

.....
(Original Signature of Member)

111TH CONGRESS
1ST SESSION

H. R. _____

To provide to the Secretary of Interior a mechanism to cancel contracts for the sale of materials CA–20139 and CA–22901, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. McKEON introduced the following bill; which was referred to the Committee on _____

A BILL

To provide to the Secretary of Interior a mechanism to cancel contracts for the sale of materials CA–20139 and CA–22901, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Soledad Canyon High
5 Desert, California Public Lands Conservation and Man-
6 agement Act of 2009”.

7 **SEC. 2. FINDING AND PURPOSES.**

8 (a) FINDINGS.—The Congress finds the following:

1 (1) SOLEDAD CANYON AREA.—

2 (A) Two valid Federal contracts, privately
3 held, numbered CA-20139 and CA-22901, and
4 issued under the Materials Act of 1947, author-
5 ize extraction of approximately 56,000,000 tons
6 of sand and gravel from the Federal mineral es-
7 tate in lands located in Soledad Canyon adja-
8 cent to the city of Santa Clarita, California.

9 (B) It is in the best interest of the citizens
10 of California and the Federal Government to
11 cancel the Contracts and prohibit future mining
12 in the area that was subject to the two Federal
13 Contracts in the Soledad Canyon area of Cali-
14 fornia.

15 (C) The holder of the Contracts should re-
16 ceive, as compensation for such cancellation, the
17 fair market value of the Contracts and all costs,
18 fees, and covered liabilities incurred by the Con-
19 tract Holder in good faith in its efforts to de-
20 velop the Contracts.

21 (D) A site-specific solution that is fair to
22 the Contract Holder and that seeks to protect
23 the environment and minimize impacts on local
24 transportation systems is in the best interest of
25 the Nation.

1 (E) Considerable sums of money have been
2 expended by the Contract Holder and the City
3 of Santa Clarita on legal and other services in
4 trying to ensure their interests are protected
5 with respect to the Contracts CA-20139 and
6 CA-22901.

7 (F) Facilitation of an open-space corridor
8 between the two arms of the Angeles National
9 Forest that enhances environmental and wildlife
10 values is in the national interest.

11 (2) VICTORVILLE AREA.—

12 (A) The Bureau of Land Management has
13 extensive land ownership in small and large
14 parcels interspersed with or adjacent to private
15 land in and around Victorville, California, mak-
16 ing many of these parcels difficult to manage
17 and appropriate for disposal.

18 (B) Certain public lands near Victorville,
19 California, have been previously identified for
20 disposal as a result of the Bureau of Land
21 Management's West Mojave Land Management
22 Plan which was approved in 2006 with public
23 involvement and participation.

24 (C) In order to promote responsible and
25 orderly economic development, certain public

1 lands should be sold at fair market value to the
2 City of Victorville or the County of San
3 Bernardino; both located in California.

4 (b) PURPOSES.—The purposes of this Act are the fol-
5 lowing:

6 (1) To provide to the Bureau of Land Manage-
7 ment the authority to cancel Contracts CA–20139
8 and CA–22901 and prohibit future mining in the
9 area that was subject to the two Federal Contracts
10 in the Soledad Canyon area of California.

11 (2) To provide a means for the Contract Holder
12 to recover for the cancellation of the Contracts, the
13 fair market value of the Contracts and the Contract
14 Holder’s expenditures and covered liabilities incurred
15 pursuing the development of the Contracts.

16 (3) To provide the Bureau of Land Manage-
17 ment tools to verify expenses incurred by the Con-
18 tract Holder and provide relief.

19 (4) To provide timelines for the verification of
20 costs incurred by the Contract Holder and the deter-
21 mination of compensation and to provide a dispute
22 resolution process.

23 (5) To provide for the orderly disposal of cer-
24 tain Federal lands in San Bernardino County, Cali-

1 fornia and to provide for the acquisition of environ-
2 mentally sensitive lands in the State of California.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) CITY OF SANTA CLARITA.—The term “City
6 of Santa Clarita” means the City of Santa Clarita,
7 California.

