MEETING
STATE LANDS COMMISSION

ROOM 2170
STATE CAPITOL
SACRAMENTO, CALIFORNIA

WEDNESDAY, OCTOBER 29, 1975
10:00 A.M.
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MEMBERS PRESENT

Hon. Roy M. Bell, Director of Finance, Chairman
Hon. Kenneth Cory, Controller, represented by Mr. Carl D'Agostino
Hon. Mervyn M. Dymally, Lieutenant Governor, represented by Mr. Walter McGuire

MEMBERS ABSENT

None

ALSO PRESENT

Mr. William F. Northrop, Executive Officer, State Lands Commission
Mr. R. S. Golden, Assistant Executive Officer, State Lands Commission
Mr. James F. Trout, Manager, Land Operations, State Lands Commission
Mr. Robert C. Hight, Counsel
Mr. N. Gregory Taylor, Deputy Attorney General
CHAIRMAN BELL: Well, we have enough to start the meeting now so I will call the meeting to order. Note that Mr. D'Agostino and Mr. McGuire are here representing the State Controller and the Lieutenant Governor, and there is a quorum present of the members. The minutes of September 29 were distributed to you on the agenda. Are there any questions or comments? If not, the minutes will stand approved.

The next item on the agenda is the report of the Executive Officer.

MR. NORTHPROP: Thank you very kindly.

CHAIRMAN BELL: Mr. Northrop.

MR. NORTHPROP: Mr. Chairman, there are several items in my report this time, the first one being that last week I was in Washington attending the O. C. S. Advisory Council, and I also met with the General Counsel from the Federal Energy Administration regarding our claim for gravity differential for parity for crude oil. And the counsel indicated to me that he was unaware of the pending problem but promised, and gave me a message to bring back, that he would have an answer by November 15 on gravity differential. So we should have something before next meeting as to where that is going to be. And the indications we have are that
it would be probably less than we had hoped for but would
be some kind of an adjustment.

CHAIRMAN BELL: What kind of odds, 60-40 our
favor?

Mr. NORTHROP: 60-40 that it is something but it's
almost a hundred to one that it is going to be against what
we want.

CHAIRMAN BELL: Thank you.

MR. NORTHROP: The next item, Mr. Chairman, is
the Solar Energy Research Institute.

Establishment of a National Solar Energy Research
Institute has been mandated by the Congress. The national
Energy Research and Development Administration is presently
requesting submission of proposals for siting and operating
the Institute. Competition for a site is expected to be
intense within the various States.

For that reason, staff has prepared a proposed
resolution declaring the Commission's endorsement and support
for locating the National Solar Energy Research Institute
within California. If the Commission approves the resolu-
tion, copies will be transmitted to ERDA, and to the
individual members of the California Congressional Delegation.

And I believe you have in front of you a copy of
that resolution, Mr. Chairman.

CHAIRMAN BELL: I have. I assume each of you
gentlemen have read the resolution--

COMMISSIONER McGUIRE: Yes.

CHAIRMAN BELL: --which basically points out

the tremendous advantages of California having this, which

is logical.

MR. NORTHROP: I think the number of days of sun-
shine in California are enough to make a solar program

really fine.

COMMISSIONER D'AGOSTINO: Is there anything that

can be done beyond a resolution on behalf of State Lands

or the State?

MR. NORTHROP: I think, Mr. D'Agostino, the

indication of the climate as favorable in California will
give the staff a chance to contact ERDA and go on along that

program. For example, I know that Utah has done the same

thing in receiving some favorable comments from ERDA. So it

is important that we get on the record immediately, and go

from there as to what we can do. To answer your question,
yes, I think there are some other things, but at this time I
don't know what they are.

COMMISSIONER D'AGOSTINO: I move that we adopt the

resolution.

CHAIRMAN BELL: I have a motion from Mr. D'Agostino
to adopt the resolution.

COMMISSIONER McGUIRE: Second.
CHAIRMAN BELL: And a second from Mr. McGuire.
All those in favor say aye.

COMMISSIONER D'AGOSTINO: Aye.

COMMISSIONER McGuire: Aye.

CHAIRMAN BELL: Aye.

Opposed?

It is unanimously adopted, and with it an understanding that the staff is requested by the Commission to take an active posture in following this up.

MR. NORTHROP: Thank you very kindly, Mr. Chairman.
The next is a temporary lease for a film company.

Yesterday we received a request from a film production company in Los Angeles to use a small portion of the dry bed of Owens Lake for two or three days of filming of a television commercial. No structures or other permanent improvements will be placed on the State property. As I understand it, they want to run a stagecoach across a piece of State land. And we have asked that an insurance binder of a million dollars be provided for the State and we get $50.00 a day for the use of it.

This figure was arrived at by inquiring from various local entities their policies. And this Long Beach Harbor Department informs us that they charge $50.00 a day flat for their land, not including anything else they have to do. So if the Commission has no objection, I will follow
up and take care of this.

CHAIRMAN BELL: I should say for the record that I feel it is relatively important that we make every effort that we can to provide convenient places for the film companies to use California locations. I am sure they are willing to pay a reasonable fee. Their real problem is the tremendous amount of paper work and administrative brouhaha that goes with leasing or renting any of the areas around. To that purpose, I think this is an excellent idea and I would strongly recommend it to the members.

Without objection?

Without objection, yes.

MR. NORTHROP: Thank you very kindly. And the last item on my agenda today is that at the last Commission meeting, the Commissioners asked the question of the percentage of land ownership in California, and we have here some percentage figures for an informational item as to how much of California is really California and how much of it belongs to the Federal Government.

So to answer that question, there it is, and it is surprising. These are our figures and they differ somewhat from the Federal figures. However, in excess of forty percent of it is owned by the Federal Government. The Feds have another slightly higher figure of nearly forty-five percent or something close.
That concludes my report, Mr. Chairman.

