MEETING
STATE LANDS COMMISSION

ROOM 2117
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 31, 1977
10:00 A.M.

ORIGINAL

PETERS SHORTHAND REPORTING CORPORATION
26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman
Ms. Betty Jo Smith, representing Mervyn M. Dymally
Mr. Sid McCausland, representing Roy M. Bell

STAFF PRESENT

Mr. William F. Northrop, Executive Officer
Mr. James F. Trout, Manager, Land Operations, State Lands Commission
Mr. R. S. Golden, Assistant Executive Officer, State Lands Commission
Mr. Robert C. Hight, Staff Counsel, State Lands Commission

ALSO PRESENT

Mr. N. Gregory Taylor, Deputy Attorney General
Mr. Jan Stevens, Attorney General's Office
Ms. Katherine Stone, Attorney General's Office
CHAIRMAN CORY: We'll call the meeting to order and take care of some housekeeping. Mr. McCausland, I think, is enroute and will be here shortly.

For those people who are here, Item 36 on the Agenda, which is approval of maps delineating State boundaries at Donner Lake, is being removed from the Agenda due to litigation on this subject; and there is a stipulated injunction which precludes that issue from being dealt with. So, anybody that did not get the word, I understand that the decision came down yesterday sometime. We are precluded by the court from dealing with that issue, so Item 36 will not be on the Agenda and no action will be taken.

Item 20 we will probably take out of order, and that injunction, as I understand it, also affects Item 20 on the calendar. We will not be taking any substantive action—we will be taking action, but it will be limited action, not as broad as contemplated in the item due to the court action. So, if you're here for those, we'll try to take 20 rather early. If you're here only for Item 36, it will not be taken up today.

I apologize if that's inconvenient, but the injunction came very late to us yesterday, and there's really nothing we can do.
Are there any corrections or additions to the
minutes of the meeting of February 24th?

Without objection, then, those minutes will be
confirmed as presented.

The Executive Officer's report, do we have anything
that we should wait for Mr. McCausland on?

EXECUTIVE OFFICER NORTHROP: I don't think so,
Mr. Chairman. I have three items on the Agenda, and Mr. Golden
has a report to the Commission on the Coastal -- participation
in the Coastal plan. So, if it pleases the Commission, I'll
lead off with my items, and Mr. Golden can follow.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: Occidental Petroleum
has in its final EIR recognized that its proposed drilling
program in Pacific Palisades could lead to drainage from
the State's oil and gas sanctuary in Santa Monica Bay.

Occidental has already begun sharing its geological
information with staff and is willing to work out a compensa-
tory agreement with this Commission prior to commencement
of production operation.

We are moving on that front. As you recall, the
Commission advised the City that we found it impossible to
conceive that the oil sands stopped at the high tide line.
So, with that, we're going ahead and working with them.

There are indications the Legislature may take
action to transfer responsibility for beach erosion control to the State Lands Commission. The legislative analyst and the committee consultants evidently feel beach erosion control would interface best with this Commission's program and interfere least.

Staff agrees that this program would fit in well and that a solid program could be developed at a minimal cost.

If this matter is brought up at our budget hearings or other hearings, I would like to be able to convey your attitude on this matter. I think the interface in this matter is important because our sand and gravel problems and permits require that we have information and control of the literal sand drift on the coast of California; and in addition to that, our boundary line problems --

CHAIRMAN CORY: Let me interrupt here. Mr. McCausland is here, and we've taken care of some housekeeping items. I explained that Item 36 is off calendar due to the injunction, and we confirmed the minutes.

The Executive Officer told us about Occidental Petroleum, which seems to be fine, and then we started talking about beach erosion, which is no great shucks, but he says that the analyst and the committee consultants are thinking perhaps that the beach erosion responsibility should be transferred to the Lands Commission, which is a budgetary
He wanted to know our attitude on that, and I thought you ought to be here for that.

MR. McCausland: Run that by me one more time?

Executive officer Northrop: Fine. The legislative analyst and consultants for the legislative committee evidently feel that beach erosion control would interface best with the State Lands Commission.

MR. McCausland: Who currently has it?

Executive officer Northrop: I believe it is now with DENOD, and they feel because of our sand and gravel operation and our control of literal sand drift and our boundary lines it probably would interface better with our program.

I would like to be able to, if the Budget or other committees request a position from the Commission, I would like to be able to get your feeling on this and be able to react rather than doing it at the staff level.

