COMMISSIONERS PRESENT

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

COMMISSIONERS ABSENT
None

STAFF PRESENT

Claire Dedrick, Executive Officer
Robert Trout, Assistant Executive Officer
Robert Hight, Esq., Commission Counsel
Greg Taylor, Esq., Assistant Attorney General
Jack Rump
Jane Mochon
Wilber Thompson
Don Everitts
Al Willard
Robert Faber, Esq., Staff Counsel

OTHERS PRESENT

Thomas McLaughlin, River Bank Holding Co.
Thomas P. Nitopi, River Bank Holding Co.
Brad Veek, Chairman, Research Vessel Operators' Council, Associate Director IMSC, University of Southern California
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CHAIRPERSON CORY: We'll call the meeting to order.

Are there any corrections or additions to the minutes of the prior meeting? Without objection, the minutes of the prior meeting will be confirmed.

The first item is the Report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman, you have the report before you.

The only item that I would request action on relates to the Elk Hills audit, for which we've requested $550,000 which has been approved by the Legislature. We would like permission to go ahead and assign a contract some time in the next few weeks.

CHAIRPERSON CORY: That's the consultant for the evaluation?

EXECUTIVE OFFICER DEDRICK: That is correct.

CHAIRPERSON CORY: For the exchange. The money has been appropriated.

Has the Governor signed the bill yet? Don't sign the contract until he signs the bill.

EXECUTIVE OFFICER DEDRICK: It's a deal.

This is the 20 million if we get the transfer of
the lands. It'll be $20 million in this fiscal year if we get it on January 1st.

COMMISSIONER ACKERMAN: Are we still talking about the same lands we were before the tradeoff?

EXECUTIVE OFFICER DEDRICK: That's correct. The Federal Government owes us the value of two sections in Elk Hills. What we will do with this contract is evaluate the value of those two sections and the value of their other leases in California onshore. These are school lands we're talking about now. And we will try to work out an exchange based as close to that value as we can.

The money will go to the General Fund, not to Tidelands Revenue Fund, because these are revenues from school lands.

COMMISSIONER ACKERMAN: Aren't the lands that were taken from us producing lands?

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: That's what the consultant is for, to help make that evaluation.

With that understanding, we'll approve the Executive Officer Report, including the request to proceed with acquisition of the appropriate consultant.

EXECUTIVE OFFICER DEDRICK: Thank you.

There is no Coastal Commission Report today.

CHAIRPERSON CORY: All right.
You have another item you want to bring to our attention on somebody who wants to make some kind of presentation to us?

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.

This is not a noticed item; therefore, you cannot make a decision on it. But if you choose to hear it, the River Bank Associates would like you to hear their case for terminating the lease of the Virgin Sturgeon on the Sacramento River.

CHAIRPERSON CORY: They have a request?

EXECUTIVE OFFICER DEDRICK: They have asked by letter, requested, to be heard by the Commission on this subject.

CHAIRPERSON CORY: Well, I'm willing to listen, but it's an intriguing concept of asking us to terminate a lease. I'll give it a few moments.

EXECUTIVE OFFICER DEDRICK: I should have apprised you that the lessee is not in violation of the lease in the staff opinion. We have investigated the site. The rent is paid up.

The original lease required that the lessee have the permission of the upland owner, which at the time the lease was granted the lessee did have. Subsequently, this two-thirds of the upland has been taken over by this corporation, who has not given permission to the lessee. These people maintain that that constitutes a violation of
the lease. General Counsel advised us that that is not true.

CHAIRPERSON CORY: Mr. Nitap, you want to speak on this matter?

MR. McLAUGHLIN: I'm Tom McLaughlin. I'd like to start first.

CHAIRPERSON CORY: Make it quiet. You've got a hell of a hill to climb.

COMMISSIONER ACKERMAN: Claire, have a formal letter been filed petitioning the Commission to take some action, or is this kind of an informational item only?

MR. HIGHT: Mr. Ackerman, the letter received by the Commission was not in time to go on the calendar, but we thought perhaps some input to the Commission at this time would be appropriate.

MR. McLAUGHLIN: Mr. Chairman, Members of the Commission, staff, first of all, thank you for allowing us to speak to the issue, and we will make our comments brief.

I am Tom McLaughlin, Project Manager for River Bank Holding Company which has purchased the land, five acres on Garden Highway, which generally runs from Crawdads to the Virgin Sturgeon barge.

I have provided a handout. Page 1 of the handout shows the general land with red borders on either side.

We're asking you to consider the termination of that portion of the State Lands lease now held with the
Virgin Sturgeon which adjoins lands owned by River Bank Holding. That is, we're asking you to consider only that portion of the lease that adjoins our property.

The lease, the overall lease runs from the Air Force Base loading dock, again on the photograph, generally to the east for about 590 feet. It actually encompasses two properties: The first being approximately 140 feet of shoreline owned by another person; the vast majority, and that is about 75 percent of the shoreline involved with the State Lands lease, is owned by River Bank Holding Company, and that's 450 lineal feet, roughly.

The portion adjoining River Bank Holding is almost exclusive the dockage owned by Virgin Sturgeon, the barge itself, where the old restaurant was, on the adjoining property.

The property was purchased from Sacramento Savings in December, 1980. At that time, the property was taken subject to a month-to-month tenancy held by the Virgin Sturgeon. They have held that tenancy since prior to December of 1977. Again, it was a month-to-month tenancy.

We notified the Virgin Sturgeon that there would be an increase in the rent effective July 1, 1981. We felt the increase was justified because of the multitude of uses allowed in their lease, the Virgin Sturgeon's lease with River Bank Holding, and the amount of property
encumbered by that lease, approximately 50,000 square feet.

On October 5th, the Virgin Sturgeon people gave us a 30-day cancellation letter. In other words, they notified us they were terminating the lease and gave us 30 days' notice.

In December, '81, we were notified they had vacated the property.

Prior to the cancellation letter of October 5, and subsequent to the December letter, and even up to this April, we have tried to come to some terms with the Virgin Sturgeon people, either us purchasing the dock, they wanted to buy some land, or come to some common point. We have not been able to come to a common point with them even to today.

It is our understanding that a severance of the leasehold interest from the lateral lands can be grounds for a termination of the lease. That is the issue we're bringing before you today.

The Virgin Sturgeon no longer has an interest in approximately 75 percent of the land adjoining the State Lands lease, the uplands. They no longer have vehicular access to their dockage or, for that matter, their barge, and they have lost a major portion of their parking.

In addition to the loss of the lease that they cancelled, we are also proposing and processing a substantial project on the five acres. It is now going through the
development process. It envisions restaurants, shops, a major marina, about 175 berths is what we would like, and we feel this would be a definite benefit to the public and the recreational needs.

The particular portion of land that the Virgin Sturgeon dockage adjoins is involved in this project and is a very important aspect of it.

I said the project was in process. The draft EIR has been completed and is undergoing the review process. We are looking at late December for the City of Sacramento Planning Commission and City Council hearings, and with all things being go, we should be able to break ground sometime in early summer, 1983.