8 (2) CITY OF VICTORVILLE.—The term “City of
9 Victorville” means the City of Victorville, California.

10 (3) COUNTY OF SAN BERNARDINO.—The term
11 “County of San Bernardino” means the County of
12 San Bernardino, California.

13 (4) CONTRACTS.—The term “Contracts” means
14 the Bureau of Land Management mineral contracts
15 numbered CA–20139 and CA–22901.

16 (5) CONTRACT HOLDER.—The term “Contract
17 Holder” means the private party to the Contracts
18 CA–20139 and CA–22901, and its successors that
19 hold legal interests in such Contracts.

20 (6) COVERED LIABILITIES.—The term “covered
21 liabilities” includes any court-ordered or court-ap-
22 proved payment, settlement, or other liability on the
23 part of the Contract Holder for damages, costs,
24 compensation, or reimbursement to any third party
25 for agreements entered into by the Contract Holder

1 in good faith prior to January 1, 2008, in order to
2 exercise rights under the Contracts.

3 (7) ENVIRONMENTALLY SENSITIVE LAND.—The
4 term “environmentally sensitive land” means land or
5 an interest in land, the acquisition of which by the
6 United States would, in the judgment of the Sec-
7 retary or the Secretary of Agriculture—

8 (A) promote the preservation of natural,
9 scientific, aesthetic, historical, cultural, water-
10 shed, wildlife, and other values contributing to
11 public enjoyment and biological diversity;

12 (B) enhance recreational opportunities and
13 public access;

14 (C) provide the opportunity to achieve bet-
15 ter management of public land through consoli-
16 dation of Federal ownership; or

17 (D) otherwise serve the public interest.

18 (8) MATERIALS ACT OF 1947.—The term “Ma-
19 terials Act of 1947” means the Act of July 31, 1947
20 (chapter 406; 61 Stat. 681; 30 U.S.C. 601–604).

21 (9) SECRETARY.—The term “Secretary” means
22 the Secretary of the Interior.

23 (10) SPECIAL ACCOUNT.—The term “special ac-
24 count” means the account in the Treasury of the
25 United States established under subsection 5(i).

1 **SEC. 4. CANCELLATION OF THE CONTRACTS; COMPENSA-**
2 **TION TO CONTRACT HOLDER.**

3 (a) CONTRACT CANCELLATIONS.—The Secretary
4 shall cancel Bureau of Land Management mineral Con-
5 tracts CA–20139 and CA–22901 and withdraw those
6 areas that were subject to the Contracts from further min-
7 eral entry under all mineral leasing and sales authorities
8 available to the Secretary, effective on the date of the en-
9 actment of this Act.

10 (b) COMPENSATION.—As compensation for the can-
11 cellation of the Contracts, the Contract Holder shall re-
12 ceive the following amounts, whether determined by
13 agreed negotiated value or awarded by judgment of the
14 United States Court of Federal Claims in accordance with
15 the referral provisions of subsection (f)—

16 (1) the fair market value of the cancelled Con-
17 tracts, determined in accordance with subsection (e);

18 (2) the Contract Holder's expenditures in trying
19 to bring the Contracts into commercial production,
20 as described in subsection (f);

21 (3) interest on the compensation provided for in
22 paragraphs (1), (2), and (4) from the date of the en-
23 actment of this Act until the last day of the month
24 preceding the date on which payment is made, com-
25 pounded quarterly and computed at the rate applica-

1 ble to marketable obligations of the United States of
2 three year maturity for the period involved; and

3 (4) covered liabilities incurred in trying to bring
4 the Contracts into commercial production, as de-
5 scribed in subsection (f); provided, however, that
6 compensation for covered liabilities may be paid to
7 Contract Holder under this section for up to 15
8 years following the effective date of this Act.

9 (c) MEANS OF PAYMENT; ASSURANCES OF PAY-
10 MENT.—

11 (1) FULL FAITH AND CREDIT.—The full faith
12 and credit of the United States is hereby pledged to
13 the payment of the compensation provided for in
14 subsection (b).