CHAIRMAN BELL: Thank you, Mr. Northrop.

MR. NORTHROP: I have on item 5, item 12 --

CHAIRMAN BELL: Just a quick comment on this item.

As far as all public ownership, California is approximately fifty percent in public hands.

MR. NORTHROP: That is it.

CHAIRMAN BELL: Thank you. You said you had one more item?

MR. NORTHROP: There are several items on the agenda we have some questions with so as we go through them I will point those out.

CHAIRMAN BELL: Fine. Thank you.

Item 4 on the agenda, a noncommercial lease for Western LNG Terminal Company.

MR. NORTHROP: Mr. Chairman, Commissioners, as you will recall at our last meeting we made a presentation on the location of some monitoring buoys off of Point Conception. This was at the request of the Chairman and the Commissioners. This has now been placed on the agenda after we have had about sixty days to consider it. It is my understanding that the placement of the monitoring buoys in no way indicates that the State Lands Commission of the State of California will be predisposed to vote in case something is decided that some installation should be put
CHAIRMAN BELL: Are there any questions by members?

If not, Item 4(A) will be approved.

Item 5.

MR. NORTHRUP: Mr. Chairman, this is an application on Independence Lake. Our staff counsel, Mr. Hight, would like to speak to this.

CHAIRMAN BELL: Mr. Hight.

MR. HIGHT: Mr. Chairman, it has come to the attention of the staff of the division that Independence Lake, which is located in Sierra and Nevada Counties, is assessed to Sierra Pacific Power Company. And there is a provision in the Revenue and Taxation Code which allows the Commission to petition the boards of supervisors to authorize or to allow them to assess it to the State, which we believe Independence Lake is properly owned by the State. And so this is an authorization to petition the boards of supervisors.

MR. NORTHRUP: Also, you have an addendum.

MR. HIGHT: In addition there is a third item we would like to add to the agenda which I will read into it now. "Authorize the State Lands Division and/or the Office of the Attorney General to take all action necessary including litigation to have the State Lands Commission's title and
jurisdiction over the bid at Independence Lake recognized."

We felt that the addition was necessary in case there were any other additional questions that arose that we didn't cover in the calendar.

CHAIRMAN BELL: Your comment would indicate that we would expect litigation?

MR. HIGHT: Yes, sir.

CHAIRMAN BELL: I think we are all familiar with Independence Lake and why we are taking this action. Mr. D'Agostino, any problems?

COMMISSIONER D'AGOSTINO: Nothing.

CHAIRMAN BELL: Mr. McGuire?

MR. McGUIRE: None.

CHAIRMAN BELL: If not, Item 5, as augmented by the item read into the record, is approved.

Item 6, Leslie Sala Company.

MR. NORTHROP: Mr. Chairman, this is a pipeline for brine transferring between the various salt ponds. The rent is $1,050.00 a year and it is for the first five-year period.

CHAIRMAN BELL: Primarily a renewal?

MR. NORTHROP: Yes.

CHAIRMAN BELL: Without objection, Item 6(A) is approved.

Item 7, City of Burlingame.
MR. NORTHRUP: Mr. Chairman, this is a Public
Agency Use Permit for the construction of a bike trail in
the subject area.

There is no consideration of public benefit on
this one.

CHAIRMAN BELL: There is no consideration because
of public benefit.

MR. NORTHRUP: Right, because of public benefit.

That is right, thank you.

CHAIRMAN BELL: Any objection?

If not, Item 7(A), City of Burlingame, is
approved.

7(B), Department of Transportation, Division of
Highways.

MR. NORTHRUP: Mr. Chairman, this is a permit from
the Division of Highways to construct a bridge on State
Route 84, and also to construct a temporary bridge while
that bridge is being built on Highway 84. It involves some
eleven acres, twenty-nine acres for the temporary operation,
and the permits we are approving for a permit bridge loca-
tion of about eleven acres.

CHAIRMAN BELL: Right, and this also is a public
health and safety question mark.

All right. Any problems?

If not, Item 7(B) is approved.
Item 7(C), Turlock Irrigation District and Modesto Irrigation District.

MR. NORTHRUP: Mr. Chairman and Members, this is for the construction and maintenance of a 230 kilovolt transmission line. Public use and benefit again are the considerations.

CHAIRMAN BELL: Without objection, Item 7(C) is approved.

Item 8(A) is St. Claire Malotte and Helen E. Malotte.

MR. NORTHRUP: Mr. Chairman, it may be well to consider 8(A), (B), and (C) together. They are recreational pier permits. The rental is the same with the exception of 8(C) which is $75.00 a year. The first two go to $80.00 a year after June 29, 1975.

CHAIRMAN BELL: All right. Any objections to 8(A), 8(B), or 8(C)? If not, all three items are approved.

Item 8(D).

MR. NORTHRUP: Mr. Chairman, Items 8(D) and 8(E) probably should be considered as a unit as they cover the same piece of property. One of them is a lease -- 8(E) first, if I could address it that way?

CHAIRMAN BELL: Yes.

MR. NORTHRUP: 8(E) is a lease from '73 to '75, and then that same piece of property from June 30, '75 to
August 1, 1976, it is my understanding that the Phillips Petroleum Company has leased to Glenn L. Maxey this property, and I think it is probably in relation to a federal divestiture suit on the Phillips sale.

CHAIRMAN BELL: Without objection, Items 8(D) and 8(E) are approved.

8(F), Southern California Edison Company and San Diego Gas and Electric Company.