We think it's going to be a fun project, an exciting project, and something definitely that the public can enjoy on the river.

Mr. Nitopi, one of our partners, is going to make a couple other comments and wrap up our presentation.

CHAIRPERSON CORY: All right.

MR. NITOPI: My name is Thomas Paul Nitopi, and I'm a partner in the River Bank Holding Company. And I will be short in my presentation.

Just three points that we want to discuss here. One is, as of June 1st, Mrs. Patching gave notice to her tenant on the marina that she was no longer going to operate
the marina. We don't know who is operating the marina. There's a lot of problems there. There's some electrical that is on our property; there's vehicles that are still being used; they're still using our property as parking; there's a dead man that supports one of her pylons for her marina, and we're real confused at this matter because our main point is that there's a lot of liability here, specifically with faulty electrical and with parking use, and with possible whatever other things that might occur considering that the marina's in disrepair.

We would like to have a decision by this Board as to who is responsible. We own the land, but yet we don't have the right to the marina or the right to do anything about these problems. That's why we want to be heard in front of this Board and have this on record as one of the major problems.

We have tried to work this out. As that handout that you have in front of you, the property line falls almost exactly where her barge is and then where the slips of the marina begins.

We don't necessarily want the marina. It's in too far disrepair for us.

We really -- all we're trying to do is figure out who is held responsible for this. And we would obviously like the water rights at the time when we do our new project.
and put in new marinas, like the River View Marina, which is upstream from our project.

We would really like to see this sent back to staff and let staff work this out between our party, the River Bank holding Company, and Lorraine Patching, or whoever, if there's a sublease on the marina, whoever has the sublease.

That's all I have to say. Thank you.

CHAIRPERSON CORY: I'm not sure why we took the Commission's time if that's what you want.

I will comment from what you've shown me here. If this is close to anything like scale, you've got a real problem with me about your proposed marina. You're not going to get a lease that I'm going to vote for that looks anything like this. You ought to know that.

It looks to me like you're taking up close to 50 percent of the breadth of the river with your marina, and I don't think the river in that place can afford that kind of restriction.

That's just for your information. It's not relevant now. When you go ahead you ought to know. I don't want to blind side you by not having told you that.

But as far as I'm concerned, there is a lease. The land owner granted permission at the time the lease was entered into, the conditions are met. If the staff can be of assistance in talking with Patching and yourselves
I think that's a worthwhile thing that I think staff can do. I've got no problems with that.

Ms. Patching, do you have anything you wish to say?

MS. PATCHING: I just wanted to be here and express my interest, and I have a valid lease with the State, pay my rent, and I've been operating a business there for six years.

CHAIRPERSON CORY: That's fine.

If the staff wants to sit down and question the terms of who has liability, I would guess that you're going to have to have your own lawyers do your lawyering for you. I don't think our lawyers can do that for you. I don't think we can find liability. I don't think that is the purpose of the Commission.

I think your lawyers can advise you what's likely to happen, but the only person that can impose the liability is the court.

COMMISSIONER MORGAN: The only reason I can see the staff getting involved is to see if the terms of the lease are being met, and that's the extent of it, frankly.

EXECUTIVE OFFICER DEDRICK: I think that we have done that. We would be glad to take another look.

COMMISSIONER MORGAN: Well, the allegations of disrepair and potential liability, I think, need looking
CHAIRPERSON CORY: All right. The next items we have on the agenda are the Consent Calendar items, which are items with a prefix of the letter C, C1 through 16.

Are there any exclusions on the Consent Calendar?

MR. HIGHT: None.

CHAIRPERSON CORY: They will be taken up in a single motion, unless somebody in the audience has objection to the proposed staff recommendation.

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

Item 17, this is a proposed boundary line agreement between the State and Marshland Development on Guadalupe Slough, Guadalupe River, in Santa Clara County.

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

Without objection, Item 17 is approved as presented.

Item 18 is a boundary line agreement and exchange between the State Lands Commission and American Canyon Sanitary Landfill. This is in Napa County.

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

Without objection, Item 18 is approved as presented.
Item 19, this is termination of a Right-of-Way lease for electrical right-of-ways for PG&E, terminating a multiplicity of leases and establishing one master lease. It's basically mechanical and technical in nature. The terms and conditions are basically the same in the overall effect?

EXECUTIVE OFFICER DEDRICK: That's correct.

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

Without objection, Item 19 is approved as presented.

Item 20, this is approving the issuance of a patent to Mr. C. M. Dowling, who somehow should have had a patent issued in 1908.

MR. HIGHT: Correct, Mr. Chairman.

CHAIRPERSON CORY: We're a little slow in our clerical work.

EXECUTIVE OFFICER DEDRICK: We're understaffed.

(Laughter.)

CHAIRPERSON CORY: Prop. 13 caused it, right? Anybody in the audience on this item?

Without objection, Item 20 will be approved as presented.

Item 21, this is a request to deny two applications on permits in the Delta.
MR. HIGHT: Yes, Mr. Chairman. They do not meet the Delta Master Recreation Plan, and the Corps of Engineers has denied them.

In the event that the applicants could comply with those provisions, the Commission staff would be happy to place it back on the calendar.

CHAIRPERSON CORY: You wish to delete in the printed version of the agenda the words "with prejudice" from the denial?

EXECUTIVE OFFICER DEDRICK: Correct.

CHAIRPERSON CORY: Those words are being deleted.

Anybody in the audience on this item?

Questions from Commissioners?

Without objection, Item 21 is approved as presented.

Item 22, this is a negotiated oil and gas lease.

EXECUTIVE OFFICER DEDRICK: That one's been pulled.

CHAIRPERSON CORY: All right, 22 is off calendar.

Item 23 is a negotiated negotiated oil and gas lease in the bed of the Sacramento River north of Princeton in Glenn and Colusa Counties. There is no drill site available.

MR. HIGHT: Correct, Mr. Chairman.

CHAIRPERSON CORY: And they are the surrounding.

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

Without objection, Item 23 is approved as presented.

Item 24 is a compensatory oil and gas lease, again south of Princeton in Glenn County, and this is --

MR. HIGHT: This has the potential for draining the State if, in fact, it is not drilling so we will enter into a compensatory agreement with the State.

CHAIRPERSON CORY: Anybody in the audience on this item?

Questions from Commissioners?

Item 24 is approved without objection.

Item 25, award of royalty bid on selloff of oil. We have a high bidder?

EXECUTIVE OFFICER DEDRICK: Yes, the high bid was 91 cents.

MR. TROUT: Crysen Training and Marketing was 91 cents.

EXECUTIVE OFFICER DEDRICK: This is the bid we had a 10-cent minimum on. We had discussed at that time a 50-cent minimum, and the range of bids range from a little over 15 cents to 91 cents. Somewhat more than half of those bids are under 50 cents.

I don't know whether that means that they wouldn't have bid, or whether anybody would have bid higher, or all...
come out just the same. Anyway, it's a better deal.

CHAIRPERSON CORY: If we approve this, you will
make sure that we've got sufficient financial security?

