MEMBERS PRESENT

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

STAFF PRESENT

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Jan Stevens, Deputy Attorney General
Robert Hight, Chief Counsel
Greg Taylor, Assistant Attorney General
Don Everitts, Chief, Energy and Mineral Resources Development
Jack Rump, Assistant Chief Counsel
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PETERS SHORTHAND REPORTING CORPORATION
3405 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95815
TELEPHONE (916) 923-8834
CHAIRPERSON CORY: I call the meeting to order.

Everyone is here.

Are there any corrections or additions to the minutes of the meeting of May 27th?

Without objection, they will be confirmed as presented.

Executive Officer’s Report, Claire.

EXECUTIVE OFFICER DEDRICK: Yes, I handed you the Executive Officer’s Report.

CHAIRPERSON CORY: Any questions from the Commissioners on the Executive Officer’s Report?

We’ll accept the report as submitted.

We have the staff report on coastal matters.

Any questions from Commissioners on that?

Without objection, that’ll be accepted as submitted.

The next item is the Consent Calendar. These are the items in the printed agenda which are prefixed by the letter C. They are numbers 1 through 17, excluding 3.

If there is nobody in the audience who has any objections to the proposed staff recommendations for the treatment of these items, they will be taken up in a single motion. Is there anybody who disagrees with the proposed
staff recommendation on that item, would they please speak
up now?

Without objection, the Consent Calendar will be
approved as presented.

Item 18 is a lease for Leon and Phyllis La Hargoue,
dba Lakeville MArina. Is there anybody in the audience
opposed to the staff recommendation on this item?

All right, come forward and tell us what your
problem is.

MR. HUDSON: Thank you, Mr. Chairman. My name is
Matthew Hudson, attorney for Mrs. Natalie Miller, who
is the owner of adjacent property.

I don't see the map here today that was present
at the last hearing. Oh, it is here.

I think, Mr. Cory, you were the only one who
was not here at that time.

If I may indicate, here is the Gilardi parcel,
which the LaHargoues are leasing, which is here. Mrs. Miller's
parcel is here and extends up into the upland area. And at
least this portion of it is leased to a sheep operation which
has sheep on it presently.

The problem arises from this dock, which is a part
of the marina, and extends approximately 75 to 100 feet
beyond the extension of the property line between the
Gilardi and the Miller parcels.
Our principal objection is that the dock we
complain of was built in about 1974 without any permission,
without consent of anybody. Mr. Gilardi, who owned the
property at the time, consulted -- actually wrote Mrs.
Miller asking her if it would be all right to build these
docks. She immediately said no, it's not all right; I don't
want them there.

Mr. Gilardi built them anyway without consulting
State Lands, without talking to the Corps of Engineers,
or anybody else.

We believe that if application had been made,
they would have been turned down because the extension
of this single business enterprise in what is otherwise
totally agricultural area would have been rejected here.
We would have said at the time that there will be problems
if this dock is extended. There are already too many people
there, and they interfere with the sheep operation on
Mrs. Miller's property.

As a matter of fact, that has happened. Sheep
have been killed by dogs which we know to have come from
the docks, more particularly from the dock which was
extended improperly in 1974.

It seems to be a perverse logic which says
because it's there, we'll go ahead and lease it because
the staff would like to establish once and for all the
State Lands claims on these properties.

I don't think that my client would object to agreeing that State Lands has these lands, or has title to them. She certainly objects strenuously to having this arena established as a fact through this Commission.

We would request that any lease you give ends at the Gilardi property line, and that you take steps along with the Corps of Engineers, whom we are petitioning to remove this dock, because it is there without permission, and it is there in contravention, really, to the agriculture interests in the area.

CHAIRPERSON CORY: Questions from Commissioners?

COMMISSIONER ACKERMAN: Isn't it my correct understanding that there had been measures taken?

EXECUTIVE OFFICER DEDRICK: Yes, that's correct.

