

KAPILOFF LAND BANK REPORT

Fiscal Year 2007-2008

This report complies with the annual reporting requirement pursuant to Section 8618 of the Public Resources Code. It is a summary description of title settlements and other transactions entered into by the California State Lands Commission (CSLC) to meet the objectives of the Kapiloff Land Bank Act. This report reflects transactions from July 1, 2007 through June 30, 2008.

BACKGROUND

The Kapiloff Land Bank Act (Act) was introduced by Assemblyman Lawrence Kapiloff and enacted by the Legislature in 1982. The Act is an extension of CSLC authority as set forth in Public Resources Code Section 6307, which was enacted to facilitate settlements of title to real property with cash payments where exchange parcels are not readily available or are not of equal value and to facilitate mitigation through the pooling of such payments. The CSLC holds and administers the acquired lands as sovereign lands of the legal character of tidelands and submerged lands.

ACQUISITION OF PROPERTY WITH LAND BANK FUNDS

There were no acquisitions of property made during fiscal year 2007-2008.

LAND BANK FUND DEPOSITS/EXPENDITURES

Moneys received into the Kapiloff Land Bank Fund (Fund) are subject to use restrictions as set forth in Public Resources Code Section 8613. Moneys in the Fund shall be available for expenditure to purchase outstanding interests in tide and submerged lands; lands which have been or may be converted to wetlands, or adjoining or nearby lands where the public use and ownership of the land is necessary or extremely beneficial for furtherance of public trust purposes. Furthermore, if a deposit is made into the Fund for purposes of mitigation (by a non-public agency) the moneys deposited are subject to a statutory trust limiting its use exclusively to the identified mitigation.

SPECIAL MITIGATION AND MANAGEMENT PROJECTS

Bolsa Chica Lowlands Restoration

Bolsa Chica consists of 880 acres of lowlands located in Orange County adjacent to the Pacific Ocean and 327 acres of historic wetlands acquired by the CSLC in 1973 in settlement of long-standing land title claims. The property will be transformed into a full tidal basin with the remainder into wetlands. Construction began in the fall of 2004 after 64 oil wells were abandoned under an agreement with the oil field operator. The primary source of funding has come from the Ports of Los Angeles and Long Beach in return for mitigation credits necessary for port expansion. A total of \$1,003,861.85 has been deposited to the Fund and a total of \$4,807,349.84 was expended during fiscal year 2007-2008

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City of Newport Beach

Pursuant to Chapter 728, Statutes of 1994, and Chapter 317, Statutes of 1997, the City of Newport Beach has deposited \$456,133.64 for the fiscal year into the Fund for costs related to the administration of Granted Trust Lands. A total of \$435,390.79 was expended during fiscal year 2007-2008.

Oil Spill Remediation

On September 26, 1998, the tanker Command left San Francisco Bay bound for Panama. As it traveled in the southbound traffic lane off the San Francisco and San Mateo County coasts, it released an estimated 3,000 gallons of Intermediate Bunker Fuel 380, also known as Fuel Oil No. 6. Due to light winds and fair weather, the oil moved little in the first few days, primarily staying in the vicinity of the southbound traffic lane. On September 30, however, oil began to wash ashore, largely in the form of scattered tarballs, over 15 miles of beaches, mainly in San Mateo County. The Federal Government and the State of California reached a settlement with the parties responsible for the Command spill. The settlement has resulted in a \$265,000 deposit to the Fund. Funds are to be used to implement two of the human use loss restoration projects at the Fitzgerald Marine Reserve and Mirada Surf Improvements in San Mateo County. \$52,007.34 was expended from these funds in fiscal year 2007-08

International-Matex Tank Terminals

The Commission accepted funds in the amount of \$98,200 from International-Matex Tank Terminals (IMTT) to be deposited in the Fund as settlement for failures to comply with pipeline testing requirements under Title 2 of the California Code of Regulations (2 C.C.R.) Sections 2564 and 2565. Funds to be used for unspecified projects in accordance with Public Resources Code Section 8625(c).

TITLE SETTLEMENTS

Nowell Group Title Settlement

A dispute was resolved involving certain lands in the Colorado River near the city of Blythe, Riverside County. Parties agreed to quitclaim respective interests to each other to effectuate the agreement. The State interests in lands comprising the abandoned bed of the Colorado Rivers were exchanged for easements of equal or greater together with a contribution of \$60,000.00 for deposit in the Land Bank Fund.

O'Connor Title Settlement

As settlement of title involving approximately 22 acres of certain real property in and adjacent to San Francisco Bay in the cities of Fremont and Newark, Alameda County, \$20,020.00 has been deposited into the Land Bank Fund.

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FUND BALANCE SUMMARY 07/01/2008

Title Settlements pursuant to PRC §8625 (a)	\$ 6,196,989.68
Bolsa Chica Wetlands Restoration	\$20,559,558.27
Special Mitigation and Management Projects	\$ 3,462,106.92

Moneys received into the land bank fund are subject to use restrictions as set forth in Public Resources Code Section 8613 – Moneys in the fund shall be available for expenditure by the trustee to purchase outstanding interests in tide and submerged lands; lands which have been or may be converted to wetlands, or adjoining or nearby lands where the public use and ownership of the land is necessary or extremely beneficial for furtherance of public trust purposes. Furthermore, if a deposit is made into the land bank for purposes of mitigation the moneys donated are subject to a statutory trust limiting its use exclusively to the identified mitigation.