15 (2) MEANS OF PAYMENT.—Compensation paid
16 to Contract Holder under this Act shall be paid by
17 means of disbursement of funds from the special ac-
18 count created in the Treasury of the United States
19 pursuant to section 5(e) except as otherwise pro-
20 vided in paragraph (3);

21 (3) PAYMENT BY DEADLINE.—Notwithstanding
22 paragraph (2) or any other provision of this Act, in
23 the event that the Contract Holder has not received
24 all of the compensation provided for in this section
25 on or before the third anniversary of the enactment

1 of this Act, all compensation then remaining to be
2 paid to Contract Holder shall be paid from the per-
3 manent judgment appropriation established pursu-
4 ant to section 1304 of title 31, United States Code.

5 (4) NEGOTIATED AGREEMENT.—Any negotiated
6 agreement between the Secretary and the Contract
7 Holder as to the amount of compensation described
8 in subsection (b) shall be deemed to be a com-
9 promise settlement of imminent litigation within the
10 meaning of section 1304 of title 31, United States
11 Code, and section 2414 of title 28, United States
12 Code, and, notwithstanding anything to the contrary
13 contained in any other provision of law, including
14 section 2517 of title 28, United States Code, any
15 final judgment by the United States Court of Fed-
16 eral Claims determining the fair market value of
17 Contracts CA–20139 and CA–22901 in accordance
18 with the referral provisions of subsection (f) shall be
19 deemed to be a final judgment and award within the
20 meaning of section 1304 of title 31, United States
21 Code.

22 (d) INCREASE IN ADJUSTED BASIS OF CONTRACT
23 UPON CANCELLATION.—For purposes of the Internal
24 Revenue Code of 1986, the adjusted basis of any Contract
25 to which subsection (a) applies shall be increased (imme-

1 diately before the cancellation of such Contract under such
2 section) by the excess (if any) of—

3 (1) the fair market value of such Contract (de-
4 termined immediately before such cancellation), over

5 (2) the adjusted basis of such Contract (as de-
6 termined immediately before the application of this
7 section).

8 (e) DETERMINATION OF FAIR MARKET VALUE.—The
9 Secretary shall, within six months after the date of enact-
10 ment of this Act, determine by mineral appraisal, utilizing
11 the discounted cash flow method of appraisal (in accord-
12 ance with the appraisal guidelines for appraisals of large
13 quantities of mineral materials contained in section IV(E)
14 of BLM Mineral Material Appraisal Handbook H-3630),
15 the fair market value of the Contracts and notify the Con-
16 tract Holder of those determinations. In determining the
17 fair market value of the Contracts, the Secretary shall as-
18 sume that—

19 (1) the Contract Holder has obtained all the
20 permits and entitlements necessary to mine,
21 produce, and sell sand and gravel under the Con-
22 tract; and

23 (2) mining operations under the Contract have
24 commenced at the time of the determination, with
25 maximum annual production volumes that—

1 (A) are based on the projected supply and
2 demand outlook at the time of determination;
3 and

4 (B) reflect depletion of the reserves that
5 are subject to the Contract within the effective
6 periods of the Contract.

7 (f) EXPENDITURES AND COVERED LIABILITIES DE-
8 SCRIBED.—The compensation provided for in subsection
9 (b)(2) is equal to the sum of the following:

10 (1) All amounts paid to the United States by
11 Contract Holder with respect to the cancelled Con-
12 tract as bonus bids or other prepayments.

13 (2) Interest on amounts referred to in para-
14 graph (1), from the date of payment of such
15 amounts to the United States, at a rate determined
16 by the Secretary.

17 (3) Amounts expended by the Contract Holder
18 in securing the Contract and trying to bring it into
19 production, including—

20 (A) all actual costs, including fees, associ-
21 ated with the engineering and environmental
22 studies and permitting proceedings that were
23 incurred in good faith in the Contract Holder's
24 efforts to exercise rights granted under the
25 Contract terms; and

1 (B) all actual legal costs, including fees
2 and covered liabilities, incurred in good faith in
3 the Contract Holder's efforts to exercise rights
4 granted in the Contract including all fees and
5 costs associated with securing permits and enti-
6 tlements, litigation to compel, secure, or defend
7 permits or entitlements, and litigation in con-
8 nection with disputes relating to mineral and
9 surface estate rights to the property that is the
10 subject of the Contract.

