TRANSCRIPT Date February 27, 1981

JANUARY 26, 1981

File No.:

From : EXECUTIVE OFFICE
1807 13th Street, Sacramento 95814

Subject: CORRECTIONS TO STATE LANDS COMMISSION TRANSCRIPT OF JANUARY 26, 1981

On page 17, Line 12, "accepted" should be "excepted".
On page 23, Line 12, "court" should be "port"

DIANE JONES
Secretary

cc: Barbara Peters
    Peters Reporting
MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 3191
SACRAMENTO, CALIFORNIA

ORIGINAL

MONDAY, JANUARY 26, 1981
10:10 A.M.

CATHLEEN SLOCUM, C.S.R.
License No. 2822
MEMBERS PRESENT

Kenneth Cory, Chairperson, State Controller
Susanne Morgan, representing Mary Ann Graves, Director of Finance, Commissioner
David Ackerman, representing Mike Curb, Lieutenant Governor, Commissioner

STAFF PRESENT

William F. Northrop, Executive Officer
R. S. Golden
Robert Night
James Trout
Diane Jones, Secretary

ALSO PRESENT

Jan Stevens, Deputy Attorney General
Susanne Wylie, Deputy Attorney General
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CHAIRPERSON CORY: We'll call the meeting to order.

We will be taking up the Consent Calendar items first. They are in your printed agenda with the letter "C" preceding the number. They're Items C1 through C18. We will be taking them all up together in one motion. So, if you would be looking at those, if any of you have any arguments with what the staff proposes doing, be prepared to speak rather quickly in a few minutes or forever hold your peace.

Are there any corrections or additions to the minutes?

Without objection, they'll be adopted as presented.

The Executive Officer.

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, this is a follow-up on prior Commission requests for progress on the California Desert Area Plan.

In December 1980, the Bureau of Land Management agreed to modify some wording in its Desert Plan to emphasize the importance of providing for land exchanges with the State. The need for this was brought on by the effect of wilderness and restricted use designations in areas where there is intermingled State ownership.
Within wilderness areas of the desert are 124 parcels of State school land totalling 75,000 acres designated to be Controlled Class (C) and within restricted use areas (L) designated areas are 362 parcels, totaling 210,000 acres. Preliminary staff study indicates that because of existing access and mineral or other development potential, 73 parcels totaling 41,000 acres should probably remain in State ownership. The remaining 413 parcels totaling 244,000 acres appear to be so restricted in access and development potential because of designations imposed by the Desert Plan, they should be exchanged for BLM lands of equal value elsewhere.

On the map we have there the list of some of the candidates for acquisition in the exchange for the State desert lands. The following areas are being studied:

1. The area designated as the Caliente Range of Southern San Luis Obispo County and southwest of Taft totaling 54,000 acres, and staff believes it has some area for oil and gas development potential in that Caliente Range for that 54,000 acres.

2. Designated by Mendocino County on the northern part of the map are about 46,500 acres composed of nine blocks which staff feels would be valuable for timber production.
In the third area, Trinity County area, another 14,000 -- I think Junction City is the way it's put up on the map there -- 14,300 acres primarily for valuable timber. We feel it has some timber production potential.

And in the Eagle Lake area of Lassen County there are 14,830 acres approximately, we feel, would have some timber potential.

Number five, the Johnson Valley area down towards Riverside there in the Lucerne Valley is presently 20,000 acres of State school lands, most of which were acquired through previous exchanges -- 29 Palms Marine Corps Base -- and it has potential for development as population centers should San Diego County expand.

The staff is continuing to redefine information on lands for acquisition, disposal or retention, and their relative values so a series of exchange proposals can be initiated in the near future with BLM.

That completes my report, Mr. Chairman.

CHAIRPERSON CORY: Questions from Commissioners?

Okay.

Mr. Golden.

MR. GOLDEN: Mr. Chairman, Members of the Commission, I have the staff report on State Coastal Commission.

On June 30, 1981, the State Coastal Commission
will undergo a major reorganization. The six regional Coastal Commissions will go out of existence and all of their workload will fall upon the State Commission. Half of the present Commission's voting membership, six members, represent regional commissions. After June 30, these six members will be replaced by county supervisors or city councilpersons from coastal counties. The staff of the Commission has proposed, based on an outside management study, that the three non-voting members -- the Chairperson of the State Lands Commission, the Secretary for Resources, and the Secretary for Business and Transportation -- be given voting privileges. The Commission approved introduction of legislation to accomplish this, subject to the approval of the Governor and the individuals involved.

