

MINUTE ITEM

This Calendar Item No. C19 was approved as Minute Item No. 19 by the California State Lands Commission by a vote of 3 to 0 at its 11/27/00 meeting.

**CALENDAR ITEM
C19**

A 34
S 17

11/27/00
SA 5754
J. Martin
J. Frey
G. Pelka

AUTHORIZE, AS SCHOOL LAND TRUSTEE, THE SALE WITH MODIFICATION OF SURFACE RIGHT OF ENTRY, AND SUBSEQUENT ISSUANCE OF A PATENT TO THE TOWN OF APPLE VALLEY FOR 160 ACRES MORE OR LESS OF STATE SCHOOL LAND IN SAN BERNARDINO COUNTY

PURCHASER:

Town of Apple Valley
c/o: Mr. Ken Henderson
Director of Economic and Community Development
P.O. Box 429
Apple Valley, CA 92307

AREA, LAND TYPE, AND LOCATION:

160 acres, more or less, of fee owned State School Lands in San Bernardino County, near the Town of Apple Valley, San Bernardino County Assessor's Parcel Number 0463-231-01. (NW ¼, Section 21, Township 6 North, Range 3 West, San Bernardino Base and Meridian).

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Division 6, parts 1 and 2; Division 7.7; Division 13.
- B. California Code of Regulations Title 3, Division 3; Title 14, Division 6.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that the land sale is exempt from the requirements of the CEQA because it involves an action taken pursuant to the School Land Bank Act, Public Resources Code, sections 8700, et seq.
- 2. The Town of Apple Valley proposes to acquire the State's land to assemble a larger project site of 240 acres for private development of a

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regional distribution center as part of the town's economic development plan. It is projected that the proposed project will bring 600 to 900 jobs to the community.

3. The Town submitted an appraisal of the State's parcel prepared by Phillip Gottfried, MAI, of Inland Empire Consultants, Inc., of San Bernardino. Staff has reviewed the appraisal, met with the Town's representatives and concluded that the fair market value of the State's parcel is \$240,000.00. In addition to the \$240,000.00 (purchase price), patent fees and staff costs will be paid by the Town.
4. The sale provides that the Commission has a right to repurchase within a 10 year period any or all portions of the project property that become excess or unused for the proposed distribution and logistics center.
5. The Town of Apple Valley has asked the State, within this transaction, to relinquish its right of surface entry in and above a plane located 500 feet below the surface of the property pursuant to Public Resources Code section 6401(b). On November 1, 2000, Commission staff prepared a mineral resource potential evaluation of the property in question. Staff concluded that, overall, there is a low potential for development of economic mineral resources. Commission staff recommends that the sale of the property be made with the reservation of the mineral rights and modification of the accompanying rights of surface entry in and above a plane located 500 feet below the surface of the property. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.
6. The consideration of \$240,000.00 will be deposited into the School Land Bank to: 1) facilitate the management of school lands; 2) generate revenue and 3) carry out the goals of the School Land Bank Act. The California State Lands Commission will be acting as trustee for the School Land Bank, pursuant to Division 7.7 of the Public Resources Code, for this transaction.
7. Staff has filed a General Plan for this activity with the Legislature pursuant to Public Resources Code section 6373.

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8. The parcel includes two current leases, one telephone right-of-way with an expiration date in 2011 and one fiber optic right-of-way that expires in 2036. Purchaser will take the property subject to these leases.

EXHIBITS:

- A. Land Description
- B. Site Map
- C. General Plan
- D. Mineral Report

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A GENERAL PLAN FOR THIS ACTIVITY WAS FILED WITH THE LEGISLATURE PURSUANT TO PUBLIC RESOURCES CODE 6373.
2. FIND THAT THERE ARE NO KNOWN DEPOSITS OF COMMERCIALY VALUABLE MINERALS IN AN ABOVE A PLANE LOCATED 500 FEET BELOW THE SURFACE OF THE SUBJECT PARCEL PROPOSED FOR SALE TO THE TOWN OF APPLE VALLEY.
3. FIND THAT THE SALE OF THE SUBJECT SCHOOL LANDS IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO THE PUBLIC RESOURCES CODE SECTION 8710, AN ACTION TAKEN PURSUANT TO THE SCHOOL LAND BANK ACT, PUBLIC RESOURCES CODE SECTIONS 8700 ET SEQ.
4. FIND THAT THE MODIFICATION OF THE RIGHT OF SURFACE ENTRY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY THE PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
5. AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO EXECUTE THOSE CERTAIN DOCUMENTS ENTITLED "OFFER TO PURCHASE REAL ESTATE AND ACCEPTANCE", "JOINT ESCROW INSTRUCTIONS"; AND

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OTHER NECESSARY DOCUMENTS, IN SUBSTANTIALLY THE SAME FORM AS ON FILE WITH THE COMMISSION, AND TAKE WHATEVER STEPS NECESSARY TO CONSUMATE THE SALE.

