

Staff Report 68

PARTY:

California State Lands Commission

PROPOSED ACTION:

Consider approval of qualifying miles for Fiscal Year 2021-2022 subventions 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 (defined as a grant of money) 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 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 (e.g., 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 subvention apportionment for any given fiscal year is based upon the physical facts existing on June 30 of the preceding fiscal year.

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 \$100,000 limitation does not apply to the portion of revenues from adjacent State oil and gas leases that exceed the revenues paid to the State during Fiscal Year 1983-84.

The qualifying miles upon which Fiscal Year 2021-2022 subventions are based are listed on Exhibit A, attached. These miles are reported to staff annually by each city. The list of leases from which the subventions are payable for the qualifying cities for Fiscal Year 2021-2022 are compiled in Exhibits B and C, attached.

The amounts paid to cities and counties shall be deposited in a special tide and submerged lands fund established by the cities or counties, to be held in trust and to be expended only for the promotion and accommodation of commerce, navigation, and fisheries, for the protection of the lands within the boundaries of the cities and counties, 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, and for the mitigation of any adverse environmental impact caused by exploration for hydrocarbons on state tide and submerged lands within city or county boundaries or caused by production or transportation of hydrocarbons produced on these tide and submerged lands. The Legislature also declared that these purposes constitute matters of statewide interest and that the expenditure of funds for those purposes will benefit all the people of the State.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code section 6817.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Staff recommends that 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 2021-2022 (see Exhibit A, attached). Staff also recommends that the Commission report to the State Controller the revenue transmitted to the subject cities based on the approved qualified miles for Fiscal Year 2020-2021.

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.

Subventions for Fiscal Year 2020- 2021 were as follows:

- City of Huntington Beach \$158,847.49
- City of Seal Beach \$26,160.10

• City of Long Beach	<u>\$22,926.00</u>
Total Subventions	\$207,933.59

OTHER PERTINENT INFORMATION:

1. This action is consistent with paragraph 1a and 3a of the “Meeting Evolving Public Trust Needs” Strategic Focus Areas of the Commission’s 2021-2025 Strategic Plan.
2. The subject approval of qualifying miles for subventions to cities for Fiscal Year 2021-2022 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 Mileage, Fiscal Year 2021-2022
- B. Subvention Leases for the Qualifying Cities, Fiscal Year 2021-2022
- C. Townlot Leases Associated with PRC 91 Main Zone Units for Current Fiscal Year 2021-2022

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 miles as a basis for subventions in Fiscal Year 2021-2022.
2. Approve the reporting of revenue based on the approved qualified miles to the State Controller as required by Public Resources Code section 6817 for Fiscal Year 2020-2021.

EXHIBIT A**Cities and Counties Qualifying For Subventions and Qualifying Mileage Under Public Resources Code Section 6817****Fiscal Year 2021-2022**

City/County	Park or Beach Owned or Operated by City or County	Adjacent Qualifying Lease	Footage FY 20-21	Footage FY 21-22	Total Qualifying Miles	Changes from Previous Year's Miles
City of Huntington Beach	Huntington Beach City\ Bolsa Chica Beach		5,665	5,665		
(W 4848.1)		*Not Required	11,873	11,873		
	**Sunset Beach	*Not Required	6,124	6,124		
		TOTAL	23,662	23,662	5	No change

City/County	Park or Beach Owned or Operated by City or County	Adjacent Qualifying Lease	Footage FY 20-21	Footage FY 21-22	Total Qualifying Miles	Changes from Previous Year's Miles
City of Seal Beach						
(W 4848.4)	Seal Beach Public Beach		8,124	8,124		
		TOTAL	8,124	8,124	2	No change

City/County	Park or Beach Owned or Operated by City or County	Adjacent Qualifying Lease	Footage FY 20-21	Footage FY 21-22	Total Qualifying Miles	Changes from Previous Year's Miles
City of Long Beach						
(W 4848.8)	Alamitos Beach Park	*Not Required	2,005	2,005	1	No Change
		TOTAL	2,005	2,005		

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

**The city of Huntington Beach annexed Sunset Beach in 2011.

W 4848.1
W 4848.4
W 4848.8

EXHIBIT B

Subvention Leases For The Qualifying Cities and Counties Under Public Resources Code Section 6817 Fiscal Year 2021-2022

Subvention interests (100 percent unless otherwise indicated)

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

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

W 4848.1
W 4848.4
W 4848.8

EXHIBIT C

Townlot Leases Associated with PRC 91 Main Zone Units for Current Fiscal Year 2021-2022

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