EXECUTIVE OFFICER DEDRICK: Yes, we would.

CHAIRPERSON CORY: In the contract.

EXECUTIVE OFFICER DEDRICK: Correct. We'd like
you to authorize it subject to a financial security agreement.
In this case, we're talking about a letter of credit.

MR. HIGHT: Yes, Mr. Chairman, subject to our
approval of a letter of credit.

CHAIRPERSON CORY: We had one of the bidders that
got into some trouble on another matter, so make sure you
redouble the efforts to make sure the State's interest is
protected, and the billing terms and all are in a very timely
manner. I'm not concerned about this one, but the prior
experience that we had.

COMMISSIONER ACKERMAN: If for some reason we have
a financial problem with successful bidder, does it automatic-
tically go to number two in line, or do you have to rebid?

MR. HIGHT: No, it doesn't.

COMMISSIONER ACKERMAN: Doesn't go to number two?

MR. HIGHT: Correct.

COMMISSIONER ACKERMAN: We have to rebid then?

CHAIRPERSON CORY: It depends upon when something
goes wrong. If it goes wrong before the award, then we can
award to the second.

MR. HIGHT: It's in the Commission's discretion.

CHAIRPERSON CORY: If something goes wrong after
the award of the contract, then we'd have to rebid it.
Is that a valid statement?

MR. HIGHT: Correct.

CHAIRPERSON CORY: Any other questions?

Without objection, subject to those caveats,
we will approve the award to the high bidder in Item 25.

Item 26, this is approval of public hearing on
-- oh, this is the geophysical, and where are they
located?

MR. HIGHT: This is a permit that would allow the
applicants to do the survey anyplace within the waters of
the State. They would notify the State in advance, and
we would notify the fishermen, and it's an 18-month permit.

CHAIRPERSON CORY: It's an 18-month permit, and
the burden, then, is on the person wanting to do the
geophysical work, that they have to go settle up with all
the local folk, the fishermen, and the people they might
be getting in the way with, and if they can't, they can't
proceed. They've got to come here.

MR. HIGHT: Correct, Mr. Chairman.

CHAIRPERSON CORY: Anybody in the audience on this
item?
Yes, sir.

MR. VEEK: Mr. Cory, Members of the Commission,

my name is Brad Veek. I'm the Associate Director for

Facilities at the University of Southern California

Institute for Marine and Coastal Studies.

As such, I have the responsibility for ship

scheduling for our fleet of two or two dozen oceanographic

research vessels, depending on the definition, of which the

well known research vessel, Valero 4, is the largest.

In all, we conduct about 40 to 50 formal cruises

per year which perform geological or geophysical activities.

Additionally, I am the National Chairman of the

Research Vessel Operators' Council, an operational and

technical support element and committee of the University

National Oceanographic Laboratory System, UNOLS.

UNOLS and RVOC is comprised of about 13 member

universities and about 30 associate member universities

throughout the nation. The primary federal sponsor for

UNOLS is the National Science Foundation; in the State of

California, Scripps Institute of Oceanography, the

University of Southern California, and Moss Landing are

full members of UNOLS. To the north, Oregon State

University and University of Washington, and University

of Alaska are members; as well as to the west, University

of Hawaii.
There are scientists at universities and colleges throughout the nation who utilize the oceanographic research vessels of the aforementioned institutions, including ourselves, who may be adversely affected by the terms, definitions, conditions now specified in the draft proposed Geological-Geophysical Survey Permit form.

I wish to register an objection on behalf of the RVOC and on behalf of USC's Institute of Marine Coastal Studies to the form and substance of the proposed permit, and to recommend alternative actions to protect the rights of concerned parties and yet will ease the burden on the conduct of oceanography by the fleet of oceanographic research vessels in the academic fleet.

We should be sure that a rifle is used instead of a shotgun when drafting regulations. The aim is better, and less damage is done to those on the periphery, as we find ourselves.

I assume that the target in this case is conflict between mutually exclusive uses and users of the same ocean space, with the resultant risk and damage to the environment and/or equipment, such as crab pots, fishing nets, pipelines, and so forth.

We share those concerns, but we disagree on the proposed solution because the permit as written will interfere unduly with basic oceanographic research.
As one of those that will necessarily have to assure compliance locally and specifically deal with the provisions at our institution, I find these conditions expensive in terms of time and money. It's tedious and it's unnecessarily burdensome in its demands for access essentially to everything at no cost to the State, but at a cost to the institution. It requires us to produce reports and documents that we probably would not otherwise produce except to meet the requirements of the permit. We feel it's inappropriate for basic research.

There are some specific items which I have discussed by phone with Dr. Gaal down in Long Beach, and I will give them to you in a long letter specifying them, but they are in essence these:

On the notice item, my recommendation is that the permitee notify the State Lands Commission, but the burden on the State Lands Commission to send out all the letters, forms, notices, postings and so forth. Roughly sketching out, based on past geological-geophysical research, we would require about 220 mailings per year. The files, the forms, the postage, the time, et cetera, would eat up something on the order of 100 man hours per year. Not a lot, but that's 100 of my man hours, that's two and a half weeks of my personal man hours, just to operate the Valero 4. Similar problems are put on other universities.
Equipments, the draft regulations or permit calls for, quote,

"Any activity or method not expressly stated above is prohibited."

Unquote. It names some things, some equipments and so forth, none of which are used by the Valero 4, but all of which are used for geophysical and/or geological research. And yet it says anything not named is expressly prohibited.

I don't think that was the intent of the regulation. I talked to Dr. Gaal again. He said, well, we didn't mean it to be that way. We means like drilling operations, that sort of thing.

But what has to happen is the regulations or provisions have to be rewritten. We recommend --

CHAIRPERSON CORY: What happens if they're not rewritten?

MR. VEEK: Then essentially, legally, technically, we couldn't conduct oceanographic research operations using a box core, a fiber core, a piston core, a vibra core, a Van Deen grab, grab sampler, and so forth.

CHAIRPERSON CORY: Under these regulations?

MR. VEEK: Yes, sir.

CHAIRPERSON CORY: You can do it under other permits.

MR. VEEK: No, sir. There are no other permits
to do it.

CHAIRPERSON CORY: Start?

MR. VEEK: I've got eight or ten specifics like that.

CHAIRPERSON CORY: Let's try to understand whether or not as you perceive them you are correct, or there is another solution, because I'm not sure, from what I've read, that that is the thing.

MR. FABER: My name is Robert Faber. I'm staff counsel for the Commission.

The way the permit is structured, if an individual applicant wants to use other than the specific types of things which are in the draft permit that we have outlined here, they can apply for additional things, and as long as they fall within certain parameters, the staff was particularly wanting to exclude the use of explosives, and that's the reason why we listed specific activities and said all others were omitted. If they want to conduct other activities, they can put that on their application and this permit will cover that, as far as that particular question's concerned.

