

**CALIFORNIA STATE LANDS COMMISSION
KAPILOFF LAND BANK REPORT
Fiscal Year 2014-2015**

This report summarizes deposits and expenditures by the California State Lands Commission (Commission) as trustee of the Kapiloff Land Bank Fund from July 1, 2014 through June 30, 2015.¹

BACKGROUND

The Kapiloff Land Bank Fund enables the Commission to hold money in trust to acquire certain property or to expend for project specific mitigation and on other restoration projects.² The Fund was created to facilitate real property title settlements and land exchanges as an extension of the Commission's authority under Public Resources Code section 6307. The Commission may accept and hold cash deposits when substitute parcels of equal value are not available for exchange. Money from title settlements may only be expended to purchase outstanding interests in tide and submerged lands, lands that 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 public trust purposes.³ The Commission holds the acquired lands as sovereign public trust lands with the legal character of tide and submerged land.

Additionally, money may be deposited into the fund for management and improvement of real property held by the Commission and to provide open space, habitat for plants and animals, and public access.⁴ If a deposit is made into the Fund for mitigation purposes, the money is subject to a statutory trust limiting its use to the identified mitigation. Any party may donate money into the Fund for projects, whether specified or not, that provide for access to or management and improvement of real property held by the trustee to provide open space, habitat for plants and animals, and public access.

PROPERTY ACQUISITIONS (EXPENDITURES)

The Commission authorized the expenditure of \$500,000 from the Fund for the purchase of a 0.44-acre parcel of land located adjacent to Lake Tahoe at 3339 Lake Tahoe Boulevard in the City of South Lake Tahoe, El Dorado County. The parcel includes the land located between the ordinary high water mark and ordinary low water mark in Lake Tahoe and a 10-foot wide strip of land that connects to the public street. The purpose of the acquisition is to expand public lakefront access, protect Lake Tahoe through improvements to storm water treatment, extend the bike path adjacent to Lake Tahoe, and improve the scenic quality of this stretch of U.S. Highway 50 and the shoreline of Lake Tahoe. The California Tahoe Conservancy acquired the remaining portion of the 0.86-acre parcel and manages the Commission's parcel under a lease for public access and restoration. The Commission authorized the expenditure and lease

¹ This report complies with the annual reporting requirement in Public Resources Code section 8618.

² Public Resources Code sections 8600, *et seq.*

³ Pub. Res. Code §§ 8613 (a), 8625(a).

⁴ Pub. Res. Code §§ 8613(b), 8625.

KAPILOFF LAND BANK REPORT

Fiscal Year 2014-2015

Page 2

in June 2014 and escrow closed during the 2014-15 fiscal year. For additional information, please access the Commission staff report at:

http://archives.slc.ca.gov/Meeting_Summaries/2014_Documents/06-19-14/Items_and_exhibits/C88.pdf

APPROVED TITLE SETTLEMENTS (DEPOSITS)

The Commission approved a title settlement agreement with private parties involving certain interest in lands in the vicinity of the Salinas River in Monterey County. This agreement settled a title dispute concerning certain lands in the Salinas River and confirmed and established the location of lands held by the Commission and subject to the common law Public Trust Doctrine and lands free of all sovereign claims held by several parties collectively referred to as Jefferson. As part of the agreement, Jefferson deposited \$300,000 into the Kapiloff Land Bank Fund. For additional information, please access the Commission staff report at:

http://archives.slc.ca.gov/Meeting_Summaries/2014_Documents/08-15-14/Items_and_Exhibits/C70.pdf.

The Commission approved two title settlements during the 2015 calendar year. Escrow has not yet closed on these two transactions. The first included a title settlement agreement with Bay City Partners, LLC involving property along the San Gabriel River in the city of Seal Beach, Orange County. As part of the agreement, \$1.42 million will be deposited into the Kapiloff Land Bank Fund. This transaction has not been completed and will be included in a future Kapiloff Land Bank Report. For additional information, please access the Commission staff report at:

http://archives.slc.ca.gov/Meeting_Summaries/2015_Documents/10-16-15/Items_and_Exhibits/73.pdf.

The second title settlement included an agreement with several parties involving property adjacent to the Petaluma River in the city of Petaluma, Sonoma County. As part of the agreement, \$20,000 will be deposited into the Kapiloff Land Bank Fund. This transaction has not been completed and will be included in a future Kapiloff Land Bank Report. For additional information, please access the Commission staff report at:

http://archives.slc.ca.gov/Meeting_Summaries/2015_Documents/10-16-15/Items_and_Exhibits/C66.pdf.

SPECIAL MITIGATION AND MANAGEMENT PROJECTS

Bolsa Chica Lowlands Restoration

The Bolsa Chica Lowlands Restoration Project consists of 880 acres of lowlands located in Orange County adjacent to the Pacific Ocean and 327 acres of historic wetlands acquired in 1973. The majority of the property has been transformed into a full tidal basin with the remainder into wetlands. The primary source of funding has been from the Ports of Los Angeles and Long Beach, in exchange for mitigation credits necessary for port expansion. An additional \$109,130.73 was received in fiscal year 2014-15 from bankruptcy court for the State's claims against the previous land owner,

KAPILOFF LAND BANK REPORT

Fiscal Year 2014-2015

Page 3

California Coastal Communities, Inc. (Signal Bolsa Corporation/Signal Landmark) for a portion of their environmental remediation cost liability. Another \$11,161 was received from the U.S. Fish and Wildlife Service as a grant for the Restoration of Coastal Dune Habitat at Rabbit Island project, which removed invasive plants and restored a population of coast woolly heads. A total of \$1,686,767.78 was expended during fiscal year 2014-15 for site management, environmental monitoring, inlet dredging and minor repairs.

Granted Lands Program

Revenue generated on certain granted public trust lands in the City of Newport Beach and the City of Pittsburg is deposited in the Kapiloff Land Bank Fund for the administration of the Commission's Granted Lands program. (Chapter 728, Statutes of 1994; Chapter 317, Statutes of 1997; Chapter 422, Statutes of 2011) A total of \$363,512.47 was received in fiscal year 2014-15. A total of \$355,931.07 was expended from the Fund during fiscal year 2014-15 for the Commission's Granted Lands Program.

FUND BALANCE SUMMARY 07/01/2015

Title Settlements (Pub. Res. Code § 8625 (a))	\$ 6,222,212.93
Bolsa Chica Lowlands Restoration	\$ 6,991,282.79
Special Mitigation and Management Projects	\$ 2,516,132.18

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