6. AUTHORIZE ISSUANCE OF A PATENT TO THE TOWN OF APPLE VALLEY, SUBJECT TO APPLICABLE STATUTORY AND CONSTITUTIONAL RESERVATIONS, FOR THE LAND DESCRIBED IN EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.
7. AUTHORIZE THE ACCEPTANCE AND DEPOSIT OF THE NET PROCEEDS OF THE SALE INTO THE SCHOOL LAND BANK.

EXHIBIT A

LAND DESCRIPTION

That parcel of land situate in San Bernardino County, California and described as follows:

The Northwest $\frac{1}{4}$ of Section 21, Township 6 North, Range 3 West, San Bernardino Meridian.

Excepting therefrom all oil, gas, other gases including, but not limited to, nonhydrocarbon and geothermal gases, oil shale, coal, phosphate, alumina, silica, fossils of all geological ages, sodium, gold, silver, metals and their compounds, alkali, alkali earth, sand, clay, gravel, salts and mineral waters, uranium, trona, and geothermal resources and all mineral other deposits

Reserving therefrom to the State of California, and such persons authorized by it, the right to prospect for, and mine, and remove such deposits, and to occupy and use so much of the surface of the land as may be required for all purposes reasonably extending to the mining and removal of such deposits therefrom; provided, that when any person, authorized by the state to prospect for said reserved deposits, enters upon such land, such person so entering shall be liable to and shall compensate such purchaser of land for all damage and injury to the permanent improvements and the crops on such lands by reason of such prospecting; provided, further, that persons who have acquired the right to mine and remove such deposits may re-enter, occupy and use so much of the surface of the land as may be required for all purposes reasonably extending to the mining and removal of such deposits therefrom; first, upon securing the written consent or waiver of the purchaser of such public land; second, upon payment of the damages to crops or other tangible improvements to the owner thereof, where agreement may be had as to the amount thereof; or third, in lieu of either of the foregoing provisions, upon the execution of a good and sufficient bond or undertaking to the State of California for the use and benefit of the purchaser of such land, to secure the payment of such damages to the crops or tangible improvements of the purchaser of said land as may be determined and fixed in an action brought upon the bond or undertaking in a court of competent jurisdiction against the principal and sureties thereon, such bond or undertaking to be in the form and in accordance with the rules and regulations prescribed by the State Lands Commission.

The foregoing reserved right to enter is to be limited to the lands lying below a depth of 500 feet below the surface of said lands.

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Subject to the reservation of the United States for a right of way thereon for ditches or canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Subject to those rights for pole and line communication purposes granted to the California Interstate Telephone Company, its successors or assigns, by right-of-way Serial No. CALA 0170417, pursuant to the Act of March 4, 1911, as amended (43 U.S.C. 961), as to the W 1/2 of the NW ¼ of Section 21.

Subject to those rights for constructing, operating, maintaining, and terminating a buried fiber optics cable and regeneration stations granted to the Williams Telecommunications Company, its successors or assigns, by right-of-way Serial No. CACA 19143, pursuant to Title V of the Act of October 21, 1976 (43 U.S.C. 1761), as to the W 1/2 of the NW ¼ of Section 21.

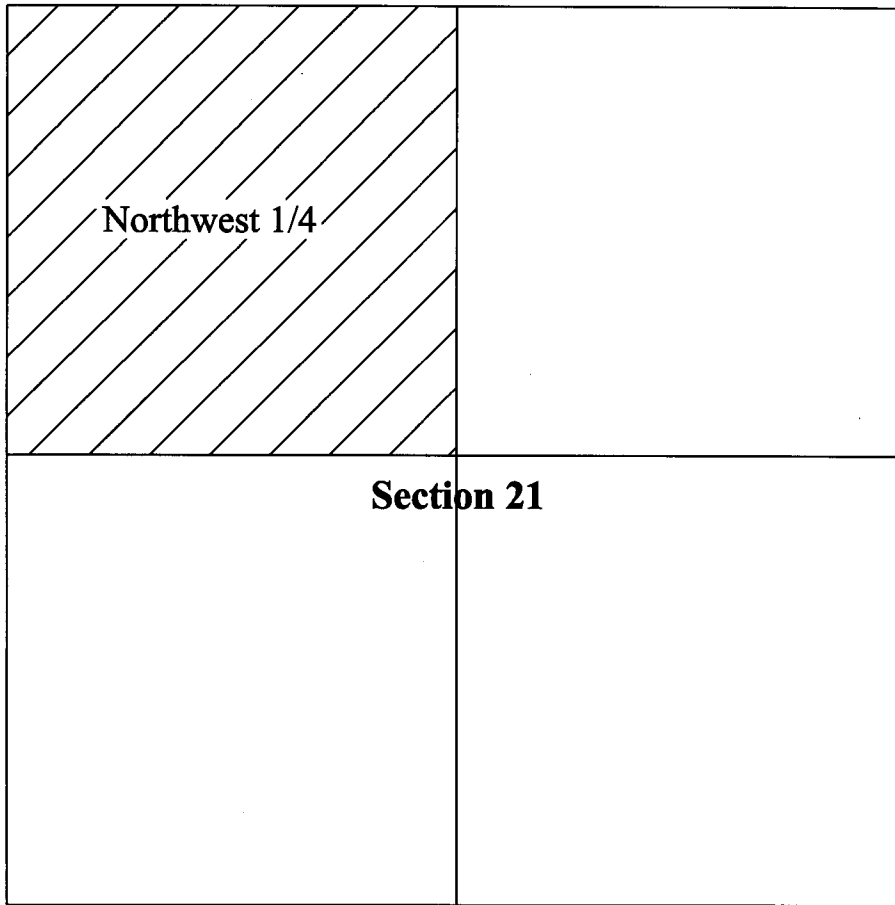
This description was prepared from record data by S. Shasta Greene on November 1, 2000.