MR. VEEK: We're talking about on the order of 40 to 50 times a year to specifically detail out really inconsequential equipment, and I recommend that the regulations be redrafted to mention all the tools of the
oceanographers, such as box cores, vibra cores, and so forth, and say that if they’re not mentioned or -- correction -- mention the ones that you don’t want them to use without permit, and if it’s not mentioned, then it’s all right to use it.

CHAIRPERSON CORY: Currently are you getting permits?

MR. WEEK: No, sir. We’ve had no permit. This is a new requirement laid upon us.

MR. TRAVER: I think we have to distinguish between regulations and permits.

The regulation was considered by the Commission back in February. These are the actual implementing permits.

If they put it in the permit one time, they don’t have to make notice of it every time they use it, just one time.

COMMISSIONER MORGAN: Well, it’s not clear to me. Have the concerns that you’re raising here been raised to the staff previously?

MR. WEEK: Yes, I raised them by phone, and I was assured, well, it’s a nonproblem.

CHAIRPERSON CORY: When?

MR. WEEK: Yesterday.

MR. WILLARD: We’ve been working on this.

CHAIRPERSON CORY: What happens if we do not
adopt these today?

MR. TRAVER: I think what can be done very
easily here is all of the people that are happy with the
permit the way it reads, those can all be issued and we can
work out something with them independently and come back
later.

MR. HIGHT: The regulations have been adopted,
and what we're doing is adopting the permit for the named
individuals in the calendar.

I think we can work out this gentleman's problems.

CHAIRPERSON CORY: But the item before us --

MR. HIGHT: Is the adoption of the permit.

MR. VEEK: I have seven additionally equally
serious items.

CHAIRPERSON CORY: What is before us is a permit
for a specific list of people?

MR. HIGHT: Correct.

CHAIRPERSON CORY: Have you applied for a permit?

MR. VEEK: Yes, sir, we have.

CHAIRPERSON CORY: And they are on the list and
that permit will not do you any good?

MR. VEEK: Not the way this is written.

CHAIRPERSON CORY: If you are excluded from that
permit, are you in any kind of time problem if you don't
get a permit today?
MR. VEEK: Yes, sir.

CHAIRPERSON CORY: What is your problem?

MR. VEEK: The problem is we're doing oceanographic research weekly, and we have a lot of research to do. And the next time permits can be or will be considered, I've been informed, is not until January, possibly February.

CHAIRPERSON CORY: That's not true. Whoever informed you of that, we can solve that problem.

MR. VEEK: We literally are having this kind of activity, that is geological-geophysical research, done on a weekly basis.

CHAIRPERSON CORY: As I understand the pressure from the other permittees, they have very specific commercial things that they need to get on with.

MR. HIGHT: That's correct, Mr. Chairman.

MR. CORY: So if we exclude his permit, get together at the staff level immediately and get that calendared for the next week or the next --

MR. HIGHT: Next Commission meeting.

CHAIRPERSON CORY: We can see that you have your permit.

MR. VEEK: Can we be blessed to do our oceanography without being illegal?

CHAIRPERSON CORY: No, I cannot do that. I don't think the Commission has the power to do that. I don't
know what the enforcement provisions and mechanisms are, but I don't think -- I'm not sure we can, in fact, carte blanche, approve, not knowing what it is. Our enforcement staff is small, and I'd be surprised if you had any difficulty between now and the next meeting, but I can't assure you of that.

MR. HIGH: Mr. Chairman, can I suggest that the permit be approved conditionally on the fact that the staff can work out the permit form and then --

CHAIRPERSON CONY: Well, he's got a whole lot of technical points, and I'm not so sure that the Commission is the place to work out those technical problems.

MR. HIGH: Well, my point was, the staff would work it out and then seek your approval.

MR. VEEK: We would rather have the permit and work out the details with the staff on the ins and outs of it.

It was my understanding that this hearing was to discuss the terms of the permit in general, not just --

MR. HIGH: We can come back next month with an amendment to the permit.

MR. TRAVER: Right, that would be far better than waiting, trying to issue a separate permit.

COMMISSIONER ACKERMAN: Is there a term that could be inserted to take care of this problem for 30 days?
MR. WILLARD: I think the terms are broad enough that the majority of his problems are already solved. I think he should get his permit.

MR. VEEK: Well, I'm not sure that's true. I think the problems are much broader than USC. I think they address the entire academic research fleet, including instate and out-of-state research oceanographic institutions.

COMMISSIONER MORGAN: Well, the purpose of the permit is not to close down your research operation, number one.

Number two, you have to share the ocean with other folk:, and just because I think what you're doing is good doesn't mean that everybody else thinks so.

So, you're going to have to talk to the staff, I believe.

MR. VEEK: I have some recommendations that will be most beneficial to the staff and I think to the State as well.

COMMISSIONER MORGAN: I'll be happy to go along with the conditional permit, and if there are any problems you want to raise that are specific, I think the staff needs an opportunity to look at those and talk to you about them.

MR. VEEK: How can I get the provisions changed? Can the staff change the provisions of the permit, or do we
come back here again?

CHAIRPERSON CORY: It will have to come back because it'll have to take some staff work to get it ready to come back. What I want to do is give some instruction to get that thing out.

The staff is instructed to go ahead and approve this one, with the understanding that you bring those necessary changes back to us. And if necessary changes are needed in the regulations to accommodate what I am shocked and dismayed that the act of omission on the end hasn't solved this problem before it got here —

MR. VEEK: I'm sorry, but I got the notification late, as did Scripps, as did Moss Landing, and I'm speaking on their behalf as well as mine.

CHAIRPERSON CORY: Our prior Executive Officer I would have expected this of. The current one, I'm surprised.

(Laughter.)

CHAIRPERSON CORY: We have just converted from an oil thug to an academician.

MR. VEEK: That being the case, will we get a permit today and work out the details with the staff? I may be back.

CHAIRPERSON CORY: That's fine. That's what we're here for, but I think it's not productive to try to negotiate
things. We have to be educated on these technical details so we can talk to you about it:

Without objection, then, we will go ahead and approve Item 26, unless there are other comments in the audience or questions from Commissioners.

We will go ahead and approve it with the understanding that the staff will work out the details, and if changes are necessary, they will be brought back at the next Commission meeting.

MR. HIGHT: In addition, Mr. Chairman, we'd like to thank all the fishermen who have spent a lot of time in workshops working on the terms of the permit. We'd like to thank Bob Kaneen, Vicki Cook, and Lee Bafalon of WOGA.

CHAIRPERSON CORY: You solved the problems of the fishermen, the oil industry, and academia hates it.

Item 27 is a request for exemption of the oil and gas lease from competitive bidding. This is a land-locked park in Colusa County.

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

Without objection, Item 27 is approved as presented.

Let's see, PG&E wants an extension to dredge material from the Oakland Inner Harbor from electric cable crossings.
Any questions? Anybody in the audience?

All right, that's fine.

Item 29 is off calendar.

Item 30, notification of Intent by the City of Long Beach to expend $414,000 on roads in the vicinity of the Entertainment Center.

EXECUTIVE OFFICER DEDRICK: Correct.

CHAIRPERSON CORY: That's a lot of roads for video games.

