

**STAFF REPORT
C63**

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10/19/17
PRC 7030.1
S. Avila

AMENDMENT OF LEASE AND REVISION OF RENT

LESSEE:

Santa Catalina Island Company

AREA, LAND TYPE, AND LOCATION:

30 acres of filled and unfilled tide and submerged sovereign land in the Pacific Ocean, near Jewfish Point and Empire Landing, Santa Catalina Island, Los Angeles County.

AUTHORIZED USE:

Continued use and maintenance of loading facilities necessary for the support of rock quarry activities, including mooring of barges during loading activities.

LEASE TERM:

49 years, beginning January 1, 1987.

CONSIDERATION:

This lease provides that the Commission may modify the rent amount and rate periodically during the lease term, but not the method. Pursuant to this provision, staff conducted a review of the rent under this lease and recommends rent for the right-of-way and the riprap revetment be revised from \$21,762 to \$11,173 per year, effective January 1, 2018, with the State reserving the right to modify the rent periodically during the lease term.

PROPOSED AMENDMENT:

Amend the lease to authorize an existing approximately 2.00 acres of riprap shoreline protective structure not previously authorized by the Commission; replace the existing Exhibit A, Site and Location Map with the attached Exhibit A, Site and location Map (for reference purposes only). All other terms and conditions of the lease shall remain in effect without amendment.

STAFF ANALYSIS AND RECOMMENDATION:

Authority:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503;
California Code of Regulations, title 2, sections 2000 and 2003.

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Public Trust and the State's Best Interests Analysis:

On December 23, 1986, the Commission authorized a 49-year General Lease – Industrial Use to the Santa Catalina Island Company (SCICO), beginning January 1, 1987, for loading facilities necessary for the support of rock quarry activities, including mooring of barges during loading activities near Jewfish Point and Empire landing, Santa Catalina Island ([Minute Item 35, December 23, 1986](#)). The lease will expire on December 31, 2035.

The applicant owns the property adjoining the lease premises, which is located along the Pacific Ocean near Jewfish Point, on Santa Catalina Island (Island). A riprap shoreline protective structure was placed along the shoreline of the subject parcel many years ago but was never authorized by the Commission. The riprap is located adjacent to an existing quarry operation associated with PRC 7030.1, and two existing saltwater wells subject to Lease No. PRC 8330.1 to the Southern California Edison Company (SCE). The wells provide seawater to SCE's desalination plant at Pebbly Beach, which produces approximately 80 percent of fresh drinking water for the Island. The saltwater wells are a critical component to infrastructure on the Island and to the economic structure of the nearby City of Avalon.

This area has been subject to storm waves, and in 2016, the California Coastal Commission (Coastal) issued Coastal Development Permit 9-16-0490 (CDP) and a subsequent Immaterial Permit Amendment (9-16-0490-A1) to SCE for the repair of the existing riprap located within Lease No. PRC 7030.1 and the addition of approximately 0.25 acre of new riprap, also within Lease No. PRC 7030.1 abutting and protecting the saltwater wells. Because the riprap is within the SCICO lease, but also serves to protect the saltwater wells operated by SCE, the parties entered into an agreement whereby SCE would provide the funding necessary to complete the project and SCICO would affect the repairs and be responsible for the riprap. SCICO completed riprap repairs, including the placement of the new riprap, in March 2017.

Climate change impacts, including sea-level rise, more frequent and intense storm events, and increased flooding and erosion, affect both open coastal areas and inland waterways in California. The lease area is located on southeastern Catalina Island in Los Angeles County, at a tidally-influenced site vulnerable to flooding at current sea levels that will be at a higher risk of flood exposure given future projection scenarios of sea-level rise. The previous activities associated with this lease area included the repair and reinforcement of an existing artificial fill slope and

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riprap revetment that were significantly damaged and eroded by extreme high waves associated with Hurricane Marie in August 2014. Approximately 1,225 tons (817 cubic yards, 0.25 acre) of new riprap was placed within two eroded areas on either side of the existing saltwater intake well pad, and in other smaller areas in front of the well pad where the fill slope and revetment were weakened.

By 2030, the region could see up to 1 foot of sea-level rise (from year 2000 levels), 2 feet by 2050, and possibly over 5 feet by 2100 (National Research Council 2012). Rising sea levels can lead to increased flooding through regular inundation and larger flooding events when combined with tidal events and storm surges. These climate change and sea-level rise impacts can also affect erosion and sedimentation rates through increased wave action and scour, which in turn can lead to decreased shoreline stability and structure.

The combination of these projected conditions could potentially raise the likelihood of damage to structures within the lease premises until the end of the lease term in 2035. According to information in the CDP Staff Report for the riprap project, the Applicant designed the riprap to account for the current range of wave conditions and future 50-year sea-level rise. However, the CDP Staff Report estimates that sea-level rise would be at least 5 feet more than what the Applicant anticipates. The CDP Staff Report concluded that combined extreme high tide and wave events could result in overtopping the riprap and fill slope, thereby threatening the well pad stability and intake well functionality during the next 50 years of Project design life.

In order to assure the stability and structural integrity of the proposed Project, and minimize the risk of future damage and erosion due to high wave events, the Commission staff expects the Applicant to comply with CDP conditions such as developing and implementing a Long-Term Monitoring Program. The Long-Term Monitoring Program would be developed and implemented starting May 2018 to periodically inspect the fill slope and riprap, identify damage or changes to these structures requiring maintenance and repair, and maintain the Project structures in their approved state.