Chairman Cory: My initial reaction is that that's really something for the Legislature as a policy matter to decide; and if they want it done, unless you have some technical reasons why not, I don't think we should be out raiding somebody else's turf. We have enough fights going on already.

Executive officer Northrop: I understand that.
very well, Mr. Chairman.

MR. McCAUSLAND: The Chairman said that well.

EXECUTIVE OFFICER NORTHROP: Okay. Fine. Thank you.

I request authorization to appoint another member to the Waterways Advisory Committee. Staff has recommended that we appoint Mr. Walsh, who operates the marina at Bethel Island. Mr. Walsh, in addition, has been designated as a spokesman for Bethel Island residents who are affected by the Commission's ownership there.

We feel his professional background makes him well-suited to serve on the Advisory Board. This would expand the Advisory Board one member, but also would give us a representative in that area.

CHAIRMAN CORY: Objections?

Without objection --

MS. SMITH: Were there other applicants considered?

CHAIRMAN CORY: What we really do is sort of, people come forward and if they represent an interest group that is not represented, we try to include them in.

EXECUTIVE OFFICER NORTHROP: We originally in the staff had thought we may well set up another Advisory Committee totally, but for the time being, we'll probably use this vehicle and see how things operate.

We may then come back at a later time to recommend
that you set up another Advisory Board, but for right now --

CHAIRMAN CORY: This is a sort of non-paid sort
of work group.

Without objection --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman?

CHAIRMAN CORY: You got the authorization.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this
completes my report.

MR. GOLDEN: This report, Mr. Chairman, deals with
our participation with the State Coastal Commission. The
State Coastal Commission continued to spend a significant
portion of its two meetings a month on permit considerations
which are predominantly single-family residences and sub-
divisions of land.

During the month of March a number of joint State
Regional Commission meetings were held at various locations
on the Coast for the purpose of getting public comments on
state-wide guidelines required by the Coastal Act to be
adopted by May 1st, 1977. These guidelines deal with
geologic stability of bluff-top development, view protection,
low and moderate-cost housing, public access, public trust
lands and a basic policy for siting new developments.

Two of these guidelines have any major interface
with State Lands Commission responsibility: Public access,
and Public trust lands. The staff of the Coastal Commission
have inquired whether we would accept dedication of public
access easements and arrange through contract for some
responsible private or public agency to provide for maintenance
and liability coverage of such dedicated access way.
Section 30212 of the Coastal Act provides that
such an access way shall not be required to be open to public
use until such responsibility for liability and maintenance
has been arranged. It's recommended that we work with the
Coastal Commission staff and bring specific proposals to
you as they develop.

We're not funded to assume liability or to provide
maintenance staffing. We can, however, provide for keeping
the official dedication record and can develop a contract
to assure that liability and maintenance problems will be
attended to by either a public or a private agency.

The guidelines for public trust lands provide that
the Coastal Commission will not permit development on any
lands if the public trust is thought to exist over them and
if such a development could interfere with the public trust.
In the event that the Coastal Commission decides that such a
situation pertains, the guidelines call for resolving the
question promptly with the assistance of the Attorney General
and the State Lands Commission.

Since our staff is providing the Coastal Commission
with maps showing areas over which the public trust may exist,
it is felt that the guidelines should provide for the Coastal Commission staff to contact our staff whenever a proposed permit affects an area of mutual jurisdiction.

We are therefore asking the Coastal Commission to so amend the guidelines so there can be maximum coordination between our organizations.

CHAIRMAN CORY: Pardon me just a moment. Mr. Waters, are you here for Item 36 on our Agenda, the Donner Lake matter?

MR. WATERS: No. I was just here to get acquainted a little bit with the procedures.

CHAIRMAN CORY: Fine. Glad to have you. That item was taken off. I wanted to make sure that you didn't keep waiting for something that wasn't going to happen.

MS. SMITH: Have you already recommended to the Coastal Commission that they amend their guidelines?

MR. GOLDEN: We are right now directing a letter to them. The input has gone out to them today, and they will be holding meetings next week on this to amend and adopt the final guidelines in this area.

CHAIRMAN CORY: Let me again make it clear that Item 36 relating to Donner Lake will not be taken up at this meeting due to a court decision that we received yesterday afternoon precluding the Lands Commission from doing anything in this matter until the issue is litigated.
So, if there's anybody here that is just interested in Item 36, nothing will happen on Item 36 today.

The people who just came in -- if the staff could tell them at the back of the room if they're here for Item 36 that it will not be taken so we don't waste any more of people's time than we already have.

The courts have enjoined any action on that item.

