MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

CITY COUNCIL CHAMBERS
330 W. 20th Avenue
San Mateo, California

TUESDAY, JULY 26, 1977
10:00 A.M.

ORIGINAL

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

Mr. Kenneth Cory, State Controller, Chairman
Mr. Roy Bell, Director of Finance, Commissioner
Ms. Betty Jo Smith, Alternate

MEMBERS ABSENT

Mr. Mervyn M. Dymally, Lieutenant Governor

STAFF PRESENT

Mr. R. S. Golden, Assistant Executive Officer
Mr. Robert C. Hight, Chief Counsel
Mr. William F. Northrop, Executive Officer
Mr. N. Gregory Taylor, Assistant Attorney General
Mr. James F. Trout, Manager, Land Operations
Ms. Diane Jones, Secretary
CHAIRMAN CORY: The hour of ten o'clock having arrived, I call the meeting to order.

I'd like to acknowledge that Roy Bell, the Director of Finance is here. Betty Jo Smith is here, representing Lieutenant Governor Dymally.

The first item on the agenda is a confirmation of the minutes of the June 30th meeting. Are there any corrections or additions?

Without objection, those minutes will be confirmed as presented.

Mr. Northrop, do you have a report for us?

MR. NORTHROP: Yes, Mr. Chairman, members, a report on the Division's hazard removal efforts. Staff is preparing an agreement with the County of Sacramento to remove hazards between Nimbus Dam and the mouth of the American River. Additionally, bids are being solicited to clear obstructions from Lake Tahoe.

Staff also applied for a grant of one million dollars from the federal government. This money would necessarily be earmarked for obstruction removal in the Sacramento-San Joaquin Delta. We should know whether or not the grant has been formally awarded within the next 30 days.
The second item, Mr. Chairman, is in regard to the tax on the Long Beach oil properties by the Long Beach County Assessor. Instead of using crude oil prices being paid on the lien date, an estimated future crude oil price level is being established. This level is probably twice the current price, but we feel we must take some action on this.

So I bring it to your attention to see what we can do with it.

COMMISSIONER BELL: Mr. Chairman?

CHAIRMAN CORY: Mr. Bell.

COMMISSIONER BELL: It's obvious to me from seeing the charts and looking at the assessor's I guess you'd say initial appraisal, or whatever it is, that there just is no rhyme or reason to what he charges.

I would certainly recommend that the Chairman instruct the Executive Officer to get together with the Los Angeles assessor, see if he can work out some more reasonable tax approach toward this possessory interest problem or whatever he's charging the state, and report back at our August meeting. Because I think it is so outrageous that if we don't get this adjusted, I would suggest that the Commission take legal action.

MR. NORTHROP: Thank you.

CHAIRMAN CORY: I don't have any problems with that. Betty?
I think you should proceed, and at least for our own point of view, I think we should keep in mind that my recollection is that that thing can be alleviated by a statutory change. They don't have a constitutional right even to charge that tax. If they want to get too carried away, there might be a way in one of the tax reform programs to solve that problem, so that the man ought to negotiate from some reasonableness.

COMMISSIONER BELL: And since the Legislature is still here until September 15th, maybe we can get a favorable report back in August.

CHAIRMAN CORY: And if not --

MR. NORTHROP: That completes my report, Mr. Chairman.

CHAIRMAN CORY: Thank you.

The Assistant Executive Officer has a word for us.

MR. GOLDEN: Yes, a very short report, Mr. Chairman. Last Thursday the San Francisco Bay Conservation Development Commission passed a resolution commending both the State Lands Commission and Westbay Community Associates for reaching a resolution of the proposed partial settlement, which is on our calendar today, and are urging our adoption of this today.

In addition, the Coastal Commission staff and the staff of the Attorney General's Office and our staff are
working conscientiously to plan, to sort out our varied
responsibilities under the Public Trust Requirements, both
of the Coastal Act, and our continuing responsibilities
under the Public Trust.