MR. NORTHROP: Mr. Chairman, this really is two subjects in one item. The first is the continuing lease for twelve existing monitoring buoys off San Onofre nuclear plant, and the second part of it is the installation of an additional fourteen floating buoys and scientific monitoring devices as a study for an expansion in the power plant at San Onofre and the rentals are as described there. Fourteen hundred dollars is the final and $475.00 for the first, the first twelve.

And may I say that the staff is concerned as the Commission had indicated in the LNG program, that the approval of the monitoring buoys some way would obligate or put some kind of laches on the Commission to approve the power plant should one be proposed. And we are assured that there is no prejudice in that. Mr. Hight would care to address the legal problem on that.

CHAIRMAN BELL: Mr. Hight, how do we assure
ourselves of that?

MR. HIGHT: The lease can provide that these monitoring buoys do not in any way bind the Commission to future action, and the lease will so provide.

CHAIRMAN BELL: Fine.

COMMISSIONER McGUIRE: Is there a proposal now for a second nuclear power plant or are they just long range?

MR. NORTHROP: To my understanding we have had no application for any outfall or anything that would cross the State tidelands, but it seems to me that it is obvious if they are going to do this, they probably are thinking seriously about expanding the nuclear plant at San Onofre. And the general talk on the subject is that yes, they are planning to expand at San Onofre.

CHAIRMAN BELL: With the understanding that the lease will so stipulate that there is no further commitment of the Commission, Item 8(F) is approved.

Is Item 8(G) by itself?

MR. NORTHROP: Yes, 8(G) is by itself.

CHAIRMAN BELL: Okay, 8(G).

MR. NORTHROP: Mr. Chairman, this is an application by Raymond A. and Helen G. Spencer for a lease on an existing restaurant in the Sacramento River for a rental of $844.80 a year. This is the first of the trespass ones.
CHAIRMAN BELL: 1.32 acres?

MR. NORTHROP: Yes.

CHAIRMAN BELL: Without objection, Item 8(G) is approved.

8(H).

MR. NORTHROP: Mr. Chairman, Mr. Al Eames has a boat dock and walkway in a non-commercial lease.

CHAIRMAN BELL: Right. Mr. McGuire on 8(H).

Oh, I am sorry, excuse me. Is there anyone in the audience who wishes to comment on 8(H)?

If not, 8(H) is approved.

8(I).

MR. NORTHROP: Mr. Chairman and Members, this is a revision of a rental on a renewal basis from $312.00 to $744.00 a year on the Elkhorn Ferry Bridge on the Sacramento River.

CHAIRMAN BELL: A revision in rent, right?

MR. NORTHROP: Yes.

CHAIRMAN BELL: Without objection, 8(I) will be approved.

8(J), P.G.&E.

MR. NORTHROP: This is a rental revision for Pacific Gas and Electric. Mr. Trout would like to speak on this.

CHAIRMAN BELL: Mr. Trout.
MR. TROUT: This is just for rental revision for their Pittsburg power plant, I believe it is, and it is for dredging and other routine activities for an existing plant.

CHAIRMAN BELL: Right. $300.00 per annum to $450.00 per annum?

MR. NORTHROP: Right.

CHAIRMAN BELL: Without objection 8(J) will be approved.

8(K).

MR. NORTHROP: Mr. Chairman, these are nine recreational pier permits in the name of Leydecker, Crowley, Meier, Gates, DuShane, Gray, Mitchell and Little.

CHAIRMAN BELL: I have eight.

MR. NORTHROP: Eight, okay. I am glad the Director of Finance can count.

(Laughter.)

MR. NORTHROP: We have no choice either. We have a statutorial responsibility too.

CHAIRMAN BELL: There are no problems connected with 8(K)?

MR. TROUT: Bruce Little, perhaps. The last one, Bruce Little, is at Donner Lake, and the County of Nevada refused to give him a building permit without the Commission's approval. The Commission has received a resolution from Assemblyman Chappie asking us to give the money back. This
is voluntary. We didn't go out and seek it. So that is
the only peculiar part of it.

CHAIRMAN BELL: All right. There is no objection
from Mr. Little?

MR. TROUT: No.

MR. NORTHROP: No, he volunteered it on his own.

CHAIRMAN BELL: Without objection, 8(K) is
approved.

Item 9, Energy and Mineral Resources - Statewide.

MR. NORTHROP: Mr. Chairman, this is an assignment
for a loan collateral on the Norris Oil Company on Item
9(A). Norris Oil Company will maintain ownership but they
have asked for assignment as collateral for a loan to
develop their parcel.

CHAIRMAN BELL: Without objection, 9(A) will be
approved.

9(B) Burmah Oil.

MR. NORTHROP: Mr. Chairman, this is a request
by Burmah Oil Company to drill a water injection well in
the State lease on Huntington Beach, bottomed in the off-
shore.

CHAIRMAN BELL: Yes. The service location of
this well is on the uplands?

MR. NORTHROP: Right.

CHAIRMAN BELL: Without objection, 9(B) is approved.
9(C), Estate of Maude H. Clock.

MR. NORTHROP: The Clock estate has asked for an assignment to the various named Clock family members of her interest in oil and gas leases.

CHAIRMAN BELL: Just to clear up the estate?

MR. NORTHROP: Just to clear up the estate, yes sir.

CHAIRMAN BELL: Without objection, 9(C) is approved.

9(D), Standard Oil and P.G.&E.

MR. NORTHROP: Mr. Chairman, Standard Oil and P.G.&E. has asked for a gas sales agreement. As you recall, several months ago, I believe it was in the August meeting, a gas price proposal came before the Commission and the Commissioners observed the fact that these prices were certainly not consistent with the prices that were being paid for natural gas coming into California from other areas. We investigated and our gas staff did considerable work on this, and in surveying the market we find that in this area there is really only one buyer, and that's the price, and we really are locked into this price schedule, at least for this year.

