days in the event that the public is charged any direct or indirect fee for use and enjoyment of the Lease Premises.

#### (b) Modification:

Lessor may modify the amount or rate of consideration effective on each fifth anniversary of the beginning date of this Lease. Should Lessor fail to exercise such right effective on any fifth anniversary it may do so effective on any one (1) of the next four (4) anniversaries following such fifth anniversary, without prejudice to its right to effect such modification on the next or any succeeding fifth anniversary. Any modification of the amount or rate of consideration made pursuant to this paragraph shall conform to Title 2, Division 3 of the California Administrative Code and no such modification shall become effective unless Lessee is given written notice at least sixty (60) days prior to the effective date.

#### (c) Penalty and Interest:

Any installments of rental, royalty, or other consideration accruing under this Lease not paid when due shall be subject to a penalty and shall bear interest as specified in Public Resources Code Section 6224 and Section 2.

### 3. BOUNDARIES

This Lease is not intended to establish the State's boundaries and is made without prejudice to either party regarding any boundary claims which may be asserted presently or in the future.

### 4. LAND USE

#### (a) General:

Lessee shall use the Lease Premises only for the purpose or purposes stated in Section 1 or 2 and only for the operation and maintenance of the improvements authorized in Section 1 or 2. Lessee shall commence use of the Lease Premises within ninety (90) days of the beginning date of this lease. Thereafter Lessee's discontinuance of such use for a period of ninety (90) days shall be conclusively presumed to be an abandonment.

#### (b) Repairs and Maintenance:

Lessee shall, at its own expense, keep and maintain the Lease Premises and all improvements in good order and repair and safe condition.

#### (c) Additions, Alterations and Removal:

(1) Additions — No improvements other than those ex-

pressly authorized in Section 1 or 2 of this Lease shall be constructed by the Lessee on the Lease Premises without the prior written consent of Lessor. Lessee shall notify Lessor within ten (10) days after commencing the construction of authorized improvements and within sixty (60) days after completing them.

(2) Alteration or Removal — Except as provided under this Lease, no alteration or removal of existing improvements on or natural features of the Lease Premises shall be undertaken without the prior written consent of Lessor.

#### (d) Conservation:

Lessee shall practice conservation of water and other natural resources and shall prevent pollution and harm to the environment in or on the Lease Premises.

#### (e) Employment:

Nothing in this Lease shall preclude Lessee from excluding persons from the Lease Premises when their presence or activity constitute a material interference with Lessee's use and enjoyment of the Lease Premises as provided under this Lease.

#### (f) Discrimination:

Lessee in its use of the Lease Premises shall not discriminate against any person or class of persons on the basis of race, color, creed, national origin, sex, age, or physical handicap.

#### (g) Residential Use:

Unless otherwise allowed under this Lease, improvements on the Lease Premises shall not be used as a residence or for the purpose of mooring a floating residence.

### 5. RESERVATIONS, ENCUMBRANCES AND RIGHTS-OF-WAY

#### (a) Reservations:

(1) Lessor expressly reserves all natural resources in or on the Lease Premises, including but not limited to: oil, coal, natural gas and other hydrocarbons, minerals, aggregates, timber and geothermal resources, as well as the right to grant leases in and over the Lease Premises for the extraction of such natural resources, however such leasing shall be neither inconsistent nor incompatible with the rights or privileges of Lessee under this Lease.

(2) Lessor expressly reserves a right to go on the Lease Premises and all improvements for any purpose associated with this Lease or for carrying out any function required by law, or the rules, regulations or management policies of the State Lands Commission. Lessor shall have a right of reasonable access to the Lease Premises across Lessee owned or occupied lands adjacent to the Lease Premises for any purpose associated with this Lease.

(3) Lessor expressly reserves to the public an easement for convenient access across the Lease Premises to other State-owned lands located near or adjacent to the Lease Premises and a right of reasonable passage across and along any right-of-way granted by this Lease, however, such easement or right-of-way shall be neither inconsistent nor incompatible with the rights or privileges of Lessee under this Lease.

(4) Lessor expressly reserves the right to lease, convey, or encumber the Lease Premises, in whole or in part, during the lease term for any purpose not inconsistent or incompatible with the rights or privileges of Lessee under this Lease.

#### (b) Encumbrances:

This Lease may be subject to pre-existing contracts, leases, licenses, easements, encumbrances and claims and it is made without warranty by Lessor of title, condition or fitness of the land for the State's intended use.

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**(c) Rights-of-Way:**

If this Lease is for a right-of-way covering one or more pipelines or conduits, the Lease Premises include only land actually underlying the pipelines or conduits, and Lessor hereby grants to Lessee a non-exclusive right to go onto the lands adjacent to the Lease Premises as is reasonable and necessary for installation, inspection and maintenance of the pipelines or conduits.

**6. RULES, REGULATIONS AND TAXES.**

(a) Lessor and Lessee shall comply with and be bound by all presently existing or subsequently enacted rules, regulations, statutes or ordinances of the State Lands Commission or any other governmental agency or entity having lawful authority and jurisdiction.

(b) Lessee recognizes and understands in accepting this Lease that he may be liable for a possessory interest tax imposed by a city or county on its leasehold interest and that its payment of such a tax shall not reduce the amount of consideration due Lessor under this Lease and that Lessor shall have no liability for the payment of such a tax.

**7. INDEMNITY**

(a) Lessor shall not be liable and Lessee shall indemnify, hold harmless and, at the option of Lessor, defend Lessor, its officers, agents, and employees against and for any and all liability, claims, damages or injuries of any kind and from any cause, occurring on the Lease Premises or improvements, or arising out of or connected in any way with the issuance of this Lease.

(b) Lessee shall give prompt notice to Lessor in case of any accident, injury or casualty on the Lease Premises.

**8. LIABILITY INSURANCE**

(a) If so specified in Section 1 or 2, Lessee shall obtain at its own expense and keep in full force and effect during the Lease term with an insurance company acceptable to Lessor comprehensive liability insurance, for specified categories and amounts, insuring Lessee and Lessor against any and all claims or liability arising out of the ownership, use, occupancy, condition or maintenance of the Lease Premises and all improvements.

(b) The insurance policy or policies shall name the State as an additional insured or co-insured party as to the Lease Premises, and shall identify the Lease by its assigned number. Lessee shall provide Lessor with a certificate of such insurance and shall keep such certificate current.

(c) The liability insurance coverage specified in this Lease shall be in effect at all times during the Lease term and subsequently until all of the Lease Premises have been either accepted as improved by Lessor or restored pursuant to Paragraph 13.

**9. SURETY BOND**

(a) If so specified in Section 1, Lessee shall provide a surety bond or other security device acceptable to Lessor, for the specified amount, and naming the State of California as the assured, to guarantee to Lessor the faithful observance and performance by Lessee of all of the terms, covenants and conditions of this Lease.

(b) Lessor may increase the amount of the surety bond or other security device to cover any additionally authorized improvements, alterations or purposes and any modification of consideration.

(c) The surety bond or other security device shall be maintained in full force and effect at all times during the Lease term and subsequently until all of the Lease Premises have been either accepted as improved by Lessor or restored pursuant to Paragraph 13.

**10. ASSIGNMENT, ENCUMBRANCING OR SUBLETTING**

(a) Lessee shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease and shall not sublet the Lease Premises, in whole or in part, or allow any person other than the Lessee's employees, agents, servants and invitees to occupy or use all or any portion of the Lease Premises without the prior written consent of Lessor.

(b) This Lease shall be appurtenant to littoral or riparian land and any ownership interest or use rights of Lessee in such lands and it shall not be severed from such rights or interests without the prior written consent of Lessor.

**11. DEFAULT AND REMEDIES****(a) Default:**

The occurrence of any one or more of the following events shall constitute a default or breach of this Lease by Lessee:

(1) Lessee's failure to make any payment of rental, royalty, or other consideration as required under this Lease.

(2) Lessee's failure to obtain or maintain liability insurance or a surety bond or other security device as required under this Lease.

(3) Lessee's vacation or abandonment of the Lease Premises during the Lease term.