We should be reporting back to you before too long
on where we are on that.

CHAIRMAN CORY: Okay. Any questions from members?
COMMISSIONER BELL: I have no questions.
CHAIRMAN CORY: Thank you.
The next item on our agenda are the consent
calendar items Cl through 17.

Is there anyone in the audience who wishes to
address the Commission on any of these items, Cl through 17?

MR. HIGHT: Mr. Chairman?
CHAIRMAN CORY: Yes.

MR. HIGHT: On item Cl5, W21223, we would like to
remove that one for this month.

CHAIRMAN CORY: Item Cl5, John C. Vilicich.

Okay. That item is removed from the calendar.

Are there any other corrections, any questions from members
of the Commission?

Without objection, the consent calendar items
Cl through 17 will be approved -- or accepted as presented.
The 17th item is an informational item that is on the calen-
dar.
Item 18, a request for approval of partial settlement of pending litigation in South San Francisco Bay.

MR. NORTHROP: Mr. Chairman, Mr. Trout from our staff will be making a presentation on this.

MR. TROUT: We just have a very brief presentation, Mr. Chairman. You do have before you the staff proposal on this partial settlement on Westbay, and each of the Commissioners has been provided with a summary of the transaction. You have the blue-covered actual proposed agreement; two survey maps, one of the settlement and one of the grant to the County of San Mateo; the summary of two staff public hearings; and the transcript of the staff hearings.

Now, copies of most of this material is in the back of the room. There may be a limited number of copies of the agreement itself. All the rest of the material, there are plenty of copies for the public.

These documents are submitted as a part of the permanent record of this hearing today together with the exhibit maps that are displayed around the room. These consist of eight infra-red aerial photographs of the area showing the various lines; the wall display map of the settlement, which is over here; the low water air photos of the area submitted by Westbay Community Associates, which is under the case by the clock there. These show
The Westbay claim lines are depicted on the small scale US Coast and Geodetic Survey map of the Bay Area showing the large areas included within this settlement. Various other maps are attached to the summary that you displayed, Mr. Chairman.

The proposed settlement satisfactorily resolves the major state objectives in the following manner: The location of the old low water mark is established, and that is approximated by the red lines on the aerial photographs within the yellow area; the state's old patterns are determined to be invalid to divest the state of title to the submerged lands below the ordinary low water mark; and the tide lands trust easement applies to valid conveyances into private ownership of tide lands above the ordinary low water mark.

As a result of this, the state's fee title, unencumbered by private claims is being confirmed to about 7,300 acres within South San Francisco Bay. That basically is the area lying outside of the red lines on the maps out to the limits shown by the yellow pattern lines.

The private underlying fee title to some 2,300 acres above the ordinary low water mark -- stress above there -- will be confirmed in Westbay subject to the public tide lands easement. That's the area landward of the red
line to the upward limit of Westbay's ownership.

Left out of the settlement are three areas which will be resolved subsequently. This is a parcel near Bird Island, consisting of Bird Island near Foster City, a small triangle at Greco Island, and one parcel near Coyote Point.

Included in the settlement are two access easements to Westbay located in the San Mateo County grant boundaries and clearance of title ambiguities in these areas.

Two staff public hearings were held in this room on July 7th. The proceedings are described in the transcript and the summary. We also have cassette recordings of the staff hearings and copies of the written public comments received after the hearings which have also been provided to the Commission.

As Mr. Golden indicated, a staff briefing was provided to the Bay Conservation and Development Commission on July 21st, and their resolution of approval is also before you.

There are two small corrections in the material that was made available earlier. The Summary of Proposed Partial Settlement on page 3 and the staff comments indicated a total of 900 acres in the '65 trust grant to the County of Coyote Point when the total in fact is 750 acres.

In addition, the two access leases which were earlier indicated as being 49-year leases, they are 66-year
leases.