CHAIRMAN BELL: Mr. D'Agostino.

COMMISSIONER D'AGOSTINO: These are reset on an annual basis?
MR. NORTHROP: Right. We reset them annually. We have been operating on this schedule since, I believe, August, and we will look at them again next year, but for right now that's the prices that are being paid in that area for gas to everyone else by Pacific Gas and Electric.

COMMISSIONER D'AGOSTINO: How do they compare with prices elsewhere?

MR. NORTHROP: In the out-of-state market, for example, from Canada, the prices are one, but these prices vary as you can see. But the average price is about seventy-five cents for an mcf. Pacific Gas and Electric is paying a higher price for their Canadian gas and gases brought in from other areas, but this seems to be the price that is being paid for it in this particular area.

CHAIRMAN BELL: El Paso's price at the border, however, is less than this.

MR. NORTHROP: Well, this is very close to the El Paso price.

CHAIRMAN BELL: Well, theirs was sixty-six and this is seventy.

MR. NORTHROP: This is about what we are getting from Long Beach in their production.

CHAIRMAN BELL: All right. I talked to the Standard Oil people on this item and they said that since this is an annual lease, however subject to rate negotiation, that it is...
difficult, impossible really, to change this one but that
next year, if the Commission gave them more advance notice,
that they could do a little better. However, I should also
report to the Commissioners that several of the PUC commis-
sioners have leaned very heavily on me to not exploit this
area too much because it directly reflects in consumer price
increases for gas, and they are not very interested in
raising consumer prices on natural gas.

However, for this item, I think that we are in a
relative position that this is the only game in town.

MR. NORTHROP: Right, the only game in town.

CHAIRMAN BELL: Without objection, 9(D) is
approved.

Mineral Extraction. 9(E), City of Del Mar.

MR. NORTHROP: Mr. Chairman, the City of Del Mar
is proposing to take some material from the tidal area and
move it back to the non-tidal area to protect erosion to
build a sand berm around the upland properties. Now, the
question has been raised by some that perhaps this could be
detrimental to the surf action, and I am told by our
engineers that while this would happen, it would probably be
for a period of say less than eight to ten hours because the
sand tends to level but the water tends to act as a vehicle
to move the sand back into the position of a natural grade.

There is public benefit on this.
CHAIRMAN BELL: It goes to public benefit. Any questions?
If not, 9(E) is approved.
9(F).

MR. NORTHRUP: Mr. Chairman, this is an application by Antone Dowrelio of the Dowrelio Boat Works to do some dredging. And the dredging they plan on doing is the disposition of the spoils. Disposition of the spoils is a rather normal disposition. Rather than spoiling the material at the disposal site they plan on water dispersal. And we of the staff, following the Commission action of last time, have recommended a ten cent per cubic yard for removal of this material.

Now, our basis for asking for this is not necessarily that the spoils itself or the benefit, but the fact that when this is spoiled, we have a silting problem. We would like to have some money to study where this silting is coming from. In addition to that, in some areas there are great private benefits and we feel that the public should not be forced to pay for that.

However, on this particular application, I have a letter from Harding-Lawson Associates, signed by Frank C. Boerger, objecting to the charge of ten cents per cubic yard. Mr. Boerger is in the audience, as well as Mr. Dowrelio and they had asked to speak to this particular issue.
CHAIRMAN BELL: Fine. Are there any questions first?

If not, does anyone wish to address the Commission on this item?

MR. BOERGER: My name is Frank Boerger and I am here in a dual role today. I am a self-employed consulting engineer. I am also the chairman of the San Francisco Bay Dredging Committee of the California Marine Affairs and Navigation Conference that was referred to in your calendar notes.

With me is Mr. Antone Dowrello. He is a young eighty-seven years old and has been operating his marina at this location since 1929. So he has had quite a bit of experience in marina operation.

You will note that the application is in the name of the Dowrello Boat Works. He does not really maintain a boat works there. It is not a manufacturing or boat building facility. It is a recreational marina right under the Carquinez Bridge. He handles somewhere between seventy-five and a hundred thousand people there a year in party boat type fishing and storing their boats there and using them for recreation.

He presently has about sixty boats in the marina. About twenty of the spaces are vacant because they have been silted in so badly that they cannot be used.
We are making a request that you waive any royalty on this project for two reasons. One is outlined in the letter that I sent to you and is based on economic hardship to Mr. Dowrello and his small marina there. And the other is because it is in the public interest because of the fact that there is a great deal of public recreation in this area.

I'd like to cite a couple background pieces of information and then answer any questions that you have.

The Marine Affairs and Navigation Conference Dredging Committee proposed this subaqueous disposal in connection with this project because it has not been used before in the Bay Area and because we are seeking innovative ways of trying to provide protection of the environment while we achieve needed dredging in order to maintain these recreation harbors and other important facilities that require deeper water.

This proposal was reviewed by the Regional Water Quality Control Board when we applied as a permit to them. They agreed to go ahead and give us a permit to use this unauthorized disposal area, in terms of Corps of Engineers and EPA approval, based on the fact that it would be an economic hardship on Mr. Dowrello to have to haul this thirty thousand yards to one of the approved disposal sites. The Federal EPA also granted exception based on this economic
hardship. So we are proposing to pump it over the side, so to speak, and to monitor as it goes.

Another point that had to be considered, I think, by the Regional Board, as they considered this matter, is that the State, through DNOD, is spending a lot of money in grants and loans, particularly to help for the establishment of more marinas in the Bay Area because of the fact there is such a shortage. And it would seem to me that it would be appropriate to try and keep the marinas that we have in operation if at all possible to avoid additional expense using public funds in order to establish other kinds of marinas around the Bay Area. So that we ought to keep in operation those that we have.