(4) Lessee's failure to observe or perform any other covenant or condition of this Lease to be observed or performed by the Lessee when such failure shall continue for a period of sixty (60) days after Lessor's giving written notice; however, if the nature of Lessee's default or breach is such that more than sixty (60) days are reasonably required for its cure, then Lessee shall not be deemed to be in default or breach if Lessee commences such cure within such sixty (60) day period and diligently proceeds with such cure to completion.

**(b) Remedies:**

In the event of a default or breach by Lessee and Lessee's failure to cure such default or breach, Lessor may at any time and with or without notice do any one or more of the following:

(1) Re-enter the Lease Premises, remove all persons and property, and repossess and enjoy such premises.

(2) Terminate this Lease and Lessee's right of possession of the Lease Premises. Such termination shall be effective upon Lessor's giving written notice and upon receipt of such notice Lessee shall immediately surrender possession of the Lease Premises to Lessor.

(3) Maintain this Lease in full force and effect and recover any rental, royalty, or other consideration as they become due without terminating Lessee's right of possession regardless of whether Lessee shall have abandoned the Lease Premises.

(4) Exercise any other right or remedy which Lessor may have at law or in equity.

**12. LESSEE'S TERMINATION**

Lessee may terminate this Lease for any reason upon giving Lessor at least sixty (60) days prior written notice. Lessee agrees that on the effective date of termination it shall responsibly leave and surrender the Lease Premises to Lessor in a state of good order, condition, repair, and restoration as provided under Paragraphs 4(b) and 13. The exercise of such right of termination shall not release Lessee from liability for any unpaid but accrued rental, royalty or other consideration which may be due under this Lease or from any other obligations still applicable under the Lease. No portion of any rental paid by Lessee in advance shall be refunded.

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13. RESTORATION OF LEASE PREMISES

(a) Upon expiration or sooner termination of this Lease, Lessor may accept all or any portion of the Lease Premises, as then improved with structures, buildings, pipelines, machinery, facilities and fills in place; or Lessor may require Lessee to remove all or any portion of such improvements at its sole expense and risk; or Lessor may itself remove or have removed all or any portion of such improvements at Lessee's sole expense.

(b) In removing any such improvements Lessee shall restore the Lease Premises as nearly as possible to the conditions existing prior to their installation or construction.

(c) All such removal and restoration shall be to the satisfaction of Lessor and shall be completed within ninety (90) days of the expiration or sooner termination of this Lease.

14. QUITCLAIM

Lessee shall, within ninety (90) days of the expiration or sooner termination of this Lease, execute and deliver to Lessor in a form provided by Lessor a good and sufficient release of all rights under this Lease. Should Lessee fail or refuse to deliver such a release, a written notice by Lessor reciting such failure or refusal shall, from the date of its recordation, be conclusive evidence against Lessee and all other claimants of the termination of this Lease and any rights or interests of Lessee in the Lease Premises.

15. HOLDING-OVER

Any holding-over by Lessee after the expiration of the Lease term, with or without the express or implied consent of Lessor, shall constitute a tenancy from month-to-month and not an extension of the Lease term and shall be on the terms, covenants and conditions of this Lease with rental, royalty or other consideration payable in advance on the first day of each month, at the rate of one-twelfth (1/12th) of the annual amount.

16. ADDITIONAL PROVISIONS

(a) Waiver:

(1) No term, covenant or condition of this Lease and no default or breach of any such term, covenant or condition shall be deemed to have been waived, by Lessor's acceptance of a late or nonconforming performance or otherwise, unless such a waiver is expressly acknowledged by Lessor in writing.

(2) Any such waiver shall not be deemed to be a waiver of any other term, covenant or condition or any other default or breach of any term, covenant or condition of this Lease.

(b) Time:

Time is of the essence of this Lease and each and all of its terms, covenants or conditions in which performance is a factor.

(c) Notice:

All notices required to be given under this Lease shall be given in writing, sent by United States mail with postage prepaid, to Lessor at the offices of the State Lands Commission and to Lessee at the address specified in Section 1. Lessee shall give Lessor notice of any change in its name or address.

(d) Consent:

Where Lessor's consent is required under this Lease its consent for one transaction or event shall not be deemed to be a consent to any subsequent occurrence of the same or any other transaction or event.

(e) Changes:

This Lease may be terminated and its term, covenants and conditions amended, revised or supplemented by mutual agreement of the parties.

(f) Successors:

The terms, covenants and conditions of this Lease shall extend to and be binding upon and inure to the benefit of the heirs, successors, and assigns of the respective parties and if more than one Lessee is a party to this Lease, the obligations of the Lessees shall be joint and several.

(g) Captions:

The captions of this Lease are not controlling and shall have no effect upon its construction or interpretation.

(h) Severability:

If any term, covenant or condition of this Lease is judicially determined to be invalid, it shall be considered deleted and shall not invalidate any of the remaining terms, covenants and conditions.

STATE OF CALIFORNIA -- STATE LANDS COMMISSION

LEASE P.R.C. No. \_\_\_\_\_

This lease will become binding upon the State only when duly executed on behalf of the State Lands Commission of the State of California;

IN WITNESS WHEREOF, the parties hereto have executed this lease as of the date hereafter affixed.

LESSEE

\_\_\_\_\_

\_\_\_\_\_

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

By: \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

ACKNOWLEDGEMENT

The issuance of this lease was authorized by the State

lands Commission on \_\_\_\_\_

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EXHIBIT "D"  
STATEMENT OF QUALIFICATIONS

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STATEMENT OF QUALIFICATIONS

Bidder should provide any and all information bidder believes is pertinent to its qualifications to fulfill the requirements set forth in the bid lease and in this Solicitation. This information should include, but not be limited to, the following:

- (1) Whether bidder intends to manage the subject lands as a Sole Proprietorship, a Partnership, a Corporation, or other entity (specify). Bidder must complete the attached Partnership Statement or Corporation Statement as applicable.
- (2) If bidder intends to manage the subject lands indirectly through agreement with a person or entity not a party to the bid lease which is the subject of this Solicitation, bidder must identify any such person or entity and provide information about that person or entity as provided in Paragraph 1 above.
- (3) Bidder must enumerate in detail the duration and extent of bidder's business experience with special emphasis upon experience with business of the type to which this Solicitation relates. Bidder must also enumerate in detail the pertinent experience of the persons who will be directly involved in development and management of the subject lands.
- (4) Bidder must identify three (3) references, persons or firms with whom bidder has conducted business transactions during the past three years. At least two of the references named are to have knowledge of bidder's debt payment history. References should be submitted in the following form:

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Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Nature and magnitude of purchase, sale, loan, business association, etc.:

\_\_\_\_\_

\_\_\_\_\_

(5) Bidder must specify the anticipated initial capital investment necessary to fulfill the terms of the lease and the means by which bidder intends to provide that capital.

(6) Bidder must certify that all the information contained in or supplementing bidder's Statement of Qualifications is true and correct to the best of bidder's knowledge.

PARTNERSHIP STATEMENT

If a partnership, submit a copy of the Partnership Agreement, and provide the following:

- 1. Date of Organization \_\_\_\_\_
- 2. General Partnership ( )  
Limited Partnership ( )
- 3. Statement of Partnership recorded? Yes ( ) No ( )

Date	Book	Page	County

- 4. Has the partnership done business in State of California  
Yes ( ) No ( ) When? \_\_\_\_\_

5. Name, address, and partnership share of each general partner:

<u>Name</u>	<u>Address</u>	<u>Share</u>
		%
		%
		%
		%
		%
		%

6. Name, address, and partnership share of each limited partner:

		%
		%
		%
		%
		%
		%

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CORPORATION STATEMENT

If a corporation, submit a copy of Articles of Incorporation and provide the following information:

1. When incorporated? \_\_\_\_\_
2. Where incorporated? \_\_\_\_\_
3. Is the corporation authorized to do business in California?  
Yes ( ) No ( )

If so, provide proof of said authorization.

