

MINUTE ITEM

This Calendar Item No. 39
was submitted for information
only, no action thereon
being necessary.

INFORMATIONAL
CALENDAR ITEM

A 11
S 7

39

09/23/91
PRC 600
J. Sekelsky

STATUS OF UNOCAL OLEUM MARINE TERMINAL LEASE APPLICATION

Commission staff is moving ahead in processing the lease application of Unocal to continue to maintain and operate its Oleum Marine terminal facility in Contra Costa County. Unocal's previous lease expired on April 1, 1986. Several issues have been debated by staff of the Commission and Unocal since that time, including, but not limited to, the requirement for preparation of an Environmental Impact Report prior to Commission action on the lease application, and the amount of rent to be charged for Unocal's continued occupation of the State's lands. Agreement has been reached on the following:

1. Back rent, for the period from April 2, 1986, to September 1, 1991, is set at \$200,000 per year. Credit for rental paid by Unocal and accepted by the State Lands Commission during that period will be applied to the total amount due.

Because the parties dispute the amount of annual rent which should be paid for the back rent period, payment to the Commission of \$200,000 per year will be made as follows: a rental payment of \$100,000 per year, plus a payment of \$100,000 per year into a special trust account, to be used to provide for the promotion and enhancement of public trust purposes and resources in the local shoreline area.

2. Interim Lease - An interim Commission lease will be issued under which Unocal will continue to operate its facility until the required EIR is certified. Rent due for this period (beginning September 1, 1991) will be \$200,000 per year.
3. Permanent Lease - If the Commission agrees to issue a permanent lease for the continued operation of Unocal's terminal at Oleum, the terms of that permanent lease will be negotiated to take effect upon certification of the EIR. Rental for the new permanent lease period will be negotiated. It is the intent of Commission staff to base

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such rental on an industry-wide uniform marine terminal lease rate structure currently being developed by Commission staff.

4. EIR - Unocal has agreed to payment of \$1,100,000 to cover the costs of preparing and certifying the EIR necessary to support Commission action on Unocal's application for a new lease for its Oleum terminal, of which Unocal has already submitted \$100,000 in cash. Staff expects to issue a Notice of Preparation (NOP) concerning the EIR in September. Following completion of the NOP circulation, staff will issue a Request for Proposals for preparation of the EIR. Upon receipt of proposals, staff will return to Commission for authorization to execute a consultant contract.

AB 884:
N/A

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