In the audience today, in case there are questions are Tom Casey, of San Mateo County, and Henry Dietz of the County, recently retired, who put a lot of effort into this. There is Jerry Coleman, City Attorney for Burlingame; Maurice Hamilton, from San Mateo; and Allen Littman, representing Westbay Community Associates.

CHAIRMAN CORY: Any questions from Commissioners?
COMMISSIONER BELL: None.
CHAIRMAN CORY: Is there anybody in the audience who would like to comment on these items, on this particular item?

Are we ready for a motion?
COMMISSIONER BELL: Yes, I'm ready.
COMMISSIONER CORY: Mr. Bell moves.
MS. SMITH: I second.
CHAIRMAN CORY: Betty Jo seconds. The partial settlement is approved as presented. All those in favor signify by saying aye.

COMMISSIONER BELL: Aye.
MS. SMITH: Aye.
CHAIRMAN CORY: Motion is carried.

(Applause.)

CHAIRMAN CORY: I'd like to thank all those who labored so hard on this, and I particularly want to thank
Maurice Hamilton for the hospitality here in providing our meeting room and all of you who have worked so hard on a very difficult project. We thank you very much.

Moving to agenda item 19, approval of settlement agreements regarding tide and submerged lands under the jurisdiction of the Los Angeles Board of Harbor Commissioners.

MR. NORTHROP: Mr. Chairman, this settlement consists of eight points in the settlement. The points are:

1. Maximum repayment to the general fund has been established;
2. Interest monies owing to the Harbor Revenue Fund, claims have been waived; city claims for reimbursement for retirement costs have been waived;
3. City claims for reimbursement for cost of services provided to and for the Harbor Department, the city shall bill the Board of Harbor Commissioners on July 1, past claims have been waived; the city's use of the Harbor Department trust lands for general municipal purposes, the city shall be billed and billings shall be allocated on the basis of benefit. Past claims have been waived.
4. The sixth point, property transferred to the Harbor Department, segregation of revenues from Parcel One so as to preclude comingling of trust and non-trust revenues. After deductions for a management fee and an amortization of and a return on Harbor investments, the Harbor may transfer all or portions of the remaining

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non-trust revenues to the General Fund as meant for the use
of the land.

The seventh point, the comingling of revenues from
trust and non-trust assets, all lands under the administra-
tion of the Harbor Department, except Parcel One, are declared
to be impressed with the trust created by the grant to the
city.

The last point, all other controverted claims
are waived.

The staff has reviewed this, the Attorney General
has reviewed this, and the Attorney General informs us that
it is an acceptable settlement. The staff feels that there
would be some areas that they would have liked to have got,
but unfortunately in negotiations you cannot get everything
you ask for. We recommend approval.

CHAIRMAN CORY: Any questions from members?

Anybody in the audience on item 19?

COMMISSIONER BELL: If not, I would move, Mr.
Chairman, approval of the settlement agreement regarding
tide and submerged lands under the jurisdiction of the
LA Board of Harbor Commissioners as shown on page 66 and
62.

MS. SMITH: I second.

CHAIRMAN CORY: Without objection, the motion
is approved as presented.
Item 20, permit for Agate Bay Properties Incorporated.

I think we ought to back up and thank Kathy for service above and beyond the call of duty in the LA Harbor.

MS. SMITH: I agree.

CHAIRMAN CORY: We appreciate what you've done. You avoid us having to go to those meetings.

Item 20, Agate Bay Properties, Incorporated, 40 foot diameter, 14 circular parcels.

MR. NORTHROP: For 14 existing mooring buoys and one existing floating platform to be utilized for recreational boating and swimming respectively. We get in excess of $3,000 back rent and establish a rent going forward of 450 a year.

CHAIRMAN CORY: Anybody in the audience on item 20?

Any questions from Commissioners?

Without objection, item 20 will be approved as presented.

Item 21, Dowrelío Boat Works.