4. The corporation is held: Publicly ( ) Privately ( )
5. If publicly held, how and where is the stock traded?  
\_\_\_\_\_  
\_\_\_\_\_

6. List the following:

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
(a) Number of voting shares:	_____	_____	_____
(b) Number of non-voting shares:	_____	_____	_____
(c) Number of shareholders:	_____	_____	_____
(d) Value per share of Common Stock:			
Par	\$ _____		
Book	\$ _____		
Market	\$ _____		

7. Furnish the name, title, address, and the number of voting and non-voting shares of stock held by each officer, director, shareholder not an officer or director owning the largest number of voting shares of stock and shareholder not an officer or director owning the largest number of non-voting shares of stock.

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STATE STANDARDS COMMISSION



EXHIBIT 2

EXHIBIT "E"

CERTIFICATION OF FINANCIAL STATEMENTS

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CERTIFICATION OF FINANCIAL STATEMENTS

I certify under penalty of perjury that all financial material submitted in response to the "Solicitation for Bids for a lease of Submerged Lands at Santa Catalina Island, Los Angeles County," is true and accurate and that the material is complete to the best of my knowledge.

I further certify that there have been no material changes in the financial or other conditions of the bidder from the time of the balance sheet dated \_\_\_\_\_ that would impair the bidder's financial ability to undertake and fulfill the obligations under the bid lease.

\_\_\_\_\_  
(Signature of Bidder or Responsible  
Financial Officer)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Company)

At \_\_\_\_\_  
(City and State)

\_\_\_\_\_  
(Date)

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STATE LANDS COMMISSION

EXHIBIT 2

EXHIBIT "F"

CERTIFICATION REGARDING INTEREST IN OTHER BIDS

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STATE LANDS COMMISSION

## CERTIFICATION REGARDING INTEREST IN OTHER BIDS

I(We), the undersigned, certify under penalty of perjury that I (We) have no financial or other interest in any bid, other than that bid to which this certification is attached, submitted to the State in response to that certain "Solicitation of Bids for a Lease of Submerged Lands at Santa Catalina Island, Los Angeles County", dated November 6, 1981.

\_\_\_\_\_  
(Signature of Bidder or Responsible Officer)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Company)

At  
\_\_\_\_\_  
(City and State)

\_\_\_\_\_  
(Date)

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EXHIBIT "G"

SUMMARY: B.D. CHECKLIST

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## SUMMARY: BID CHECKLIST

(Please refer to specific provisions in the Solicitation, as noted)

The following information shall be submitted to the State Lands Commission no later than 4:00 p.m., December 7, 1981.

1. Specifics of bid proposal. (See pages 24-28)
2. Joint Bids (where applicable): (page 25)
3. Corporate Bids (where applicable):
  - A bidder shall submit proof that the individual executing the bid is authorized to do so on behalf of the corporation.
  - The corporation shall affix its seal on the signature page of the bid form. (page 25)
4. A letter of authority designating a California resident authorized to give or receive notices to or from the State Lands Commission. (page 28)
5. Statement of Qualification. (Exhibit "D")
6. A financial report, including certified financial statements. (page 27 and Exhibit E)
7. Certification regarding interest in other bids (Exhibit F)
8. Certified or cashier's check in the amount of \$25,000 payable to the State of California. (page 29,

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STATE LANDS COMMISSION

## EXHIBIT 2

REQUEST FOR REFUND

State Lands Commission  
1807 13th Street  
Sacramento, California 95814

Attention: Mr. William F. Northrop  
Executive Officer

Gentlemen:

On December 7, 1981, the undersigned submitted a bid for the lease of submerged lands at Santa Catalina Island, Los Angeles County, WP 3639. Included with the bid was the required deposit of \$25,000.00.

The undersigned requests the return of the deposit and withdraws his offer and waives all rights he may have in connection with the bid.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Company)

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STATE LANDS COMMISSION

EXHIBIT 2

EXHIBIT "H"  
REQUEST FOR REFUND

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EXHIBIT 3

CALENDAR ITEM

54

10/30/81  
WP 3639  
Louie  
Mockon

AUTHORIZATION FOR SOLICITATION OF BIDS  
FOR LEASE OF CERTAIN TIDELANDS AND SUBMERGED LANDS  
AT SANTA CATALINA ISLAND, LOS ANGELES COUNTY

BACKGROUND:

On August 29, 1950, the State Lands Commission authorized a 15-year lease (PRC 185.1) to Santa Catalina Island Company (Company) for 17 parcels of State land around the Island. Annual rental was \$1,293.60. The lease provided for two renewal periods of ten years each and granted blanket permission to install boat moorings and floats without further Commission approval. The lease was amended at various times to add other parcels and to increase the lease area.

On October 27, 1966, the State Lands Commission authorized a new lease (PRC 3639.1) in lieu of renewing the old lease. PRC 3639.1 covered use of 20 parcels totalling approximately 357 acres at an annual rental of \$19,217.85. The term of the lease was 15 years, with no option to renew.

On August 20, 1981, the Commission authorized execution of an interim management agreement with the Company to continue operating under the terms of existing lease PRC 3639.1 from October 27, 1981, through December 31, 1981, in consideration of \$3,474.90 total rental for that period.

The Island itself, outside the City of Avalon, is owned by the Company and the Santa Catalina Island Conservancy (Conservancy). Uplands within the coves are leased to yacht clubs, youth groups and others. A Company lessee operates a store, restaurant and ancillary facilities at the Isthmus.

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The tidelands and submerged lands under existing lease PRC 3639.1 are being used for recreational boating purposes and services incidental thereto. They are presently improved with mooring buoys and piers which are used by groups with upland interests. The pier at Isthmus Cove is improved with fuel facilities for boaters.

The staff has received requests to lease the subject lands from parties other than the present lessee. These interested parties who are apparently financially responsible and experienced in management of recreational boating facilities, have suggested that the State may obtain a substantially greater economic return from the lands. In view of these comments and in order to afford all interested parties an equal opportunity to prove their qualification to enter into a lease of the subject lands and to assure an equitable return to the State, staff has studied various alternatives for the future management of the subject lands. These alternatives are discussed in the Staff Report attached hereto as Exhibit "A".

Any new lease of the subject lands would include provisions substantially as follows:

Term - Fifteen years beginning January 1, 1982  
 Land Use - Recreational boating purposes and related activities and services, provided such use is in compliance with all applicable laws, including but not limited to CEQA.

Required Services - Including, but not limited to, assurance of on-site security, mooring assistance, maintenance of moorings, fire and rescue services and trash removal.

Insurance and Bond - Requirement of liability insurance with a combined single limit of \$5,000,000, and surety bond or other form of security in amount specified by the State.

CALENDAR ITEM NO. 54 (CONTD)

IMPLEMENTATION: The Commission has before it a number of alternatives regarding the future management of the tidelands and submerged lands surrounding Santa Catalina Island. First, the Commission must determine whether to lease the subject lands, to maintain the lands as open space, or to enter into an agreement for the management of those lands with a public or private entity.

Should the Commission decide to lease the subject lands, or to enter into a management agreement with a private entity, the Commission must then determine whether it is in the best interests of the State to negotiate directly with the littoral owners or lessees, or to solicit bids on such lease or agreement.

Should the Commission choose to solicit bids for a lease or management agreement, the Commission must determine which of three economic factors will be open to bid.

The Commission must determine whether to include in the subject premises coves currently maintained as open space, two industrial use sites at Pebbly Beach, and tidelands and submerged lands underlying piers currently structurally attached to the uplands.

Finally, the Commission must decide whether it is in the best interest of the State to accept and exact a transfer fee for sale of subleases, and mooring equipment. Or to prohibit such transfers and thereby equalize and possibly increase public access to the moorings.

Should the Commission decide to solicit bids for a lease or management agreement regarding the subject lands, staff will prepare and make available to the public a bid solicitation package including terms set forth in and determined by the Commission.

## AUTHORITY:

PRC Sections 6216 and 6301 Cal. Adm. Code Sections 2000 et seq.

CALENDAR ITEM NO. 54 (CONTD)

## OTHER PERTINENT INFORMATION:

The action recommended to the State Lands Commission by staff by this Calendar Item is not a project within the meaning of CEQA, as defined by Section 15037 of the Cal. Adm. Code, and is therefore not subject to the requirements of CEQA.

