



CALIFORNIA STATE
PUBLIC WORKS BOARD

GRAY DAVIS, GOVERNOR

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STATE PUBLIC WORKS BOARD
July 22, 2002

MINUTES

PRESENT:

Ms. Annette Porini, Chief Deputy Director, Department of Finance
Mr. Dennis Dunne, Chief Deputy Director, Department of General Services
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

ADVISORY MEMBER:

Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member, Darrell Steinberg
Assembly Member Kevin Shelley
Assembly Member Sally Havice
Senator Richard G. Polanco
Senator Betty Karnette
Senator Wesley Chesbro

STAFF PRESENT:

James Tilton, Administrative Secretary, State Public Works Board, Department of Finance
Madelynn McClain, Executive Secretary, State Public Works Board
Genevieve Frederick, Budget Analyst, Department of Finance

OTHERS PRESENT:

Chris Kooyman, State Treasurer's Office
Warren Westrup, Department of Parks and Recreation
Gerry Clark, Department of General Services

CALL TO ORDER AND ROLL CALL:

Ms. Porini, Chairperson, Chief Deputy Director, Department of Finance at 10:00 am called the meeting to order. Mr. Tilton, Administrative Secretary for the State Public Works Board called the roll. A quorum was established.

BOND ISSUES:

Mr. Tilton reported that there were no bond items.

CONSENT CALENDAR:

Mr. Tilton noted that there were no Consent Items.

ACTION ITEMS:

Mr. Tilton noted that there was one Action Item. Item #1, Department of General Services, Department of Parks and Recreation, Mendocino Headlands, Big River Project. This item will approve an augmentation of terms and conditions that relate to the acquisition previously approved by the Board.

Mr. Dunne said that this was the second agreement of terms that the Board had approved. Mr. Dunne then asked if this would set a precedent. Mr. Tilton replied that the two agreements are different but provide a separate document that in the future would have to be looked at as we identify what the uses of the property are. We have been arguing that there is already a public process controlling state acquisitions.

Ms. Porini noted that she had a discussion with the Resources Secretary, Mary Nichols, and I have been advised that there will be no more of these coming. This is a policy discussion that the Legislature needs to have before we adopt any more of these types of agreements. I would not consider this to set precedent until the Legislature has this policy discussion.

A motion was made by Mr. Dunne and Seconded by Mr. Garcia to approve Action Item #1. The item passed by a 3-0 vote.

OTHER BUSINESS:

Mr. Tilton noted that there were no items of other business.

REPORTABLES:

Mr. Tilton indicated there were no reportables.

NEXT MEETING:

Mr. Tilton noted that the next PWB meeting is scheduled for Friday, August 9, 2002, at 10:00 am in Room 112.

Having no further business, the meeting was adjourned at 10:03 a.m.

BOND ITEMS

BOND – ITEM

No Bond Items.

CONSENT ITEMS

CONSENT – ITEM

No Consent Items.

ACTION ITEMS

ACTION – ITEM 1

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
MENDOCINO HEADLANDS AND MENDOCINO WOODLANDS STATE PARKS
BIG RIVER PROJECT, MENDOCINO COUNTY
DPR Parcel Number A37100, DGS Parcel Number 10096

Authority: Chapter 106/01, Item 3790-301-0005(28)
Chapter 52/00, Item 3640-301-0005(b)
Chapter 52/00, Item 3640-302-0001(1)
Chapter 52/00, Item 3760-301-0005(2) and (5)
Chapter 52/00, Item 3760-302-0005(2)(S)
Chapter 52/99, Item 3760-301-0001(1)
Chapter 106/01, Item 2660-101-0890

- a. Consider approval of an agreement of terms and conditions that relate to the acquisition previously approved by the Board.

APPROVED.

ACTION ITEMS

STAFF ANALYSIS – ITEM 1

Department of General Services
Department of Parks and Recreation
Mendocino Headlands and Mendocino Woodlands State Parks
Big River Project

Action requested

The requested action will consider approval of an agreement of terms and conditions that relate to the acquisition previously approved by the Board.

Scope Description

This project is within scope. The Department of Parks and Recreation (DPR) received funding to acquire desirable redwood parcels. This project provides for the acquisition of approximately 7,318 acres adjacent to Mendocino Headlands and Mendocino Woodlands State Parks using these funds and other state funds. The other state funds can be used for grants and or capital outlay expenditure to promote salmon habitat restoration, coastal resource enhancements, scenic habitat or recreational lands along the Mendocino Coast, enhancements of coastal resources and for acquisition of open space.