COMMISSIONER ACKERMAN: Recently, as a result of our last meeting when we discussed that?

EXECUTIVE OFFICER DEDRICK: Yes, staff has been up and investigated the problem at the request of the Commission.

The lessee has put clear signs prohibiting dogs on boats coming into the marina or on their property on shore.

The dog problem, from the staff report, it's perfectly obvious does not exist from the Marina. The
property itself is poorly fenced, and if there are dogs in there, they could easily get there from the landward side. But from the marina side, the owners have been extremely cooperative. They have adjusted the terms of their lease to say that if dog problems occur, the lease will be terminated.

They really have done everything that they can reasonably do.

CHAIRPERSON CORY: Do we have court permits.

MR. HUDSON: No, they haven't.

EXECUTIVE OFFICER DEDRICK: Isn't that correct, they do not have a court permit?

CHAIRPERSON CORY: Do not our standard leases require that they have all the necessary permits?

MR. GRIMES: Staff has talked verbally with the Corps and BCDC, and they say that they have no problems with the facility itself. However, there is not a permit in existence from either of those agencies at this time.

CHAIRPERSON CORY: Does this lease purpose to have the standard language of requiring those?

MR. GRIMES: Yes, it would be subject to additional permits.

EXECUTIVE OFFICER DEDRICK: Subject to the approval of the Corps and the BCDC.
Let me make certain I'm right. The lease would not operate unless they have permits from the Corps and BCDC; is that correct, Bob?

MR. HIGHT: That's correct.

MR. HUDSON: May I also comment, sir, there are two signs up, and that's the only change that the owner has made.

As my client observes, dogs can't read. The owners are going to come on the property anyway on their boats without any regard, as they have in the past, despite what Ms. Dedrick says, dogs have come on from the docks and have killed sheep by diving off the side, swimming toward the shore.

They are there. The staff has not seen them because they've only been out there once or twice, which is understandable. But we have letters on file with you that say the dogs are there.

This is only an indication, however, of the intrusion that this makes on an agricultural area. It is not the main reason we want to have the lease limited to the property line.

We don't believe that -- I'll call her Phyllis, because that's how everybody knows here, who is the owner of the marina -- we don't believe that she can really effectively control the animals.
We're objecting to the extension or enlargement of this commercial enterprise in the area. We are not opposed to the marina per se, but we do oppose this extension which is without any permission at all.

CHAIRPERSON CORY: What's the wish of the Commissioners?

COMMISSIONER MORGAN: I think we ought to move it. I'd like to ask a question, though.

Does your client anticipate using the property in any other way in the near future?

MR. HUDSON: She has used it in the past. There is a dock which she has maintained that is downstream, maybe 150-200 feet. That is in disrepair now, and she has no immediate plan to put it back in repair.

However, this dock does foreclose several options for her in the future. Right now, it's devoted to agriculture, as is every other parcel in this area except this one.

COMMISSIONER MORGAN: Well, I don't know what more we can be expected to do. I move we approve it.

CHAIRPERSON CORY: We have a motion.

COMMISSIONER ACKERMAN: Second.

CHAIRPERSON CORY: Without objection, the application is approved as presented.

Item 19 is off calendar.

Item 20, the City of Carpinteria has negotiated
the terms of a lease for a natural gas pipeline with
reference to the state in performance with grant statutes.

Is there anybody in the audience on this item?

Questions of Commissioners?

Without objection, Item 20 is approved as
presented.

Item 21, approval of management plans and authori-
ization for the Department of Forestry to proceed with
demonstration projects in Shasta and Trinity Counties.

Anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 21 is approved as
presented.

Item 22 is informational.

MR. HIGHT: Can we put that one over, Mr. Chairman?

CHAIRPERSON CORY: Okay, Item 22 is put over at
this time.

Item 23 is a request to award royalty oil sales
contract, Carpinteria and Summerland selloff.