## EXHIBITS:

- A. Staff Report.
- B. Land Description.
- C. Location Map.

## I. STAFF BELIEVES THAT THE COMMISSION HAS THE FOLLOWING OPTIONS:

## A. TO FIND THAT IT IS WITHIN THE BEST INTEREST OF THE STATE TO:

- 1. ENTER INTO A LEASE OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO; OR
- 2. ENTER INTO A MANAGEMENT AGREEMENT WITH A PRIVATE ENTITY FOR THE FUTURE MANAGEMENT OF THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO.

## B. TO FIND:

- 1. THAT IT IS WITHIN THE BEST INTEREST OF THE STATE TO NEGOTIATE A LEASE OF OR MANAGEMENT AGREEMENT REGARDING THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO WITH THE LITTORAL OWNER OR WITH A LESSEE OF THE LITTORAL OWNER WITH THE CONSENT OF THE LITTORAL OWNER; OR
- 2. (1) IN LIGHT OF THE FACTS AND CIRCUMSTANCES SET FORTH IN THIS CALENDAR ITEM AND THE STAFF REPORT ATTACHED HERETO AS EXHIBIT "A", AND PURSUANT TO SECTION 2002 OF THE CAL. ADM. CODE, THAT CONSISTENT WITH PROTECTION OF REASONABLE ACCESS OF THE LITTORAL OWNER TO THE LITTORAL LAND, AND USE OF THE STATE-OWNED SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO BY MEMBERS OF THE PUBLIC FOR RECREATIONAL BOATING PURPOSES, AND IN ORDER TO PROVIDE ALL INTERESTED PARTIES AN EQUAL OPPORTUNITY TO PROVE THEIR QUALIFICATION TO ENTER INTO A LEASE OF THE SAID SUBMERGED LANDS AND TO BETTER ASSURE AN EQUITABLE ECONOMIC RETURN TO THE PEOPLE OF THE STATE, IT IS IN THE BEST INTEREST OF THE STATE TO ADVERTISE AND INVITE BIDS FOR A LEASE OF OR MANAGEMENT AGREEMENT REGARDING THE SAID SUBMERGED LANDS; AND

## CALENDAR ITEM NO. 54 (CONTD)

(2) THAT THE BID FACTOR WILL BE THE PERCENTAGE OF GROSS RECEIPTS TO BE PAID AS ANNUAL RENTAL ON ANY LEASE OF THE SAID SUBMERGED LANDS, OR THE PERCENTAGE OF GROSS RECEIPTS TO BE RETAINED BY AN OPERATOR UNDER ANY MANAGEMENT AGREEMENT REGARDING THE SAID SUBMERGED LANDS. THE MINIMUM ANNUAL ECONOMIC RETURN TO THE STATE WILL BE FIXED AT \$125,000; OR

3. IN ORDER TO ASSURE AN ORDERLY CONTINUATION OF USE OF THE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO BY THE BOATING PUBLIC, IT IS IN THE BEST INTEREST OF THE STATE TO ENTER INTO A LIMITED TERM LEASE OF THE SUBJECT LANDS AND IMMEDIATELY ISSUE A REQUEST FOR PROPOSALS FOR THE FUTURE MANAGEMENT OF THE SUBJECT LANDS UPON THE EXPIRATION OF THAT LEASE.

C. TO AUTHORIZE THE COMMISSION STAFF TO:

1. (Negotiated Lease or Agreement option)

NEGOTIATE A LEASE OF OR MANAGEMENT AGREEMENT REGARDING TIDELANDS AND SUBMERGED LANDS SURROUNDING SANTA CATALINA ISLAND WITH THE OWNER(S) OR LESSEE(S) OF THE LITTORAL UPLANDS; OR

2. (Bid Lease or Agreement Option)

ADVERTISE AND SOLICIT BIDS FOR A LEASE OF OR MANAGEMENT AGREEMENT REGARDING THOSE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO; OR

3. (Limited Term Lease and Request for Proposals Option)

AUTHORIZE STAFF TO NEGOTIATE A LIMITED TERM LEASE WITH THE SANTA CATALINA COMPANY AND THE CATALINA CONSERVANCY AND IMMEDIATELY ISSUE A REQUEST FOR PROPOSALS FOR THE FUTURE MANAGEMENT OF THE SUBJECT LANDS UPON THE EXPIRATION OF SAID LIMITED TERM LEASE.

II. STAFF RECOMMENDS THAT THE COMMISSION:

A. DETERMINE:

1. THAT THE AREA TO BE THE SUBJECT OF ANY SOLICITATION OF BIDS FOR A LEASE OR MANAGEMENT AGREEMENT SHOULD INCLUDE ONLY THOSE LANDS CURRENTLY OCCUPIED BY RECREATIONAL MOORINGS AND DESCRIBED IN EXHIBIT "B" ATTACHED HERETO; AND

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2. THAT THE TIDELANDS AND SUBMERGED LANDS UNDERLYING IMPROVEMENTS STRUCTURALLY ATTACHED TO THE UPLANDS AS OF OCTOBER 1, 1981, INCLUDING BUT NOT LIMITED TO THE PEBBLY BEACH WHARF SITE AND FREIGHT RAMP SITE, BE LEASED DIRECTLY TO THE OWNERS OR LESSEES OF THE UPLANDS ADJACENT TO THOSE IMPROVEMENTS; AND
  3. THAT TIDELANDS AND SUBMERGED LANDS MAINTAINED AS OPEN SPACE AND USED FOR ANCHORAGE AS OF OCTOBER 1, 1981, WILL NOT BE THE SUBJECT OF ANY LEASE OR MANAGEMENT AGREEMENT AUTHORIZED BY THE COMMISSION ON THIS DATE.
- B. FIND THAT IT IS IN THE BEST INTEREST OF THE STATE TO PROVIDE IN ANY LEASE OR MANAGEMENT AGREEMENT REGARDING THE SUBMERGED LANDS DESCRIBED IN EXHIBIT "B" ATTACHED HERETO THAT:
- A. HOLDERS OF EXISTING INDIVIDUAL MOORING SUBLEASES OF SAID SUBMERGED LANDS UNDER COMMISSION LEASE PRC 3639.1 WILL BE GIVEN A PREFERENTIAL RIGHT TO RENEW THOSE SUBLEASES UNDER ANY NEW LEASE OR MANAGEMENT AGREEMENT ON TERMS AND CONDITIONS ESTABLISHED BY A NEW LESSEE OR OPERATOR FOR THE TERM OF SAID LEASE OR MANAGEMENT AGREEMENT; PROVIDED, THAT SAID SUBLESSEES WILL NOT BE PERMITTED TO TRANSFER SAID SUBLEASES TO ANY OTHER PARTY, AND
  - B. TRANSFERS OF INDIVIDUAL MOORING SUBLEASES WILL NOT BE PERMITTED.
- III. STAFF RECOMMENDS THAT THE COMMISSION ADOPT OPTIONS IA1 AND IB2 AND APPROVE AUTHORIZATION OPTION IC2.

EXHIBIT ASTAFF REPORTIntroduction

There is at Santa Catalina Island a unique and complex set of social, environmental, and economic factors to be considered in any determination as to the best method of future management of the State-owned tidelands and submerged lands surrounding the island. A map designating the locations of lands currently under State Lands Commission lease ERC 3639.1 to the Santa Catalina Island Company is attached hereto as Appendix "A".

The island is one of the few destination points for boaters based on the mainland from Santa Barbara to San Diego. All of the uplands outside of the City limits of Avalon are owned and controlled by the Santa Catalina Island Company or the Catalina Conservancy, subject only to a fifty (50) year open space easement granted to the County of Los Angeles in 1977, roughly coincident with the area owned by the Conservancy.

Both the Company and the Conservancy, directly and through Doug Bombard Enterprises, have leased small upland parcels to various yacht clubs and civic groups, including, but not limited to the Boy Scouts, Angeles Girl Scout Council, Intersarsity Christian Fellowship, and the YMCA of Glendale. Some of these leased upland parcels are adjacent to tidelands and submerged lands currently under lease to the Company, and in some cases the upland lessees have erected piers upon those State-owned lands.