Are we ready to proceed with the Agenda?

The Consent Calendar -- is there any member of the audience that has any problems with Items Cl through 17?

A quit-claim deed is not on the Consent Calendar, is it?

MR. HIGHT: 16, the Running Fence, no.

EXECUTIVE OFFICER NORTHROP: No, that's Item 25, Mr. Chairman.

CHAIRMAN CORY: Are there any objections to any of these items?

Without objection, then, Items Cl through 17 will be approved as presented.

To expedite matters, it might be worthwhile to take up Item 20, which relates to a degree to what we can do and can't do to the litigation. The Executive Officer will tell us what our options are.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Jan Stevens of the Attorney General's Office will address that
problem as he is handling the litigation in that area.

MR. STEVENS: Mr. Chairman, and Members, I believe you're familiar with the general contents of Calendar Item 20. It concerns the leasing policies of the Commission in the disputed zone between ordinary high and ordinary low water during the time that this question is litigated.

Basically, the recommendation is that the Commission cease new leasing activities in this area.

Provision 2 on the second page of the revised Calendar Item 49-A should be modified, however, due to the restraining order which has been issued with respect to the boundary issue. The restraining order by its terms will prohibit the Executive Officer from recording notices. It will not prohibit the Commission from giving appropriate notices which are not recorded, and it will not prohibit the State from filing appropriate notices of lis pendens in specific legal actions, but it will prohibit recording general notices.

So, to conform with that order, we would recommend that the language in item 2 be deleted commencing with the comma after "notices" and ending with the one, two, three, fourth line down with the comma after "policy". So item 2 would simply read:

"...authorize the Executive Officer to give appropriate notices that the State
claims ownership of the beds of all inland nontidal navigable water landward to the ordinary high water mark."

The restraining order itself would prohibit him from recording such notices.

CHAIRMAN CORY: Any question from members of the Commission?

Any questions from anyone in the audience?

MR. HODEL: Mr. Cory, I didn't quite understand which section he was talking about and what he was actually deleting. I'm looking at page 3, number 3. I think it's the same wording about that he just said, but I don't think it corresponds with the numbers that he mentioned.

MR. STEVENS: Unfortunately, there was a revised version of this Calendar Item in which number 3 became number 2; and it may be that you don't have a copy of the revised version.

MR. HODEL: No, sir. The only one I have is the one we received in the mail up at Donner Lake.

MR. STEVENS: Okay. The old paragraph 3 has become paragraph 2.

MR. HODEL: You are striking what, now?

MR. STEVENS: Striking the language with reference to recordation of the notices, including but not limited to
notices recorded in the official records in each of the counties in which are located any lands of the character of which are the subject of this policy.

MR. HODEL: Thank you. I'm Gordon Hodel, H-o-d-e-l.

CHAIRMAN CORY: Any further questions?

If not, we have the item before us as amended pursuant to the stipulated injunction. Without objection, the policy will be approved as presented and amended. Such will be the order.

Item 18 is --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 18 deals with a proposed agreement with the City of Los Angeles, and Ms. Stone from the Attorney General's Office has been working on this item and probably would be well --

CHAIRMAN CORY: I'm impressed that you didn't choke on that.

(Laughter.)

CHAIRMAN CORY: Why don't you tell us where we are and what our options are rather quickly and without getting in any more substance than we have to on this item.

MS. STONE: All right. There's a revised Calendar Item before you which briefly indicates that because, in the opinion of the Executive Officer, negotiations on this matter appear to be at a standstill, subpoenas were issued and public hearing was commenced on Tuesday of this week.
Yesterday afternoon, we were advised by the City that there was forthcoming a resolution by the City Council authorizing the City Attorney to prepare a written agreement reflecting principles of the resolution for settlement of this dispute. A copy of the resolution is on file, and I believe the Commissioners have it.

Briefly -- well, perhaps the City Attorney would like to explain that.

CHAIRMAN CORY: My initial reaction is that I don't think from that resolution that we're at any point to settle anything. I've got some questions in my mind about the terms of that.

It may be that the thing can be negotiated from there and an offer and counter-offer and the kinds of things that go on in negotiations; but I'm not so sure that taking the Commission's time and getting into the substance of that is really appropriate.

MS. SMITH: I'm not ready to accept the resolution as proposed.

CHAIRMAN CORY: I'm not willing, and there is one other Commissioner saying that that resolution does not embody anything that we are ready to accept at this point. I would think that it is probably appropriate to ask the staff to meet, continue meeting, because I think some progress has been made; and I think each side should be somewhat encouraged...
that we've been able to render to writing what the factual
situation is, and we at least understand what our differences
are, and hopefully that the City staff can meet as soon
as practical, hopefully this afternoon.