The reason this was proposed was to provide additional commissioners so that they can split into sub-committees to handle the very large workload. To date the Governor's approval has been obtained on the proposal.

The State Lands Commission is currently a voting member of the San Francisco Bay Conservation and Development Commission, and has been since that agency was established. The Coastal Commission and BCDC comprise the State's Coastal Zone Management Agency under federal statutes so there is some rationale for the proposal.

I'll keep you posted as this goes along.
CHAIRPERSON CORY: Okay. Just so the other Commissioners know, I'll be doing everything I can to make sure we don't have a vote --

(Laughter.)

CHAIRPERSON CORY: -- because I think that is all loser.

Thank you, Dave.

Okay. On the printed agenda we are about to take up the Consent Calendar. Is there anybody who disagrees with the proposed staff recommendations on those first 18 items?

Without objections, --

MR. ACKERMAN: No objections.

MS. MORGAN: Second.

CHAIRPERSON CORY: The Consent Calendar will be approved as presented.

Item 19 we will put over. Some technical language problems that I believe the staff is working on with Long Beach and the Wrather Corporation out in the hall. So we will be taking up Item 19 at the end of the calendar right after Item 38.

Item 35 is off calendar and will not be taken up this morning.

So I hope the people in the hall are moving with some alacrity because we plan on going through this agenda
with a good deal of alacrity.

Are you ready?

(Laughter.)

CHAIRPERSON CORY: Item 20. Southern California Edison Company, approval of amendment to industrial lease in Mandalay Beach, Ventura County. This is a volumetric rental.

Is there anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 20 approved as presented.

Item 21. This is a supplemental letter for a gas pipeline lease in the Delta area. Is that correct?

EXECUTIVE OFFICER NORTHROP: That's correct, Mr. Chairman.

CHAIRPERSON CORY: Gives us some --

EXECUTIVE OFFICER NORTHROP: There are new language in your calendar which gives the State the opportunity to ship its gas through this line as well.

MR. ACKERMAN: Good deal.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, --

MS. MORGAN: Fine.

CHAIRPERSON CORY: -- Item 21 will be approved as presented.
Item 22, partial release of sales moratorium on state-owned school lands. This is a 40-acre parcel in Poway in San Diego County.

MS. MORGAN: Sounds like a good idea.

CHAIRPERSON CORY: Anybody in the audience?

Without objection, Item 22 is approved as presented.

Item 23, clarification of a boundary line agreement in the City of Eureka. The city had some things they wanted clarified?

EXECUTIVE OFFICER NORTHROP: Yes. The one parcel, the description did not conform to the agreement. So we're doing that.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, Item 23 is approved as presented.

Item 24. This is --

MS. MORGAN: Revoke the trust without prejudice.

CHAIRPERSON CORY: -- revoke the trust without prejudice. This is the City of Needles.

Is there anybody in the audience on this item?

Questions from Commissioners?

MR. ACKERMAN: None.

CHAIRPERSON CORY: Without objection, 24 is
approved as presented.

Item 25, amendment of approval of resumption of drilling operations of State Oil and Gas Lease PRC 2879.1, Santa Barbara County.

Anybody in the audience on this item? Questions from Commissioners?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 25 is approved as presented.

Item 26. Hilliard Oil and Gas, Inc. This is authorizing a public hearing to be held to look at subsidence for a proposed oil and gas lease, Grays Bend area of Sacramento River, Sutter and Yolo Counties.

Questions from Commissioners? Anybody in the audience on this item?

Without objection, 26 is approved as presented.

Item 27, authorize the sale in 100 percent increments by competitive bid for State produced oil and gas.

Is there anybody in the audience on this item? Questions from Commissioners?

MS. MORGAN: The bid will come back?

EXECUTIVE OFFICER NORTHROP: The bid will come back for approval.

CHAIRPERSON CORY: Just authorizing the sale.
Item 27 approved as presented.

Item 28, assignment to Norris Oil Company from Cabot Corporation. Cabot is turning over their interests --

EXECUTIVE OFFICER NORTHROP: Turning over their interests in many areas in California.

CHAIRPERSON CORY: Is there anybody in the audience on this item? Questions from Commissioners?

Item 28 is approved as presented.