Anybody in the audience on this item?

Questions from Commissioners?

Without objection Item 30 is approved as presented. Second modification of the budget is basically title changes to conform titles for worn out shot putters.

(Laughter.)

CHAIRPERSON CORY: Questions from Commissioners?

Anybody in the audience on this great item?

Without objection, Item 31 is approved as presented.

Item 32, you're going to tell us that Long Beach is not sinking but it's rising?

EXECUTIVE OFFICER DEDRICK: And part subsidence.

CHAIRPERSON CORY: There are flat spots in Long Beach and part of it is rising.

EXECUTIVE OFFICER DEDRICK: Nothing bad's happening.
CHAIRPERSON CORY: Anybody in the audience on this item? Questions from Commissioners?

It's nice we care so much about that one city. There's no other city in the State that is so well monitored.

COMMISSIONER ACKERMAN: Whatever goes up must come down.

CHAIRPERSON CORY: All right, we've received the information in Item 32.

Item 33, this is a request to settle the appeal of the assessment with the County of Los Angeles on the Long Beach Unit for 1977. This is $333,000 we're getting back on taxes.

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

Without objection, Item 33 is approved as presented.

Item 34, since we did so well in '77, you want to appeal the assessment of '82?

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

COMMISSIONER ACKERMAN: One question on the appeals.

Are the appeals from '78 through '82 still outstanding, or are we kind of working our way back out?

MR. THOMPSON: We didn't appeal for those
particular years.

COMMISSIONER ACKERMAN: We still have a '78 appeal out, don't we? Isn't that the last pre-Prop. 13 appeal on the assessment?

MR. THOMPSON: I thought this was the last pre-13, '77. After that, they're all post-Prop. And I don't think the first year we didn't appeal. This would be the third appeal.

COMMISSIONER ACKERMAN: All right.

CHAIRPERSON CORY: Any other questions?

MR. THOMPSON: The question of how we treat the tax still hasn't gone through the Court of Appeals yet.

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

Item 35 is off calendar.

Item 36 is approval of the extension of the deadline for executing the boundary line agreement and settlement in Morro Bay. That was a technical problem of signatures.

MR. HIGHT: Correct, Mr. Chairman.

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

Without objection, Item 36 is approved as presented.

Item 37, 1000 STEPS, is off calendar.
Item 38, this is a request to approve the report covering the actual revenue and revenue estimates.

Where are we on revenue estimates?

MR. TROUT: Mr. Chairman, the actual revenues estimated are shown on page 225A. It shows that unfortunately for Suzy, 370 million estimated for '82-83; 350 in '83-84; and 320 in '84-85. Those revenues subject to the distribution of tideland oil revenues.

On the advice of Mr. Thompson and Mr. Everitts and the staff down there, we have done this estimate based on holding the price per barrel steady at around 24.50 composite.

MR. THOMPSON: You can see that particular price per barrel, how long it's gone flat for the last five or six months. We see no indication that it will go up in the short term.

CHAIRPERSON CORY: Any indication it'll go down?

MR. THOMPSON: Possibly.

COMMISSIONER ACKERMAN: Are these the same estimates that were given in the May revision?

EXECUTIVE OFFICER DEDRICK: Yes.

MR. TROUT: Except for '84-85, that's correct.

THOMPSON: There haven't been any further drop in price on that. There have been some drops last month on the summer crudes—Santa Maria, and some of the
others dropped 50 cents. The market is not real firm. You can see from some of the selloffs, small amounts of crude.

COMMISSIONER MORGAN: When do we do our next full-blown estimate? Is it November?

MR. THOMPSON: This is the full-blown estimate. We're now giving you through '84-'85.

COMMISSIONER MORGAN: Right.

MR. TROUT: Ms. Morgan, the next scheduled one would be in February or early March, just before the Commission's budget hearings. However, we usually do an informal one for the Department of Finance and the Governor just before the budget gets to stone.

CHAIRPERSON CORY: That's not what the budget normally turns to.

(Laughter.)

COMMISSIONER MORGAN: I understand these technical terms. Thanks.

CHAIRPERSON CORY: Any other questions?

All right, we will approve the report in Item 38. Item 39, this is approval of the subventions to cities and counties for the year '82-'83 Fiscal Year. Is there anyone in the audience on this item? Questions from Commissioners?

Without objection, Item 39 will be approved as presented.
Item 40 is a request to grant authority to execute a contract for moving services for the State Lands Commission office in Long Beach.

You're moving out of the building to the State Building?

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: And there's some problem as to whether or not the Miller building south is going to allow you to move on time?

EXECUTIVE OFFICER DEDRICK: There is your question, as to whether we'll be able to move on time.

CHAIRPERSON CORY: What happens if you can't move?

EXECUTIVE OFFICER DEDRICK: Then we pay an extra $24,000 a month in rent to remain in the building we're in. Our lease was terminated by General Services as of September 8th, upcoming, in anticipation of our moving that week, Labor Day week, to the new state building.

If we can't move on September 8th, therefore, in the meantime, the landlord raised the rent on the place we're in, and so somewhere we're going to have to find $24,000 a month or move out in the street.

CHAIRPERSON CORY: But you know you will not be able to move on the 8th?

MR. TROUT: We will not know that until next
Tuesday.

EXECUTIVE OFFICER DEDRICK: We're told that it's unlikely in the extreme. We would like authority to get a mover in case something breaks right.

CHAIRPERSON CORY: The problem deals with making sure the building's safe to move into; is that correct?

EXECUTIVE OFFICER DEDRICK: The Department of General Services wanted the building to be tested in advance of people moving in in order to be sure there was nothing wrong with it. Whether that is still what's holding us up or not, I cannot answer. We were told that there's something else that's a problem, and we don't know what that something else is, and won't know.

CHAIRPERSON CORY: Legionnaires' Disease.

COMMISSIONER MORGAN: You're going to have to do a month-to-month lease?

EXECUTIVE OFFICER DEDRICK: We have no choice at the moment.

CHAIRPERSON CORY: Will the current landlord let you stay there, or has he leased the space out to someone else?

MR. TROUT: We understand that he had the space leased to another tenant and was expecting us to be out. Us being in a holdover capacity prompted him to come up with a higher figure. In fact, almost triple rent for the
period following September 8th. We've talked to the Department of General Services about their picking up the tab, since this is beyond the capacity of our budget to handle, especially on a protracted extension. It may be that several other State agencies are in the same predicament if the delay is significant and that General Services and the agencies will have to go to the Legislature for a deficiency.

CHAIRPERSON CORY: It's easy enough for you to just look at the fiscal implications, not being housed in Long Beach, in terms of what the alternatives may be.

MR. TROUT: There's some very good alternatives, which so far have been unavailable to us, in spite of the Chairman's pleas to the General Services.

CHAIRPERSON CORY: All right, that's where we are. The sooner we move you, the better, I guess. Might as well get you next to that toxicity.

EXECUTIVE OFFICER DEDRICK: Those oil men are tough.

CHAIRPERSON CORY: Without objection, authority will be granted as requested in the item.