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NO SCALE

SITE MAP



Northwest 1/4 of Section 21, Township 6 North, Range 3 West, SBM

NO SCALE

LOCATION MAP

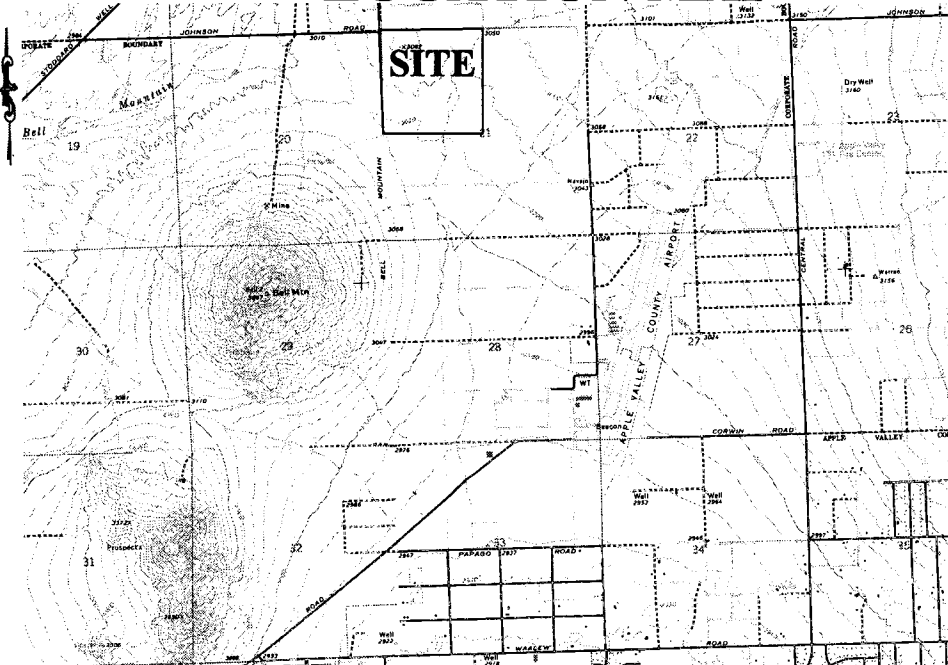
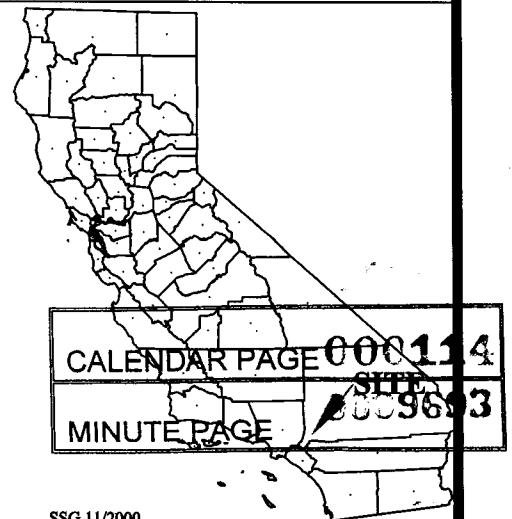


Exhibit B
 SA 5457
 NW 1/4 S21, T6S, R3W SBM
 School Lands
 SAN BERNARDINO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

GENERAL PLAN

PROPOSED TRANSACTION

The Town of Apple Valley proposes to purchase 160 acres of state school lands in San Bernardino County to facilitate the private development of regional distribution and logistics center that will bring from 600 to 900 jobs to the community.

PROPERTY LOCATION/INFORMATION

The subject parcel of state school land is located approximately 4 miles north of the central portion of the Town of Apple Valley in San Bernardino County. The parcel is known as the Northwest Quarter of Section 21, Township 6 North, Range 3 West, San Bernardino Base and Meridian. The parcel is a quarter of a mile square in size with gently sloping to nearly level topography. The location is approximately 4 miles east of Highway I-15 along a paved road known as Dale Evans Parkway.

Land Use

The unimproved property is within San Bernardino County and is located in the R-VLD (Residential Very Low Density) zoning district. The surrounding land uses are consistent with the R-VLD zoning and include mostly undeveloped land and scattered rural residential uses. A General Plan Amendment is proposed to change the zoning to IP (Planned Industrial).

