LEASE APPROVAL UNDER CHAPTER 1095, STATUTES OF 1978
GRANTED LANDS – CITY OF EUREKA AND
EUREKA REDEVELOPMENT AGENCY

LESSOR: City of Eureka
531 "K" Street
Eureka, California 95501

LESSEE: City of Eureka
Redevelopment Agency
Attn: Dennis Ivey
531 "K" Street
Eureka, California 95501

BACKGROUND:
As provided for by Chapter 1095, Statutes of 1978, all leases
or permits in excess of one year in duration, for the use of
granted tide and submerged lands, entered into or issued by the
City of Eureka, shall not be valid without the prior written
approval of the State Lands Commission. The statute further
provides that the Commission shall have 60 days after submittal
of a proposed lease or permit in which to approve any such
lease or permit.

CURRENT SITUATION:
The City of Eureka has submitted, for Commission approval, an
"Option to Lease" and "Lease Agreement" between the City and
the Redevelopment Agency, for the construction of offshore oil
drilling platform modules, and other oil processing-related
structures and coastal dependent industrial projects.

The proposed Option is for a period of ten months, and provides
the Redevelopment Agency with the necessary time to obtain the
required permits for the project. The Option further allows
the Redevelopment Agency to conduct soil tests, measurements of
elevations, surveys and examinations of the property, and to
observe filling, containment, shoring, dewatering, and
compaction practices on the proposed lease premises.

The proposed lease is for a term of ten years, with one renewal
option of ten years. The minimum annual rental during the
original term of the lease, to be paid by the Redevelopment
Agency, is $86,400. Upon renewal, a reappraisal will be made
to determine the fair market value of the lease premises. The
minimum annual rental is subject to adjustment on the
fifth anniversary of the beginning date of the lease and of the
beginning date of the renewal period according to a formula to
conform with the increases or decreases in the Consumer Price
index. In no event, however, shall the adjustments result in
an annual rental lower than the respective minimum annual
rental then in effect.

The lease provides for general liability insurance in the
amount of $5,000,000, combined single limit coverage, and for a
surety bond in the amount of $100,000. The lease further
provides that all reasonable precautions will be taken to
prevent pollution and contamination of the environment and that
all statutes, rules and regulations, including, but not limited
to, the CEQA shall be fully complied with at all times.

The staff of the Commission has reviewed the Option to Lease
and the Lease Agreement, and feels that the agreements are fair
and reasonable, and that the consideration is equitable.

AB 884: N/A.

OTHER PERTINENT INFORMATION:
1. Pursuant to the Commission's delegation of
authority and the State CEQA Guidelines
(14 Cal. Adm. Code 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 CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm.
Code 15378.

EXHIBITS: A. Mitigated Negative Declaration.
B. Site Map.
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. APPROVE THE OPTION TO LEASE AND LEASE AGREEMENT ON FILE IN THE PRINCIPAL OFFICE OF THE COMMISSION BETWEEN THE CITY OF EUREKA AND THE EUREKA REDEVELOPMENT AGENCY, COVERING GRANTED LANDS LOCATED IN THE CITY OF EUREKA, HUMBOLDT COUNTY.
EXHIBIT A

CITY OF EUREKA
531 K Street • Eureka, California 95501-1165 • (707) 443-7337

MITIGATED NEGATIVE DECLARATION

PROJECT TITLE: Offshore Oil Production Module Assembly Yard

PROJECT LOCATION: 658 West Waterfront Drive

APPLICANT: City of Eureka
531 "K" Street
Eureka, CA 95501

LCP LAND USE/ZONING DESIGNATION: "CW" Waterfront Commercial, "MC" Waterfront Industrial

MITIGATION: As is described in the application.

PROJECT DESCRIPTION: Develop and operate a coastal dependent industrial assembly yard. The site will be located on Humboldt Bay and adjacent uplands in the City of Eureka, California. Site development will consist of minor leveling and grading; dredging of a barge slip to accommodate a 100' x 400' barge; construction of an approximately 90' x 75' pile supported transfer pier joining the uplands to the barge slip; four cluster pile barge mooring dolphins; relocation of an access road to a nearby City owned dock; development of associated utilities, sidewalks, landscaping, parking, fencing, lighting, and street access. Related building development at the site includes construction of a permanent warehouse, work shop and office structures. Development also envisions demolition of several existing storage buildings and a small office.

FINDING OF NO SIGNIFICANT EFFECT:

It has been determined, after review and evaluation, that the proposed project will not have a significant effect on the environment.

The material supporting the above finding is contained in the Initial Study prepared by the Department of Community Development, Room 207, second floor, Eureka City Hall, 531 "K" Street, Eureka, CA, telephone 443-7331. Copies of documents relating to this project are available for review upon request.

4/3/86
Date

Kevin Hamblin, Director
Department of Community Development