(The last agenda item, Item 41, has previously been submitted in a prior transcript.)

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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 meeting of the State Lands Commission was reported in shorthand by me, Evelyn J. Duggan, 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 September, 1932.

EVELYN J. DUGGAN
Shorthand Reporter
MEETING

STATE OF CALIFORNIA

STATE LANDS COMMISSION

CITY HALL

915 I STREET

SACRAMENTO, CALIFORNIA

EXCERPT OF PROCEEDINGS

THURSDAY, AUGUST 26, 1932

EVELYN J. DUGGAN

Shorthand Reporter
COMMISSIONERS PRESENT

Kenneth Cory, State Controller, Chairperson
Susan Morgan, Representing Mary Ann Graves, Director of Finance
David Ackerman, Representing Mike Curb, Lt. Governor

COMMISSIONERS ABSENT

None

STAFF PRESENT

Claire Dedrick, Executive Officer
Robert Trout, Assistant Executive Officer
Robert Hight, Esq., Commission Counsel
Greg Taylor, Assistant Attorney General
Jack Rump
Diane Jones
Jane Smith

ALSO PRESENT

Henry Snyder, Private Citizen, Los Angeles
Joseph R. Steele, President, Boat Owners Associated Together (B.O.A.T.)
Gilbert R. Saldana, Mayor, City of Avalon
Charles E. Greenberg, Esq., Catalina Conservency and Santa Catalina Island Co.
James Radcliffe, Esq., Island Navigation Company, Inc.

Harrison W. Hertzberg, Esq., Catalina Marine Services, Inc.

Rose Mary Woodlock, Catalina Marine Services, Inc.
Proceedings

Item 41: SANTA CATALINA ISLAND
MOORING LEASE, CONSIDERATION
OF COMMENTS CONCERNING THE
DRAFT SOLICITATION OF BID
PACKAGE FOR THE CASE OF
CERTAIN SUBMERGED LANDS AT
SANTA CATALINA ISLAND

Comments:

Henry Snyder, Private Citizen
Los Angeles

Joseph R. Steele, President
Boat Owners Associated Together
(B.O.A.T.)

Charles E. Greenberg, Esq.
Catalina Conservancy, Santa
Catalina Island Company

James Radcliffe, Esq.
Island Navigation Company, Inc.

Harrison W. Hertzberg, Esq.
Catalina Marine Services, Inc.

Rose Mary Woodlock
Catalina Marine Services, Inc.

Gilbert R. Saldana, Mayor
City of Avalon

Rebuttal Comments:

Charles E. Greenberg, Esq.

Doug Bombard

James Radcliffe, Esq.

Staff Comments:

Adjournment

Certificate of Reporter

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TELEPHONE (016) 972-8894
CHAIRPERSON CORY: Item 41 is consideration of comments concerning the bid package on Catalina.

We are up against some problems at the tail end of the session, so part of this is likely to have somewhat of a floating quorum in and out. To accommodate those breaches of things that have to be done on a legislative schedule, I am likely to get called away from here shortly.

COMMISSIONER MORGAN: I'm leaving in 15 minutes.

CHAIRPERSON CORY: She will be here for 15 more minutes.

We will appoint David as Hearing Officer so that we can keep some things going as we go along. If somebody has to leave, we can proceed in that regard.

The other question, I guess, is the order of appearances.

I guess I'll try to have those people representing the possible bidders go last. The general public will comment first, then have the bidders respond and proceed that way.

I will try to go through the notes. Do we have all of the requests of people who wish to speak in? Have they been turned in?
Do we have Mr. Henry Snyder?

MR. SNYDER: Mr. Chairman, Members of the
Commission, I hate to be first.

I speak on my own behalf as a boat owner, as one
of the mooring owners, and as a member of the B.O.A.T.
Committee that sent in Admiral Steele's report.

We all recognize that there has been -- this
has been a very difficult problem for the Commission and
for the staff, and that the Commission has gone a long
way toward resolving most of the problems. We thank the
Commission for the consideration that we, as mooring
owners, have had, and we hope that we can continue to
cooperate.

Our position has been to try to retain the
status quo. We want to retain Catalina Island in the form
that we've known it for many years.

We would prefer that the administration of the
Island remain in the hands of a proven operator, whom we
know, rather than some faceless identity whose only motivation
has to be financial gain.

In this hearing, we for the most part agree with
the comments made by Admiral Steele on behalf of B.O.A.T.
We, as mooring owners, are perhaps more experienced users
of the moorings. We're not quite sure that all of the
special services, save for the safety and repair, are
required or necessary. But I think that time will probably
determine that a little better.

Most of the services we've come to expect are
related to emergencies and that sort of thing, whereas
many of the things that are in the agreement are ongoing and
perhaps add to the costs that we, as mooring users, have
to pay.

We would prefer, however, that in this hearing,
in this process, that the Commission consider the aspect
of continued retention of Catalina as a valuable recreational
facility be the most important consideration, rather than
the dollars and cents that are involved in the rental.
I estimate that the revenue from moorings is perhaps
in the neighborhood of a million dollars a year, and the
revenue that the State can gain from this cannot be that
great that this great and valuable facility becomes a
commercial venture.

This year, primarily because of the increased
rent to the State, mooring fees to all users increased
in the range of 35 to 40 percent. As a result, mooring
use is down substantially from previous years, and at the
same time there are many more boats anchoring in the waters
surrounding the island.

The Catalina waters are not suited to large-scale
anchoring because we have, like most of the California
coast, a narrow shelf that is available for boats anchoring and mooring. Because of the high daily mooring fees, many inexperienced and, perhaps, reckless users choose to anchor.

Last week I spent at Cherry Cove, and the moorings were not filled until Saturday night. There were people anchoring long distances offshore and in dangerous conditions. I spoke to several people who were unanchored, and they told me they spent the night fending off boats that were slipping their anchors. This was on a quiet and normal weekend. If we had a storm, or a Santa Ana, then it's very likely that there would be some serious dangers.

The mooring owners and mooring lessees pay, we estimate, about half of the total revenue that comes from use of the moorings. We would recommend that those -- that all the fees, and primarily the daily fees, be reduced so that the use of moorings is encouraged. This would, I think, create greater mooring utilization, create a larger revenue, and we hope eliminate some of the danger factors.

COMMISSIONER ACKERMAN: How much should they be reduced?

MR. SNYDER: I would think in the range of 15 to 20 percent.

Since we pay a large share of the money that's
involved, we suggest that there should be some provision for our involvement in decisions on rules and proceedings for the use of the moorings. I'm talking particularly with reference to some of the addendum to the proposal that we received relating to correspondence between the Commission and the operator. Those are items that we're very much involved in. We think we'd like to be heard if there are changes that affect those things.

Thank you again for your consideration and for what you've heard so far.

CHAIRPERSON CORY: If I could ask you about your comments on one item.

One of the things, as I looked at the lease, that sort of presents a problem is that I would guess that a proposed bidder or lessee, because of the services, safety, convenience, so forth, to the boating community there required by the lease, would necessarily have to make financial adjustments, because he has to provide those services.