Proposed Use

The Town of Apple Valley proposes to acquire the described quarter section of land for future development of a 1.2 million square foot regional distribution center. When completed this facility will include a truck maintenance garage with a truck wash, a fuel island, a cross-dock, a guardhouse, and a fire pump house. In addition, the site will accommodate between 1500 and 2000 trailer parking spaces, approximately 200 tractor parking spaces, and approximately 650 employee-parking spaces.

MEMORANDUM

To: Greg Pelka
Senior Mineral Resources Engineer

Date: November 1, 2000

File: W40827

From: Richard B. Greenwood *3696
Associate Mineral Resources Engineer
Reg. Geol. #3696, Cert. Eng. Geol. #1179, Cert. Hydrogeol. #662

Subject: **Mineral Assessment Report for Apple Valley School District Modification of Right of Surface Entry Application**

Background:

The Town of Apple Valley Economic & Redevelopment Department requests permission to acquire a 160-acre school land parcel, which will be transferred to Pluto Development, Inc. for use as a regional distribution center. The regional distribution center can not be constructed on the property without exclusive control over the surface rights to the property. The applicant is requesting that the State Lands Commission release the right of surface access to the property upon making a finding that there are no known deposits of commercially valuable minerals within 500 feet of the surface of the property.

Introduction:

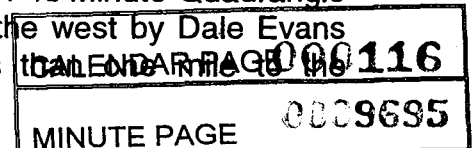
This report has been prepared after a review of available geologic literature, followed by a brief (4 ½ hour) field examination of the parcel and the surrounding area.

Property Location:

The subject 160 acre State Parcel (NW¼ Sec.21, T6N R3W, SBBM) is located within lands acquired by the State of California (State Lands Commission) under AD 129 (Land exchange between the United States Bureau of Land Management and SLC), excepting and reserving to the U.S. a R/W for ditches and canals and subject to the following right-of-ways:

1. 10 ft. wide R/W for pole and line communication purposes granted to Continental Telephone Co. of California (Calif. Interstate Telephone Co.), its successors or assigns, by R/W serial No. 0170417, as to the W ½ (PRC7524-expires 7/16/2011);
2. 10 ft. wide R/W for buried fiber optics cable and regeneration stations granted to Williams Telecommunications Co., its successors or assigns, by R/W serial No. CACA 19143, as to the W ½ (PRC 7530-expires 7/30/2036);

The State Parcel is located on the U.S.G.S. Apple Valley North 7 ½ Minute Quadrangle (1970). It is bounded on the north by Johnson Road and on the west by Dale Evans Parkway. The Apple Valley County Airport is located less than one mile southeast of the State Parcel.



Physical Description:

The above mentioned State Parcel is situated in southern Sidewinder Valley, approximately one half mile northeast of Bell Mountain and approximately two and one half miles west of Fairview Mountain. Apple Valley Dry Lake is located approximately three miles south of the State Parcel.

The Parcel is topographically described as subdued to nearly flat with a knoll located in the northwest corner of the parcel. Elevations range from 3082 feet to approximately 3015 feet. A through-going, intermittent stream that drains Sidewinder Valley from the north to Apple Valley Dry Lake in the south, passes through the easterly half of the parcel. Local intermittent ponding of water in the northeast quarter of the parcel is indicated by locally siltier soils.

Geologic Setting:

Regional Geology:

The State Parcel is located in the western Mojave Desert, northeast of Bell Mountain and west of Fairview Mountain. The California Division of Mines and Geology (CDMG) Regional Geologic Map (Bortugno and Spittler, 1986) portrays the Sidewinder Valley-northern Apple Valley area as a broad, alluvium-filled valley, surrounded by Jurassic to Cretaceous age quartz monzonite mountains (Bell Mountain and Fairview Mountain). Bell Mountain is locally topped by Mesozoic age Sidewinder Volcanics .

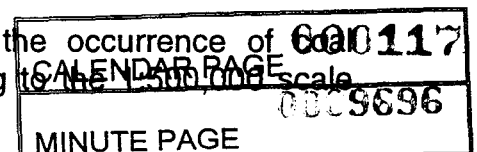
Local Geology:

The State Parcel is presented on the above-mentioned regional geologic map as a knob of quartz monzonite, surrounded by older alluvium. On-site geologic mapping, conducted during the course of this investigation, reveals that the State Parcel is more accurately portrayed as a granitic pediment, covered with a thin mantle of Recent alluvium—deeply weathered granitic rocks with a thin covering of young sediments (see attachment). The isolated and subdued boulder outcrops on the crest and on the southern flank of the knoll, expose an intrusive contact between fine to medium-grained, banded, granite gneiss and locally pegmatitic, fine to medium grained-granodiorite intrusive rocks. The intrusive contact is distinct (not gradational) and fracture-coating epidote and magmatic inclusions are locally common. Contact effects include: decrease in grain size, absorption of silica (and resulting increased hardness) in gneissic host rocks, and deuteritic alteration of biotite in the granodiorite. The topographic expression of the knoll is attributable to this locally increased hardness in the gneiss and granodiorite and with a resulting increased resistance to weathering.

