

This Calendar Item No. C48 was approved as Minute Item No. 48 by the California State Lands Commission by a vote of 3 to 0 at its 4-17-06 meeting.

**CALENDAR ITEM
C48**

A 80
S 40

04/17/06
SA 5761
J. Porter
J. Frey
J. Clark

CONSIDER AUTHORIZATION, AS SCHOOL LANDS TRUSTEE, OF THE SALE AND SUBSEQUENT ISSUANCE OF A PATENT TO THE SAN DIEGO COUNTY WATER AUTHORITY FOR 880 ACRES, MORE OR LESS, OF STATE SCHOOL LANDS IN RIVERSIDE COUNTY, AND AUTHORIZE A LEASE AMENDMENT AND REVISION OF RENT FOR LEASE NO. PRC 7188.2, A GENERAL LEASE, RIGHT OF WAY USE FOR A 230KV ELECTRICAL TRANSMISSION LINE

PURCHASER:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

AREA, LAND TYPE, AND LOCATION:

880 acres, more or less, of State school lands located within the Dos Palmas Preserve, northeast of the Salton Sea; all of Section 26 and the S½ of the NW¼ and SW¼ of Section 10, Township 8 South, Range 11 East, SBM, Riverside County.

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. The San Diego County Water Authority (SDCWA) has submitted an application to purchase 880 acres of State school land (subject property) as part of the mitigation requirements for the All American Canal improvement project (Project). The Project is a joint effort involving six western states, including California.

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2. The subject property is remote, vacant desert land. As part of the application process, the SDCWA paid for a Phase I environmental assessment on the subject property. The Phase I analysis discovered an recognized environmental condition (REC) on a portion of the subject property. The REC consists of an abandoned 30-gallon fuel drum and random scattered garbage and debris. Commission staff and the SDCWA have agreed that the SDCWA will contract for and pay for the environmental remediation of the REC prior to the close of escrow. The actual cost of the environmental remediation, not to exceed \$25,000, shall be deducted from the purchase price.
3. The purchase price of \$1,250,000 is within the range of fair market value for the subject property, supported by a staff review of the appraisal of the subject property and other pertinent area sales data. In addition to the \$1,250,000 purchase price (less the cost of environmental remediation not to exceed \$25,000), the SDCWA also will pay a patent fee and other costs associated with the purchase.
4. The consideration of \$1,250,000, less the cost of environmental remediation not to exceed \$25,000, 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.
5. The proposed sale to the SDCWA is an all cash transaction at a price of \$1,250,000, less the cost of environmental remediation not to exceed \$25,000.
6. Staff has filed a general plan for this activity with the Legislature pursuant to Public Resources Code section 6373.
7. A portion of the subject property is encumbered by Lease No. PRC 7188.2, a General Lease – Right of Way Use, issued to Imperial Irrigation District for a 230kV electrical transmission line. The SDCWA will take title to the subject property subject to the existing lease. Consequently, the legal description for Lease No. PRC 7188.2, which includes lands other than the subject property, must be amended to delete that portion of the lease premises that lies within the boundaries of the subject property.

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8. Pursuant to the terms of the original lease, staff conducted a rent review of Lease No. PRC 7188.2 in 2003. At its meeting of February 21, 2003, pursuant to Item 47, the Commission authorized a revision of the rent for Lease No. PRC 7188.2 to \$1,071 per year. Based on the revised legal description of the lease premises that results from the sale of the subject property to SDCWA, staff recommends a revision of the rent for Lease No. PRC 7188.2 to \$793 per year, effective as of the date of closing of the sale of the subject property.
9. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15061(b)(1) and 15282), the staff has determined that this activity is statutorily exempt from the requirements of the CEQA because it involves an action taken pursuant to the School Land Bank Act, Public Resources Code, section 8710.

Authority: Public Resources Code section 8710
10. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Site Map
- B. Land Description
- C. General Plan
- D. Land Description – Lease No. PRC 7188.2

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO PUBLIC RESOURCES CODE SECTION 8710, AN ACTION TAKEN PURSUANT TO THE SCHOOL LAND BANK ACT, PUBLIC RESOURCES CODE SECTION 8710.