Of the approximately 357 acres of tidelands and submerged lands currently leased to the Company, an estimated 26 acres are maintained as open space and are used solely for anchorage.

The areas adjacent to Pebbly Beach, currently leased to the Company, are geographically separated from the remainder of the lease parcels by the City of Avalon. These Pebbly Beach sites are used for freight and industrial purposes. In addition, the City of Avalon and the County of Los Angeles are considering the tidelands and submerged lands adjacent to Pebbly Beach as a site for a proposed airport to service the island. Also under consideration is the Jewfish Point area, Southeast of Pebbly Beach and not the subject of this report. The City and County have applied to the Commission for a permit to conduct feasibility studies on the two sites, and have requested some assurance that upon the conclusion of those studies, they will be able to proceed with airport development at the chosen site.

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The upcoming expiration of the current lease with the Company (December 31, 1981) and the resulting possibility of a change in the management of the subject lands has generated a great deal of public interest.

A public notice was published asking for comment on potential lease provisions and substantive issues important to any future State leases at Santa Catalina Island. A public hearing was also held by the Commission staff in Long Beach on October 15, 1981, to allow Southern California boaters a local forum to present their views.

Comments have been received by letters and from meetings between staff and interested parties who requested such meetings. Testimony from the public hearing has also been recorded.

The vast majority of comments received supported the State's current lessee, the Santa Catalina Island Company and its operator, Doug Bombard, and the Catalina Conservancy. Comments were received that the Company and Bombard have operated the facilities efficiently during the term of the lease. Concerns were raised that any change in existing management would subject the island to commercial development, invite overcrowding of moorings and installation of moorings in vacant coves now used for anchorage only, and would have significant adverse environmental impacts for these reasons. Concerns were also raised that change from existing management would decrease present services offered and increase boat user fees.

The staff also received comments from parties interested in obtaining a future lease that competitive bidding would benefit the public at large through increased economic return, and that the bidding process should encourage new ideas regarding the type and quality of facilities and services to be provided on the subject lands.

Suggestions were also made concerning specific terms and conditions that commenting parties felt should be included in any new State lease.

All comments are on file in the office of the State Lands Commission.

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## EXHIBIT A

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Current Lease

On August 29, 1950, the State authorized and entered into a 15-year lease (PRC 185.1) to the Company for 17 parcels of State-owned tidelands and submerged lands around the Island. Annual rental was \$1,293.60. The lease provided for two renewal periods of 10 years each. The lease was amended at various times to add other parcels.

On October 27, 1966, the State authorized a new lease (PRC 3639.1) in lieu of renewing the old lease. PRC 3639.1 included 29 parcels totalling approximately 357 acres at an annual rental of \$19,217.86. The term of the lease is 15 years, with no option to renew. By agreement between the Company and the Commission, the term of this lease has been extended to and includes December 31, 1981.

Under the terms of PRC 3639.1, the lease premises were to be used for commercial and recreational moorings, for the landing of water craft, and uses incidental thereto.

The current lease provides that none of the improvements located upon the lease premises shall become the property of the State upon expiration or earlier termination of the lease. The lease requires that the Company remove from the leased premises all structures and equipment within ninety (90) days of the expiration of the lease. It is important to note that such removal operations may trigger permit requirements of other State and local agencies (i.e., Coastal Commission) as well as environmental study requirements of CEQA. The removal operations may be further complicated by the fact that many of the improvements located on the lease premises are owned by parties other than the State's lessee. It is also evident that should the Commission issue a lease for the subject lands to any party other than the current lessee, and should the current lessee opt to remove all existing improvements from the lease premises rather than negotiate their transfer to a new lessee, the Commission would be unable to quiet possession in the new lessee for ninety (90) days.

The Company and the Conservancy own and control all upland access to the island outside the City of Avalon. The Company has issued upland leases which include use of the leased tidelands and submerged lands to the following parties:

1. Standard Oil of California;
2. Jack L. Fennie;
3. Doug Bombard Enterprises (dba "Catalina Cove and Camp Agency").

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The first two leases, to Standard Oil and Jack L. Fennie, are located at Pebbly Beach and are used in connection with their respective businesses. The third lease to Bombard Enterprises (hereinafter Bombard) includes all other tidelands and submerged lands leased by the State to the Company. Bombard in turn sublets on an annual basis approximately 714 mooring sites on the lease premises to individual boaters and yacht club members.

Of these 714 mooring sites, nearly half are sublet by boaters who own the mooring equipment on the site. In the remaining cases, the mooring equipment is owned by the Catalina Mooring Service (another branch of Doug Bombard Enterprises), and boaters sublet the site and use the mooring equipment from Bombard.

Boaters who had subleased the mooring site and leased the mooring equipment from Bombard, and those boaters who sublease the site but own their equipment and who have so agreed with Bombard, must notify Bombard in advance of their intent to occupy their mooring on a given date. Absent such notice, Bombard leases the mooring to members of the public on a daily, first come, first served basis.

Services provided by Doug Bombard Enterprises in connection with the use of the lease premises for recreational mooring include, but are not limited to, the following:

- Garbage pick-up with upland disposal site;
- Patrol boat service;
- Anchorage and mooring assistance;
- Fuel sales;
- Shore boat service;
- Service and repair mooring equipment; and
- Water reprovisioning from an upland source.

Bombard also cooperates in providing towing and mechanical service and rescue and firefighting service.

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Alternatives

Based upon extensive study and review of public comments, staff has compiled the following summary and evaluation of the various alternatives available for Commission action. These alternatives may be followed on the Critical Path Chart attached hereto as Appendix "B".

I. The Commission may decide not to lease any of the tidelands and submerged lands at the Island. Under this course of action, there are three major alternatives.

A. The Commission may maintain these areas as open space. The open space alternative may be seen as the least detrimental to the environment in the long run. On the other hand, the benefit to the people of the State as a whole may be reduced under this plan. There would be no facilities or services available to the boating public, nor would there be any economic return to the State.

Comments received from the public do not favor this option, reflecting a fear that chaos and damage to the environment will be the inevitable result of uncontrolled use of the subject lands for anchorage.

B. The Commission may enter into a Management Agreement for the subject lands with another public agency, i.e., the California State Department of Parks and Recreation or the County of Los Angeles Department of Beaches, or the Commission could directly manage the lands.

Operation of the area as a public park or beach might result in increased availability of the area to the general boating public. This effect could be accomplished by providing that use of the moorings be on a first come, first served or reservation basis, with a specified maximum period of use, for example, two weeks per season. Note, however, that these or similar provisions could be included in any lease or management agreement.

Budgetary restraints may well make the initial capital investment necessary for public operations prohibitive. Any state or local governmental agency would be required to acquire equipment, staff and training to successfully maintain the lands for recreational boating activities.

The potential for liability for injury or property damage, which is high in this type of operation, would also fall upon the managing public agency. Finally, the economic return to the State may be minimal.

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Little public comment has been received regarding this alternative, though some boaters expressed pessimism that a government agency could manage the area as well as the current operator.

- C. The Commission may enter into a Management Agreement with a private entity, whereby the current type of operation would be continued in essentially the same form. The private entity would provide services and assume liability for service-connected injuries and property damage in exchange for a percentage of gross receipts.

Note, as discussed above, that under the present lease, PRC 3639.1, the Company is required to remove all improvements from the lease premises within 90 days of the expiration of the lease. There is no provision in the present lease that such improvements pass to the State upon termination of the lease.

Therefore, this alternative would be based upon the assumption that the State could acquire, through lease or purchase, the right to use all personal property located upon the subject State-owned lands, including, but not limited to, all mooring equipment, whether presently owned by the upland owners or other private individuals. Note that the current owners of said personal property are in no way obligated to transfer to the State the right to use that property.

The benefit of this option lies in the continuation of present use and existing facilities, so as to avoid triggering processing requirements of CEQA, the Coastal Commission, and other governmental agencies. (Continuation of present use without change would bring the project within a Class 1 exemption from CEQA for Existing Facilities, as defined by California Administrative Code Section 15101.)