Energy and Mineral Resources:

Coal:

The above described State Parcel has low potential for the occurrence of coal resources in the vicinity The Town of Apple Valley, according to the USGS map scale map entitled "Lands Valuable for Coal" (Wayland, et.al., 1981).



Oil and Gas:

The above-described State Parcel has **low potential** for the occurrence of oil and gas resources. The California Division of Oil and Gas (1964) notes that the closest wildcat exploratory well was over six miles southwest of the State Parcel, located in Section 33 T6N R4W, drilled in March, 1949 to a depth of 520 feet. It reached granitic basement at a depth of 370 feet. The Munger Map Book of Oil and Gas Fields in California (1999) does not present the Victorville-Apple Valley area as a region of focused exploratory activity in its regional Wildcat Well map series.

Oil Shale:

The above described State Parcel has **low potential** for the occurrence of oil shale resources in the vicinity of the Town of Apple Valley, according to the 1:500,000 scale map entitled "Lands Valuable for Asphalt, Bituminous Rock, and Oil Shale" (Smith and Miller, 1968).

Geothermal:

The closest geothermal resources are two sets of hot springs, located over 10 miles south of the State Parcel. These springs are associated with frontal faults along the north side of the San Bernardino Mountains (Martin and Higgins, 1980). This published information indicates that the State Parcel has **low potential** for geothermal resources.

Base and Precious Metals:

No indications of base or precious metals were observed on the State Parcel. The northeast-dipping granite gneiss host rock is relatively nonreactive. Accordingly, indications of contact metasomatic deposits (skarn mineralization) were not observed and are highly unlikely. The only indications of hydrothermal processes noted onsite were localized, incipient deuteric effects on biotite in the granodiorite intrusive. No indications of hydrothermal mineralization or associated alteration products were observed on or adjacent to the State Parcel, which is consistent with regional geologic findings by the CDMG (Bezore and Shumway, 1994). The State Parcel is found to have **low potential** for base and precious metals.

Industrial Minerals:

The homogeneous nature of the intrusive granodiorite, and the presence of non-reactive granite gneiss host rock, greatly diminishes the likelihood of contact metamorphic and magmatic segregation minerals--commonly classified as "Industrial Minerals". No mineralogic groups of industrial minerals were observed on the State Parcel, which is consistent with regional geologic findings by the CDMG (Bezore and Shumway, 1994). Accordingly, the State Parcel has **low potential** for industrial minerals.

The State Parcel was also considered for aggregate potential. The CDMG (Miller, 1993) recognizes the greater Apple Valley area as an area containing known mineral occurrences of undetermined mineral resource significance (Mineral Resource Zone 3a Classification). A field-based qualitative grain-size assessment of surface sediments

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observed in one of the intermittent stream channels, shown on the USGS topographic map, provided the following information:

- < 5% gravel (clasts ½ to 1 inch diameter--mostly granitic and volcanic rocks)
- <20% pea gravel (mostly granitic and volcanic rocks)
- <40% coarse sand (mostly granitic rocks)
- >35% fines—very silty

The high fines content will result in excessively high volumes of mine waste, and the percentage of gravel is too low. Accordingly, the State Parcel is considered to have **low potential** for aggregate.

Federal Mining Claims:

The 1996 U.S. Bureau of Land Management mining claim microfiche indicates that the numerous mining claims that have been filed in the past, within T6N R3W, are generally three to four miles distance from the State Parcel. Two groups of current (as of 1996) placer mining claims are recognized in T6N R3W. The Alpha 1 to 6 claims are located approximately 4 miles northeast of the State Parcel in section 12. The "Jel" and "G W L" claims are located approximately 2 miles to the southwest, in Section 31. These placer claim blocks are considered to provide **negligible additional information** with regards to mineral potential in the State Parcel.

US Bureau of Mines Mineral Inventory Listing Service:

There are eight listings of mineral occurrences within a five-mile radius of the State Parcel—including two industrial mineral occurrences and six precious metal occurrences. The industrial mineral sites include a silica quarry located approximately four miles southwest in T6N R4W Sec. 36. A pyrophyllite occurrence is located approximately four miles to the south in T5N R3W Sec. 7.

Precious metal occurrences in the area are typically scattered and discontinuous quartz veins, which have been reported to contain gold, silver, copper, and lead mineralization. The closest listing is T6N R3W Sec. 11, which is approximately 2 miles northeast. Examples of purported precious metal occurrences include the following more distant locations: T5N R3E Sec.1 (approx.4 miles southwest); T6N R4W Sec. 11 (approx. 4 miles northwest); T6N R4W Sec. 2, (approx. 4 miles northwest); and in the Turtle mountains--T7N R3W Sec. 33 and T7N R3W Sec. 28 (approx. 3 miles north). None of these occurrences are structurally or lithologically contiguous with the rocks observed in the State Parcel. Accordingly, they are considered to be of **marginal value towards providing additional information** with regards to mineral potential in the State Parcel.