EXECUTIVE OFFICER NORTHROP: That's right. We're
going to try to do it this afternoon, Mr. Chairman. We ask
of this Calendar Item, if we're unable to come to some kind
of agreement, we will continue at least for one month, or
we will continue the ability of giving the Executive Officer
to call witnesses.

CHAIRMAN CORY: If we need to, because I think
it's important that the facts be determined as facts and
that we proceed on that basis. So, we ask you to keep up,
both sides, the good work, making it very clear that the
Commissioners are not convinced that there's any settlement
that they can approve as yet.

We're hopeful that the work and efforts will bring
fruit.

ASSEMBLYMAN THOMAS: May I say a few words?

CHAIRMAN CORY: Yes, Vince.

ASSEMBLYMAN THOMAS: I think this resolution is
ridiculous that they adopted yesterday. It's the most
asinine thing I've ever seen, in violation of the Trust;
and you can negotiate from now until the next ten years.
You'll never come to an agreement.
The City Attorney and the Harbor Department is here, and I've always told the Commission that you cannot negotiate the interest money that the City took from the Trust Fund and commingled it with the City General Fund. That's prevented by law. The Supreme Court has ruled on that. You can't do that. You're estopped from doing it.

The only way you're going to settle this thing once and for all is to file a petition in the Supreme Court and ask the court for an accounting.

We called this meeting on December 15th. You did. No one showed up.

Then you called a meeting January 26th. No one showed up.

Then they wanted an extension of time, 120 days and you gave them 60.

In all your minutes you said unless this matter is determined by the next meeting, a lawsuit will be filed quickly, and you've adopted your previous minutes. It's right in your minutes. In fact, the newspapers here quote what you said last time: Unless this is resolved by today, a lawsuit.

What I'm trying to tell you is that there's 30-some million dollars involved in this thing here. I know, as I have mentioned before, this is really a question of trust. It's a question of law and not a question of negotiation.
It's not a question of convenience. It's not a political issue. It's an issue that you've got to determine what the Supreme Court has said.

I've given you all the Supreme Court decisions -- *Beach v. Morris* -- there was an ordinance involved and the court said you cannot transfer from the Trust Fund to an improvement fund; and you can't give money from the Trust Fund to another agency. That's the Golden Gate Bridge case. I've given you all those Supreme Court decisions. You're bound by them.

The grant is so specific, the grant specifically states that the Attorney General shall proceed and take every step to comply with the Trust.

Now, if you don't want to take the case to court, if you want me to put in a joint resolution urging you or urging the State to file a lawsuit, or ask the Attorney General to file a lawsuit to determine this issue, we will do so. You're not going to get any place negotiating.

Can you imagine where the City said yesterday we will pay nine percent gross for any lands we use of the Harbor Department, and the Harbor Department shall pay the City nine percent. All the transfers of land by Los Angeles to the Harbor were done by an ordinance.

Now, we haven't established a relationship, as I have pointed out, between the Harbor Department and Los
Angeles. I don't know whether it's an agency or whether or not the Harbor Department are trustees, but I doubt it, because the thing that governs is the grant. So therefore, here is a trustee doing anything he wants. Takes the money out of the Trust Fund, uses it, demands that we pay the bonds, treated us in 1923 $24 million, before 1923 they want that paid back.

I think it's the duty of the Lands Commission to take strong action in this case. In December you have to file a detailed report with the Legislature -- that's what the statute says -- of the revenues and expenditures, and that goes to committee. We'll have a public hearing. But this issue, I'm telling you, gentlemen, you're wasting your time because two or three members of the City Council have determined to run that harbor as they see fit without any rules, without any regulations, disregarding the Trust; and they fail to realize that the Trust Fund, the Tidelands Trust Fund, is governed by all laws, like we've mentioned before, by ordinary trust laws.

You can't negotiate. Even if you negotiated, it's unconstitutional. It's illegal because all of the court cases hold that.

I think I've given you a beautiful brief of all the law, and I wouldn't be so persistent unless I'm sure that case law determines -- I say 90 percent of the case law
determines the tidelands law.

Los Angeles thinks this is a joke. They make an offer, and they want the Harbor Department to pay for land that was transferred, as we all heard to Long Beach, to pay for that land that was transferred and developed from Trust monies. That's the Wilmington-San Pedro road, 80 acres or something.

