

**CALIFORNIA STATE LANDS COMMISSION
KAPILOFF LAND BANK REPORT
Fiscal Year 2010-2011**

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, 2010 through June 30, 2011.

BACKGROUND

The Kapiloff Land Bank Act (Act) was introduced by Assemblyman Lawrence Kapiloff and enacted by the Legislature in 1982 (Public Resources Code Sections 8600, *et seq.*). The Act is an extension of CSLC authority provided for in Public Resources Code Section 6307. The Act was created 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 public trust 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 2010-1011.

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, 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 has been transformed into a full tidal basin with the remainder into wetlands. The primary source of funding has

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come from the Ports of Los Angeles and Long Beach in return for mitigation credits necessary for port expansion. A total of \$7,135,335.03 was expended during fiscal year 2010-2011. Of that amount, \$4,338,750.00 was spent on maintenance dredging and \$800,000 was forwarded to the United States Fish and Wildlife Service to settle residual claims from the initial construction contracts.

City of Newport Beach

Pursuant to Chapter 728, Statutes of 1994, and Chapter 317, Statutes of 1997, the City of Newport Beach has deposited \$412,457.89 for the fiscal year into the Fund for costs related to the administration of Granted Trust Lands. A total of \$456,000.00 was expended during fiscal year 2010-2011.

Owens Lake Dust Abatement

Mitigation monies were received from Los Angeles Department of Water and Power (LADWP) to reduce and mitigate dust emissions at Owens Lake. A deposit of \$500,000 was received to mitigate for the loss of Public Trust values on the 2.03 square miles of Owens Lake to be covered by gravel for the acquisition, management, maintenance and improvement of real property located adjacent or within the bed of Owens Lake (Lease No. PRC 8079.9). Funds shall be used for the Public Trust purposes of ecological preservation, open space, wildlife habitat and public access. Acceptance approved by Commission action on December 10, 2010, Item 50.

Batiquitos Lagoon Maintenance Dredging

Mitigation monies were transferred from the California Department of Fish and Game (DFG) to support a maintenance dredging project at Batiquitos Lagoon, in Carlsbad, San Diego County. The Batiquitos Lagoon Enhancement Project was undertaken as mitigation for the loss of deep water fish habitat due to channel improvements and construction of landfill for cargo terminals at the Port of Los Angeles. The project includes lands owned by both the DFG and the Commission. At its October 22, 2009 meeting (Item 52), the Commission authorized staff to provide procurement and contract management services for maintenance dredging and to receive funding provided by the Port of Los Angeles held in trust by DFG. To facilitate the transaction, the Commission authorized transfer of those mitigation funds to the Fund per agreement. A total of \$430,454.00 was received in fiscal year 2010-2011 to provide for project engineering and management consultant services. Additional funds will be transferred for the dredging contract work in fiscal year 2011-2012.

TITLE SETTLEMENTS

There were no Title Settlements during this period involving the Fund.

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FUND BALANCE SUMMARY 07/01/2011

Title Settlements pursuant to PRC §8625 (a)	\$ 7,181,839.92
Bolsa Chica Lowlands Restoration	\$10,326,280.57
Special Mitigation and Management Projects	\$ 3,483,356.91

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 their use exclusively to the identified mitigation.