

MINUTE ITEM

This Calendar Item No. 38
was submitted for information
only, no action thereon
being necessary.

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WP 3639
Rump

In accordance with discussion of Calendar Item 38, attached, staff was instructed to send out a draft bid proposal package to all interested parties for comment. The Commission set August 13, 1982 as the deadline date for comments. Changes to the draft would then be considered at the August 26, 1982 Commission meeting.

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CONSIDERATION BY COMMISSION OF FUTURE MANAGEMENT
OF CERTAIN SUBMERGED LANDS AT SANTA CATALINA ISLAND
RELATIVE TO COMMISSION LEASE PRC 3639.1

At its meeting of December 17, 1981, the State Lands Commission voted to offer to the Santa Catalina Island Company and Santa Catalina Island Conservancy a lease of certain tidelands and submerged lands at Santa Catalina Island. The Lease contains a provision reserving to the State an option to substitute another party as Lessee within the first three years of the Lease. The Lease also contains terms and conditions designed to address concerns raised by boaters who use the Lease premises. These terms and conditions were to remain in effect throughout the fifteen year term of the Lease, regardless of substitution of lessees.

Lease PRC 3639.1, containing the above referenced provisions, was executed on December 30, 1981, and became effective January 1, 1982.

At its meeting of March 23, 1982, the Commission heard testimony and considered alternatives regarding the exercise of its reserved option to substitute another party as Lessee under PRC 3639.1. Staff was asked to study the matter for not more than ninety days and report its findings to the Commission.

Pursuant to the direction of the Commission at its March 23rd meeting, staff met with Joe Steele of B.O.A.T., Dick Stevens and Carlos Galindo of Wrather Corporation, Jack Fennie, Chuck Greenberg and Aggie Mulhearn representing the Santa Catalina Island Company and Conservancy, Harrison and Robert Hertzberg representing Catalina Marina Services Corporation (Pioneer) and Jim Radcliffe representing Island Navigation Company. Additionally, staff visited the island and toured the lease area with the present operator, Doug Bombard, and Doug Probst of the Island Conservancy. There were discussions of the day to day lease operations, conservation of service vessels, and visitation to all coves under lease.

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On the whole, the parties contacted expressed very similar concerns to those previously stated to the Commission. Therefore, by way of brief informational summary their comments are highlighted as follows:

Joe Steele: Mr. Steele succinctly stated the concerns of most of the boaters over the escalation of fees. He also noted the possible inflexibility of the Lease for reduced rates for group events, regattas and races. Concerns were expressed over the substitution clause in the present lease. He suggested that a lessee be required to provide landing on the upland as part of the package. Also, proof of inspected boats, where needed, and licensed operators should be required by the Commission. Other issues raised were side-tying, use of alternate moorings, and environmental concerns.

Wrather Corporation: A different type of bid proposal would be of interest to Wrather Corporation. A management company agreement concept would have been preferable. They agreed to review the existing lease and state whether or not they would be interested in any further participation.

Jack Fennie: Mr. Fennie generally expressed interest in the operation and would like to consider possible participation. He was also sent a copy of the present lease to evaluate to his course of action.

Santa Catalina Island Company and Conservancy: As the current lessee, the Company and Conservancy felt the status quo was appropriate and should be maintained. The level of service and the experienced operation was emphasized. Additionally, they stated serious environmental consequences were possible and that in their opinion full environmental treatment of those consequences was necessary. They also felt that there should be consideration of the social and economic consequences of fee increases.

Catalina Marine Services (Pioneer): CATMAR stated they clearly are interested in further participation. Their suggestions are that the Commission should first reconsider the original bids, if not; (1) Any future bidding should be restricted to the original 3 bidders. (2) The bid package should exclude any references to CEQA, coastal compliance, or other permits. (3) Bidders should be allowed to supplement their bid packages. (4) The solicitation should allow additional sources of revenue to be included as a bid factor. (5) There should be a consideration of costs to boaters.

Island Navigation Company: Island Navigation Company is also interested in further participation. They would suggest: (1) Limit any further action to the original 3 bidders. (However,

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they had no objection to future participation by Jack Fennie.)
(2) Any new proposals should not allow modification of rental and fees rates previously bid. (3) The State Lands Commission should consider the authorization of a hearing process for fact gathering in an adversarial administrative hearing.

In addition to participating in discussions with interested parties, staff has compiled, with the cooperation and assistance of Doug Bombard, detailed descriptions of various phases of the current operation, including the number and location of moorings; the nature and extent of services provided; the boaters, and the means by which such services are provided; and fees charged boaters for use of the premises and services provided by the operator.

This information has been prepared in a separate report and is being submitted to the Commission entitled "Current lease operation at Santa Catalina Island, PRC 3639.1", a copy of which is on file and incorporated herein by reference.

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