This option also creates a direct relationship between the Commission and the operator of the boating facilities. On one hand, the State may thus have greater control over the operation than in the case of a State lessee contracting with a third party operator. On the other hand, the State may be faced with the high costs and greater responsibilities of monitoring the operator's performance. Also, this option may require an initial capital outlay by the State for acquisition of the right to use the mooring equipment currently situated upon the subject lands.

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Should the Commission elect this alternative, it must determine whether to negotiate the agreement with an operator who has an upland base of operations, or solicit bids for that agreement. The Commission could negotiate directly with the current operator, Doug Bombard Enterprises, which has entitlement to an upland parcel at the Isthmus, and which has several years of on-site experience in maintenance and service of recreational mooring facilities.

On the other hand, solicitation of bids for participation in a management agreement would be more likely to maximize the economic return to the State.

Although Commission staff has received no direct public comment regarding this alternative, there has been overwhelming public support of the current operator, Doug Bombard. However, either Mr. Bombard nor the Island Company has shown any positive interest in a State lease or agreement directly with Mr. Bombard.

II. The Commission may opt to lease the State-owned tidelands and submerged lands surrounding Santa Catalina Island. There are three basic alternatives under this direction.

A. The Commission may negotiate a lease directly with the owners of land littoral to the lease parcels.

The Island Company and the Conservancy, working through Doug Bombard Enterprises, have an upland base of operations; they own the necessary equipment, have on-site experience and the support of great numbers of the boating public whom they have serviced over the years.

The terms of a negotiated lease, as well as those of a bid lease or management agreement, would be drawn to enable the Commission to protect the best interests of the people of the State. The lease would provide an economic return to the State based upon a percentage of gross receipts with a minimum annual rental reflective of a staff evaluation of open market transactions involving comparable sites and facilities. Potential lease terms are more fully discussed in Section IV of this report.

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As mentioned above, there has been considerable public support for this alternative.

- B. The Commission may negotiate a lease with a lessee not the owner of lands littoral to the lease premises.

California Administrative Code Section 2002 authorizes such a lease to the best qualified applicant "consistent with development and utilization to the maximum economic, social, or environmental benefit to the State ...".

It is here difficult to determine the actual benefit to the people of the State of negotiating with a party not a littoral owner, unless that party be the actual operator of the lease premises and entitled to use the uplands, thus again establishing a direct relationship between the State and the operator. There appears to be no other substantial reason for offering a preference to a party not a littoral owner or permittee of the littoral owner in a negotiation situation.

- C. The Commission may solicit bids for the future lease of the tidelands and submerged lands at Catalina Island. The subject lands represent an important resource of the State of California. Several parties, apparently of sound financial status and having some experience with recreational boating and related facilities and services, have indicated a strong interest in leasing those lands. In light of these expressions of interest, solicitation of bids for a future lease of the subject lands may be one means of affording those interested parties an equal opportunity to prove their qualifications to enter into a lease with the State and of establishing an equitable economic return to the State.

This alternative, perhaps more than other options herein considered, also carries with it the real possibilities of increased rates to members of the boating public, and development inconsistent with the long range social and environmental objectives of the people of the State, including those boaters who presently use the area, and of the owners of the upland. A bid solicitation and lease would have to be carefully drawn to limit the extent of these impacts.

Note, also, that any change in current operations, including even removal and replacement of existing facilities, may trigger processing requirements of CEQA, the Coastal Commission, and other governmental agencies.

Other than positive comments received from parties apparently interested in bidding on any future lease, most comments received by staff regarding this option have reflected fears that bidding would result in exorbitant use rates, poor services, and unwanted development.

Should the Commission decide to solicit bids for a lease, the following would be required from all bidders:

1. Submission of bids on a specified bid form obtained from the State Lands Commission;
2. Satisfactory evidence of the bidder's plan and ability to satisfy the requirements set forth in the bid lease;
3. A financial report including Balance Sheet, Income Statement and Statements of Change in Financial Position for the current as well as last two fiscal years;
4. Specification of anticipated initial capital investment to fulfill lease terms and the means by which the bidder intends to provide such capital;
5. Certification that bidder does not have financial or other interest in more than one bid; and
6. Bid deposit in the amount of \$25,000.

The only factor open to bid will be the percentage of gross receipts designated to four percentage points to be the basis of rental calculation. Bids lower than 17.0000% of gross receipts will not be accepted.

All bids must be sealed and delivered to the State Lands Commission no later than the time and date specified. All bids will be opened publicly at a time and location to be determined by the Commission. Each bid shall be a firm bid for a period of sixty days from date of bid opening.

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- III. The Commission may enter into a limited term lease agreement with the current lessee and issue a Request for Proposals regarding management of the subject lands at the termination of that lease.

As discussed above, the Commission may encounter real transitional difficulties should a new lease be issued to any party other than the current lessee, the Conservancy, or Bombard Enterprises. These difficulties are likely to center upon removal and/or replacement of existing improvements, and placing a new lessee in quiet possession of the lease premises prior to the beginning of the busy summer boating season. These activities may trigger processing requirements of CEQA, the Coastal Commission, and other local, State, or federal governmental agencies. The combined impact of these factors may create a chaotic atmosphere detrimental to the boating public as well as to other users of the island.

In order to minimize these potential difficulties, the Commission may enter into a limited term lease with the current lessee. The lease term would be of a period sufficient to allow the Commission to solicit and carefully examine proposals for the future management of the subject lands, select a given proposal, perform the necessary environmental studies and provide for an orderly transition from current operations to the proposed project.

This alternative may also provide interested parties the flexibility and time necessary to construct more creative project proposals.

#### Summary

After extensive review, staff has concluded that of the seven major alternatives discussed above, the most viable can be summarized as follows:

- I. Management agreement with private party for operation identical to current operation:
  - a. State acquisition of all personal property located upon subject lands;
  - b. Direct relationship with operator;
  - c. Probable categorical exemption from CEQA.

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2. Negotiate lease directly with littoral owners:
  - a. Upland base of operation, experience;
  - b. Economic return to State to be based upon State Land Commission staff evaluation of open market transactions involving comparable sites and facilities.
3. Solicitation of bids for lease of subject lands:
  - a. Establish equitable economic return to State;
  - b. Avoids necessity of substantial capital outlay by State.
4. Negotiate a limited term lease with the current lessee and request proposals for the future management of the subject lands:
  - a. Provides for an orderly transition from current operations to proposed project.
  - b. Allows more flexibility in project proposals.

- IV. Should the Commission select any of the alternatives listed above, it must then adopt specific provisions to be included in any lease or management agreement. Of these provisions, many are straightforward or will be necessitated by restrictions of time and State and federal law, including regulations of CEQA, the Coastal Commission, and Fish and Game.

The major provisions that would be required in any lease include the following:

- (1) Term - Fifteen (15) years beginning January 1, 1982;
- (2) Insurance - \$5,000,000 combined single limit;
- (3) Surety bond or other security;
- (4) Installation of any moorings or other structures in addition to moorings and piers existing as of October 1, 1981, requires prior consent of the State Lands Commission;
- (5) Any sublease or agreement entered into by the lessee with a third party for management and operation of a leased area requires prior consent of the State Lands Commission;
- (6) Upon expiration or termination of the lease, the State has the option to accept the leased premises with improvements or require the lessee to remove them within thirty (30) days;
- (7) Required services
  - (a) Solid waste pick-up and upland disposal,
  - (b) Patrol boats,
  - (c) Anchorage and mooring assistance,
  - (d) Insurance of rescue and firefighting services,
  - (e) Insurance of availability of towing and mechanical repair services to boaters on leased premises,
  - (f) Annual servicing of mooring equipment, and
  - (g) Non-interference with services designed to provide access to the upland;

- (8) The lessee shall not unreasonably interfere with access to either littoral lands or tidelands adjacent to the lease premises. The State reserves the right to amend the lease description at any such time it is determined necessary to provide reasonable access to adjacent tidelands or littoral lands.

The Commission will be faced with decisions in three major areas to be addressed in any lease or management agreement, as follows:

- A. Lease Premises: The Commission must designate those lands to be included under the lease or agreement.