They want to be paid. All of the land that the City gave, the Harbor Department wants to be paid for it now; and all of it was given without any conditions.

I realize that some city land is not within the Harbor District, but I'm talking about the Trust now. I'm not talking about any other.

Unless you take action today, I'm willing to wager you'll never come to an understanding.

CHAIRMAN CORY: The action that is proposed that we take, Assemblyman Thomas, is that the authorization will still be there for the Executive Officer and the Attorney General to do all the things, including filing an action if necessary, but rather than precluding the opportunity of negotiating from that resolution to see what they want to give, because I tend to agree with you I didn't see a great deal of give on the part of the City in that resolution.

ASSEMBLYMAN THOMAS: Can you imagine yesterday they said they wanted to give and you said withholding all of the
interest? Where did you ever see that in a case of law?

That's the most flagrant violation of the Trust you've ever seen. They kept all of the interest in the Trust Fund and put it in the General Fund and used it for City purposes.

You can't let them do that.

CHAIRMAN CORY: I don't think we planned on letting them do that; and if that's what their bottom line is, I would imagine that without coming back to the Commission, the litigation can proceed. We can use a few more hours today to see if there is some possibility of resolving this matter without the expense of litigation.

ASSEMBLYMAN THOMAS: Mr. Chairman, they're not to admit anything wrong. They're not to admit they've taken any of the monies from the Trust Fund.

The only favor that I've asked your staff and the Attorney General to do is ask the City all of the monies they've taken out of the Trust Fund to justify and give evidence why they took it out of the Trust Fund for City purposes. That's all. Make them prepare a balance sheet.

If you need an outside auditor, I would say get one. We're not speaking of five or ten million, we're speaking of $30 or $36 million. And, gentlemen, I want to say this. I want to say your staff has done a wonderful job, the Attorney General's staff and your Land Commission staff, but you are dealing with real politicians when you
deal with people from the City Hall. They know more tricks than I do.

(Laughter.)

CHAIRMAN CORY: That's impressive.

(Laughter.)

ASSEMBLYMAN THOMAS: They're not going to bend.

I would subpoena your past mayor. I would subpoena the Harbor manager. I would subpoena every detailed record that's in those locked cabinets and find out where they get the authority to transfer from the Trust Fund to the City funds.

The law is on your side.

I know it may sound simple, Mr. Chairman. You've been in the Legislature. So have I. And we've been dealing with these things for a long time.

But I tell you this. Not unless you petition the Supreme Court to decide this issue, you'll never decide it. Unfortunately. I hate to say that because I know the people you're doing business with. They'll negotiate. They'll negotiate. They'll come back and forth, but you cannot negotiate with the Supreme Court. I'll give you another copy so you can read it --

CHAIRMAN CORY: One more time.

(Laughter.)

ASSEMBLYMAN THOMAS: That's People v. Morris, and the other is the Golden Gate Bridge case.
The law prevents you from negotiating. That's what I'm trying to tell you.

CHAIRMAN CORY: I don't think on those items that the court has spoken that we propose to negotiate. It is really a question of what factual situations might dictate that there is some obligation from the Trust to the City, and that confusing fact situation we're trying to resolve.

ASSEMBLYMAN THOMAS: The only thing you've got to do is ask the man one question under oath. Is you prepared this report for the Commission and gave it to the Commission showing that the City owed the Harbor Department $15,850,000. Ask him under oath. He signed it, and so did Mr. Grazer.

CHAIRMAN CORY: Mr. Northrop, has the City --

ASSEMBLYMAN THOMAS: The report was prepared by the Harbor Department, by the staff, signed by the Manager and the last minute when they found that the City had to pay the Harbor Department they scuttled it right, and maybe Mr. Wells knows more about it than I do.

CHAIRMAN CORY: Have the City indicated that they are willing to talk, or is there anything to negotiate?

EXECUTIVE OFFICER NORTHROP: I have been out of touch with the attorney since we left this morning.

MS. STONE: The City attorneys are willing to have discussions this afternoon.

EXECUTIVE OFFICER NORTHROP: So, I have already
appointed staff from the State Lands to meet with them.

CHAIRMAN CORY: Okay. I think we understand Mr. Thomas' position. I hope the staff clearly understands our position that we'd like you to sit down with them, to continue the authorization of the previous meeting and see if you can resolve it. You might confer individually with the members of the Commission as to what their individual views are which might be able to guide you as to what flexibility and what areas of the City's proposal are not meritorious in our view.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, we have tentatively asked one member of the Commission to sit in with us this afternoon in these negotiations. We'll get back to the others later.