EXECUTIVE OFFICER DEDRICK: Yes, this is the
Royalty sale where you rejected the bid of 1.1 cent at about
the last Commission meeting. We put it out to rebid. The
winning bid is a dollar thirty-two point five, and we want
authorization to accept that.

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

Without objection, approval is awarded to the highest bidder.

Item 24, staff is requesting authority to enter into an agreement for funding of consulting services with WOGA. If they decide they wish to do it, then it is to permit terms to minimize conflicts in the fishing industry.

Anybody in the audience on this item? Any questions from the Commissioners?

Without objection, authorization is granted.

Item 25, Bell Marin Keys dredging permit at 25 cents a cubic yard from 6,200 feet of the channel, 50,000 cubic yards.

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

Without objection, Item 25 is approved as presented.

Item 26 --

MR. HIGHT: Mr. Chairman, I'd also like to put that one over.

CHAIRPERSON CORY: Item 26 is put over.

Item 27, Long Beach operations, we've got a Ninth Modification of the Long Beach Unit. This is transferring funds within the budget for paying the tax on
hazardous wastes as required by statute.

Anybody in the audience on this item?

COMMISSIONER MORGAN: I think there is actually augmentation there for the hazardous waste.

MR. TROUT: Yes, Mr. Chairman. It has two steps in it. It has a small budget transfer and an augmentation of $437,000.

CHAIRPERSON CORY: Okay, and budget augmentation. Anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 27 is approved as presented.

Item 28, subsidence costs of $235,000 for vertical and horizontal measurements and studies, City of Long Beach, during the '82-83 fiscal year.

Anybody in the audience? Questions from the Commissioners?

Item 28 is approved as presented.

Item 29, City of Lakeport, annexation of Sovereign Public Trust Lands to the City of Lakeport in the County of Lake.

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

Without objection, Item 29 is approved as presented?
Item 30, this is a proposed boundary, proposed annexation of tide and submerged lands to the City of Oceanside, San Diego County. This is the area of Camp Pendleton.

Questions from the audience? Questions from Commissioners?

Without objection, Item 30 is approved as presented.

Item 31, Kuechel, authorization to file a disclaimer in Superior Court. This is on property in Kern County.

MR. HIGHT: Kern County, that is correct, Mr. Chairman. The Commission has no interest in this item.

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

Without objection, approved as presented.

Item 32, this is Port Hueneme redevelopment, is off calendar.

Item 33, Brumbaugh versus the County of Imperial. This is a request by the County to join, have the Attorney General represent us in a matter concerning a roadway; is that correct?

MR. HIGHT: Correct, Mr. Chairman.

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

Without objection, Item 33 is approved as presented.

Item 34, requesting authorization for the staff of either the Lands Commission or the Attorney General to file action if necessary with respect to Playmate Resort, Robert Breeze.

The defendants were in the Delta?

MR. HIGHT: In the Delta, correct, Mr. Chairman.

CHAIRPERSON CORY: This is somebody using State property without a lease?

EXECUTIVE OFFICER DEDRICK: Correct.

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

Without objection, Item 34 is approved as presented.

Item 35 is to adopt the Resolution of Commendation acknowledging the extraordinary effort by the National Geodetic Survey work at Lake Tahoe on the California-Nevada border.

They were so kind as to solve some of the technical problems, which cost them dearly. Since we're so broke, we're going to give them a rather modest token of our esteem.

Anybody in the audience that has any problems with this?
We are indeed grateful for what they have done, and without objection we will adopt the Resolution and hope that the staff gets that with our good wishes that we hope they continue to help us resolve our budgetary problems.

COMMISSIONER ACKERMAN: Does this close the boundary questions at Tahoe?

MR. STEVENS: This is the final description which will be in the decree describing the boundary in detail and setting it for -- in Lake Tahoe for the first time. It's never been set there before.

COMMISSIONER ACKERMAN: They put a buoy up?