Recommendations:

Based on the above geologic analysis, it is conclusion of this registered geologist that the above-described State Parcel includes no commercially valuable mineral deposits within five hundred feet of the surface of the property.

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References Cited:

Bezore, S.P., and Shumway, D.O., 1994, Mineral land classification of a part of southwestern San Bernardino County: the Barstow-Victorville area: Division of Mines and Geology Open File Report 94-04, scale 1:62,500, 62 p.

Bortugno, E.J., and Spittler, T.E., 1986, Geologic map of the San Bernardino Quadrangle, California: California Division of Mines and Geology Map no. 3a, scale 1:250,000.

California Division of Oil and Gas, 1964, Exploratory wells drilled outside of oil and gas fields in California to December 31, 1963, 320 p.

Martin, R.C., and Higgins, C.T., 1980, Geothermal resources of California: California Division of Mines and Geology Map, scale 1:750,000.

Miller, R.V., 1993, Mineral land classification of concrete aggregate resources in the Barstow-Victorville area: Division of Mines and Geology Open File Report 92-06, scale 1:48,000, 68 p.

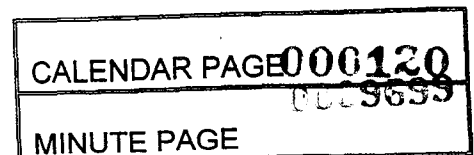
Munger, A.H., and Munger, K.R., editors, 1999, California and Alaska oil and gas fields: 9800 S. Sepulveda Blvd., Suite 723, Los Angeles, CA 90045, scale 1:48,000.

Smith, M.B., and Miller, J.C., 1968, Lands Valuable for Asphalt, bituminous rock, and oil Shale: U.S. Bureau of Land Management map, scale 1:500,000, file 2104-06c, S.Ca., Office of the Deputy Conservation Manager, Resource Evaluation, Western Region.

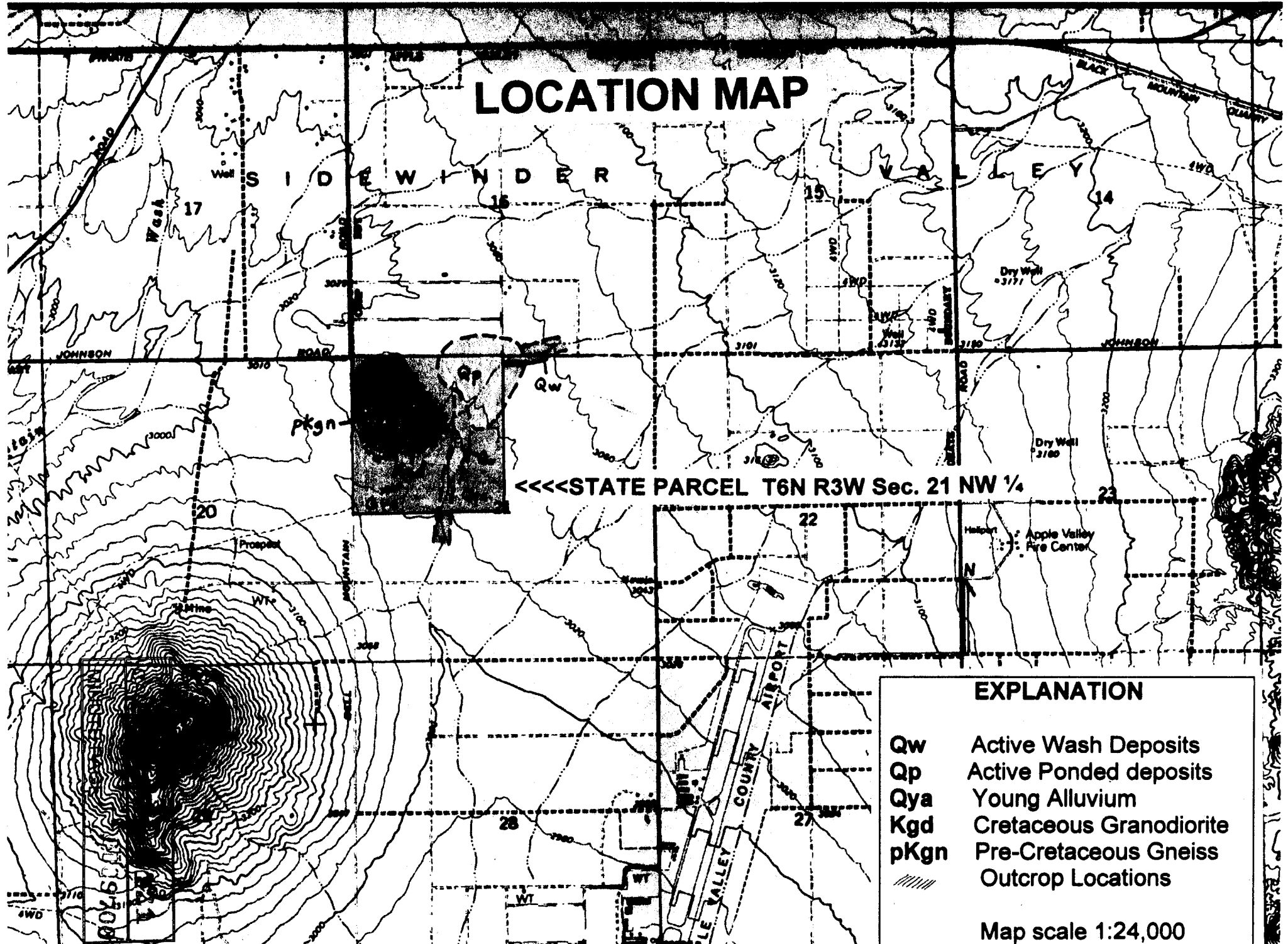
Wayland, R.G., Miller, J.C., and Dockter, R., 1981, Lands valuable for coal, Southern California: U.S. Bureau of Land Management map, scale 1:500,000, file 2104-06c, S.Ca., Office of the Deputy Conservation Manager, Resource Evaluation, Western Region.