CHAIRMAN CORY: I am not interested in sitting in on those negotiations, but that's fine.

EXECUTIVE OFFICER NORTHROP; The Lieutentant Governor surrogates.

CHAIRMAN CORY: Check so you know where people think there might be some merit to the City's viewpoint and those areas where they aren't. It might facilitate the matter so you can resolve whether or not they're wasting our time and spinning our wheels or not.

ASSEMBLYMAN THOMAS: May I make another suggestion, please? If you would subpoena the records, you'd settle this
thing in two days. If you would subpoena the man and have him testify under oath, they've got the truth of the matter, and make they show their evidence.

MR. STEVENS: Mr. Chairman, we have issued 25 subpoenas on top to City officials and to former members of the City. Those were signed by the Executive Officer and included a demand for the records which the City has agreed they will make available to us. Those hearings are in recess now while we still explore the possibilities.

ASSEMBLYMAN THOMAS: All the witnesses told me yesterday that they were excused.

EXECUTIVE OFFICER NORTHROP: No.

MR. STEVENS: No.

ASSEMBLYMAN THOMAS: I'm just saying what the witnesses told me.

MR. STEVENS: Mr. Thomas, just for the record, let's make it clear that they are still under subpoena. One witness was excused, but the rest of the witnesses are still under subpoena. They have been excused from appearing on Friday, but the subpoena is still outstanding; and the understanding is that we give them reasonable notice as to when to come back.

ASSEMBLYMAN THOMAS: Well, if this isn't decided by April, do you anticipate considering filing a lawsuit?

CHAIRMAN CORY: Mr. Thomas, this authorization
specifically authorizes the Executive Officer and the Attorney General to file a lawsuit any time the City digs its heels in. I mean, it's there. The gun is cocked. They can pull the trigger any time they want.

ASSEMBLYMAN THOMAS: Well, I'm going to help them pull the trigger.

(Laughter.)

CHAIRMAN CORY: I got that distinct impression.

(Laughter.)

CHAIRMAN CORY: Without objection, this Calendar Item --

MR. STEVENS: You've got it in the form of a Calendar Item. I'm sorry. I thought it was just going to be verbal. We need it in the form --

CHAIRMAN CORY: No. We are approving the Calendar Item as presented.

Without objection, such will be the order.

Item 19.

MR. TROUT: Mr. Chairman, in February last year the Commission approved for distribution the Boundary City Report concerning San Elijo Lagoon in San Diego County.

This involved Swamp and Overflow Patents that the State issued and the effect of those patents involved particularly land owned or claimed by the United California Bank.
We have reached agreement with United California Bank through the efforts of staff and through the efforts of the Wildlife Conservation Board staff. In the Calendar Item is a proposal which has already been approved by the Wildlife Conservation Board whereby the Board would acquire UCB's interest in this area of San Elijo Lagoon for a fixed amount of cash. UCB will then grant to the State of California all of its rights, title and interest in the area involved within their holdings, except for a 2.3 acre parcel up on a bluff in the corner of the area which is well above any reach of high tide.

The Commission will thereafter issue a Public Agency Permit to the Wildlife Conservation Board or possibly the County of San Diego for management of this area below the 2.5 foot elevation for ecological, environmental and wildlife management purposes.

The Board, the Wildlife Conservation Board, and the Commission would by the lease be agreeing that the area below the 2.5 elevation is the --

CHAIRMAN CORY: Okay. You've convinced us.

MR. McCausland: No objection.

CHAIRMAN CORY: Anybody in the audience on this item?

Without objection, Item 19 will be approved as presented.
Item 21. This is a change in the regulations for EIR's so that when a major project comes in that obviously needs an EIR that the study can be commenced immediately rather than going through a mechanical step.

EXECUTIVE OFFICER NORTHROP: The initial study program.

CHAIRMAN CORY: The initial study program, which tends to waste time.

EXECUTIVE OFFICER NORTHROP: Right, and money and so forth.

CHAIRMAN CORY: Is there anybody in the audience on this Item 21?

Without objection, Item 21 will be approved as presented, the repeal and the adoption of the new regulations. Such will be the order.

Item 22, Cabot Oil and Gas Corporation, resumption of drilling at existing facilities in Ventura County.

EXECUTIVE OFFICER NORTHROP: It's an onshore area, Mr. Chairman. It requires probably another 500-barrel wash tank and some pipelines.

CHAIRMAN CORY: Anybody in the audience on this Item 22? Questions by members of the Commission?