The majority of the structures have existed for many years at this location. The facilities do not significantly alter the land, the lease does not alienate the State's fee simple interest, and neither permanently impairs public rights. The lease is limited to a 49-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the

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lessee will be required to restore the lease premises as provided in the Lease.

The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the use of public land. For all the reasons above, staff believes the issuance of this amendment is consistent with the common law Public Trust Doctrine, will not substantially interfere with Public Trust needs at this location, at this time, and for the foreseeable term of the proposed lease, and is in the best interests of the State.

Staff conducted the rent review called for in the lease and recommends the annual rent for the right-of-way area and for the area occupied by the existing shoreline protective structure be revised from \$21,762 to \$11,173 per year, based on the application of the appraised land value.

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 2.2 of the Commission's Strategic Plan to ensure timely receipt of revenues and royalties from the use and development of State lands and minerals.
2. The staff recommends that the Commission find that the lease amendment is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905

3. Approving the revision of rent is not a project as defined by the California Environmental Quality Act (CEQA) because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 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

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through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBIT:

- A. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the lease amendment is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the proposed amendment of Lease No. PRC 7030.1 will not substantially interfere with the Public Trust needs and values at this location, at this time, or for the foreseeable term of the lease; find these actions are consistent with the common law Public Trust Doctrine, and are in the best interests of the State.

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

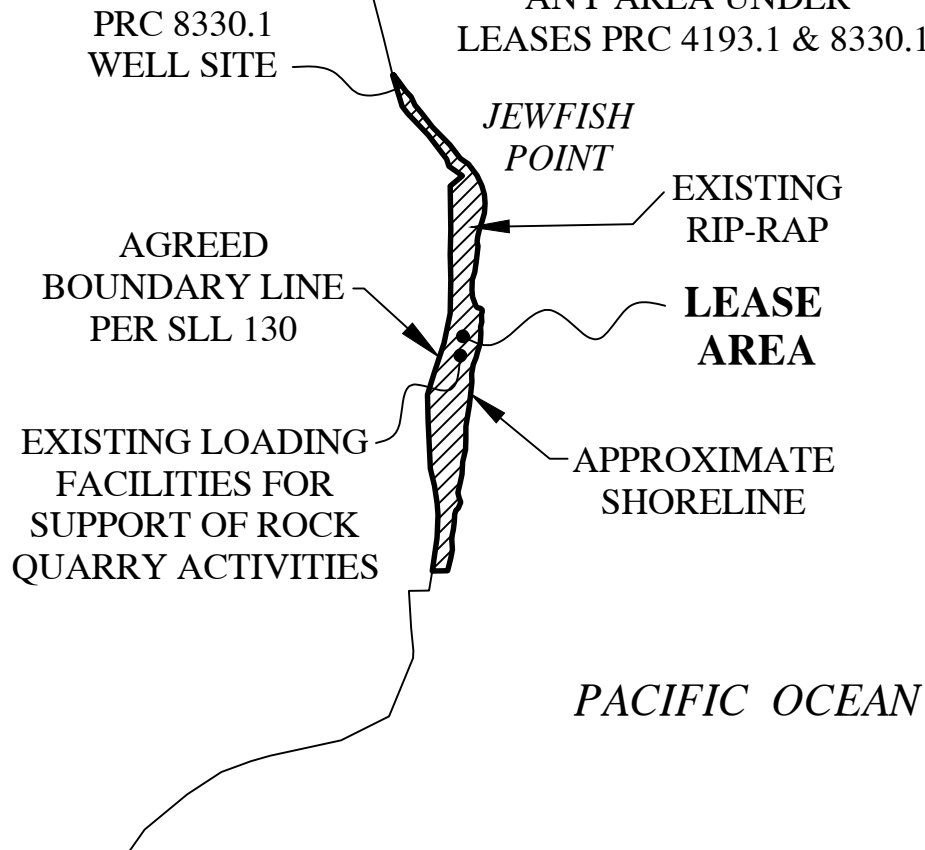
1. Authorize the amendment of Lease No. PRC 7030.1, a General Lease – Industrial Use, effective October 19, 2017, to authorize the use and maintenance of an existing approximately 2.00-acre riprap shoreline protective structure, and to replace the existing Exhibit A, Site and Location Map, with the attached Exhibit A, Site and Location Map (for reference purposes only).
2. Approve the revision of rent for Lease No. PRC 7030.1 from \$21,762 to \$11,173 per year for the right-of-way area and for the area occupied by the existing riprap shoreline protective structure; effective January 1, 2018.

NO SCALE

SITE

NOTE: PRC 7030.1 LEASE
AREA DOES NOT INCLUDE
ANY AREA UNDER
LEASES PRC 4193.1 & 8330.1

SANTA
CATALINA
ISLAND



FILLED AND UNFILLED SOVEREIGN LANDS NEAR JEWFISH POINT,
CITY OF AVALON, SANTA CATALINA ISLAND

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A
PRC 7030.1
SANTA CATALINA
ISLAND COMPANY
GENERAL LEASE-
INDUSTRIAL USE
LOS ANGELES COUNTY



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.

TS 07/20/17