

## STAFF REPORT

**41**

A 70, 72, 74

12/06/19

W 4848.1

W 4848.4

W 4848.8

N. Heda

S 33, 34, 37

D. Cook

### **CONSIDER APPROVAL OF QUALIFYING MILEAGES FOR SUBVENTIONS FOR FISCAL YEAR 2019-2020 TO THE CITIES OF HUNTINGTON BEACH AND SEAL BEACH, LOCATED IN ORANGE COUNTY; AND TO THE CITY OF LONG BEACH LOCATED IN LOS ANGELES COUNTY**

#### **BACKGROUND:**

Public Resources Code section 6817 provides for subventions of State tidelands oil and gas revenues to cities and counties, as described below. Pursuant to the above statute, the Commission is required to report to the State Controller the amount of revenues to be paid to the qualifying cities or counties, as subventions.

Public Resources Code section 6817, subdivision (a), provides that subventions shall be made to cities or counties that have within their boundaries active State tidelands oil and gas leases and that own or operate parks (public beaches), free of charge to the public, for recreational purposes. These parks must be immediately adjacent to and have common frontage with active State tidelands oil and gas leases.

The subventions made to a qualifying city or county for each fiscal year are determined by a subvention distribution formula in Public Resources Code section 6817, subdivision (a). A qualifying city or county may receive 1 percent of the oil and gas revenues the State receives during a fiscal year from leases within its boundaries. The 1 percent share is limited to a maximum of \$100,000 for every mile or portion of a mile of qualifying beach park frontage owned or operated by the city or county. However, the limitation on the amount does not apply to revenues from leases within the limits of the particular county or city that exceed the revenues paid to the State during Fiscal Year 1983-84.

In addition to the subventions under the provisions of Public Resources Code section 6817, subdivision (a), subdivision (b) provides that under specified circumstances, a city or county having within its boundaries a State tidelands oil and gas lease or leases may receive 20 percent of the revenues paid to the State

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for production of oil, gas and other hydrocarbons from the lease or leases, but not to exceed a total of \$200,000,000, adjusted for inflation, over a 20-year period. No cities or counties have ever qualified for these additional revenues.

**STAFF ANALYSIS AND RECOMMENDATION:**

**Authority:**

Public Resources Code section 6817.

**Analysis:**

With respect to each city and county, the apportionment for any given Fiscal Year is based upon the physical facts existing on June 30 of the preceding fiscal year. Based on verification letters received by Commission staff from the cities, the qualifying miles upon which subventions for Fiscal Year 2019-2020 are to be based are listed on Exhibit A, attached. The list of leases from which the subventions are payable for the qualifying cities for Fiscal Year 2019-2020 are compiled in Exhibits B and C, attached.

The amounts paid to the cities are to be held in trust and required to be expended for the promotion, accommodation, establishment, improvement, operation, and maintenance of public recreational beaches and coastline for the benefit of all the people of the State. Staff recommends the Commission approve the qualifying beaches and parks, as reported by the subject cities, and verify this qualifying mileage as the basis for subventions in Fiscal Year 2019-2020 (see Exhibit A). Staff also recommends that the Commission report to the State Controller the revenue to be transmitted to the subject cities based on the approved qualified mileages as required by Public Resources Code section 6817 for Fiscal Year 2018-2019.

The Commission, at the time of remitting revenues to the State Treasurer, shall report to the State Controller the total amount of revenue received from tide and submerged lands shown with respect to each city or county to which such amount is applicable.

For Fiscal Year 2018-2019, the subventions are as follows:

City of Huntington Beach	\$240,483.92
City of Seal Beach	\$41,173.43
City of Long Beach	<u>\$39,004.24</u>
Total	<b>\$320,661.59</b>

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**OTHER PERTINENT INFORMATION:**

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction; and Strategy 1.3, to protect, expand, and enhance appropriate public use and access to and along the State's inland and coastal waterways.
2. The subject approval of qualifying mileages for subventions to cities for Fiscal Year 2019-2020 is not a project as defined by the California Environmental Quality Act 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).

**EXHIBITS:**

- A. Cities Qualifying for Subventions and Qualifying Mileages, Fiscal Year 2019-2020
- B. Subvention Leases for Qualifying Cities, Fiscal Year 2019-2020
- C. Townlot Leases Associated with PRC 91 Main Zone Units for Current Fiscal Year 2019-2020

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

1. Approve the qualifying beaches and parks, as reported by the cities, and verify their qualifying mileages as a basis for subventions for Fiscal Year 2019-2020.
2. Approve the reporting of revenue based on the approved qualified mileages to the State Controller as required by Public Resources Code section 6817 for Fiscal Year 2018-2019.

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## EXHIBIT A

### CITIES QUALIFYING FOR SUBVENTIONS AND QUALIFYING MILEAGES UNDER PUBLIC RESOURCES CODE SECTION 6817 FISCAL YEAR 2019-2020

City	Park or Beach Owned or Operated by City	Adjacent Qualifying Lease	Footage FY18-19	Footage FY19-20	Total Qualifying Miles	Changes from Previous Year's Miles
<b>City of Huntington Beach</b> (W 4848.1)	Huntington Beach City\		5,665	5,665		
	Bolsa Chica Beach	*Not Required	11,873	11,873		
	**Sunset Beach	*Not Required	6,124	6,124		
	<b>TOTAL</b>		<b>23,662</b>	<b>23,662</b>	<b>5</b>	<b>No Change</b>
<b>City of Seal Beach</b> (W 4848.4)	Seal Beach Public Beach		8,124	8,124		
	<b>TOTAL</b>		<b>8,124</b>	<b>8,124</b>	<b>2</b>	<b>No Change</b>
<b>City of Long Beach</b> (W 4848.8)	Alamitos Beach Park	*Not Required	2,005	2,005		
	<b>TOTAL</b>		<b>2,005</b>	<b>2,005</b>	<b>1</b>	<b>No Change</b>

\*Adjacency to the qualifying leases is not required for the cities.

\*\*The City of Huntington Beach annexed Sunset Beach in 2011

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## **EXHIBIT B**

### **SUBVENTION LEASES FOR QUALIFYING CITIES UNDER PUBLIC RESOURCES CODE SECTION 6817 FISCAL YEAR 2019-2020**

#### **SUBVENTION INTERESTS (100 PERCENT UNLESS OTHERWISE INDICATED)**

<b>City of Huntington Beach (W 4848.1)</b>	<b>City of Seal Beach (W 4848.4)</b>	<b>City of Long Beach (W 4848.8)</b>
<b>PRC</b>	<b>PRC</b>	<b>PRC</b>
91*	186	3455
163	1482	
392	3095 (73.0%)	
425		
3413		
4736		

\*See Exhibit C, Townlot Leases associated with PRC 91 Main Zone Units.

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## **EXHIBIT C**

### **TOWNLOT LEASES ASSOCIATED WITH PRC 91 MAIN ZONE UNITS FOR CURRENT FISCAL YEAR 2019-2020**

400	985	998	1336	1346
401	986	999	1337	2515
919	988	1329	1338	2516
920	989	1331	1339	2517
976	991	1332	1340	
977	992	1333	1342	
980	993	1334	1343	
983	997	1335	1345	