Item 29, authorization for a six-month extension on an 8 percent increment of sale of oil that they're paying currently 37 cents per barrel --

EXECUTIVE OFFICER NORTHROP: Just slightly --

CHAIRPERSON CORY: -- over posted price. The crude market is soft. There's some question whether or not we can approve our thing.

Is there anybody in the audience on this item? Questions from Commissioners?

Without objection, --

MR. ACKERMAN: No, it's okay.

CHAIRPERSON CORY: -- 29 approved as presented.

Okay, Item 30. What are we doing on this one?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

Mr. Thompson from the Long Beach operation will lay out what we're doing on closing of accounts on the subsidence.

MR. THOMPSON: As part of the approval last
year, prior approval of those accounts, part of the agreement was to close those accounts out within a reasonable time after close of the year. This is the closing. You gave prior approval for this last year, I believe, in June, for $370,000. The city actually used $239,000. This is the final closing. All of these have been audited and final engineering reviews have been made.

CHAIRPERSON CORY: Any questions?

MR. ACKERMAN: No.

MS. MORGAN: That's fine.

CHAIRPERSON CORY: Without objection, Item 30 is approved as presented.

Explain the seventh modification to us.

MR. THOMPSON: The seventh modification has three different parts in it. One is a plan change to increase the number of new wells to 52. This is because of the original plan which split the money between redrills and new wells. We've been doing less new drilling and more new wells, so we have to add to the plan for the number of new wells we're going to do. Also, we want to take and provide for some engineering work on new seller construction on the Islands White and Chaffee for $200,000. The final estimate of cost of fees will be included in next year's budget for those sellers. This is just the engineering work designs.
We also would like to augment the budget for $450,000 for equipment and tools for roustabout crews. These are the labor crews that are used in the field for maintenance, painting, cleaning up, all this type of work. The field contractor has replaced these contract people with 50 employees on their own staff. Now we need the equipment to go with it: pickup trucks, air compressors, skip loaders, cranes, this type of equipment for them.

CHAIRPERSON CORY: It's cheaper than the contractor.

MR. THOMPSON: Right. At present we're paying about $130,000 a year for renting the same equipment which is about a three-year payout of this approximately.

CHAIRPERSON CORY: Any questions from Commissioners?

MR. ACKERMAN: That makes sense.

CHAIRPERSON CORY: Anybody in the audience on this? Without objection, the seventh modification is approved as presented.

Going to tell us about the monitoring seismic --

MR. THOMPSON: All right. The results of the elevation surveys shows there has been very small, if any, subsidence, surface to elevation changes, in the Long Beach area. So, again, we can report that we can substantiate that no subsidence to the land surface has occurred as a result of the operations of the Long Beach units.
CHAIRPERSON CORY: Okay. An informative item only on the agenda.

Okay.


MR. HIGHT: Correct, Mr. Chairman.

CHAIRPERSON CORY: Any questions from the Commissioners?

MS. MORGAN: No.

MR. ACKERMAN: No.

CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, Item 33 approved as presented. Okay, Darrah.

MR. HIGHT: Mr. Chairman, Darrah is a modification of an agreement previously approved by the Commission.

This modification would allow the State to obtain a quick-claim deed to the old bed of the Calaveras River and in return give Mr. Darrah a 10-year rent-free recreational pier lease.

CHAIRPERSON CORY: Anybody in the audience on this item? Questions from Commissioners?

MS. MORGAN: That's fine.

CHAIRPERSON CORY: Without objection, Item 34 is
approved as presented.

Item 35 is off calendar.

Item 36. This is a demonstration solar pond power plant.

EXECUTIVE OFFICER NORTHRUP: Yes, Mr. Chairman, authorization for us to execute an agreement with LA Water and Power to try to assist us financially with this and share with them the results.

CHAIRPERSON CORY: Anybody in the audience on Item 36? Questions from Commissioners?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 36 is approved as presented.

Item 37, Lake Tahoe Shorezone Assessment.

This is approval of a contract. We went out and solicited bids.

EXECUTIVE OFFICER NORTHRUP: We solicited bids, Mr. Chairman. As you recall, Mr. Trout several years ago suggested this and we are now to the point of going for bids on this study.

CHAIRPERSON CORY: We've got the bids?

EXECUTIVE OFFICER NORTHRUP: We've got the bid, a hundred and eighteen thousand dollars from the University of Southern California.

MR. ACKERMAN: What's this one asking us to do?
CHAIRPERSON CORY: They want us to approve the $118,000 bid?

EXECUTIVE NORTHP: For SC.

