

Staff Report 59

PARTY:

California State Lands Commission

PROPOSED ACTION:

Approval of qualifying miles for Fiscal Year 2022-2023 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 (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 2022-2023 subventions are based are listed in 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 2022-2023 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 for the promotion and accommodation of commerce, navigation, and fisheries, and for the protection of the lands within the boundaries of the cities and counties. The funds can further 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, 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 2022-2023 (see Exhibit A, attached). Staff also recommends that the Commission report to the State Controller the revenues transmitted to the subject cities based on the approved qualified miles for Fiscal Year 2021-2022.

The Commission, at the time of remitting Fiscal Year 2021-2022 revenues to the State Treasurer, shall report to the State Controller the total amount of revenue received by the State from tide and submerged lands, shown with respect to each city or county to which that amount is applicable.

Subventions for Fiscal Year 2021- 2022 are as follows:

• City of Huntington Beach	\$249,010.97
• City of Seal Beach	\$43,732.49
• City of Long Beach	<u>\$44,031.61</u>
Total Subvention	\$336,775.07

OTHER PERTINENT INFORMATION:

1. The action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021-2025 Strategic Plan.
2. The subject approval of qualifying miles for subventions to cities for Fiscal Year 2022-2023 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 2022-2023
- B. Subvention Leases for the Qualifying Cities, Fiscal Year 2022-2023
- C. Townlot Leases Associated with PRC 91 Main Zone Units for Current Fiscal Year 2022-2023

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 2022-2023.
2. Approve reporting of revenues based on the approved qualified miles, for Fiscal Year 2021-2022, to the State Controller as required by Public Resources Code section 6817.

EXHIBIT A**Cities and Counties Qualifying for Subventions and Qualifying Mileage Under
Public Resources Code Section 6817****Fiscal Year 2022-2023**

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 (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		
		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		
		TOTAL	2,005	2,005	1	No Change

* 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 2022-2023

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 91*	PRC 186	PRC 3455
PRC 163	PRC 1482	
PRC 392	PRC 3095 (73.0%)	
PRC 425		
PRC 3413		
PRC 4736		

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

EXHIBIT C

**Townlot Leases Associated with PRC 91 Main Zone Units
for Current Fiscal Year 2022-2023**

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