MR. TAYLOR: We're now ready for Oregon.

CHAIRPERSON CORY: Okay, Item 35 is approved.

Item 36, this is authorization for the Executive Officer to execute on behalf of the Lands Commission a cooperative agreement between the Lands Commission and the State Historic Preservation Officer and the Bureau of Land Management, and it says here requiring that we have one of these folks certifying this for us.

EXECUTIVE OFFICER DEDRICK: Correct.

MR. TROUT: Correct.

CHAIRPERSON CORY: Ronald Reagan is making us do this? Oh, well, anybody in the audience on this item?

Without objection, authorization requesting --

COMMISSIONER ACKERMAN: We're expediting
transfer of land.

CHAIRPERSON CORY: -- is approved.

Item 37, this is approval of modification to application lists and criteria.

What's that mean?

EXECUTIVE OFFICER DEDRICK: Jim will explain.

MR. TROUT: The California Environmental Quality Act and some of the other acts require us to keep a list of criteria on board. This just makes a couple of technical amendments and includes in those lists and criteria the results of the Lyon-Fogarty decision on high water/low water..

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

COMMISSIONER ACKERMAN: Sir, is there universal agreement on adoption of this language or criteria? I know the legislators questioned both in Clear Lake and Lake Tahoe, had some question about our adoption of language previously, and we did adopt the language based upon litigation.

If my memory serves me correct, we asked that any amendment and modifications would come back every meeting and make whatever modifications were necessary.

I'm sensitive about the high water/low water issue, I don't want to be approving something that there's
disagreement on.

CHAIRPERSON CORY: You have some problems with
the Deukmejian high water/low water?

MR. STEVENS: The questions raised, Mr. Ackerman,
related to precise locations above sea level of the high
water/low water marks at the lakes.

This language merely incorporates the general
description and legal theory which the Fogarty and Lyon
cases set forth.

I know of no objection to the use of this language.
We do have a dispute about where these lines fall at the
particular lakes involved.

COMMISSIONER ACKERMAN: What is the effect of the
Commission's action that's being requested today?

MR. STEVENS: It simply conforms our criteria
to the language that the court employed in Lyon and Fogarty.

EXECUTIVE OFFICER DEDRICK: General language, not
specifically what feet above sea level.

MR. HIGHT: Correct.

COMMISSIONER ACKERMAN: I'll respectfully
dissent anyway.

CHAIRPERSON CORY: All right. Are you ready to
vote on it?

COMMISSIONER MORGAN: Uh-huh.

CHAIRPERSON CORY: Ms. Morgan moves, I second,
that the modification to the lists be adopted. All those
in favor signify by saying aye.

(Ayes.)

CHAIRPERSON CORY: Opposed?

COMMISSIONER ACKERMAN: Nay.

CHAIRPERSON CORY: The ayes have it.

(The final item, Item 38, and adjournment
have been submitted in a previous
transcript under separate cover.)

--000--
CERTIFICATE OF SHORTHAND REPORTER

I, EVELYN J. DUGGAN, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission hearing was reported in shorthand by me, Evelyn J. Duggan, a 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 hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this day of July, 1982.

EVELYN J. DUGGAN
Shorthand Reporter
MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

In the Matter of:

Item 38: Consideration by Commission of Future Management of Certain Submerged Lands at Santa Catalina Island.

EXEMPLARY OF PROCEEDINGS

722 CAPITOL MALL
ROOM 4061
SACRAMENTO, CALIFORNIA

TUESDAY, JUNE 29, 1982
10:30 P.M.

EVELYN J. DUGGAN
Shorthand Reporter
COMMISSIONERS PRESENT

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

COMMISSIONERS ABSENT

None

STAFF PRESENT

Claire Dedrick, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Esq., Chief Counsel
Greg Taylor, Esq., Assistant Attorney General
Jan Stevens, Esq., Deputy Attorney General
Jack Rump, Esq., Assistant Chief Counsel
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PETERS SHORTHAND REPORTING CORPORATION
3435 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-6034,
CHAIRPERSON CORY: Item 38, which is consideration of the staff report on the future management of Catalina, and I just want to tell you what we're going to do at this point.