As noted above, the current lease, PRC 3639.1, contains approximately 357 acres, distributed over 29 parcels. (See Appendix A) Of these, certain parcels may be logically excluded from a new lease or agreement.

Any new lease or agreement may exclude those tidelands and submerged lands underlying and immediately surrounding piers or other improvements structurally attached to the uplands as of October 1, 1981. These parcels may be leased directly to the upland owner or lessee to accommodate their continued access to and use of their upland parcels.

Second, staff recommends exclusion from any new lease or agreement of all unimproved open space areas. Because development of these areas would be subject to extensive environmental study and additional approvals by the Commission, as well as permits from other governmental agencies, there is no need to include these parcels in any lease or agreement at this time. The current use of these areas for anchorage will not be curtailed in any way by their exclusion from any lease or agreement.

Staff also recommends that the two Pebbly Beach sites described in the introduction of this Staff Report be excluded from any new lease or agreement for recreational boating purposes because they are removed from the remainder of the parcels geographically and by type of use. These parcels may be leased directly to the littoral owner or the permittee of the littoral owner. Separate treatment of the Pebbly Beach parcels may also enable the Commission to accommodate the concerns of the City of Avalon and the County of Los Angeles as regards their proposed airport development.

Finally, if the Commission decides to solicit bids for either a lease or management agreement, a decision must be made whether to solicit bids for the entire area or to segregate the area into smaller parcels and solicit bids for each of those parcels.

One possible advantage in segregating the lease area and soliciting bids for a number of smaller parcels is that such segregation may result in management of different parcels by different parties, thereby encouraging competition amongst the operators to provide better services to the boating public. However, staff feels that competition between operators of separate parcels resulting in better services to boaters and greater economic return to the State, would be illusory at best. The inequal appeal of various parcels, due to geographic differences as well as the special interests of owners or lessees of adjacent uplands, may lessen the competitive factors involved.

The staff believes that soliciting bids for either a lease or management agreement for the entire area as a unit is the preferred alternative. Under this alternative, service and maintenance facilities for the entire area could be coordinated and centrally located, resulting in more efficient use of the area for recreational boating activities.

Finally, administrative responsibilities and costs of Commission staff would be less should bids be solicited on the entire area as a unit, rather than as several distinct parcels.

Some individuals have also asked for individual mooring site leases. Due to the great number of moorings, staff feels individual leases of this nature would be administratively impractical.

- B. Transfers of moorings: Staff believes that a method can be devised whereby transfers of moorings can be detected. The Commission may accept the practice of mooring transfers and charge a transfer fee, thereby increasing the revenue to the State. Note, however, that because the amount of money paid between private parties would be difficult to ascertain, the transfer fee charged by the State could not be directly tied in to the "value" of the transfer.

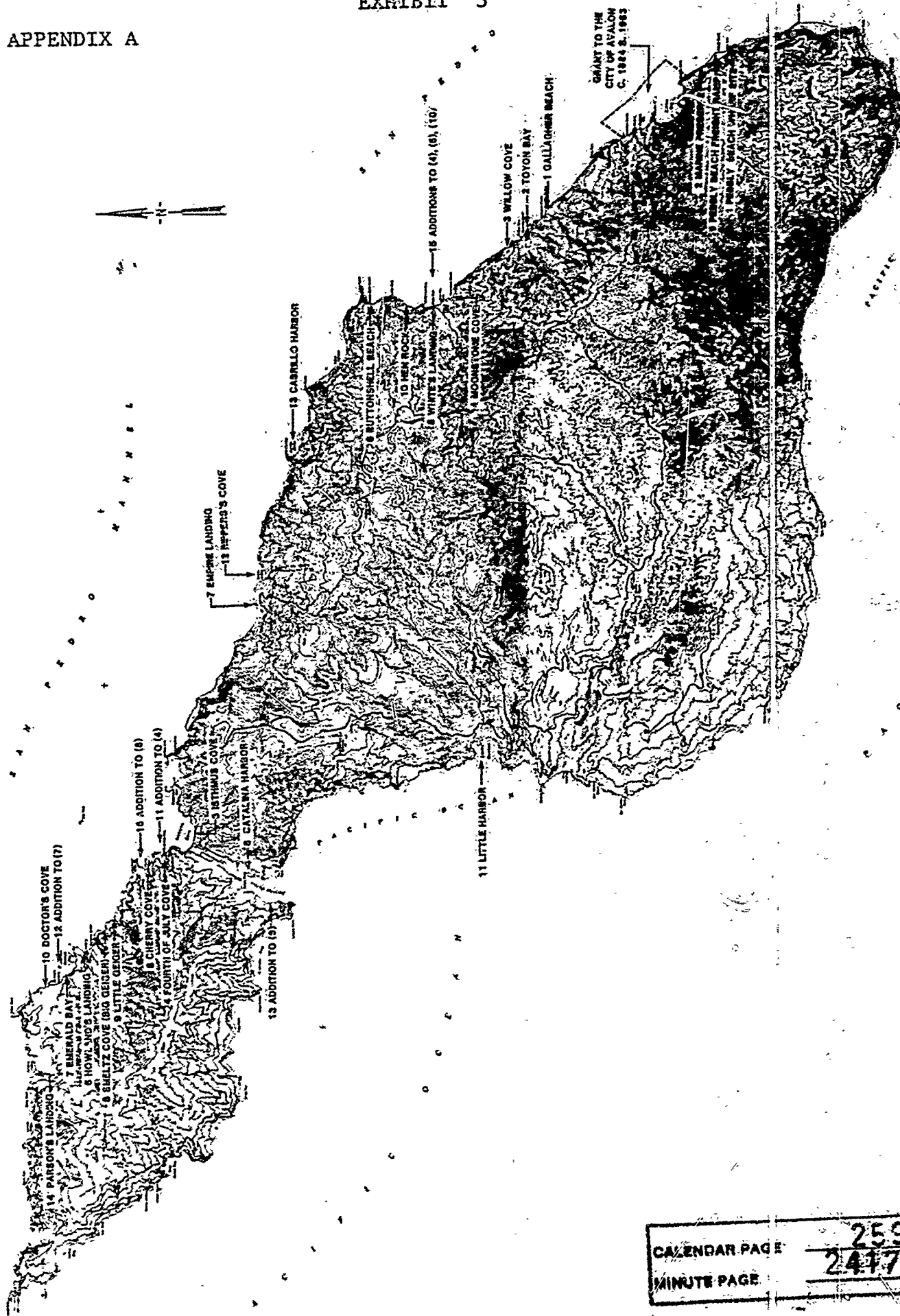
On the other hand, the Commission may prohibit transfers of individual mooring subleases and require that new tenants be taken from a waiting list, thus increasing and equalizing the chances of interested boaters obtaining a mooring.

- C. Economic factors: The Commission, if it chooses to solicit bids for a lease of the subject lands, must determine the parameters of the economic provisions of the lease and the bid solicitation. Following are four alternative methods of calculating rental provisions. The first three alternatives presume a five year rent review.
- (1) Solicitation of bids on both minimum annual rental and percentage of gross receipts without fixed minimum bid on annual rental or percentage of gross receipts:
    - (a) Bids may be reflective of fair rental value of lease premises, but may result in annual rental of less than \$125,000, which has been offered by a number of interested parties.
    - (b) Because this alternative is the least restrictive to potential bidders, it may encourage more creative project packages. At the same time, determination of high bid would be difficult under this option. Evaluation of bids would have to be based upon projected income streams, discounted to present worth; such income projections are based upon many variables and are not susceptible of objective review.
  - (2) Solicitation of bids on both annual rental and percentage of gross receipts with minimum bid on annual rental set at \$125,000 and minimum bid on percentage of gross receipts set at 17%:
    - (a) State would be guaranteed an annual return of \$125,000, the equivalent of 17% of the estimated annual gross receipts currently derived from the subject lands.
    - (b) Market studies of land leases for comparable mooring and marina facilities indicate a range of 10% to 27 % of gross receipts as a basis of annual rentals.
    - (c) This method may also enable bidders to submit creative packages, but is subject to the same difficulties regarding determination of high bid as is the first alternative discussed above.