Without objection, Item 22 will be approved as presented.

Item 23, Bank of America Trust Department. I keep...
having trouble trusting those people, but go ahead. Tell us what they want.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the Bank of America is trustee for Fred and Eva Wyatt, and they're asking for a renewal of a permit for a boat dock in the area of Lake Tahoe.

CHAIRMAN CORY: Okay. Any questions from members?

MR. McCausland: Abstain.

CHAIRMAN CORY: Mr. McCausland will be abstaining on Item 23.

Without objection, the other two of us will approve it in spite of you.

MR. McCausland: It has nothing to do with the Bank of America Trust Department, by the way.

CHAIRMAN CORY: Oh, okay. That's why I was thinking of voting no.

Item 24 is a similar lease for Mr. Hewlett.

EXECUTIVE OFFICER NORTHROP: Mr. William R. Hewlett, yes, sir.

CHAIRMAN CORY: Any questions from members of the Commission? Anybody in the audience on Item 24?

Without objection, it will be approved as presented.

Item 25, acceptance of the quit-claim deed to terminate oil and gas lease at Huntington Beach, Orange County.
Let the record indicate that I have had some personal financial dealings with the Clock family and the Pauley family, but they're giving stuff to the State. The Attorney General tells me I can go on ahead and participate in this. Just so it's on the record.

MR. McCausland: No objection.

Chairman Cory: No objection. Anyone in the audience on this item?

Without objection, Item 25 will be accepted as presented.

Item 26. It's a modification of a dredging permit for an additional 5500 yards of a previous 10,000-yard permit that was approved. Standard royalty.

Any questions from the members?

MR. McCausland: No objection.

Chairman Cory: Anybody in the audience on Item 26?

Without objection, Item 26 will be approved as presented.

Item 27, Long Beach operation.

Executive Officer Northrop: Mr. Chairman, yes.

Item 27 will add 22 new cellars on Island Freeman and will do some triple zone injection and will transfer some monies within the budget.

MR. McCausland: What's a well cellar?

Executive Officer Northrop: Mr. McCausland, to
keep the well production units from being visible from the shore, they are constructed in U-shaped cellars below the horizon, the view horizon. What we're doing is constructing some more to maintain that profile.

MR. McCausland: Thank you. Lack of profile.

EXECUTIVE OFFICER NORTHROP: Lack of profile.

Okay.

CHAIRMAN CORY: Negative profile.

EXECUTIVE OFFICER NORTHROP: Negative profile.

It is part of the Chapter 38 --

MR. McCausland: I have no objection.

CHAIRMAN CORY: Okay. No objections. Item 27 is approved.

Did you go through --

EXECUTIVE OFFICER NORTHROP: Item 28 is some amendments to Fault Block II Unit Agreement. Basically these redefine zones and well assessments in that area due to production changes.

CHAIRMAN CORY: Without objection, Item 28 is approved as presented.

Item 29.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 29 does a similar problem in Fault Block III as it deals with the gas costs and gas zones. Operating costs are allotted on the percentage of gas production. There have been some
changes, and this allows us to make the changes so we can assess the proper percentage of costs.

CHAIRMAN CORY: Questions from members?

Without objection, approved as presented. My only comment is I can't understand why it is we have been here for two years with this new, crisp, hard-driving administration and you guys still have all these faults you have to deal with.

(Laughter.)

CHAIRMAN CORY: I don't know why we can't solve the problem.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 30 deals with the closing costs of some subsidence on AFE 880 on a pump station. The staff has reviewed it and feels that the subsidence cost as allowable is approved -- is worthy of approval.

MR. McCausland: No objections.

CHAIRMAN CORY: Any objections? Any comments from the members of the audience on Item 30?

MR. McCausland: This is about the right amount of money. Keep them all that size.

CHAIRMAN CORY: Without objection, Item 30 will be approved as presented.

Item 31.
EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 31 will be dealt with for questions by Mr. Hight.

MR. HIGHT: Item 31, Mr. Chairman, is an application by the U. S. Army for retrocession and concurrent jurisdiction at Oakland Army Base, and this authorization only authorizes the staff to conduct hearings and report back to you as to the findings.

CHAIRMAN CORY: Any questions from anybody in the audience on 31?

Without objection, approval is granted.

Item 32.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in Inyo County there is a fault area, a draw area, in which a lot of trash has been accumulating. The California Conservation Corps we're recommending do a cut and fill to take this attractive nuisance out of the area.

MR. McCausland: No objection.