A decision is not being made at this point. We are going to, in essence, get the details from the staff report, have the Commissioners make some brief suggestions to make sure we understand what the staff is going to do. At that point, those ideas are going to be rendered to writing, and they will be submitted out to the various interested parties, and the interested parties will have time to comment back to the Commission before any action is taken.

So the purpose of this is to make sure that everybody is aware, the Commissioners and the staff, of what's going on. We are not adopting any final procedures. We are going to, in essence, make some fine tuning of the staff's draft at this point by the Commission. That fine tuning will be submitted for public comment.

Interested parties that are here that have commented will get copies of it. We will then hear those comments after you've had time to reflect upon the final draft of it.
We are not going to be conducting a hearing or making any decisions at this point in time. The decision will be -- what is the time frame?

MR. TAYLOR: In August.

CHAIRPERSON CORY: In August as opposed to now. Jack, will you give us a quick rundown of basically what the report contains?

MR. RUMP: Before you is the Calendar Item which discusses the various meetings staff has had with interested parties on this matter. It tries to summarize succinctly their comments.

Additionally we have prepared a description of the current lease operation, which you have copies of, which consists of a copy of the lease, a rather detailed description of the present operation, including the equipment, the frequency of service and precise details of that operation.

We also have copies of the current fee schedule with all of the charges pertaining to the lease site.

Finally, at the back, we have maps showing the mooring diagrams and those under lease.

For the record, we should also note that we have received considerable correspondence, and you have in front of you copies to that effect.

CHAIRPERSON CORY: Correspondence will be included
in the record.

MR. RUMP: I don't think there's anything further at this time. I can answer questions.

CHAIRPERSON CORY: The proposal, as I understand it, the sort of general area of staff views are that we go out to bid with a mirroring of the existing operation.

MR. RUMP: First is the primary decision of going out to bid. Beyond that point, there is a question of the scope of operation.

CHAIRPERSON CORY: I am clearly on record in the past, and I believe there is one other Commissioner who's clearly on record, of being in favor of taking that option. Am I mistaken in that or not?

COMMISSIONER ACKERMAN: That's correct.

CHAIRPERSON CORY: So that decision, as far as I'm concerned, is behind us.

It's a question of, mechanically, how we go out to bid, Greg.

MR. TAYLOR: In individual conversations with two Commissioners, I believe that this at least reflects your views, Mr. Cory, and I guess Mr. Ackerman can indicate at this time whether or not he would concur in them. It's that it's the desire of the Commission, at least the majority of the Commission, to seek consideration of a straight substitution of a lessee in such a manner that will
fit the categorical exemption process of the EIR, which means that it will be categorically exempt. In other words, in order to do so, you will consider substitution on the basis of demonstration of their ability to match the existing operations. This will have to be in the bid form. They will have to supply that information showing you how they can match the existing operations.

Only one or two things will be bid: the amount of rent, and possibly the amount of charges to the user, or that may be fixed, depending on conversations with individual Commissioners following the meeting. There would be no variation permitted in existing operations, other than maybe incidental kinds of things, such as change in the size of boats, but the same services must be met or the bids will be rejected.

It will be subject to getting any permits which may be applicable, and it will be subject to a finding of financial ability to perform.

So the Commission will determine two to four things: financial ability; capability of matching existing operations; and the amount of the rent to be offered; and possibly the amount of charges to be made, although it's my understanding that the amount of charges to be made might be a fixed item in the bid package.

That package would go out within the next two weeks.
to the three persons who bid on the proposal previously for their comments. They would be given a period of time to get these comments in in time for staff to digest them and present them to the Commission for their consideration in August.

