

**CALENDAR ITEM
C24**

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		G10-08.22
S	39, 40	G. Kato

**CONSIDER APPROVAL OF A PROPOSED EXPENDITURE OF \$1,500,000 OF
TIDELANDS TRUST FUNDS BY THE SAN DIEGO UNIFIED PORT DISTRICT FOR
THE CONSTRUCTION OF A BOATHOUSE ADJACENT TO EXISTING PUBLIC
TRUST LANDS IN THE CITY OF CORONADO, SAN DIEGO COUNTY**

GRANTEE:

San Diego Unified Port District
3165 Pacific Highway
San Diego, CA 92122-0488

The San Diego Unified Port District (Port District) is trustee of sovereign tide and submerged lands granted to it by the Legislature pursuant to Chapter 67, Statutes of 1962, 1st Ex. Session, as amended, with minerals reserved to the State (statutory trust grant). The Port District is seeking approval of the proposed expenditure of Public Trust funds, in the amount of approximately \$1,500,000 for the construction of a boathouse located adjacent to existing Port District public trust lands in the city of Coronado (Coronado), San Diego County.

THE PROJECT:

The expenditure of \$1,500,000 will be to help fund the construction of an approximately 2,000-square foot facility at Glorietta Bay Park, adjacent to the northern boundary of the Naval Amphibious Base. The facility will provide interior and exterior storage of kayaks, paddleboards, sculls, and associated equipment for public use. Members of the public who do not own boats will be able to rent non-motorized craft for use on San Diego Bay. Included in the project are restrooms and an exterior deck boat wash-off area. The proposed boathouse will be constructed and operated by Coronado and will facilitate public recreational access to the bay and boating programs.

BACKGROUND:

On August 18, 2003, the California State Lands Commission (Commission) approved the expenditure of approximately \$7,260,000 of public trust funds by the Port District and the District Funding Plan to allow the Port District to reimburse Coronado for portions of the Glorietta Bay Master Plan project. The expenditure was to fund the construction of a boathouse, public pedestrian

CALENDAR ITEM NO. **C24** (CONT'D)

promenade, parking, linear park, and site preparation and improvements located adjacent to existing Port District public trust lands in Coronado. In approving the expenditure and reimbursement, the Commission conditioned the approval upon Coronado dedicating those lands to be improved as assets of and subject to the Public Trust and the Port District obtaining a property interest in those lands to be improved. Coronado and the Port District met the requirements imposed by the Commission. The Port District currently has a 30-year leasehold interest (July 1, 2004 - June 30, 2034) in those lands to be improved with Port public trust funds, including the boat house site.

The boathouse was part of the original expenditure authorization and included in the District Funding Plan. However, the facility was not constructed and the funds were spent by Coronado on other improvements under the Memorandum of Understanding between the Port District and Coronado (Site preparation and construction of the linear park, bicycle/pedestrian path, and parking lot.) authorized by Commission action in August 2003. On December 15, 2009, Coronado requested \$1.5 million from the Port District to be used towards the currently estimated \$3.2 million construction cost of a boathouse.

Factors for the increased cost of the boathouse include: (1) the 2003 estimate for the boathouse expenditure was based (without a design) solely on the size of the structure and the square foot cost; (2) design cost, inspections, outside construction management, utility relocation, testing, access control, security system and site work; (3) the City Council moved the site to the east of its original location to preserve an open vista to the bay; and (4) new criteria imposed for water quality due to the proximity to an impaired water body (Glorietta Bay). Additionally the new proposed boathouse is approximately 400 square feet larger and is LEED silver certified which was not a criterion in 2003.

On June 8, 2010, the Port District's Board approved the allocation of \$1.5 million to Coronado for the construction of the boathouse.

LEGAL REQUIREMENTS:

Because the proposed transaction involves a capital expenditure by the Port District of funds in excess of \$1,000,000 off of Port District property, the expenditure must first be reviewed and approved by the Commission pursuant to Section 30.5 (c) of Chapter 67, Statutes of 1962, 1st Ex. Session, as added by Chapter 399, Statutes of 1996. Section 30.5 (c) provides that the Commission review the proposed expenditure on behalf of the State pursuant to Public Resources Code (PRC) Section 6701, et seq.

In order to approve the proposed expenditure, the Commission must make the following findings pursuant to Section 6702 (b):

CALENDAR ITEM NO. **C24** (CONT'D)

- 1) That such lease, contract, or other instrument is in accordance with the terms of the grant or grants under which title to the tide or submerged lands in question is held; and
- 2) That the proceeds of such lease, contract, or other instrument shall be deposited in an appropriate fund expendable only for statewide purposes authorized by legislative grant; and
- 3) That such lease, contract, or other instrument is in the best interests of the State.