CHAIRMAN CORY: Without objection, it will be approved as presented. We do own the land. That's why we're doing it.

EXECUTIVE OFFICER NORTHROP: Yes. It's on a school parcel, yes, sir.

CHAIRMAN CORY: If they're on the ranch where you and I have a disagreement about what you own and what I own, could you --
(Laughter.)

CHAIRMAN CORY: So everybody clearly knows, the same way they're grabbing land from a lot of other people in the State, they make the same contention on property that I think I own. I thought I owned. That's just life. Yes, that's the bilateral symmetry that I worry about so much.

Okay. Item 33, session of concurrent criminal jurisdiction for a five-year period of time. This is an item that's been before us for some time and has been negotiated out, and there's some understanding on the part of the counties as to what we're doing, that it is something that is not in perpetuity but is only for a five-year period of time.

MR. HIGHT: That is correct, Mr. Chairman.

Any questions from any members of the Commission?

MR. McCUSAULD: No objection.

CHAIRMAN CORY: Any questions from any members of the audience on Item 33?

Without objection, jurisdiction will be granted.

Item 34.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this involves litigation Mr. Hight can speak to.

MR. HIGHT: Mr. Chairman, this is the authorization to file a dismissal of the case of the State Lands Commission versus Greenhead. As you will recall, this is the case
where there was a fence placed across Cross Slough. The
fence has now been removed, and we're asking that the case
be dismissed.

CHAIRMAN CORY: Anybody in the audience on Item 34?
Without objection, authorization is granted. Such
will be the order.

Item 35.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 35
is a resolution authorized by Representative Don Clausen,
which would incur but not compel the U.S. Corps of Engineers
to incur up to $300,000 additional cost for water resources
to establish new wetland habitat areas. We recommend that
the Commission support this resolution.

MR. McCUSLAND: Is that what it really says?
It's HR 15718?

EXECUTIVE OFFICER NORTHROP: Right.

MR. McCUSLAND: What does it state? Plan and
establish wetland areas as part of an authorized water
resources development project?

EXECUTIVE OFFICER NORTHROP: Yes, sir.

MR. McCUSLAND: And then it sets up some criteria
if the chief engineer finds that the environmental and other
benefits and the increased cost of such wetland shall not
exceed $300,000. Is that a single-purpose bill? Is that
what we're looking at here? Is that for the whole United
States?

EXECUTIVE OFFICER NORTHROP: No. This generally, as I understand it, will be working generally in the San Diego area, Mr. Commissioner.

MR. McCausland: I think we ought to read between the lines.

CHAIRMAN CORY: Why would Clausen be carrying that?

MR. TROUT: The bill actually does have major benefit in California, San Diego and also Humboldt Bay, which would be Mr. Clausen's concern.

MR. McCausland: Whatever it is, that was last session. A similar bill has been introduced this session.

MR. McCausland: I have no objection, Mr. Chairman.

CHAIRMAN CORY: Any questions from members of the audience?

Without objection, we will indicate our support for Mr. Clausen trying to get us some more money.

MR. McCausland: In regard to the Humboldt Bay in Northern California, is there a number of issues that we're working on with the Wildlife Conservation Board in efforts not unlike the San Elijo Lagoon, or at least other acquisition programs on the North Coast?

MR. TROUT: Yes, we are.

MR. McCausland: Would you like to tell us at the next meeting how those are coming along?
MR. TROUT: Yes, sir. We'll prepare a report.

CHAIRMAN CORY: The final item is the status of major litigation.

MR. STEVENS: Mr. Chairman, we're going to have an Executive Session. I think we can cover the item briefly at that time. I don't think there's anything. The major lawsuits that have been filed against us have already taken effect. We have two actions. Other than that, I don't think there's anything specific that needs to be publicly noted.

CHAIRMAN CORY: Okay. Then we will adjourn the public session of the Lands Commission and convene here in this room forthwith for a rundown from staff on matters of litigation in Executive Session.

If the non-Commission members and nonessential staff could please vacate the room, we would appreciate it.

(Thereupon the State Lands Commission meeting of March 31, 1977, was adjourned at 10:50 a.m.)

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State of California } ss.
County of Sacramento }

I, WENDY E. SCHILLER, 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 proceedings of the State Lands Commission Meeting
was reported in shorthand by me, Wendy E. Schiller, a
shorthand reporter for the State of California, and thereafter
transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my seal of office this 14th day of April, 1977.

WENDY E. SCHILLER
Notary Public in and for the
County of Sacramento, State of
California