MR. ACKERMAN: What's the time frame on this?

MR. TROUT: It would be a three-year contract. You're doing two things. You're extending the existing moratorium on the construction of new piers, single-family piers, and you're authorizing a contract with USC for a three-year study of the littoral zone movements of sand and that kind of stuff. The problem we have is we don't have an adequate EIA on accumulative effects of pier construction at Tahoe. That's always been a problem.

MR. ACKERMAN: When this $118,000 study is completed, would that then give the Commission the policy alternatives to make some long-range policy decisions?

MR. TROUT: Yes, it will. That's really what we need. It was funded by the Legislature in this last session, and this as the contract.

MR. ACKERMAN: And we won't get that for three more years, till '83?

MR. TROUT: That's correct, because they need the time to make the studies.

MR. ACKERMAN: Okay.

MS. MORGAN: Sounds reasonable.

CHAIRPERSON CORY: At a $118,000 for USC, you
can’t buy a reserve linebacker for that with that football
team.

(Laughter.)

CHAIRPERSON CORY: Without objection, Item 37
is approved.

(Laughter.)

CHAIRPERSON CORY: Item 38 is to authorize
holding public hearings for reviewing the Commission's
administrative rules and regulations pursuant to statutory
change.

EXECUTIVE OFFICER NORTHROP: That’s correct,
Mr. Chairman. Last year every agency was asked to review
this.

CHAIRPERSON CORY: Any questions?

MR. ACKERMAN: I understand part of these
hearings is to make all regulations read in common-sense
English so that they can be understood by the Commissioners.

CHAIRPERSON CORY: Can we hire somebody that
can accomplish that? I haven’t seen that much from the
staff that indicates they have the capacity.

(Laughter.)

CHAIRPERSON CORY: We have to go outside
contractor for that.

EXECUTIVE OFFICER NORTHROP: Outside contractor
maybe.
CHAIRPERSON CORY: Anybody in the audience on this item?

Without objection, authorization is granted.

Okay. Going back to --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I have just been informed by Mr. Trout that Mr. Elder has donated his office. They're there working and wondered if we could do the closed session and come back to them after the closed session.

CHAIRPERSON CORY: Okay. We will go into a closed session and it will be -- how long is that going to be?

EXECUTIVE OFFICER NORTHROP: Hopefully, half and hour, 15 to 20 minutes.

CHAIRPERSON CORY: We will recess the public meeting for a short period of time. We await the deliberations on the technical changes, so that we will take up Item 19 sometime. If the people who are interested in that item can wait outside, we will be with you as soon as possible.

(Thereupon the meeting of the State Lands Commission went into closed session.)

CHAIRPERSON CORY: We're on Item 19 on the agenda. Will somebody tell us --
EXECUTIVE OFFICER NORTHPROP: Mr. Chairman --

CHAIRPERSON CORY: -- the changes on the language of 19?

EXECUTIVE OFFICER NORTHPROP: Yes, sir. Jim.

MR. TROUT: Mr. Chairman, at the November meeting, the lease agreement between the Long Beach Harbor Department and Wrather Port Properties was approved pursuant to Section 6702 of the Public Resources Code which is a device to guarantee third parties that if something happens to the trust granted to Long Beach, that the lease involving the third parties remains valid. At that time the Commission accepted from such finding the future development of the option area which was Parcels 4, 5 and 6. Today the Commission is being asked to do three things. There was not an unanimity of agreement whether the rental rates that were adopted by the Commission at its November meeting were designed to also apply to the option area. So we're asking you to make that finding.

The second one is that as to the rental rate for the marina area, that the rental rate is to be 10 percent of the gross income until the initial loan is paid off. So that's the second clarification. When that loan is paid off, then it would --

CHAIRPERSON CORY: What loan?

MR. TROUT: Any loan that Wrather undertakes to
develop a marina to build the breakwaters and other types of things.

EXECUTIVE OFFICER NORTHRE: Staff feels that if the Harbor Department built the marina, it would be part of the charge or if Wrather built the marina, either that charge had to be taken into consideration.

MR. TROUT: The rental rate would be 10 percent of gross income from the marina until the initial construction payout has been taken care of, amortized. it would be at the appropriate rates under the lease. Staff has no problem with that concept.

The alternative is the port would pay for it and Wrather would -- fund the construction -- Wrather would pay a higher rental rate.

MS. MORGAN: And the staff would rather let Wrather do it.