I'm concerned as to how we could make sure that those services are, in fact, continued to be rendered, that we don't end up at this point, you know, proceeding on a lease and on day one something happens, and in the future they end up with not looking after the service components, since we, as the lessor, are not the recipient of the services.
and can't, perhaps, directly monitor.

If we had some sort of a forgiveness of the leased fee, so there was an economic incentive for the people to provide that, or, putting it another way, that there would be economic disincentive if they didn't provide these services, would this tend to give you the protection that you need in terms of the safety and convenience mechanisms that are contemplated in that lease?

MR. SNYDER: Safety and convenience are important factors, and I think they have to be considered in relation to what the government has to do anyway. I'm talking about the Coast Guard requirements, and the county lifeguard, and safety procedures.

I think that perhaps to require the operator to maintain or duplicate those same services could be expensive.

CHAIRPERSON CORY: I'm talking about the ones that are listed currently in the proposed contract.

MR. SNYDER: Other services, such as the harbor patrol, fuel and water, those are essential.

CHAIRPERSON CORY: Those are the types of things I'm talking about. Those are specifically listed in the lease.

If we, in essence, provide a financial incentive, say, in the reduction of the lease payment if they provide
those services, and if they don't, they have to pay the State a greater amount --

MR. SNYDER: I think that would be a very, very good thing. I think it's essential.

One of the problems that we see is that you could grant a lease to somebody who does not have these facilities. Not only they don't have them, we're sitting out there with nothing at all. That's very important.

Of course, those provisions in the lease about the 60-days cancellation, there would be a hiatus with no lease.

CHAIRPERSON CORY: That's one that the staff is aware of, and we'll try to deal with that.

Thank you, Mr. Snyder.

MR. STEELE: Mr. Chairman, Commissioners,

I'm Joe Steele, President of the Boat Owners Associated Together, an organization of some 35,000 boat owners in the State of California.

We have already submitted detailed comments on the draft. I won't repeat them here.

I assume that you've read them, but I'd like to emphasize the fact that you're dealing with a recreational asset. The State of California spends millions of dollars developing items such as forests, parks, lakes, beaches,
trails, camp sites, lodging ramps, none of which pay their
own way. On the other hand, the Santa Catalina submerged
lands have not had a penny of State money spent on them.

We boaters do not ask for the preferential
treatment given to hikers, campers, swimmers, fishermen
and the like, but we do hope that you will not make us pay
too dearly for these moorings which cost the taxpayers
nothing.

As Mr. Snyder pointed out, the moorings are not
being used this year like they were in the past. I think
we made this point in our letter to you.

I'd like to comment on a few of the comments
which have been submitted by other parties.

Mr. Hertzberg doesn't indicate in his letter
just who he represents. I'd just like to make it clear
he does not represent the boating public.

He makes quite an issue about the Local Coastal
Plan for Catalina. This Local Coastal Plan has survived
public meetings in the County of Los Angeles, has been
approved by the County Board of Supervisors, is now before
the Coastal Commission, where there will be many more
hearings before it's over. It seems to us that this is not
the forum to cover the Local Coastal Plan at all, and it
shouldn't have anything to do with them.

Another item Mr. Hertzberg mentions is, he
implies that fees should be charged for anchoring at Catalina. Now, the Federal Government preempted the field of anchor regulation over 100 years ago. Should any attempt be made to charge fees for anchoring in the territorial seas, I'm sure it would be strongly opposed, not only by the boaters, but by all maritime interests.

The County of Los Angeles made a pitch to you for money from the boaters for services which they provide at Catalina on some half-million dollars a year. You might note that in 1981, the County of Los Angeles collected $3.49 million in boat taxes, which is many times what they have spent to boating services. So, their fees have been well paid by the boaters in the past.

Mr. Chairman, you asked Mr. Snyder about a means of assuring that some of the services were actually provided over there. We have made one suggestion of which we think will help in that. That is, that the entire bid proposal of the successful bidder be made a part of the lease.

As we understand it right now, there is really nothing in the lease that does require those services, and your current draft bid proposal asks that the bidders describe what they've proposed to do, but we don't see anything there that shows that this will be actually a part of the lease, so if they fail to do it, they will be in
violation of the lease.

COMMISSIONER ACKERMAN: As I understood the Chairman's comment just a minute ago, if I heard him right, he suggested, I think, to do just that. Even go one step further, not just making it a part of the lease, but also providing some economic incentives that those provisions be upheld.

MR. STEELE: We recommended in our letter that performance bonds be required. As a matter of fact, we gave a lot of thought to just how much would be a fair and reasonable bond.

Our recommendation was that it be a bond large enough to allow the State to hire on short notice another operator to operate for a year and a half.

Now, that would be a rather large bond, but as it stands right now, we're very much afraid that the operator might walk out on us and leave us with nothing. A performance bond, we think, would pretty much guarantee that the operator complied with the lease.

If you put the terms in the lease for the services, and then you have a performance bond, well the bonding company will make sure that he complies with the bond.

CHAIRPERSON CORY: What order of magnitude do you think that should be, $10, $100,000, or $1,000,000?

MR. STEELE: I'm not sure which it will cost to
get somebody into running those leases. It would be on the order of millions, not $500,000.

I don't claim to be an expert on that, but a lot of equipment is required. Certainly you ought to be able to get someone in that would take care of it until you can get another permanent operator.

That's what we have in mind. Thank you very much.

CHAIRPERSON CORY: Thank you, sir.

I've got cards from Mr. Larry Fisher.

MR. FISHER: I'm not going to testify.

CHAIRPERSON CORY: All right. Is there anyone else, any other people representing prospective bidders that wish to make a comment at this time?

All right, Mr. Greenberg.

MR. GREENBERG: Thank you, Mr. Chairman.

I also will not repeat. My name is Charles Greenberg. I represent the present lessees, the Conservancy on Catalina and Santa Catalina Island Company. I would also not repeat the comments that I made in writing in response to your bid solicitation.

I would like to make some comments on the bid, on the other comments that were made on your bid solicitation by other parties, particularly the ones made by the Pioneer Chicken Company, because I think they raise an issue that I don't believe either ourselves or --
CHAIRPERSON CORY: When you say Pioneer, is that the same as Catalina Marine Services?

MR. GREENBERG: I'm not sure what you call your subsidiary company, but probably so. It's Pioneer Takeout, Mr. Hertzberg?

MR. HERTZBERG: We sell chicken. It's Catalina Marine Services.

CHAIRPERSON CORY: Fine, I was trying to keep track of where we are here. Thank you.

MR. GREENBERG: The comment I would like to make is with respect to the comments made by Mr. Hertzberg -- let's call it Mr. Hertzberg -- and those comments' effect on this Commission's move forward with the bid solicitation with performing an Environmental Impact Report in the process.

It has always been our position, and I think our response is clear that if at the end of the process the Commission awarded the lease to some other bidder than ourselves, it seemed rather clear to us, seemed darn clear to us, that an Environmental Impact Report would be required, and that it simply is not possible to move forward under a categorical exemption.

