

Staff Report 60

PARTY:

California State Lands Commission

PROPOSED ACTION:

Approval of qualifying miles for Fiscal Year 2024-2025 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.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code section 6817.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

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. Any city that is fronted, in whole or in part, by a state oil and gas lease shall be qualified to receive an apportionment under this section. 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 2024-2025 subventions are based are listed on Exhibit A, attached. These miles are reported to staff annually by each city or county. There are currently no counties with qualifying beach park frontage owned or operated by the county. The list of leases from which the subventions are payable for the qualifying cities for Fiscal Year 2024-2025 are compiled in Exhibits B and C, attached.

The amounts paid to cities shall be deposited in a special tide and submerged lands fund established by the cities, to be held in trust and expended solely for the promotion and accommodation of commerce, navigation, and fisheries. Funds may also be used to protect lands within the boundaries of the cities and counties.

Additionally, funds may be used to promote, establish, improve, operate, and maintain public recreational beaches and coastlines for the benefit of all Californians. They may also be allocated to mitigate any adverse environmental impacts caused by the exploration, production, or transportation of hydrocarbons on state tide and submerged lands within city boundaries.

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 recommends that the Commission approve the qualifying beaches and parks, as reported by the subject cities, and verify the qualifying mileage as the basis for subventions in Fiscal Year 2024-2025 (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 2023-2024.

The Commission, at the time of remitting Fiscal Year 2023-2024 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 to which such amount is applicable.

Subventions for Fiscal Year 2023-2024 were as follows:

| | |
|----------------------------|----------------------|
| • City of Huntington Beach | \$192,402.76 |
| • City of Seal Beach | \$ 32,250.14 |
| • City of Long Beach | <u>\$ 31,161.83</u> |
| Total Subventions | \$ 255,814.73 |

OTHER PERTINENT INFORMATION:

1. This action is consistent with paragraphs 1(a) and 3(a) of the “Meeting Evolving Public Trust Needs” Strategic Focus Areas of the Commission’s 2021-2025 Strategic Plan.
2. Approval of qualifying miles for subventions to cities for Fiscal Year 2024-2025 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

EXHIBITS:

- A. Cities Qualifying for Subventions and Qualifying Mileage, Fiscal Year 2024-2025
- B. Subvention Leases for the Qualifying Cities, Fiscal Year 2024-2025
- C. Townlot Leases Associated with PRC 91 Main Zone Units for Current Fiscal Year 2024-2025

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

1. Approve the qualifying beaches and parks, as reported by the cities and counties, and verify their qualifying miles as a basis for subventions in Fiscal Year 2024-2025.
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 2023-2024.

EXHIBIT A**Cities and Counties Qualifying For Subventions and Qualifying Mileage Under Public Resources Code Section 6817****Fiscal Year 2024-2025**

| City/County | Park or Beach Owned or Operated by City or County | Footage FY 22-23 | Footage FY 23-24 | 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 | 11,873 | 11,873 | | |
| | **Sunset Beach | 6,124 | 6,124 | | |
| | TOTAL | 23,662 | 23,662 | 5 | No Change |

| City/County | Park or Beach Owned or Operated by City or County | Footage FY 22-23 | Footage FY 23-24 | 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 | | | 2 | No Change |

| City/County | Park or Beach Owned or Operated by City or County | Footage FY 22-23 | Footage FY 23-24 | Total Qualifying Miles | Changes from Previous Year's Miles |
|--------------------------------------|--|-------------------------|-------------------------|-------------------------------|---|
| City of Long Beach (W 4848.8) | Alamitos Beach Park | 2,005 | 2,005 | | |
| | TOTAL | | | 1 | No Change |

EXHIBIT B

**Subvention Leases For The Qualifying Cities and Counties
Under Public Resources Code Section 6817**

Fiscal Year 2024-2025

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* ¹ | PRC 186 | PRC 3455 |
| PRC 163 | PRC 1482 | |
| PRC 392 | PRC 3095 (73.0%) | |
| PRC 425 | | |
| PRC 3413 | | |
| PRC 4736 | | |

¹ 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 2024-2025**

| | | |
|-----|------|------|
| 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 |