Title 2, California Code of Regulations Section 2802, requires that, in order to make the finding that the contract is in the best interest of the State, the Commission must analyze whether the use, project, or activity permitted by the expenditure is:

- 1) Consistent with current Commission policies, practices, and procedures used for administering lands within its jurisdiction;
- 2) Economically viable, necessary, and desirable;
- 3) Appropriate for developmental mix;
- 4) Conducive to public access;
- 5) Consistent with environmental protection;
- 6) Otherwise in the best interest of the State.

STAFF ANALYSIS:

Commission staff reviewed the information submitted by the Port District for the proposed expenditure pursuant to Section 30.5 of Chapter 67, Statutes of 1962, as amended and Public Resources Code Section 6701, et seq.

Based on staff's review, the proposed expenditure for the boathouse will enhance public access and water-oriented recreational opportunities adjacent to Port District public trust lands. The improvements are intended to enhance the visual appearance and quality of the waterfront environment and bay shoreline. The boat house will promote the Public Trust, support other trust uses, and accommodate the public's enjoyment of the Port District's tide and submerged lands. Commission staff believes the proposed expenditure is for a use consistent with the Public Trust and statutory trust grant under which the lands are held and the Port District and Coronado met the conditions imposed by the August 18, 2003, Commission action. Staff recommends the Commission approve the expenditure as described herein.

CALENDAR ITEM NO. **C24** (CONT'D)

OTHER PERTINENT INFORMATION:

1. An EIR [SCH# 1997121054] was prepared for this project by the city of Coronado and certified on April 3, 2001. The California State Lands Commission staff reviewed such document and the Mitigation Monitoring Program prepared in conformance with the provisions of CEQA (Public Resources Code section 21081.6) and adopted by the lead agency. Findings made in conformance with State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are contained on file in the Sacramento office of the California State Lands Commission.
2. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is staff's opinion that the project, as proposed, is consistent with its use classification.
3. The Commission, in its consideration of the proposed expenditure of tidelands trust funds, will be acting pursuant to its authority, pursuant to Section 30.5 of Chapter 67, Statutes of 19662, as amended, and PRC Section 6701, et seq.

EXHIBIT:

- A. Location and Site Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

Find that an EIR [SCH# 1997121054] was prepared for this Project by the city of Coronado and certified on April 3, 2001, and that the Commission has reviewed and considered the information contained therein. Adopt the findings made in conformance with Title 14, California Code of Regulations, sections 15091 and 15096 (h), as contained on file in the Sacramento office of the California State Lands Commission.

Adopt the Mitigation Monitoring Program, as contained in the environmental document on file in the Sacramento office of the California State Lands Commission.

CALENDAR ITEM NO. **C24** (CONT'D)

SIGNIFICANT LANDS FINDING:

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.