The Commission, after considering the package and comments of parties, would then adopt a formal package to go out for bid shortly after the August meeting. There will be action taken on the bids, any bids that were received, at the September meeting.

I hope I've accurately reflected your views.

CHAIRPERSON CORY: The question of the financial variable, it would seem to me to try to simplify the matter, the question that should be asked, rather than flexibility, is what is the amount of the minimum bid, and probably allowing that to go up annually by the CPI, or something like that, so people will know there's a bid; that's what you're bidding; that's it. Have that rather than a percentage of fees or the like.

EXECUTIVE OFFICER DEDRICK: I think if I understood correctly at this point, what Greg is saying is that we request the only variable in the bid would be the total sum paid. The Commission would set the mooring rentals, the charges based on some, perhaps, existing operation, or whatever you choose, in order to protect
the boaters, and that both the total sum paid and the boat costs would be tied to some inflationary/deflationary factor.

Is that your intent?

COMMISSIONER ACKERMAN: It would be my intent to have the mooring fees and other such charges involved with the mooring fees to be specifically stated and limited.

EXECUTIVE OFFICER DEDRICK: All right.

COMMISSIONER ACKERMAN: So that those would be controllable either by one or two factors, and I think this is something that staff can look at while they're talking to parties involved. Either those should be subject to a predetermined increase, which would be paid to the CPI, or some other increase over a set period of time. Or, should be subject possibly to a review period, either three years, five years, or something like that, so that you don't have an increase every year.

I looked back at the incidence of increases over the last 15 years of the lease, and those were not annual increases, but they weren't at any predetermined interval, either. So perhaps a predetermined interval should be established for a basis upon which known increases will take place.

CHAIRPERSON CORY: I sort of prefer to have the charges to the boaters in terms of minimizing the variables,
both on the bid and other future governmental actions that may take place, to have that specified. Staff can come up with something, and that's something people could, in fact, comment on, but either the existing fees or other fees that various bidders had suggested, if some of those make sense. None of them seemed to be particularly outlandish or outrageous. But after that, there should be some mechanism in there for capping what those would be in the future, I would guess, CPI, or whatever, where it's annual, bi-annual, and I don't have any strong feeling one way or another about that.

COMMISSIONER ACKERMAN: Are you suggesting, Ken, that the fees should be biddable and then capped?

CHAIRPERSON CORY: No, fees, we should designate that they may charge less than, but they may not charge more than.

COMMISSIONER ACKERMAN: I see.

CHAIRPERSON CORY: Yes, that would be my thinking, so that we can put to rest some of the red herrings that we've dealt with in some of the other communications over, you know, exorbitant charges to the consumer.

COMMISSIONER ACKERMAN: In some of my discussions already with some people that I notice in the audience, the fees that are being charged now may already be having a slight, maybe a minimal negative impact, but it does seem to be
having some impact: how measurable, I don't know. I think the point of fixing the fees is very important.

CHAIRPERSON CORY: That's what I would prefer, to have them fixed in there so everybody knows that's what it is, and let them slide. And after that goes out, that's one of the things that we would like people to comment upon.

EXECUTIVE OFFICER DEDRICK: So the staff should determine what we think are a reasonable fixed fee and a reasonable process, and that would go out to the public during this month and a half period prior to the August meeting for public comment, right?

COMMISSIONER ACKERMAN: My suggestion, for purposes of clarity, is to take the fees that are in effect right now as at least a starting point. I've had several suggestions made to me by individuals that are in the audience that those fees should be lowered somewhat because of the negative impact on use. I think let's use that as a starting point, and then the Commission can decide what the appropriate level should be.

MR. TAYLOR: So then, the only factor that would be bid would be the amount of minimum rent to be received by the State?

CHAIRPERSON CORY: That should be subject to some adjustment periodically based upon the CPI, so the lessor knows what he's up against.
EXECUTIVE OFFICER DEDRICK: Are you preferring an automatic adjustment to a rent window, say, every five years? Rent review?