11 (g) REFERRAL TO THE UNITED STATES COURT OF
12 FEDERAL CLAIMS.—

13 (1) REFERRAL.—If within 12 months after the
14 date of enactment of this Act, the Secretary and the
15 Contract Holder do not reach agreed negotiated
16 value under subsection (b) regarding the fair market
17 value of Contracts CA-20139 and CA-22901, the
18 Contract Holder shall have 3 months thereafter to
19 notify the Secretary that it disagrees with the Sec-
20 retary's determination of such value. In the event of
21 such notification, the Secretary shall refer the issue
22 of fair market value to the United States Court of
23 Federal Claims for determination.

24 (2) RESOLUTION BY COURT.—In any referral
25 under this subsection, the court shall determine de

1 novo the fair market value of Contracts CA–20139
2 and CA–22901.

3 (h) SUBMISSION OF EXPENSES INCURRED.—

4 (1) IN GENERAL.—To assist in the verification
5 of the amounts expended referred to in subsection
6 (f)(3), the Contract Holder shall submit to the Sec-
7 retary within 60 days after the date of enactment of
8 this Act an itemized list of such amounts, with
9 enough detail and supporting documentation so the
10 Secretary can determine that the expenses are asso-
11 ciated with the Contracts.

12 (2) ARBITRATION.—The Secretary shall issue
13 the determination of the amounts expended referred
14 to in paragraph (f)(3) within 60 days after receipt
15 of the itemized list required under paragraph (1). If
16 the Secretary disapproves such list, the Secretary
17 shall, upon the request of the Contract Holder, de-
18 termine such amounts through arbitration in accord-
19 ance with subchapter IV of chapter 5 of title 5,
20 United States Code.

21 (i) ASSIGNMENT.—The Contract Holder may at any
22 time assign its rights or entitlement under this Act to all
23 or any part of the compensation provided for in para-
24 graphs (1) and (2) of subsection (b).

1 **SEC. 5. SALE OF LANDS NEAR VICTORVILLE, CALIFORNIA.**

2 (a) IN GENERAL.—Notwithstanding the land use
3 planning requirements of sections 202 and 203 and the
4 other provisions of section 203 of the Federal Land Policy
5 and Management Act of 1976 (43 U.S.C. 1712 and 1713),
6 and subject to subsections (b) and (c), the Secretary shall
7 offer for sale by competitive bidding, for a minimum price
8 not less than fair market value as determined by appraisal
9 by the Secretary under subsection (h), all right, title and
10 interest of the United States in and to those lands identi-
11 fied for disposition on the map entitled “Victorville dis-
12 posal area, California” dated December 2009. The Sec-
13 retary shall keep such map on file and available for public
14 inspection in the offices of the Director of the Bureau of
15 Land Management and in the district office of the Bureau
16 located in Barstow, California.

17 (b) PRE-EMPTIVE RIGHT OF THE CITY OF
18 VICTORVILLE TO PURCHASE AREA A LANDS.—Prior to
19 any sale of any of the right, title, and interest of the
20 United States as provided in subsection (a), the Secretary
21 shall provide the City of Victorville, California with the
22 primary pre-emptive right to purchase some or all of such
23 right, title, and interest in and to the lands identified as
24 Area A on the map referred to in subsection (a). The
25 terms of such pre-emptive right shall afford the City of
26 Victorville a period of 30 days prior to any phased sale

1 to be conducted under subsection (g) in which the City
2 may purchase some or all of the right, title, and interest
3 of the United States, as provided in subsection (a), then
4 to be offered for sale at its fair market value as deter-
5 mined by appraisal by the Secretary under subsection (h),
6 by paying to the Secretary in immediately available funds
7 the entire purchase price of the right, title, and interest
8 so purchased by the City. Such period shall commence on
9 the 60th day prior to any phased sale to be conducted
10 under subsection (g), and shall end on the 31st day prior
11 to any such sale. Failure by the City of Victorville to pur-
12 chase and pay for such right, title, and interest, and to
13 comply with such other terms and conditions of purchase
14 as the Secretary shall prescribe, within such period shall
15 terminate the pre-emptive right of the City of Victorville
16 with respect to the right, title, and interest then offered,
17 but shall not terminate such pre-emptive right with re-
18 spect to subsequent phased offers of the remaining right,
19 title, and interest identified on the map referred to in sub-
20 section (a).