Attachment: Geologic Map
Two Digital Photographs

CC: P.B. Mount
A.D. Willard
M.M. Voskanian
E.L. Kruger
J. Martin
J. Frey



LOCATION MAP



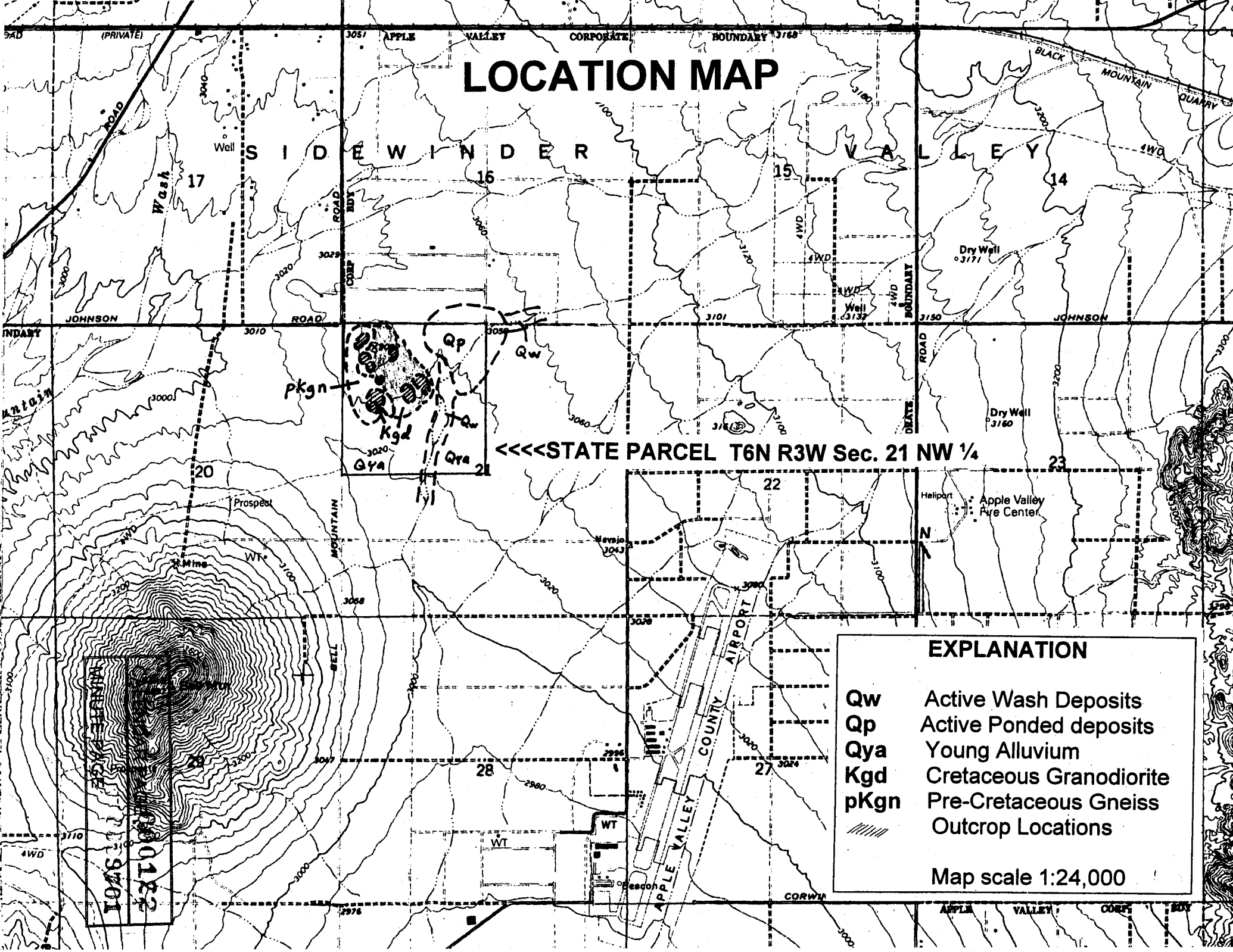
STATE PARCEL T6N R3W Sec. 21 NW 1/4

EXPLANATION

- Qw Active Wash Deposits
- Qp Active Pondered deposits
- Qya Young Alluvium
- Kgd Cretaceous Granodiorite
- pKgn Pre-Cretaceous Gneiss
- Outcrop Locations