COMMISSIONER MORGAN: Rent review is the standard language that we use.

CHAIRPERSON CORY: But if, in fort, you are closing in the gross receipts, you need to likewise close in what we're going to do to them.

EXECUTIVE OFFICER DEDRICK: All right.

CHAIRPERSON CORY: I don't think you can do both. They're interrelated, in my view, so it seems to me whatever the index is on one should be the index on the other, and we should move accordingly. If you're going to adjust the consumer's fees annually, the rent should be adjusted annually. If you're going to adjust it every five years, do it every five years. Other than that, I wouldn't care what the adjustment is.

EXECUTIVE OFFICER DEDRICK: So they need to parallel each other.

CHAIRPERSON CORY: Yes, they need to parallel, in my view.

COMMISSIONER MORGAN: Yes, my only caution is our experience in budgeting using automatic indexes, which has been less than favorable. It's impossible to predict what those things really will do.
EXECUTIVE OFFICER DEDRICK: Yes, I understand what you're saying.

Let us take a hard look at that and, if necessary, we can get back to you.

COMMISSIONER MORGAN: I think you're right, you ought to be consistent.

CHAIRPERSON CORY: I don't think you can say that you're going to cap the consumer gross receipts and rape the lessee.

EXECUTIVE OFFICER DEDRICK: That sounds perfectly logical to me.

COMMISSIONER ACKERMAN: Claire, when you normally do a rent review, a rent review is negotiable, I assume, based on numerous factors.

EXECUTIVE OFFICER DEDRICK: Within the limits of existing regulations.

COMMISSIONER ACKERMAN: I know it's happened to us. We've had several cases before us to where you have sought a rent review, and the lessee has come before the Commission, explained that extenuating circumstances should be cause for a lower rent than was negotiated or that the Commission staff wanted. So, we're talking about -- I think personally like a rent review that can take into account extenuating circumstances or other circumstances beyond our control, so that you're not automatically locked into a set
percentage per the CPI that may ignore other circumstances.

I think that's what Susie's point was.

EXECUTIVE OFFICER DEDRICK: It's certainly true, Commissioner Ackerman, the first two items on the Consent Calendar are rent reviews which have all been negotiated within the regs.

COMMISSIONER ACKERMAN: But then you take into account the particular circumstances.

EXECUTIVE OFFICER DEDRICK: To a certain degree the regulations are that flexible; in some areas they're not. But in this case I think they are.

CHAIRPERSON CORY: Okay, so you've got --

EXECUTIVE OFFICER DEDRICK: I have one question here.

On the finding of financial ability, what exactly do you mean by that, Greg?

MR. TAYLOR: It's the same kind of financial ability we find with all lessees. We have to review it and make a recommendation to the Commission.

Also, the Commission will have to make a determination about whether or not they can match the existing operations and better serve than the existing operator.

CHAIRPERSON CORY: This approach, in your opinion, Greg, is the one that has the greatest probability
of success?

MR. TAYLOR: In terms of a categorical exemption.

COMMISSIONER ACKERMAN: I might point out, too, that the staff report will be available to anyone that requests it. That was done by Jack Rump, and is a listing of the current operations that exist at the Island.

Now, there have been, I understand, too, some disagreements about what the current operations are. Again, what I hope that the staff report will do is lay that out on the table, too, so if there's some errors in it, or disagreements, or omissions, those can be resolved, too, because it's the Commission's interest and intent here to reflect the current operations. We can't do that unless the staff report accurately portrays what the current operations are.

But again, I've heard, over the last two or three weeks, various estimates of even the number of mooring facilities that exist around the Island. Again, the staff report has to be accepted as a statistical and factual document, so we have a basis on which we can proceed, and we did not have this in the previous effort that we undertook.