The acquisition of this project was approved by the State Public Works Board (PWB) on April 12, 2002. In addition to the transaction approved at the prior PWB approval, this pending action will approve a new agreement of terms and conditions, which will include a private non-profit as a party.

Funding and Cost Verification

This project is within cost. Mendocino Land Trust (MLT) holds a purchase agreement with the property owner on this property. MLT intends to exercise this option agreement using funding that MLT has collected from the following sources: a donation of \$2,073,000 provided by the Trust for Wildland Communities; a donation of \$1,000,000 from Save-the-Redwoods League (SRL); \$4,267,888 from various private donors; \$1,000,000 in federal funds provided through a grant from the U.S. Fish and Wildlife Service; \$999,612 provided through a grant from the Caltrans Transportation Enhancement Activities (TEA) program; \$200,000 from the National Fish and Wildlife Foundation; \$6,000,000 in State funds from the Wildlife Conservation Board (WCB); and \$7,032,500 from the State Coastal Conservancy (SCC). Once MLT has acquired the land, the DPR will purchase the land from MLT. In order to be able to exercise its option, MLT requires that its purchase of the land occur simultaneously with DPR's purchase of the land. Although the transaction will be handled as a double escrow, the title will first pass to MLT and will then pass on to DPR. The reason it is necessary to handle the transaction through a double escrow is because MLT would have insufficient funds to close escrow without first being paid the funds DPR will provide to MLT for the property.

The property can be acquired by DPR in accordance with Legislative intent by utilizing funds appropriated through Chapter 106/01, Item 3790-301-0005 (28). State funds that have already been provided to MLT through grants came from the following appropriations: Chapter 52/00, Item 3640-302-0001; Chapter 52/00, Item 3640-301-0005; Chapter 50/99, Item 3760-301-0001 (1); and Chapter 52/00, Items 3760-301-0005(2) and (5); Chapter 52/00, Item 3760-302-0005(2)(S); and Chapter 106/01, Item 2660-101-0890. The total estimated State funded project costs are \$17,032,112.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on October 4, 2001, and the waiting period expired on November 8, 2001.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is July 29, 2002.

Condition of Property

A Preliminary Site Assessment was performed by a private consultant that was approved by the Department of General Services (DGS). DGS conducted its own site visit of the property in September 2001, and is satisfied with the condition of the property.

Other

- This project was approved by the PWB for site selection on March 8, 2002 and approved for acquisition on April 12, 2002. The acquisition approval did not include approval of the unrecorded Agreement of Terms and Conditions.
- The issue before the Board is consideration of an atypical Agreement of Terms and Conditions. A memorandum of this Agreement will be recorded against the property. To the best of our knowledge, only one such agreement has been approved by the Board (Mill Creek). Staff note that any uses and actions on the land are already subject to administrative and legislative oversight that include public notification. It is recommended that these agreements should become standard practice.
- The SCC, DPR, WCB and MLT are parties to the Agreement of Terms and Conditions, with the approval of the Department of General Services (DGS) and the Public Works Board (PWB).

- The Agreement of Terms and Conditions details and limits the intended use of the property to preservation and restoration purposes.
- A private appraiser under contract to MLT appraised the property and the acquisition price does not exceed fair market value approved by DGS staff.
- The DPR estimates ongoing operating costs for this acquisition of approximately \$800,000 for approximately 10 PYs and related OEE plus one-time equipment costs of \$550,000. The DPR estimates additional immediate public use (IPU) costs of \$50,000 for work associated with inmate crews to do clean-up, materials, and chemical toilets. Requests for staffing, operating and maintenance expenses, and equipment, and IPU will be considered through the normal budget process. In the interim, the DPR will absorb operating costs associated with providing limited public access to the property.
- DPR is not aware of any lawsuits pending concerning the property. The property acquisition agreement will require delivery of clear title to the property.
- There is no implied dedication involved in this project.

Staff Recommendation: Consider approval of an agreement of terms and conditions that relate to the acquisition previously approved by the Board.

OTHER BUSINESS

REPORTABLES

To be presented at meeting.

Respectfully Submitted,

JAMES E. TILTON
Administrative Secretary

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