Mr. Dowrello, of course because of continuing pressures on all kinds of businesses, particularly small businesses, is facing a very difficult decision. If this project turns out to be too costly for him he will probably have to cease operations. He is operating on State land on a State Lands lease now and pays over $2,000.00 a year in monies to the State for this lease. And so this extra burden of adding the ten percent onto the project --

MR. NORTHROP: Ten cents.

MR. BOERGER: Well, the ten cents is about ten percent of the dredging cost. The cost of the royalty will add about ten percent to his costs. And that, since he is
going to have to do this on borrowed money, could be a considerable extra burden.

So he is asking for your consideration today in this specific case to waive this relatively new rule that you have established of charging royalties for disposal of dredged materials in open water. If there are any questions I'd be happy to answer them.

CHAIRMAN BELL: Are there any questions?

COMMISSIONER D'AGOSTINO: Yes.

CHAIRMAN BELL: Mr. D'Agostino.

COMMISSIONER D'AGOSTINO: When you do subaqueous dispersal, don't you then get some silting in other areas?

MR. BOERGER: Well, we will be putting the silt back into the normal channel where it will be handled the same way that any other silt that is moving by current action, by wind and wave action. It will just give it an additional boost to go further downstream in line with the natural processes.

COMMISSIONER D'AGOSTINO: Yes, but you are adding thirty thousand cubic yards of additional silt material to go on to other landowners' or other State property.

MR. BOERGER: Well, we are taking thirty thousand yards of material that has been moving in the system and putting it in another place in the system.

COMMISSIONER D'AGOSTINO: And the other question
is apparently this whole project is monitored by Fish and
Game?

MR. BOERGER: We have proposed a specific monitoring program because it is an innovative approach, and we have a monitoring program established that Fish and Game Regional Water Quality Control Board, EPA and the Corps of Engineers are going to be invited to observe and participate.

CHAIRMAN BELL: Mr. McGuire, any questions?

COMMISSIONER MCGUIRE: The general policy now is that we always charge royalty so we will be creating an exception, really, based on economic hardship?

MR. NORTHROP: Hardship. The staff feels that if the exception would be made it would be made on a hardship basis.

COMMISSIONER MCGUIRE: There is no precedent in the type of dispersal program?

MR. NORTHROP: No, this is brand new. We really don't know. They are going to do some studies on it so it does have some value, as I understand it, as to what happens to the disposal, where it is. The underwater subaqueous discharge hasn't been accomplished before.

(Thereupon a short discussion was held off the record.)

CHAIRMAN BELL: Let's see. This is Carquinez Bridge?
MR. NORTHROP: Under Carquinez Bridge.

CHAIRMAN BELL: On the other side from the Maritime Academy?

MR. BOERGER: Yes.

CHAIRMAN BELL: I am not familiar enough with the currents and everything there to know whether this would in effect be disposed of adequately by normal current action or whether this would just tend to dump it just a slight bit further down the channel.

MR. BOERGER: Well, the movement of sediment in the Bay system is very complex. As I say, our dredging committee has been looking at this and studying particular aspects of it, working closely with EPA, the Regional Board and the Corps of Engineers over the past three years. The transport system right in this particular vicinity in general is downstream because the Carquinez Straits, of course, is a deep, relatively fast moving part of the Bay system. There is return movement of sediment in this area because San Pablo Bay is very shallow, and when we have winds from the northwest and the west, the wind and wave action picks up a lot of sediment in the shallow water and moves them back up into the Carquinez Straits, and that is one of the causes for the heavy siltation in Mare Island Straits in front of the Mare Island Naval Shipyards in the mouth of the river. So that we have a very complicated
system of natural forces that are at work here that carry, it is estimated, a great deal more transported sediment than any dredging at all.

In fact, we have had some estimates made that all the dredging in the Bay Area that is done, including for federal channels and everything, amounts to less than five percent of the amount of materials that are moved in the Bay each year due to natural processes.

CHAIRMAN BELL: Just due to natural causes.

MR. BOERGER: Yes, that is right, sir.

CHAIRMAN BELL: Well, I can see where an additional $3,000.00 on the $30,000.00 dredging contract, which I assume is what we are talking about, could be a relatively severe burden on twenty boat slips.

Now, as I understand it, of the boat slips involved, twenty are now silted in and you can't even use them?

MR. BOERGER: That is right.

CHAIRMAN BELL: The dredging then is primarily to remove the siltation?

MR. BOERGER: Yes, and the rest of the water is very shallow for the rest of them so that the people have to come in and out at high tide. It is badly silted in in this marina. The dredging has been needed for two years and it has taken us about almost a year to put this program together and get all the necessary permits.
CHAIRMAN BELL: All right. It is sort of like that Martinez small craft harbor facility there. Well, I have no objection. I don't know about the other Members.

(Thereupon a short discussion was held off the record.)

CHAIRMAN BELL: How do you feel, Carl?

COMMISSIONER D'AGOSTINO: I am inclined to vote for the dredging permit but I am not inclined to waive the royalty. It is difficult to waive something on the basis of economic interest because I think almost everyone who comes in for a permit is going to have adverse economic interest in any project if that can save $3,000.00. They will argue that that $3,000.00 is going to economic interest.

CHAIRMAN BELL: No question.

All right. Thank you, Mr. Boerger.

COMMISSIONER MCGUIRE: I will move it as presented.

CHAIRMAN BELL: I have a motion before us for 9(F) to authorize the dredging permit but to charge a royalty of ten cents per cubic yard for the removal of State-owned minerals.

All those in favor say aye.

COMMISSIONER MCGUIRE: Aye.

COMMISSIONER D'AGOSTINO: I am not sure that I understand it.
CHAIRMAN BELL: It is exactly as it is before us.