Map scale 1:24,000

LOCATION MAP



STATE PARCEL T6N R3W Sec. 21 NW 1/4

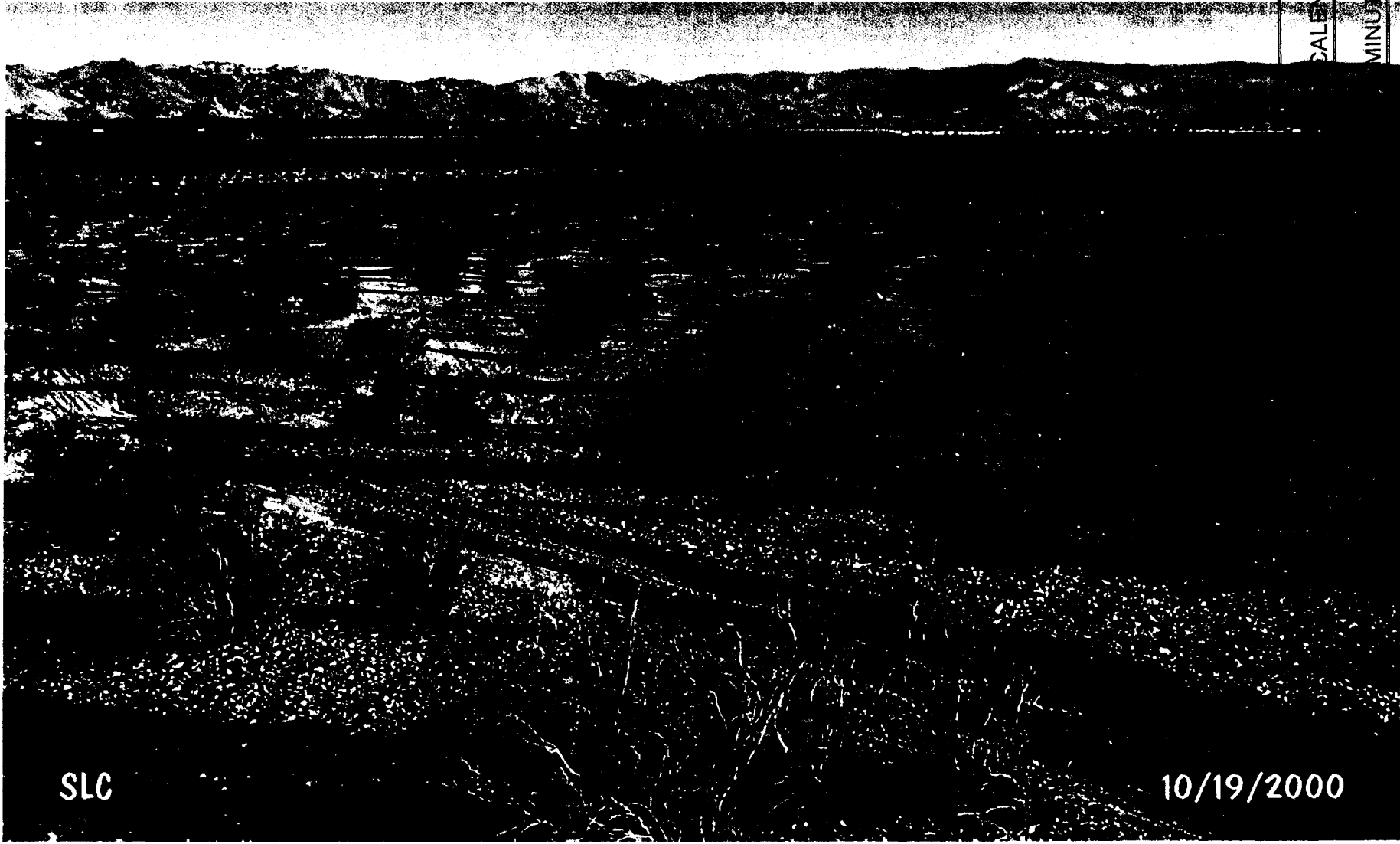
EXPLANATION

- Qw Active Wash Deposits
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- Outcrop Locations

Map scale 1:24,000

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Photo 1: View southeast across State Parcel from Hill 3082. Apple Valley County Airport and Fairview Mountain in background.



SLC

10/19/2000