MR. NORTHROP: Mr. Chairman, this has been on the agenda before, and the approval was given for an experimental subaqueous disbursal method, and that unfortunately the time ran. They did not get started, and they have asked for an extension through June 30th.
The Corps of Engineers, California Water Quality and Marine Affairs and several others are interested -- several other organizations are interested in the movement of sands and such a disposal area. We recommended no fee because of the experimental nature.

CHAIRMAN CORY: Anybody on item 21 in the audience? Questions from the Commissioners?

Without objection, item 21 will be approved as presented.

Item 22, Carl Bennett Rodeo Marina, a dredging permit.

MR. NORTHROP: This is on dredging --

CHAIRMAN CORY: Fifteen cents per cubic yard, and this will be disposed of on the disposal site as opposed to the experimental.

MR. NORTHROP: Right.

CHAIRMAN CORY: Anybody in the audience on item 22?

Without objection, item 22 will be approved as presented.

Item 23, Lake Minerals Corporation in Owens Lake, Inyo County. They want to go from two feet to twelve feet, but they are giving up something on the other side and going to a standard lease?

MR. NORTHROP: Right. They are going -- a standard
lease and the material they will be using will be environmentally helpful because it's going to be used in a stack scrubber -- stack-gas scrubber program.

CHAIRMAN CORY: So it helps the urban environment and puts some dust in the air in any event. Anybody in the audience on item 23?

Questions from members?

COMMISSIONER BELL: No problem.

CHAIRMAN CORY: Without objection, item 23 is approved as presented.

Item 24, recommendation to extend, upon request by the County of Santa Barbara -- oh, this is --

MR. NORTHROP: This is the pier.

CHAIRMAN CORY: Okay.

COMMISSIONER BELL: This is that pier again.

CHAIRMAN CORY: That's the ship?

MR. NORTHROP: All right. No, this is the Ellwood Pier.

COMMISSIONER BELL: This is that old Ellwood Pier, again isn't it?

MR. NORTHROP: Yes. There have been some studies on --

CHAIRMAN CORY: They haven't decided what to do with their pier yet?

MR. NORTHROP: They have got the studies out now,
and there are two gentlemen here from Santa Barbara County if you have some questions on it. But Aminoil has agreed to stand in the shoes they were in originally as to the removal if the County does not want to use it for a fishing pier.

They are now analyzing the report that was given to them on the costs of converting it to a fishing pier in the area.

COMMISSIONER BELL: How much time?

MR. NORTHROP: January 31, 1978, Mr. Bell.

COMMISSIONER BELL: Hopefully in six months?

MR. NORTHROP: Yes. We should have some resolution on this problem.

COMMISSIONER BELL: No problem.

CHAIRMAN CORY: Anybody in the audience on item 24?

Without objection, item 24 will be approved as presented.

Item 25, Long Beach operations First Modification of the plan of development. In the first months, it's always the first modification, isn't it?

MR. NORTHROP: That's right. This consists of --

(Laughter.)

CHAIRMAN CORY: One of these days we're going to get through a month without modifying.
MR. NORTHRUP: Mr. Chairman, this substantially reduces the revenue estimate by almost 30 million dollars and increases the cost of actual expenditures by nearly five, in excess of five million dollars.

CHAIRMAN CORY: Any questions by anybody in the audience? Commissioners?

COMMISSIONER BELL: No. I've had the bad news already.

CHAIRMAN CORY: Okay. Item 26, project review, developments in Los Angeles County.

MR. NORTHRUP: Yes, Mr. Chairman. This item is a reduction from 70-odd percent to 13 percent of the state participation in a sewer project.

CHAIRMAN CORY: Anyone in the audience on item 26?

Okay. Without objection, item 26 will be approved as presented.

Item 27, project review on Pier A, Berth 5, Storm Drain Pump Station Reconstruction.

MR. NORTHRUP: This adjusts a subsidence amount to make us responsible for nearly seven million dollars.

CHAIRMAN CORY: Any questions from the Commissioners?

Anybody in the audience on item 27?

Without objection --

MR. HIGHT: Seven.