21 (c) PRE-EMPTIVE RIGHTS OF THE COUNTY OF SAN
22 BERNARDINO TO PURCHASE AREA A LANDS AND AREA
23 B LANDS.—Prior to any sale of any of the right, title,
24 and interest of the United States as provided in subsection
25 (a), and after providing the City of Victorville the right

1 to purchase under subsection (b), the Secretary shall pro-
2 vide the County of San Bernardino with the secondary
3 pre-emptive right to purchase some or all of such right,
4 title, and interest in and to the lands identified as Area
5 A on the map referred to in subsection (a), and the exclu-
6 sive preemptive right to purchase all such right, title, and
7 interest in and to the lands identified as Area B on the
8 map referred to in subsection (a). The terms of such pre-
9 emptive rights shall afford the County of San Bernardino
10 rights with respect to such lands identified as Area A and
11 lands identified as Area B that are substantially similar
12 to the pre-emptive right afforded under subsection (b).

13 (d) SECONDARY RIGHT OF LOCAL LAND USE AU-
14 THORITY TO PURCHASE AREA C LANDS.—Prior to any
15 sale of any of the right, title, and interest of the United
16 States as provided in subsection (a), the Secretary shall
17 provide the local land use authority with respect to the
18 lands identified as Area C on the map referred to in sub-
19 section (a), as determined under the statutes of the State
20 of California, the exclusive pre-emptive right to purchase
21 some or all of such right, title, and interest in and to such
22 lands. The terms of such pre-emptive right shall afford
23 the local land use authority rights with respect to such
24 lands identified as Area C that are substantially similar

1 to the pre-emptive rights afforded under subsections (b)
2 and (c).

3 (e) WITHDRAWAL AND RESERVATION.—Subject to
4 valid existing rights, the minerals in all Federal lands
5 identified in subsection (a) for disposal are withdrawn
6 from settlement, sale, location, or entry under the public
7 land laws, including the mining laws codified at chapter
8 2 of title 30, United States Code, from leasing under the
9 mineral leasing laws including those codified at chapter
10 3A of title 30, United States Code, and disposals under
11 the Materials Act of 1947 (30 U.S.C. 601 et seq.). Any
12 sale or other disposal of such lands shall reserve to the
13 United States all minerals in such lands, together with
14 the right to prospect for, mine, and remove such minerals..

15 (f) CONSULTATION.—Before initiating efforts to dis-
16 pose of land under this section, the Secretary shall consult
17 with the City of Victorville, the County of San Bernardino,
18 and surface owners in the jurisdiction where the lands are
19 located, on the potential impact and other appropriate as-
20 pects of the disposal. Consultation under this subsection
21 is in addition to any other consultation required by law.

22 (g) PHASING OF SALES.—

23 (1) AREA A LANDS.—The Secretary shall, not
24 later than 12 months following the enactment of this
25 Act, offer for sale under subsection (a), subject to

1 the primary pre-emptive right of the City of
2 Victorville under subsection (b) and the secondary
3 pre-emptive right of the County of San Bernardino
4 under subsection (c), those lands depicted as Area A
5 on the map referred to in subsection (a).

6 (2) AREA B LANDS.—The Secretary shall, not
7 later than 24 months following the enactment of this
8 Act, offer for sale under subsection (a), subject to
9 the exclusive pre-emptive right of the County of San
10 Bernardino, those lands depicted as Area B on the
11 map referred to in subsection (a).

12 (3) AREA C LANDS.—The Secretary shall, not
13 later than 24 months following the enactment of this
14 Act, offer for sale under subsection (a), subject to
15 the pre-emptive right of the local land use authority
16 under subsection (d), those lands depicted as Area
17 C on the map referred to in subsection (a).