COMMISSIONER D'AGOSTINO: I will vote aye.

CHAIRMAN BELL: I will vote aye and so 9(F) is approved.

9(G), Leslie Salt Company.

MR. NORTHRUP: Mr. Chairman, this is an application by Leslie Salt Company to do some dredging, fifty thousand cubic yards. The spoils will be on the upland side and will be utilized for salt pond levee repair. The consideration here is fifteen cents a cubic yard plus $500.00 for an area which is in dispute between Leslie Salt and the State of California. So they have agreed to $500.00 without prejudice to their position rather than, as I understand it, a calculation of roughly the same amount of money for the same area but for the area that is in dispute. It is all tied up in our Leslie Salt case. Would you care to comment?

MR. TAYLOR: This is an area in the North Bay where Leslie Salt has another operation. We have some claims in that area and we have begun preliminary steps for negotiations with Leslie Salt. Accurate maps will first have to be prepared for the area. That will take some time. We will have to do some aerial photography and do some ground control work. There is a certain amount of uncertainty on the ground as to where the lines are.

This is an interim basis and the fact that we are
settling for $500.00 doesn't necessarily mean that once we get everything adjusted we would think that for the next period of the rent that that would be reasonable or not, depending upon where the lines fall out. But it seems to be a compromise figure based on our knowledge at this time, and certainly of no prejudice to the State nor to Leslie.

CHAIRMAN BELL: The understanding is very clearly that the $500.00 is purely a compromise settlement for this particular purchase and has no further relationship.

MR. TAYLOR: No further effect or binding amount.

COMMISSIONER D'AGOSTINO: How many cubic yards are coming out of this?

MR. TAYLOR: It is stated in the calendar item.

MR. NORTHROP: It is fifty thousand total.

MR. HIGHT: Forty thousand from the disputed area.

CHAIRMAN BELL: Ten thousand non-disputed and forty thousand disputed.

MR. TAYLOR: They are claiming that they own the area in which that dredging is occurring.

COMMISSIONER D'AGOSTINO: So that there is fifty thousand disputed?

MR. NORTHROP: No, forty.

COMMISSIONER D'AGOSTINO: Forty thousand disputed?

MR. NORTHROP: That is correct, fifty thousand disputed.
CHAIRMAN BELL: The agenda indicates ten thousand cubic yards of material within the Napa River undisputed and an additional fifty thousand cubic yards dredged from the existing barge canal which there is a question of ownership on.

MR. NORTHROP: Right.

COMMISSIONER D'AGOSTINO: So, if that is the State's property, the fee would be $7,500.00. He seems to have negotiated a fairly good compromise at $500.00.

MR. TROUT: Mr. D'Agostino, my understanding is that a good part of the barge canal extends into an interior area and it is at the edge of the slough where I understand the major dispute is.

MR. TAYLOR: If you look at Exhibit B we would have claims within that area, but it certainly at this time does not appear to be to the entire area. But we are in the process of doing the necessary research to establish our respective claims. The biggest problem in this area is the fact that there are no precise maps at the present time.

MR. NORTHROP: I think I can better explain, Mr. D'Agostino, if you realize that we are talking about the whole thing, the whole area, and we really don't know where to draw the line. And we are reasonably certain the line wouldn't in any case include it all, but we have included all of it there. So the negotiation of that line is really
where we are, and clearly we own the ten thousand area. There is no doubt about that.

Then there is a gray area between that and the upland parcel and that gray area is included in the fifty thousand. We really don't know where to put the gray area so we can't lay a number there. If we laid a number there then we would have this determination line and that would prejudice the case perhaps.

COMMISSIONER D'AGOSTINO: When is that boundary dispute likely to be resolved?

MR. TAYLOR: I would say it would probably take in the neighborhood of a year to two years. It is the entire area across the north end of San Pablo Bay. It starts over near Tubbs Island and runs from Tubbs Island over to the Napa River. Now, this is only a small part of it. This is a cut into the marsh area. And Leslie's contention would be that all of this is swamp and overflow lands patented by the State, and that for the cut they don't have to pay anything since we have no reserve interest.

Our contention is that they are sovereign lands within portions of this cut, and the question is how much sovereign lands within these things, and that is something we don't know with any precision at this time. You can see that the portion in the river, if you look at the map, it is a cut back into a former marsh area. It is an arbitrary
cut. It doesn't appear to follow any natural configuration.

You can see the dispute with Leslie starts with the salt ponds you see in this picture and goes over to Tubbs Island which is a considerable distance. Coon Island, that was on the calendar for the last Commission meeting last month, you can see on the left-hand side of that area.

CHAIRMAN BELL: You think the staff could have done a better job in negotiating?

COMMISSIONER D'AGOSTINO: Well, it seems to me that another possibility would be to delay collection of the royalty until the boundary is determined.

MR. TAYLOR: I think that could be agreed to if that's possible. In other words, at the same rate existing, if the attorneys for that would agree. Would that be okay with you, Mr. Wooster?

MR. WOOSTER: Yes, Mr. Taylor, that would be.

(Thereupon a short discussion was held off the record.)

CHAIRMAN BELL: It is my understanding that the attorney for Leslie Salt Company has agreed to the proposal that I guess you'd say the royalty of fifteen cents per cubic yard be postponed until the property is properly determined, and that that charge then would be applicable in arrears to this dredging.

MR. NORTHROP: On the area in question.
CHAIRMAN BELL: On the area in question. What about the $500.00 compromise settlement then? Is that waived?

MR. NORTHROP: No, that would go into abeyance, as I understand the request.

COMMISSIONER D'AGOSTINO: Yes.

MR. TAYLOR: For the record, maybe we should identify Mr. Wooster.

MR. NORTHROP: I think we better have him on the record.