MR. NORTHRUP: Seven thousand. I stand corrected.
I missed it.

COMMISSIONER BELL: Corrected to $7,000, right.

CHAIRMAN CORY: Seven thousand or $6,989.79.

MR. HIGHT: And not a penny more.

CHAIRMAN CORY: I presume we are approving what's written before us, not --

MR. NORTHROP: What I'm saying. Okay.

CHAIRMAN CORY: Okay.

COMMISSIONER BELL: Okay. Without objection,

item 27 --

CHAIRMAN CORY: Twenty-seven is approved as presented in writing.

Item 28, boundary line agreement on the Feather River adjacent to upland owned by Mathews Readymix near Gridley, Butte County. Is there anybody in the audience on item 28?

Any questions by Commissioners?

COMMISSIONER BELL: No questions.

CHAIRMAN CORY: Without objection the boundary line agreement is approved as presented.

Item 29, approve the Special Area Plan, South Richmond Shoreline -- what are we doing here? I forgot my briefing.

MR. NORTHROP: Mr. Hight will respond to that.

MR. HIGHT: Mr. Chairman, the City of Richmond
has a plan for the development and the Commission must approve its consistency with the grant. This is a finding that it is consistent.

CHAIRMAN CORY: Questions? Anybody in the audience on item 29?

Without objection, item 29 is approved as presented.

Item 30. This deals with encroachment agreements for Piers numbers 6, 7, 9, 10, and 11 in Mission Bay. It's a declaration that those piers are not consistent with the terms of the grant and do not promote statewide purposes and are not in the best interests of the state.

These are piers as I recall from the briefing, that cannot be adapted to public use for unique circumstances relating to them, and --

COMMISSIONER BELL: This action affects us.

MR. HIGHT: Yes. In the event the grant should be revoked for some reason, then the state would not be bound by saying that these were consistent with the trust.

COMMISSIONER BELL: Right.

CHAIRMAN CORY: Anybody in the audience on these items?

Without objection, item 30 is approved as presented.

Norm, do you want to tell us about litigation?
MR. TAYLOR: Mr. Chairman, we received the Notice of Intended Decision in the Pariani case. The court held in favor of the state's position that geothermal resources are a mineral and therefore retained by the state in a mineral reservation contained in early state patents. There is now more than four million dollars on deposit with the court drawing interest, and we are adding to that amount at the rate of $200,000 a month from the geysers area.

I would anticipate there would be an approval by the private parties, and if that occurs, I would say that we probably still are looking at approximately three years before we will be able to collect the money. At that time, it will be a very substantial amount, probably in excess of ten million dollars and it may be closer to twenty.

CHAIRMAN CORY: Okay. Anything else?

MR. NORTHROP: Mr. Chairman, in line with that and the fact that it has been determined that the geothermal resource is a mineral, we probably will expand our operation, perhaps assign one man to the geysers to follow that very closely.

CHAIRMAN CORY: Okay.

MR. TAYLOR: There are several other matters, but I believe they should be handled in a subsequent executive session of the Commission.

CHAIRMAN CORY: Okay. We'll probably try to
have one later this week or next week in Sacramento before we go to litigation.

Any other items before the Commission?

Okay. We stand adjourned. Or wait, before we do that, our next meeting is --

MR. TAYLOR: August 25th in Sacramento.

CHAIRMAN CORY: August 25, Sacramento.

All right. And we stand adjourned.

(Thereupon at the hour of 10:23 o'clock a.m. the meeting of the State Lands Commission was adjourned.)

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State of California )
County of Sacramento ) ss.

I, DIANE FATTIG, 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 Land Commission Meeting was reported in shorthand by me, Diane Fattig, 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 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 by seal of office this 8th day of August, 1977.

Diane Fattig
Notary Public in and for the County of Sacramento, State of California

OFFICIAL SEAL
DIANE FATTIG
NOTARY PUBLIC - CALIFORNIA

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