

MINUTE ITEM

This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
0 at its 1-26-81
meeting.

CALENDAR ITEM

24

1/81
G 20-01.2
Rasmussen

CITY OF NEEDLES
SUBSTANTIAL IMPROVEMENT INVESTIGATION

BACKGROUND

The City of Needles is located in San Bernardino County along the Colorado River. In 1967, the Legislature passed Chapter 1469 which granted all submerged lands in the Colorado River and lying within the City limits, to the City. The grant was made for purposes of commerce, navigation, fishing and recreation and, more specifically, for commercial/industrial plants, airports, utilities, parks, marinas, restaurants, ecc. The City was given the authority to lease the lands for periods of up to 66 years. The State was required to survey and map the grant and the City was required to submit annual financial statements to the State. The map was completed in July, 1979 and recorded in December, 1979. The City has provided yearly financial statements.

In addition to these requirements, Section 1(c) of the granting statute requires that "Within 10 years from the effective date of this act, the lands shall be substantially improved by the city without expense to the state, and if the State Lands Commission determines that the city has failed to improve the lands as herein required, all right, title, and interest of the city in and to all lands granted by this act shall cease and the lands shall revert and rest in the state."

INVESTIGATION

Beginning in 1977, staff of the Commission contacted the City to discuss the substantial improvement requirement and the pending investigation. The City was notified that a negative finding in the investigation was possible and could result in revocation of the grant.

On June 23, 1978, staff notified the City that it was commencing the substantial improvement investigation required by the granting statute. The study consisted of, among other things, a collection and comparison of data and an on-site inspection. To this end, staff requested various information and data from the City describing changes and improvements on the land, financial and other aspects of the City's granted lands management, and a general narrative discussing the

A 34

S 16

CALENDAR PAGE	<u>117</u>
MINUTE PAGE	<u>125</u>

reasons why the City feels that the lands have been substantially improved. When no response was received, staff sent a reminder letter on October 3, 1978. The City then requested copies of our earlier correspondence and the granting statute.

On January 26, 1979, the City responded to staff's requests, stating that "Improvement has been made to the area, by a new bridge spanning the Colorado River, which opened up two beaches that can be better utilized by the public." The letter goes on to say that "...now that construction has been completed, work will begin to clean up the beaches and make them more accessible to the public." Since the grant was made, the City states that no revenues have been received from the grant and no expenditures were made on the grant. As a consequence, no trust accounts have been set up to handle granted lands revenues and expenditures.

In mid-March 1979, staff contacted the City by telephone to comment on the information they had submitted. Staff told the City that although the new highway bridge was an important project to the City as a whole, it really didn't do much to improve or enhance the granted lands or the use of those lands since no other improvements were provided. The City requested and was granted more time in which to do a little more research and provide a more in-depth report. In August 1979, the City called and requested more time because their staff was busy trying to complete a housing report in response to a federal requirement which was preventing them from making greater progress on the substantial improvement report. In addition, their recent City staff turnover was holding up the report's completion.

When no report or response was received from the City by January, 1980, staff notified the City that it had become imperative that the investigation be completed. An on-site inspection was arranged and made on March 10, 1980 with Vernon Bailey, City Manager, and Harrison Dohrmann, Building and Safety Director and long-time Needles resident.

RESULTS OF INSPECTION

A gravel road runs for about one-half of the entire length of the granted river area. There are frequent turnouts along the road but, for the most part, parking is limited or non-existent.

The only development that extends out onto the river and the granted lands is the Needles Marina. About one-third

CALENDAR ITEM NO. 24 (CONTD)

of the marina lies on the granted lands and the remaining two-thirds is partially dredged upland. The Marina is not under lease from the City and pays no rent or fees for use of the granted lands.

Much of the upland adjacent to the grant is privately-owned and some of this is developed with private residences. Fences hinder or prevent access to these areas and also, therefore, to the granted lands adjacent to these residences. A large area of upland is federally-owned and developed as a golf course.

Only one parcel of upland adjacent to the grant was City-owned. This small area on the Needles side of the new highway bridge, was being discussed as a possible park site. Recently, however, staff was informed that this parcel was sold to Mr. Richard Dirk, who also owns the Needles Marina property. This means that the City now owns no upland property. The new highway bridge itself does not provide access to the granted area and, in fact may hinder access because of its structure.

As a result of Proposition 13 and other factors, the City's financial situation is uncertain. City staff has been cut to a minimum number of employees and many projects and proposals have been abandoned due to funding problems. The City is trying now to attract new development to increase their tax base but this will take time. The loss of the granted lands would not negatively impact the City's ability to strengthen its financial position.

SUMMARY OF FACTS AND FINDINGS

1. The City of Needles has neither constructed or provided any improvements to the granted tide and submerged lands.
2. The City of Needles has made no leases for the use of the granted lands. The City is, in fact, allowing the operators of Needles Marina to use granted submerged lands at no charge and without a lease agreement.
3. The City states that it receives no revenues and makes no expenditures on the granted lands.
4. The City owns no upland property making development by the City difficult or impossible.

CALENDAR ITEM NO. 24 (CONTD)

5. The period of substantial improvement is 1967-1977, however, the City's current financial condition makes even future improvements to the granted lands doubtful.