CHAIRPERSON CORY: But we are, with respect to that, approving a pig-in-a-poke.

MR. TROUT: I don't think so.

CHAIRPERSON CORY: You don't know what loan, what amount, what term, what interest, from whom, for what purpose. I mean, it is theoretically possible by doing this to establish a set of circumstances which would encourage either the harbor or private entrepreneur to create a loan for the purpose of controlling his rental fees.
I mean, that's what I'm concerned about. I mean, we had the same problem with the Toll Bridge Authority which another State agency who doesn't want to pay off bonds because as long as they owe money, they don't have to pay the State. It is just, as a business principle, from our side of the table, that seems to be a very questionable thing. If they owe a dollar on the loan, they're at a 10 percent rate. You see what I'm concerned about?

MR. STEVENS: Excuse me. I'm Dick Stevens, Wreather Port Properties.

I think I can put your mind at ease, hopefully.

First, in terms of what the plan would be, there are provisions reached in the settlement where not only the State but the port and, I guess, it's another federal agency would be involved in the approval or disapproval of the plan. So in terms of what goes in there and how it goes in and its effect on the environment, that everybody is going to have their fair shot at. So now, let's go beyond that. Let's assume that everybody says: Yes, that marina is in the right place and the project is right and we all sign off and so now we have to go out and finance it or pay for it in one fashion or another. Due to the physical problems inherent in that location, the lowest estimate we have on a minimum marina is in the area of 35 million to 40 million dollars. Now, that's because of the
depth of the water, which is at that location about 45 feet
and need to build a sea wall for protection, et cetera.

Now, I've run these calculations out, obviously,
when we negotiated this percentage. We lease property
from the County of Los Angeles in Marina del Rey, and I
pay 20 percent of slip rentals to the County of Los Angeles,
which is about the average you'd pay as a developer for a
marina site. But the County provides me with a sea wall,
utilities to the sea wall, protection of a breakwater,
which obviously cuts the cost. If you take 35 million,
divide, and it worked out that at the differential, if the
State or the Port put up the money, that 10 percent or
15 percent differential would never pay that off for the
State or Port. So the solution, we had come in originally
saying we'll take a business risk and we will pay 10 percent
because it's just a strictly competitive bidding situation.

Now, at that point in the last, I guess, our last meeting
the staff had some problems with that, and, in fact, the
staff and Port came up with a suggestion. Well, let's
keep the 10 percent but after the financing is paid off, now,
presumably you've earned back that differential, and, there-
therefore, we want at that time to negotiate whatever is
the going rate for marinas on public property. That's what
we agreed to do is downstream when we through our financing
and our credit put the Port in the competitive position in
effect on an even footing with other government agencies who provide marinas, then we'll adjust the rate.

CHAIRPERSON CORY: That's a valid principle, but the contract, as Mr. Trout explained it, gives you -- say, Wrather decides for some reason to sell this whole project to someone else next year and we're dealing with someone else down the line, to be in a position that they don't do that particular project or at the end of 40 years, rather than paying off the last bond, the last thousand dollars of the bond, they renegotiate with the lender to keep that thousand owing for another 90 years. You're able to unilaterally keep yourself in a 10 percent non-rental adjustment rate. That's what I'm worried about.

MR. STEVENS: I understand your point.

CHAIRPERSON CORY: I don't know how to get around it.

MR. STEVENS: We can get around it very easily. We can stipulate that in no event will financing be longer than a 30-year term from date of borrowing. The reason I say date of borrowing is the real context here is we have two years to come to the State with a master plan for that area. So there is a time constraint. That's when everybody gets to bite at the fish and get their licks in and then there's a plan. Then, obviously, we have to go out and --

MR. ACKERMAN: Thirty years or anytime sooner.
MR. STEVENS: Obviously if we can only get 15 years financing and we have a bonanza project, fine.

MR. ACKERMAN: Not to exceed 30 years.

EXECUTIVE OFFICER NORTHROP: I think that gives it reasonable financing concept.

CHAIRPERSON CORY: Okay. We haven't had that in the private sector, but some of these government agencies that we lend to decide they never want to pay off the last bond because --

MR. STEVENS: I understand the hole you picked up, and that was not our intent to try and find a hole.

EXECUTIVE OFFICER NORTHROP: I've got one thing I'd like to make clear. Supposing financing does handle it in 15 years --

MR. ACKERMAN: I said not to exceed 30 years.