MR. WOOSTER: Mr. Chairman, I am Fredrick Wooster from Landels, Ripley & Diamond, and I am an attorney for Leslie Salt.

CHAIRMAN BELL: Thank you, Mr. Wooster. Any problems, Mr. McGuire?

COMMISSIONER MCGUIRE: No.

MR. TAYLOR: Could we hold this in abeyance until the title problem is solved or five years, whichever is less?

CHAIRMAN BELL: Less.

MR. TAYLOR: Whichever is less, so that we don't have a problem with this thing going on. We would then have to resolve it at that time, within five years.

CHAIRMAN BELL: All right. We have the alternate proposal which in effect would put the $500.00 compromise
settlement in abeyance, or set it aside, really.

MR. NORTHROP: We could give the $1,500.00 for the ten thousand.

CHAIRMAN BELL: All right. 9(G) as amended is before us for approval. Without objection, it is approved as amended.

(H), County of Santa Clara.

MR. NORTHROP: Mr. Chairman, Members, this is an application from the County of Santa Clara for a dredging permit, the spoils to be placed on adjacent uplands. The consideration here is the public benefit.

CHAIRMAN BELL: Without objection, item (H) is approved.

Item (I), Standard Oil Company.

MR. NORTHROP: Mr. Chairman and Members, this is a dredging permit for Standard Oil Company at their Richmond site to restore bottom depths necessary for navigation. The staff is following the lead of ten cents per cubic yard royalty for removal of State-owned materials. It is to be placed on the Alcatraz disposal site.

CHAIRMAN BELL: Yes, this is the normal way to go about this.

Are there any questions by Members on Item 9(I), Standard Oil dredging?

Is there any objection in the audience to the staff
proposal to the Commission on the Standard Oil dredging permit?

If not, Item 9(I) is approved.

Item 9(J), Geothermal Resources, Union Oil Company, Magma Power Company, Thermal Power Company.

MR. NORTHRUP: Mr. Chairman, Members, this is a request to drill a replacement well on an existing pad at the location. It will be a new well. However, there will be no new environmental problems because the pad, the roads up and all the attendant support facilities are in with this program.

CHAIRMAN BELL: Any objections? Without objection, 9(J) will be approved. And that is a very tough area to get into. Two weeks ago I was up there and it is a pretty difficult road to drive in.


Mr. Northrop.

MR. NORTHRUP: This is approval of the Third Modification of the '75-'76 Plan for the development, operations, budget to $1,730,000.00 to provide funds for new processed water handling facilities in the operation.

MR. NORTHRUP: This was anticipated, I believe, in the budget.

CHAIRMAN BELL: Are there any questions by Members?

If not, Item 10(A) will be approved.
Project Review.

MR. NORTHROP: In connection with the closing accounts on AFE-33 on the reconstruction of Pier B, we determined by looking at the subsidence and the equipment replaced that the subsidence cost us $10,077.00, with Long Beach getting an adjustment of $3,831.57 for the portion that was affected by subsidence.

CHAIRMAN BELL: Without objection, Project Review (A) will be approved.

Item 11, Administration.

MR. NORTHROP: Mr. Chairman, this is a request by staff to authorize the Executive Officer to execute an agreement with Earth Satellite Corporation for the preparation of the detailed map of Donner Lake. We probably have the expertise in our own staff to accomplish this program. However, this would be basis for a lawsuit in determining the age of trees and other flora and fauna that have fallen into the lake due to slides. And one of the contentions on the high water line of Donner Lake is that the line couldn't possibly be there because there is certain things growing out of the bottom of the lake, and if they were growing out of the bottom of the lake how in the world could the lake have been there in 1850?

So, we contend that this wasn't growing there but rather slid into the lake. So we are trying to establish
that for our presentation.

CHAIRMAN BELL: Thank you. By the way, I don't know whether you people have them, but I certainly have a number of letters that I am getting constantly from landowners adjacent to the lake who are objecting to the State Lands Commission coming in and challenging their ownership of property.

MR. NORTHROP: This is one of the items that have appeared in many of the letters, the fact that these trees were growing in the lake itself. It is very clear from our point of view that these trees are in the bottom of the lake but how they got there, and this is what we are attempting to establish.

CHAIRMAN BELL: Without objection, 11(A) is approved.

11(B).

MR. NORTHROP: Mr. Chairman, Members, this is an authorization for redelegation of authority within the Division here and rescinds all prior delegations of authority. What it is attempting to do is to clean up the existing language and put new titles on. We have had some staff reorganization and new titles that have come into being and we are just attempting to clean this up.

CHAIRMAN BELL: Are there objections by or comments by Commission Members, staff members. No comment by staff
COMMISSIONER D'AGOSTINO: It is interesting that this is passed when there is only one member here. (Laughter.)

MR. NORTHROP: This is a tough group.

CHAIRMAN BELL: Mr. D'Agostino, do you think it appropriate to put this over for further study?

COMMISSIONER D'AGOSTINO: Would five years be okay? (Laughter.)

CHAIRMAN BELL: Mr. Northrop, you have your approval. 11(B) will be approved.

Item 12(A), Approval of Map and Description of Lands.

MR. NORTHROP: Mr. Chairman, this is a rather complex issue. It was a map of lands transferred in trust to the City and County of San Francisco and it was done in Chapter 1333 in 1968. And you may well ask what took so much time because here it is coming before us in 1975? Jim Trout would like to address the Commission on this.

CHAIRMAN BELL: Mr. Trout.

MR. TROUT: Mr. Bell, first I'd like to call attention to the Commissioners that on your desks are copies of the legal description mentioned in the calendar item there in this plastic binding, and to Commissioner
McGuire's left are copies of the maps at full scale, so that they are available to the Commissioners.