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2. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.
3. FIND THAT A GENERAL PLAN FOR THIS ACTIVITY WAS FILED WITH THE LEGISLATURE PURSUANT TO PUBLIC RESOURCES CODE SECTION 6373 AND THAT THE USE OF THE LAND SHOWN ON EXHIBIT A AND DESCRIBED IN EXHIBIT B WILL BE CONSISTENT WITH SUCH PLAN.
4. AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO EXECUTE, CONSISTENT WITH THE GENERAL PLAN, THAT CERTAIN DOCUMENT ENTITLED "OFFER TO PURCHASE REAL ESTATE IN RIVERSIDE COUNTY AND ACCEPTANCE OF OFFER TO PURCHASE", IN SUBSTANTIALLY THE SAME FORM AS IS ON FILE WITH THE COMMISSION, AND ANY OTHER DOCUMENT NECESSARY TO COMPLETE THIS TRANSACTION.
5. AUTHORIZE ISSUANCE OF A PATENT TO THE SAN DIEGO COUNTY WATER AUTHORITY, SUBJECT TO APPLICABLE STATUTORY AND CONSTITUTIONAL RESERVATIONS, FOR THE LAND SHOWN ON EXHIBIT A AND DESCRIBED IN EXHIBIT B ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.
6. AUTHORIZE THE DEPOSIT OF \$1,250,000, LESS THE COST OF ENVIRONMENTAL REMEDIATION NOT TO EXCEED \$25,000, INTO THE SCHOOL LAND BANK FUND.
7. AUTHORIZE AN AMENDMENT TO LEASE NO. PRC 7188.2, TO REVISE THE LEGAL DESCRIPTION OF THE LEASE PREMISES AS DESCRIBED ON EXHIBIT D, AND AUTHORIZE A REVISION IN RENT FOR LEASE NO. PRC 7188.2 TO \$793 PER YEAR, EFFECTIVE AS OF THE DATE OF CLOSING OF THE SALE OF THE SUBJECT PROPERTY. ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.