EXECUTIVE OFFICER DEDRICK: I think we should set a deadline by which comments are received by the staff so that they can be incorporated into a report to you for
August.

COMMISSIONER ACKERMAN: What if we set a deadline both for mailing of a framework proposal and --

CHAIRPERSON CORY: When can you get the framework proposal out?

EXECUTIVE OFFICER DEDRICK: Jack, when can you get the framework proposal out? This will be a deadline the Commission will set where the staff should mail out the framework proposal, the package.

MR. RUMP: I think Greg had mentioned two weeks. I don't think that's impossible.

EXECUTIVE OFFICER DEDRICK: Is it reasonable? Can you do it within two weeks?

CHAIRPERSON CORY: We need to meet the deadline you set so we can get it done.

EXECUTIVE OFFICER DEDRICK: Is two weeks enough?

MR. RUMP: I think two weeks would be sufficient.

CHAIRPERSON CORY: You've got a holiday in there.

MR. RUMP: Three weeks would be with considerable safety.

EXECUTIVE OFFICER DEDRICK: How about the 16th, which is a compromise between two weeks and three weeks, to allow for the 4th of July?

CHAIRPERSON CORY: Another baby has been had.

EXECUTIVE OFFICER DEDRICK: Yes, indeed, sir.
We'd mail it on the 16th.

MR. NIGHT: If not sooner.

EXECUTIVE OFFICER DEDRICK: At the latest.

CHAIRPERSON CORY: It'll be mailed on the 16th, then if you go --

EXECUTIVE OFFICER DEDRICK: How much time will we need to review?

Excuse me, sir.

CHAIRPERSON CORY: If you go four weeks after that --

EXECUTIVE OFFICER DEDRICK: That will be about the 13th of August. That will give the staff two working weeks, just about, to review the input. I don't think we ought to make that period shorter than that.

CHAIRPERSON CORY: So, we will mail out the draft bid proposal no later than the 16th. We would request responses by the 13th.

EXECUTIVE OFFICER DEDRICK: Which is a Friday.

CHAIRPERSON CORY: Of August.

EXECUTIVE OFFICER DEDRICK: Thank you.

CHAIRPERSON CORY: And we will have the meeting on the 26th to consider changes in the draft, and then we'll go out to bid after that, okay?

EXECUTIVE OFFICER DEDRICK: Thank you very much.

COMMISSIONER ACKERMAN: Let me make one other
Originally, mention was made that distribution of the packages should be only to the three parties that had previously bid.

I think the specifics of the bid package are of far greater interest than to just those three people.

Jack, in your preparation of the staff report, you contacted many more people than just the three.

CHAIRPERSON CORY: I agree with you that the bid package should be made available to all interested parties. But we are limiting the bid to those people who are already in the bid process evidenced by having submitted first initial bids, which we could not proceed with because of legal difficulties per CEQA policies.

COMMISSIONER ACKERMAN: That's correct.

CHAIRPERSON CORY: If you can bid, we're here to do the public's work, and we're interested in hearing their views when we get down to that from the broad sector. We shouldn't be limiting that.

EXECUTIVE OFFICER DEDRICK: We will make a point of meeting with the boaters to make sure we really do get their input and their reasons for the choice of fees.

CHAIRPERSON CORY: Is everybody happy?

COMMISSIONER MORGAN: No.

CHAIRPERSON CORY: Two of us are happy?
Okay, staff has the direction.

MR. RUMP: Yes.

CHAIRPERSON CORY: That concludes the agenda item.

We stand adjourned.

(Thereupon this meeting of the State Lands Commission was adjourned at approximately 11:15 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, EVELYN J. DUGGAN, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing Excerpt of Proceedings of the State Lands Commission meeting was reported in shorthand by me, Evelyn J. Duggan, a Shorthand Reporter, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of June, 1982, at Sacramento, California.

[Signature]

EVELYN J. DUGGAN
Shorthand Reporter