This was the relatively famous Burton act that in effect transferred the San Francisco Port or made possible the transfer of the San Francisco Port to the City and County of San Francisco. The port formerly was a State agency.

The problem basically derives from the fact that San Francisco had an earthquake in 1906 after the major part of the City was surveyed and it has taken the major effort to locate the location of streets, lots, blocks and border tideland information and other information.

The City and County of San Francisco has reimbursed us for this effort. We are bringing this matter to your attention now. They have approved it. Now we want to make one change in the full size maps that you have, a very small change on the first sheet from the reduced scale copies in your calendar. And it relates only to the notes on the first page in which note 6, the word "reserved" in the first line was changed to "retained", and note 8 was added.

Otherwise, this is exactly as you have it on your agenda. We recommend approval. It has been a tough job but we think our staff has done a real good job.

CHAIRMAN BELL: Any questions by the City or County of San Francisco on this?
MR. TROUT: No. We understand that the Port has approved it.

CHAIRMAN BELL: The Port Authority has approved it?

MR. TAYLOR: This is the last action required to make the Burton act fully effective, which transferred all the bonds of the Port to the City.

CHAIRMAN BELL: Well, almost the last act, anyway. There is still some question on the continuation of the Port.

(Laughter.)

CHAIRMAN BELL: And I don't mean that derogatorily. I think it primarily is the State's responsibility of continuous review and the question of outstanding general obligation bonds of the State of California with the Port Authority assumed.

Any questions by Commission Members?

If not, 12(A) is approved and it is a pretty monumental task out of the way.

Item 13, Approval of Revised Land Descriptions.

MR. NORTHROP: Mr. Chairman, this is a clean up in some language on some school lands to get the description to fit precisely the boundaries.

CHAIRMAN BELL: This is primarily a correction?

MR. NORTHROP: Just a correction.
CHAIRMAN BELL: Without objection, 13(A) is approved.

Item 14, Approval of Project on the Municipal Wharf at Santa Cruz.

MR. NORTHROP: This is an approval of an enlargement of a Municipal Wharf of the City of Santa Cruz. Jim, would you care to address us on it?

MR. TROUT: Yes. In 1967, when the grant to Santa Cruz was amended by the Legislature, they added a provision in which the Commission was to approve any improvements in the wharf, or in the grant actually, for consistency with the then developed comprehensive ocean area plan. This was prior to the passage of Proposition 20 and the comprehensive ocean area plan was never formally accepted by the State but was completed by task force. And the proposals of the City of Santa Cruz are entirely consistent with the comprehensive ocean area plan. We believe also from the drafts we have received from the Coastal Commission that it is also consistent with the policy stated therein.

Commission approval is required under the statute.

CHAIRMAN BELL: Our approval is, but is also any approval required of the Coastal Commission?

MR. TROUT: I believe they have that approval. In fact, what happened was at the last minute someone
discovered that Lands Commission approval was required pursuant to the grant.

CHAIRMAN BELL: I see. Are there any questions on this item?

If not, Item 14(A) is approved.

Item 15, Major Litigation.

MR. NORTHROP: Mr. Chairman, my staff has no reports on the status of litigation at this time but perhaps Mr. Taylor would like to.

MR. TAYLOR: We have nothing to report.

CHAIRMAN BELL: No reports?

MR. NORTHROP: Mr. Chairman, as an aside, and it probably should have been mentioned in my report earlier, but there has been considerable mention in the press today and last week about the Queen Mary.

I have written last Friday a letter to -- last Monday -- a letter to the City Manager of Long Beach asking him to bring us up to date on that and whatever it is. If it is something urgent, then we will get it to you immediately. Otherwise, it will be at the next meeting.

CHAIRMAN BELL: If not, it will be at the next meeting.

All right. Information only. So the status of major litigation is not before us.

Item 15(B), a Stipulation and Disclaimer of
Interest.

MR. HIGHT: Yes. Mr. Chairman, the Federal Government has filed a condemnation action in the Port Chicago area, and by this stipulation and disclaimer the State is out of the picture, and the Federal Government stipulates that they are not condemning any land belonging to the State.

CHAIRMAN BELL: So this just takes us out of the action which is a rather old action, is it not?

MR. HIGHT: Yes, filed in 1967.

CHAIRMAN BELL: Any questions?

If not, Item 15(B) is approved.

Any other business?

MR. NORTHROP: Mr. Chairman, if you will notice, in Item 16 the time and place of the next meeting is in December, and because of the schedules of the Commissioners, it seems as though December 1 will be a meeting which we will try to discuss not only November's business but try to wrap up the year end at that same meeting, and perhaps have our first meeting in mid-January again, somewhere around the 15th.

CHAIRMAN BELL: Are there any other items to come before the Commission today?

If not, we stand adjourned.

(Thereupon the October 29 meeting of the State
Lands Commission was adjourned at 11:05 A.M.)

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STATE OF CALIFORNIA )
COUNTY OF SACRAMENTO )

I, RONALD J. PETERS, a Notary Public in and for
the County of Sacramento, State of California, duly
appointed and commissioned to administer oaths, do hereby
certify:

That I am a disinterested person herein; that the
foregoing State Lands Commission Meeting was reported in
shorthand by me, Ronald J. Peters, a Certified Shorthand
Reporter of the State of California, and thereafter
transcribed into typewriting.

I further certify that I am not of counsel or
attorney for either or any of the parties to said meeting,
nor in any way interested in the outcome of the cause in
said caption.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my seal of office this 4th day of DECEMBER,
1975.

RONALD J. PETERS, C.S.R.

OFFICIAL SEAL
RONALD J. PETERS
NOTARY PUBLIC - CALIFORNIA
COUNTY OF SACRAMENTO
My Commission Expires August 29, 1976