NO SCALE

LOCATION / SITE MAP

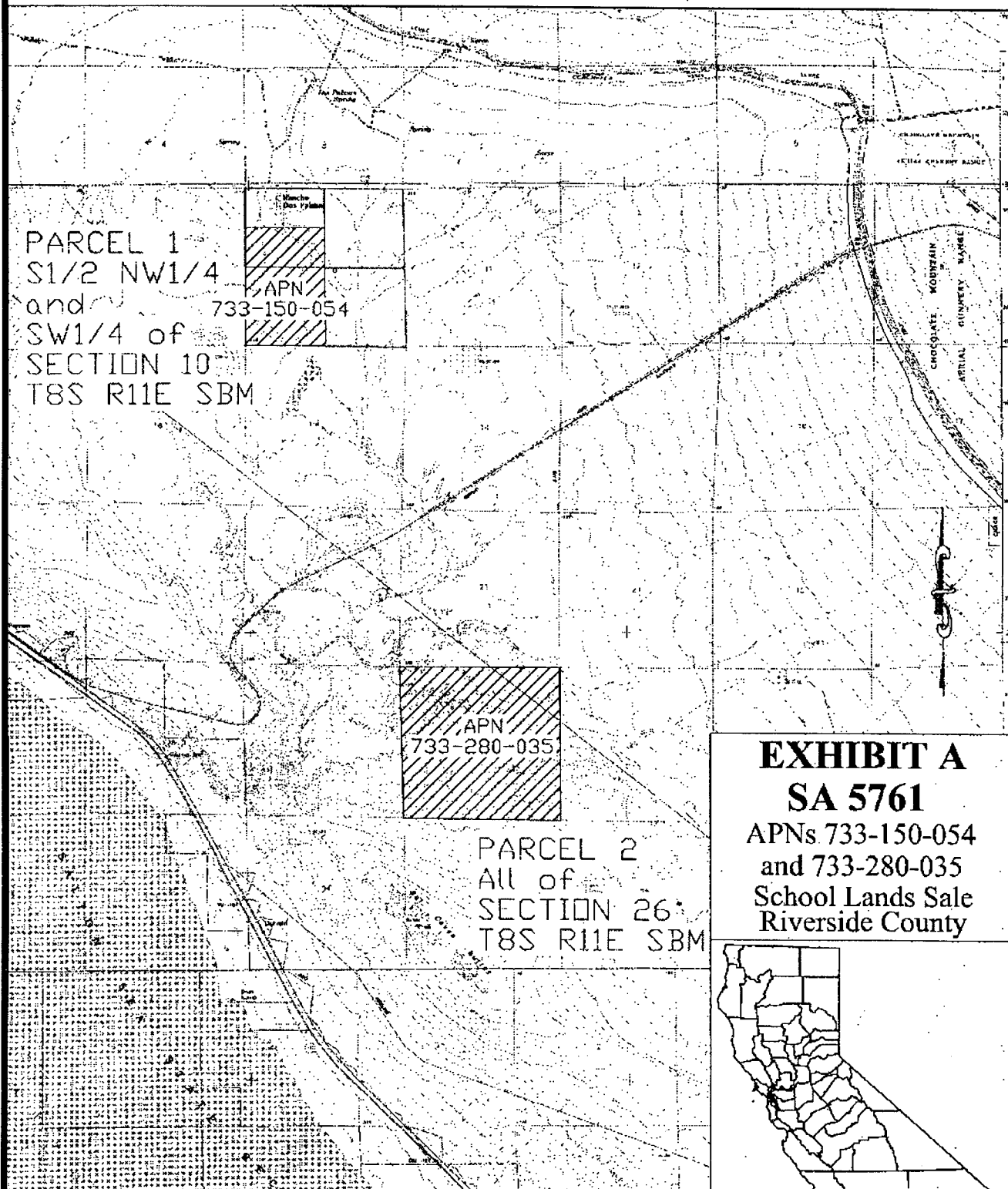


EXHIBIT A SA 5761

APNs 733-150-054
and 733-280-035
School Lands Sale
Riverside County



This Exhibit is solely for purposes of generally defining the proposed sale area, 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.

DWC 12-29-2005

000209

CALENDAR PAGE

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MINUTE PAGE

EXHIBIT B

SA 5761

LAND DESCRIPTION

Those State-owned school lands situate in Riverside County, California, described as follows:

Parcel 1

The S 1/2 of the NW 1/4 and the SW 1/4 of Section 10, T8S, R11E, SBM, as patented from the United States of America to the State of California by Patent Number 1188077 dated November 12, 1958.

Parcel 2

All of Section 26, T8S, R11E, SBM, as patented from the United States of America to the State of California by Patent Number 1188077 dated November 12, 1958.

END OF DESCRIPTION

Prepared 12/29/2005 by the California State Lands Commission Boundary Unit

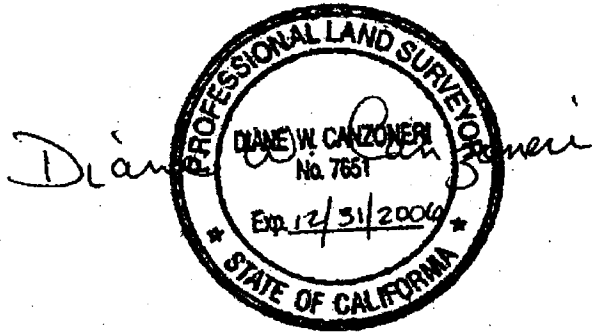


EXHIBIT C

GENERAL PLAN

PROPOSED TRANSACTION

The San Diego County Water Authority proposes to purchase 880 acres, more or less, of State school lands in Riverside County.

PROPERTY LOCATION/INFORMATION

The properties proposed for acquisition are State school lands identified as the SW¼ and the S½NW¼ of Section 10 and all of Section 26, Township 8 South, Range 11 East, SBBM, Riverside County. The properties are located northeast of the Salton Sea.

LAND USE

The subject properties are vacant, unincorporated desert lands that are zoned W2 (Controlled Development) by Riverside County. The W2 zone is typically applied to outlying rural locations and is intended for very low density residential uses, ranches, limited agricultural and recreational uses, and open space. The subject properties are located within the Dos Palmas Preserve within an "Area of Critical Environmental Concern" (ACEC). Surrounding lands also are within the Dos Palmas Preserve ACEC and are owned by the Bureau of Land Management (BLM) and other public agencies.

PROPOSED USE

The San Diego County Water Authority proposes to donate the land to either the BLM or the Center for Natural Lands Management, a nonprofit conservation organization, as environmental mitigation for the Coachella Canal Lining Project (Project). This will preserve the critical environmental values present in these lands. The Project is a significant component in the fulfillment of California's obligations under the Quantification Settlement Agreement, a plan to reduce dependency on Colorado River water and develop a path for the restoration of the Salton Sea.