CHAIRPERSON CORY: Because then you need to work their flow out and we talked about how --

MR. STEVENS: Right. But it would prevent the type of thing you're talking about with the manipulative devices.

EXECUTIVE OFFICER NORTHROP: Fine.

MR. TROUT: There's one more segment or one more element to the lease transaction; and that is that the State Lands Commission is being asked to make a public best interest of the State finding regarding the terms of
the lease as it affects the option areas. Staff has reviewed this. It's been pointed out that there are some rather extensive financial commitments that have to be paid by Wrather in a fairly short term. That it's unlikely the current Marysgate and Queen Mary operation are sufficient to carry those operations. So the lender needs some assurance that if the development goes ahead, that if the loan goes ahead, that development actually has a good chance of succeeding.

The staff felt that one way we could get involved in that and allow the Commission to make this finding is, one, the court has developed a Port Master Plan pursuant to the Coastal Act. That Plan was heard at public hearings by the Harbor Commission. It was sent to the Coastal Commission and subjected to rigorous hearings at that time. It was approved and certified by the State Coastal Commission and returned to the Harbor Department where it had a second hearing and was certified there by the Harbor Department. That Port Master Plan includes an EIR and covers what is known as the Queens Way Bay Area or District 7 in the Port Master Plan. The uses of this area are specified in the Plan and the Plan has to be completed within two years. That's Master Plan for Future Development by Wrather Port Properties. That Plan will have to have an EIR. Staff is recommending a calendar
item which says that the Commission would make the public interest finding that the harbor and the city would be co-lead agencies on that EIR, and that the Commission staff Executive Officer be authorized to sign a Memorandum of Understanding on the joint preparation of the environmental study. The exact language of that Memorandum of Understanding has been worked out. We have a marked-up copy before us now that we have all agreed to, and staff recommends approval of the calendar item with the understanding the marked-up copy be replaced in the minutes by an exact, final typed version.

CHAIRPERSON CORY: Questions?

MS. MORGAN: We've done this before; is that right?

MR. TROUT: We have co-lead agencies before.

EXECUTIVE OFFICER NORTHop: We have done that before. With Long Beach, as a matter of fact.

MS. MORGAN: How do you think it works?

EXECUTIVE OFFICER NORTHop: I think it probably is the best EIR that was ever done in the JCS.

CHAIRPERSON CORY: That was the one for --

EXECUTIVE OFFICER NORTHop: Shell Beta.

CHAIRPERSON CORY: That wasn't the one we did on the SOHIO Project?

EXECUTIVE OFFICER NORTHop: No.

MR. TROUT: I think we can say without
Contradiction that our arrangements on the Shell Beta were considerably better than the PUC on SOHIO.

MR. ACKERMAN: Is there a cost impact to the Commission by being a co-lead agency?

MR. TROUT: Wrather has to pay for it in any event.

MR. ACKERMAN: So it's who you pay.

MR. STEVENS: For sure.

EXECUTIVE OFFICER NORTHRUP: They'll pay the contractor.

MR. ACKERMAN: It's really who you pay.

MR. STEVENS: Yes.

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, also I'd like -- well, go ahead and vote. I would like to pass a kudo or two on this.

CHAIRPERSON CORY: Maybe we ought to hear those before we vote.

(Laughter.)

EXECUTIVE OFFICER NORTHRUP: This was brought to us extremely late. Les and Gary really did an outstanding job to try to put this together and try to overcome the objections of the city and Wrather, and I want to compliment Wrather on their cooperation in this issue. I think they tried to do a good job. Sue Wylie from the Attorney General's Office and Rob Collins also worked very hard
putting this together. I'd just like the record to reflect that.

MS. MORGAN: And if it blows up, it's their fault?

(Laughter.)

CHAIRPERSON CORY: Having distributed psychic income --

(Laughter.)

CHAIRPERSON CORY: -- they will be excluded from future pay raises.

Without objection, then, --

MR. ACKERMAN: Without objection.

MS. MORGAN: That's line.

CHAIRPERSON CORY: -- with the amendments --

MR. STEVENS: Yes, on that term in the financing.

MS. MORGAN: Thank you for coming.

MR. STEVENS: Thank you.

CHAIRPERSON CORY: Anything else to come before the Commission?

Hearing none, we stand adjourned.

(Thereupon the meeting of the State Lands Commission was adjourned at 12:00 noon.)

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CERTIFICATE OF SHORTHAND REPORTER

I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Cathleen Slocum, 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 this _ day of _ , 1981.

CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822