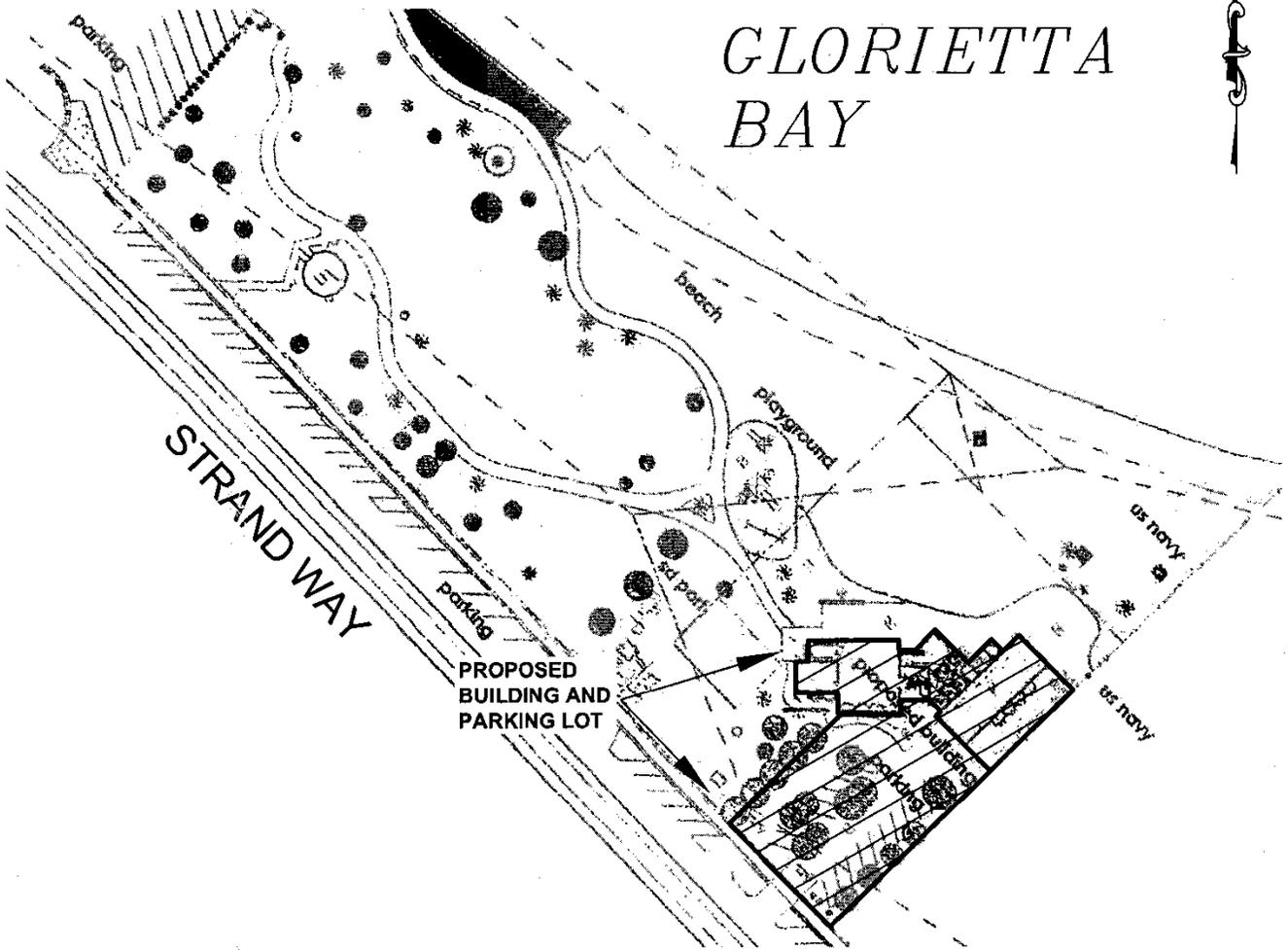
AUTHORIZATION:

1. Find that the San Diego Unified Port District has sufficient public trust funds for the proposed project.
2. Find that the boathouse project is consistent with the Public Trust and the Port District's statutory trust grant and is in the best interest of the people of the State.
3. Find that income generated by the boat house will be deposited in an appropriate fund expendable only for public trust purposes of statewide benefit as authorized by the trust.
4. Approve the proposed expenditure of \$1,500,000 of public trust funds to help fund construction of a boathouse in the city of Coronado, San Diego County.

NO SCALE

SITE

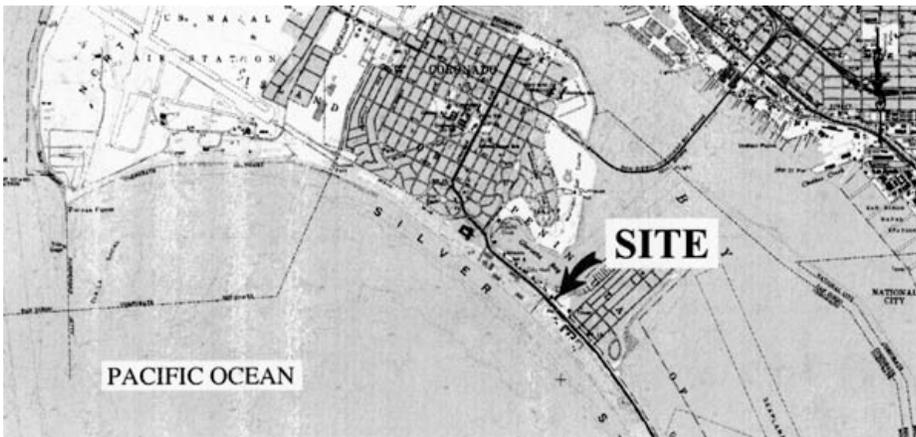
GLORIETTA BAY



EXPENDITURE OF TRUST FUNDS FOR A BOATHOUSE, GLORIETTA BAY

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

GRANT # 10-08.22
SAN DIEGO UNIFIED
PORT DISTRICT
AUTHORIZATION OF
EXPENDITURE OF
TRUST FUNDS
SAN DIEGO COUNTY



DJF 12/10

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties 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.