18 (4) REMAINING LANDS.—The Secretary, after
19 consultations with the City of Victorville, may within
20 20 years following the enactment of this Act, offer
21 for sale under subsection (a) all the remaining lands
22 identified for disposal in West Mojave Land Man-
23 agement Plan of 2006, except those lands depicted
24 as “Area of Critical Environmental Concern” in the
25 map referred to in subsection (a).

1 (5) COMPLIANCE WITH ENVIRONMENTAL RE-
2 QUIREMENTS.— Land disposal activities of the Sec-
3 retary under this subsection shall be consistent with
4 all applicable environmental requirements.

5 (h) DETERMINATION OF FAIR MARKET VALUE.—
6 The fair market value of the lands referred to in sub-
7 section (g)(1) shall be based on an appraisal of the fair
8 market value thereof as of the date of the enactment of
9 this Act which shall be completed not later than 6 months
10 after the date of the enactment of this Act. The fair mar-
11 ket value of the lands referred to in subsection (g)(2) shall
12 be based on an appraisal of the fair market value thereof
13 as of that date that is approximately 6 months prior to
14 the related date of offer as set forth in subsection (g)(2)
15 and shall be completed not later than 6 months prior to
16 the related offer. The fair market value of the lands de-
17 scribed in subsection (g)(3) shall be based on an appraisal
18 of each parcel offered for sale as of the date of such offer
19 and such appraisal shall be completed not less than 6
20 months prior to the related offer.

21 (i) SPECIAL ACCOUNT.—

22 (1) DEPOSIT; AVAILABILITY.—The gross pro-
23 ceeds of sales of land under subsection (a) shall be
24 deposited in a special account in the Treasury for
25 use under paragraph (2). Amounts in the special ac-

1 count shall be available to the Secretary for purposes
2 of subparagraphs (A) through (E) of paragraph (2)
3 and to the Secretary of Agriculture for purposes of
4 subparagraphs (B) and (C) of paragraph (2) without
5 further appropriation and shall remain available
6 until disbursed.

7 (2) DISPOSITION OF PROCEEDS.—Proceeds
8 from sales of lands described in subsection (a) shall
9 be disbursed by the Secretary in the following order
10 of priority:

11 (A) As compensation to the Contract Hold-
12 er under section 4(b) for cancellation of the
13 Contracts by the Secretary.

14 (B) For the acquisition of private in hold-
15 ings and land interests in the Mojave National
16 Preserve.

17 (C) For the acquisition of holdings and
18 land interests from willing sellers contained
19 within the Conceptual Area Protection Plan as
20 identified in the East Santa Clarita Land Con-
21 servation Concept Plan and Implementation
22 Strategy.

23 (D) For the acquisition of environmentally
24 sensitive land in the State of California in ac-
25 cordance with section 6.

1 (E) For the reimbursement of costs in-
2 curred by the California State Office and the
3 Barstow Field Office of the Bureau of Land
4 Management for preparing for the conveyance
5 of land described in subsection (a) including
6 surveys and appraisals, compliance with the Na-
7 tional Environmental Policy Act of 1969 (42
8 U.S.C. 4321), and, except as otherwise provided
9 in subsection (a), compliance with sections 201
10 and 203 of the Federal Land Policy and Man-
11 agement Act of 1976 (43 U.S.C. 1711, 1712).

12 (3) LIMITATION ON USE OTHER THAN FOR
13 COMPENSATION.—No funds may be expended under
14 this subsection for purposes of subparagraphs (B)
15 through (E) of paragraph (2) until the date all com-
16 pensation has been paid to the Contract Holder for
17 cancellation of the Contracts by the Secretary.