- (3) Solicitation of bids on percentage of gross receipts only; the minimum annual rental to be fixed at \$125,000; the minimum bid on percentage of gross receipts set at 17%:
- (a) High bid is easily determined under this option, but see below regarding bidding ties.
  - (b) Rental based upon a percentage of gross receipts may lessen a lessee's incentive to maximize receipts. This result is more likely when the percentage is increased with incremental increases in gross receipts.
  - (c) Because under this alternative there is only one bid factor, and because of the limited range of percentage factors likely to be bid, bidding ties are likely to occur. In this case of identical bids, final determination of the winning bid will necessarily involve comparison of the financial responsibility and experience of the bidders, as well as methods of proposed management of the subject lands.
- (4) Solicitation of bids on annual rental based upon a fixed dollar amount and rent review periods; minimum bid on annual rental to be set at \$125,000:
- (a) High bid is most easily determined under this option; bidding ties are unlikely to occur.
  - (b) This alternative may provide the highest economic return to the State because frequent rent review would enable the State to periodically increase monetary compensation commensurate with lessee's receipts from the subject lands. This would also prevent an extreme leasehold advantage in favor of the lessee as is now the case under the existing lease.
  - (c) It should be noted that this alternative may be most likely to result in a high annual rental. In this case, lessee may be motivated to increase mooring and service rates to a more extreme level to achieve profits above that annual rental.

APPENDIX A

EXHIBIT 3



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EXHIBIT 3

APPENDIX B

CRITICAL PATH CHART

LEASE

NO

Open Space

Management by Public Agency

Management by Private Entity

YES

Negotiate

Littoral owner or Permittee

Other

Solicit Bids

Limited Term Lease and

Request for Proposals



## EXHIBIT "B"

## LAND DESCRIPTION

MP 3639

PARCEL 1 - Isthmus Cove

All that area bounded on the west, south, and southeast by the mean lower low waterline and on the north by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 26' 35''$  North Latitude,  $118^{\circ} 29' 25''$  West Longitude to a point on the mean high tide line at approximately  $33^{\circ} 26' 45''$  North Latitude,  $118^{\circ} 29' 50''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing freight ramp and two existing launching ramps.

FURTHER EXCEPTING THEREFROM a strip of submerged land 100 feet wide lying 50 feet on each side of the seaward extension of the centerline of the above mentioned pier 11,500 feet, more or less, to an intersection with the seaward boundary of Parcel 1 above.

PARCEL 2 - Fourth of July Cove

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line beginning at a point on the mean high tide line at approximately  $33^{\circ} 26' 56''$  North Latitude,  $118^{\circ} 29' 55''$  West Longitude, thence northeasterly 50 feet, more or less, to a point offshore at approximately  $33^{\circ} 26' 56''$  North Latitude,  $118^{\circ} 29' 54''$  West Longitude; thence southeasterly 1,200 feet, more or less, to a point on the mean high tide line described as  $33^{\circ} 26' 45''$  North Latitude,  $118^{\circ} 29' 50''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 3 - Howland's Landing

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately  $33^{\circ} 27' 40''$  North Latitude,  $118^{\circ} 31' 07''$  West Longitude to a point on the mean high tide line at approximately  $33^{\circ} 27' 55''$  North Latitude,  $118^{\circ} 31' 15''$  West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

## EXHIBIT "B"

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PARCEL 4 - Emerald Bay

All that area bounded on the west and south by the mean lower low water line and on the north and east by a line beginning at a point on the mean high tide line at approximately 33° 28' 10" North Latitude, 118° 31' 45" West Longitude, thence easterly 1,500 feet, more or less, to a point seaward of Indian Rock at approximately 33° 28' 10" North Latitude, 118° 31' 30" West Longitude, thence southeasterly to a point on the mean high tide line at approximately 33° 27' 58" North Latitude, 118° 31' 20" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing piers TOGETHER WITH a necessary use area extending 10 feet from the extremities of said piers.

PARCEL 5 - Catalina Harbor

All that area bounded on the west, north and east by the mean lower low water line and on the south and southeast by a line beginning at a point on the mean high tide line at approximately 33° 25' 41" North Latitude, 118° 30' 21" West Longitude; thence west 848 feet, more or less, to a point at approximately 33° 25' 41" North Latitude, 118° 30' 31" West Longitude; thence southwesterly 1,625 feet, more or less, terminating at a point on the mean high tide line at approximately 33° 25' 30" North Latitude, 118° 30' 39" West Longitude.

EXCEPTING THEREFROM that portion of tideland owned by the Santa Catalina Island Company generally described as a portion of Tide and in Catalina Harbor of approximately 12.8 acres lying between the ordinary high water and ordinary low water mark along the east and north shore of Catalina Harbor beginning at Ballast Point.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath three existing dingy piers and one existing commercial pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said dingy piers and commercial pier.

ALSO EXCEPTING THEREFROM all those tide and submerged lands lying beneath two existing ramps.

PARCEL 6 - Buttonshell Beach

All that area bounded on the north and west by the mean lower low water line and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 24' 02" North Latitude, 118° 31' 59" West Longitude to a point on the mean high tide line at approximately 33° 24' 23" North Latitude, 118° 31' 56" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

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PARCEL 7 - White's Landing

All that area bounded on the northwest, west, and south by the mean lower low waterline and on the north, northeast, and southeast by a line beginning at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude; thence northeasterly 100 feet, more or less, to a point at approximately 33° 23' 44" North Latitude, 118° 22' 06" West Longitude; thence on a straight line 1,460 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 59" West Longitude; thence southwesterly 556 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 8 - Moonstone Cove

All that area bounded on the west and south by the mean lower low waterline and on the northeast and northwest by a line beginning at approximately 33° 23' 27" North Latitude, 118° 22' 03" West Longitude; thence northeasterly 556 feet, more or less, to a point at approximately 33° 23' 31" North Latitude, 118° 21' 58" West Longitude; thence southeasterly 1,460 feet, more or less, to a point on the mean high tide line at approximately 33° 23' 18" North Latitude, 118° 21' 51" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 9 - Toyon Bay

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 26" North Latitude, 118° 21' 02" West Longitude, to a point on the mean high tide line at approximately 33° 22' 37" North Latitude, 118° 21' 14" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 10 - Gallagher Beach

All that area bounded on the west, south, and east by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 22' 13" North Latitude, 118° 20' 47" West Longitude, to a point on the mean high tide line at approximately 33° 22' 20" North Latitude, 118° 20' 56" West Longitude.

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EXCEPTING THEREFROM all those tide and submerged lands lying beneath a float, boat and pulley TOGETHER WITH a necessary use area extending 10 feet from the extremities of said float, boat and pulley.

PARCEL 11 - Cherry Cove

All that area bounded on the north, west, and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 27' 11" North Latitude, 118° 30' 02" West Longitude; thence southeasterly 1,200 feet, to a point offshore at approximately 33° 26' 59" North Latitude, 118° 29' 56" West Longitude; thence southwesterly 150 feet, more or less, to a point on the mean high tide line at approximately 33° 26' 58" North Latitude, 118° 29' 57" West Longitude.

EXCEPTING THEREFROM all those tide and submerged lands lying beneath an existing pier TOGETHER WITH a necessary use area extending 10 feet from the extremities of said pier.

PARCEL 12 - Little Geiger

All that area bounded on the west and south by the mean lower low waterline and on the northeast by a straight line extending from a point on the mean high tide line at approximately 33° 27' 23" North Latitude, 118° 30' 42" West Longitude to a point on the mean high tide line at approximately 33° 27' 32" North Latitude, 118° 30' 55" West Longitude.

PARCEL 13 - Hen Rock

All that area bounded on the north, west and south by the mean lower low waterline and on the east by a straight line extending from a point on the mean high tide line at approximately 33° 23' 42" North Latitude, 118° 22' 07" West Longitude, to a point on the mean high tide line at approximately 33° 23' 57" North Latitude, 118° 21' 41" West Longitude.

END OF DESCRIPTION

PREPARED OCTOBER 21, 1981 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR.

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