RECOMMENDATION

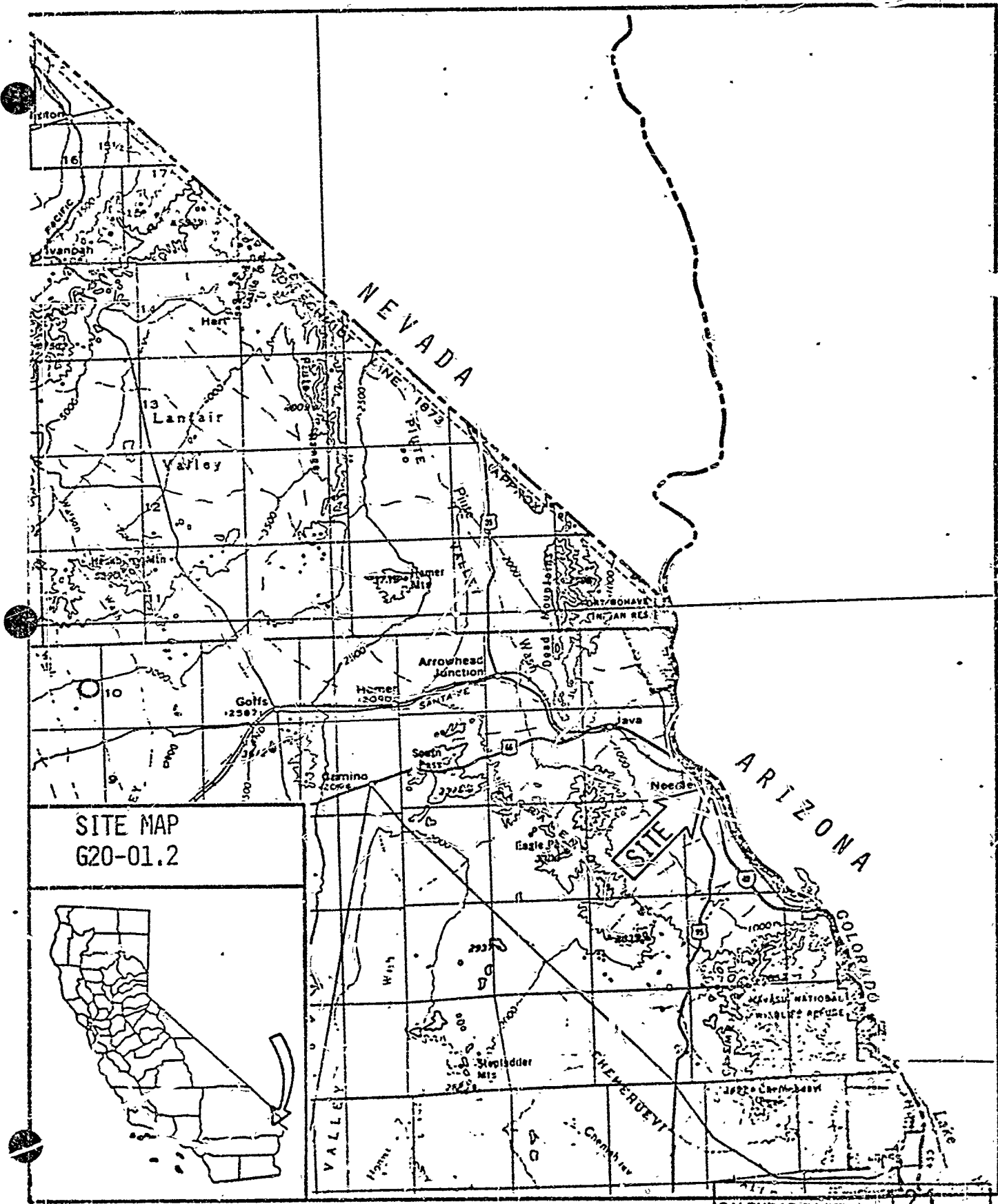
In light of the foregoing, staff has determined that the City has not complied with the granting statute and consequently, as provided by the statute, the grant should be revoked. It should be noted, however, that such action is without prejudice to the City of Needles and shall not impede the City's ability to lease all or a portion of the lands at some future time or constitute an obstacle to any future interest of the City for a new legislative grant.

EXHIBIT: A. Site Map.

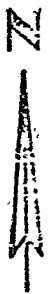
IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION:

1. FIND THAT THE CITY OF NEEDLES HAS NOT SUBSTANTIALLY IMPROVED THE SUBMERGED LANDS GRANTED TO IT BY CHAPTER 1469 OF THE STATUTES OF 1967 AS REQUIRED BY SECTION 1 OF THAT STATUTE AND DETERMINE, THEREFORE, THAT OWNERSHIP OF THESE LANDS SHOULD REVERT AND REST IN THE STATE.
2. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE CITY OF NEEDLES, THE SECRETARY OF THE SENATE AND THE CHIEF CLERK OF THE ASSEMBLY THAT THE COMMISSION HAS MADE AN INVESTIGATION OF SUBSTANTIAL IMPROVEMENT AS REQUIRED BY THE GRANTING STATUTE AND FOUND THAT THE CITY OF NEEDLES HAS NOT SUBSTANTIALLY IMPROVED THE GRANT AS REQUIRED BY THE GRANTING STATUTE, AND THAT, THEREFORE, OWNERSHIP OF THESE LANDS HAS REVERTED AND NOW RESTS WITH THE STATE.
3. AUTHORIZE STAFF OF THE ATTORNEY GENERAL AND THE STATE LANDS COMMISSION TO TAKE ANY AND ALL ACTIONS NECESSARY TO IMPLEMENT THE ABOVE ACTION.

EXHIBIT "A"



SITE MAP
G20-01.2



CALENDAR PAGE	121
MINUTE PAGE	139