18 (4) SPECIAL ACCOUNT RESERVE FOR CONTRACT
19 HOLDER.—

20 (A) LIMITATION ON DISBURSEMENTS.—
21 Notwithstanding paragraphs (2) and (3), funds
22 in the special account referred to in paragraph
23 (1) may be expended for purposes set forth in
24 subparagraphs (B) through (E) of paragraph
25 (2) after compensation has been paid to Con-

1 tract Holder as provided in paragraphs (1), (2),
2 and (3) of section 4(b), but prior to the date
3 compensation required under section 4(b)(4)
4 has been paid to Contract Holder, if the agreed-
5 upon amount referred to in subparagraph (B)
6 of this paragraph is held as a reserve for pay-
7 ment to Contract Holder under section 4(b)(4).

8 (B) DETERMINATION OF RESERVE.—For
9 purposes of calculating the reserve provided for
10 in this paragraph, the value of the compensa-
11 tion provided for in section 4(b)(4) is deemed to
12 be such amount as is agreed upon by the Sec-
13 retary and the Contract Holder: *Provided*, That
14 such agreed-upon amount shall in no event be
15 less than 15 percent of the sum of the value of
16 the elements of compensation described in para-
17 graphs (1) through (3) of section 4(b): *Provided*
18 *further*, That such agreement shall be made
19 prior to the disbursement of any funds from the
20 special account for any matter other than com-
21 pensation to the Contract Holder. Nothing in
22 this paragraph shall be construed to reduce the
23 amount of the compensation payable to the
24 Contract Holder pursuant to section 4(b)(4).

1 (5) INVESTMENT OF SPECIAL ACCOUNT.—Any
2 amounts deposited in the special account shall earn
3 interest in an amount determined by the Secretary
4 of the Treasury on the basis of the current average
5 market yield on outstanding marketable obligations
6 of the United States with a maturity of three years
7 and shall be expended according to the provisions of
8 this section.

9 (6) PROCEDURES.—Except with respect to the
10 disbursement of funds as compensation to the Con-
11 tract Holder for cancellation of the Contracts, the
12 Secretary shall coordinate the use of the special ac-
13 count with the Secretary of Agriculture, the State of
14 California, local governments, and other interested
15 persons, to ensure accountability and demonstrated
16 results.

17 **SEC. 6. ACQUISITIONS.**

18 (a) IN GENERAL.—After the consultation process has
19 been completed in accordance with subsection (b), the Sec-
20 retary may acquire with the proceeds of the special ac-
21 count referred to in section 5(a) environmentally sensitive
22 land and interests in environmentally sensitive land.
23 Lands may not be acquired under this section without the
24 consent of the owner thereof. Funds made available from
25 the special account may be used for this purpose with any

1 other funds made available under any other provision of
2 law.

3 (b) CONSULTATION.—Before initiating efforts to ac-
4 quire land under this section, the Secretary or the Sec-
5 retary of Agriculture shall consult with the State of Cali-
6 fornia and with counties and cities affected by such acqui-
7 sition, including appropriate planning and regulatory
8 agencies, and with other interested persons, concerning
9 the necessity of making the acquisition, the potential im-
10 pacts on State and local government, and other appro-
11 priate aspects of the acquisition. Consultation under this
12 subsection is in addition to any other consultation required
13 by law.

14 (c) ADMINISTRATION.—On acceptance of title by the
15 United States, land and interests in land acquired under
16 this section that is within the boundaries of a unit of the
17 National Forest System, National Park System, National
18 Wildlife Refuge System, National Wild and Scenic Rivers
19 System, National Trails System, National Wilderness
20 Preservation System, or any other system established by
21 Act of Congress, or any national conservation or national
22 recreation area established by Act of Congress—

23 (1) shall, notwithstanding any other provision
24 of law, become part of the unit or area without fur-

1 ther action by the Secretary or Secretary of Agri-
2 culture; and

3 (2) shall be managed in accordance with all
4 laws and regulations and land use plans applicable
5 to the unit or area.

6 (d) DETERMINATION OF FAIR MARKET VALUE.—

7 The fair market value of land or an interest in land to
8 be acquired by the Secretary or the Secretary of Agri-
9 culture under this section shall be determined under sec-
10 tion 206 of the Federal Land Policy and Management Act
11 of 1976 (16 U.S.C. 1716) and shall be consistent with
12 other applicable requirements and standards.