Mr. Hertzberg's comments raised the specter of whether or not it would be possible for the Commission to move forward without an Environmental Impact Report, even
if it ultimately awarded the new lease, or the lease
supplement, to its present lessees.

In going through Mr. Hentzberg's comments, I think
you'll see why. Mr. Hertzeberg first questions whether or
not free anchorages cause greater damage to marine life by
the anchors being dragged along the bottom than setting up
permanent mooring docks. The text says, "does", but I
assume it's docks.

That's a very sophisticated environmental question.

He then requests this Commission to consider
building of more dockage rather than free anchorages in
some of the coves in Catalina. I think that's a good
question.

Now, for social reasons, we would urge the
Commission not to do that because we believe free
anchorages are a very important part of the total recreation-
complex in Catalina. But I think the question bears
serious environmental study.

Mr. Hertzeberg, when discussing the problem of
trash pickup, asks the question: What impact -- he asks
whether we pick up trash from all of the boaters who use
the facilities, whether that is an additional burden on us,
and he asks what impact has the initial trash pickup
service had on the limited dump facilities on the Island.

Again, I think that's a very good question.
It's an environmental question, and Catalina is, shall we say, garbage sensitive environmentally. I would think —

CHAIRPERSON CORY: Trouble about gum wrappers, right.

MR. GREENBERG: Mr. Hertzberg also points out that the Local Coastal Plan estimates that up to 800 boats can be accommodated in anchorage areas. He assumes that means 800 new moorings, and I think the Local Coastal Plan really is talking about the combination of free anchorages and existing moorings, but I'm not sure. The language is somewhat ambiguous. In either case, the effects of that kind of increase of use certainly should be environmentally studied.

Mr. Hertzberg asks the question of whether for the purpose of this lease would the necessary substitution of an equal facility to the existing gasoline facility at the pier be categorically exempted as a replacement on the same site or is construction of less than 3,000 feet of floating dock.

Again, that is a very good question, and the answer to it depends a lot on the specific way that activities would be carried out on that particular dock. But nevertheless, it seems clear that it is worthy of serious study.

Mr. Hertzberg urges the State Lands Commission
15. Reconsider the question of fuel sales by the lessee in order to ensure the boating public an uninterrupted source of fuel. That has economic consequences, and that also has environmental consequences, that decision, one way or the other, and that should be studied.

Mr. Hertzberg asks—states that the development of the Two Harbors areas, I suppose under the LCP concept, would require removal or disuse of many mooring and shore services.

Now, in this comment and in many others, frankly, we believe that Mr. Hertzberg has completely mischaracterized, doesn’t understand, what the Local Coastal Plan effort is. I’m sure you do. It is a guideline produced by government after input from everybody, produced by LA County and the Coastal Commission as a guideline to the future of Catalina. The particular developments he’s talking about may never be built, and before being built would have extensive environmental studies and permit review.

We have constantly said we anticipate perhaps seven to ten years before the first of any development in Two Harbors would be built. The Local Coastal Plan clearly calls for 99 percent of the presently undeveloped area of Catalina to stay that way. And the Local Coastal Plan then calls for the addition of certain recreation-type improvements in the Two Harbors area.
Mr. Hertzberg's unhappy with that and believes those developments may very well adversely affect the leasing of mooring spaces, or the operation of the mooring spaces.

I don't think he's right. In fact, I'm pretty sure he's not right, but it is a question which you should address at this point in determining what should be the terms and conditions of the operation of the leasehold that you are concerned with.

I'll just take one more, because we could go through many of those other comments.

To illustrate the point, Mr. Hertzberg asks how have the harbor patrol persons been selected; how many have completed first aid training, how many have completed CPR training; how are the reserve harbor patrol persons selected; what training have they had for this position.

All of those kinds of questions are probably pretty good ones. There is a question of what should be the standards, if any, set forth in your lease for this type of personnel for the protection of public safety and the environment. I would suggest that whoever your lessee is, that kind of matter probably should be studied.

He also suggests that because of the — and quotes from the proposed Local Coastal Plan, that if construction ever starts on the land, that measures be taken to assure
that it will not impact the boaters' ability to use the leased spaces.

I'm not sure if that should be studied here or in an EIR if you're going to do the development on land, but certainly it probably ought to be looked into.

I have about ten other comments of a similar nature, but I think I've illustrated the point well enough.

CHAIRPERSON CORY: Have you made all ten of those in writing?

MR. GREENBERG: No, I have not, because, as the other bidders, we have just recently received the comments from other participants. We would anticipate -- I don't know if it'll do the Commission any good, but we anticipate making comments in writing within the next few days.

CHAIRPERSON CORY: That'll be fine.

MR. GREENBERG: I think the point is, circling all around back to the original point, that although we really don't share a lot of concerns that Mr. Hertzberg has expressed, we really feel that a lot of the textural material he has given you will fall by the wayside, as the other loose calls and accusations against present practices have fallen by the wayside over the last year when they've been investigated, and really upon investigation, none of them have turned out to be factually so.

Nevertheless, he has made some points which require
under CEQA, environmental study and discussion pursuant to CEQA rules of the possible alternatives in the alternatives section under CEQA to the way the present lease contemplates being carried out.

I'd also like to respond to Chairman Cory's thought, which I thought was a very good one, as to how the State Lands Commission can make sure that services are being carried out.

First, I'd like to say that in our judgment we do not believe that enough of the services required by the bidders are specifically set forth in your bid package. Some care should be taken to better define that quantum of services which you believe your lessee should carry out towards the boaters.

Some of the other comments made in response to your bid package talk in those terms, such things as restrooms and laundry services, that kind of thing. And other kinds of services that the boaters rather obviously need.

Then the question arises, how do you make sure that those services will be faithfully carried out once you put them in? I share the Chairperson's concern, perhaps from a similar background.

This bald spot on the back of my head arose when I represented the City of Long Beach, attempting to tie down in paper rights the commercial lessee, Specialty Restaurants,
on the Queen Mary. And I want to assure you, I tried
Specialty Restaurants six ways to Sunday and gave the
City all the paper rights in the world to deal with
performance problems that occurred during that lease. And
yet, the City found itself, as a practical matter, in a
position where it would be most unfortunate and counter-
productive to attempt to foreclose Specialty Restaurants'
interests on the commercial portion of the Queen Mary,
because what are you going to do? Have the whole thing
fall apart for a number of years while you argue about these
things in the courts?

I think that is a valid concern on the Commission's part, to make sure that a bidder doesn't go in, the whole
thing prove unprofitable or untenable, or some other
reason, and walk off and leave the State and boaters,
and us, as adjoining land owners, with a big mess.

COMMISSIONER ACKERMAN: Mr. Steele recommended
or made comment on a performance bond.

Have you given any thought to that as the hook,
so to speak?

MR. GREENBERG: Yes, sir. I have made a mental
note that the next time I'm in a drafting position, I think
that's what I would do.

The problem, as already indicated by the
Chairman, is how to define the quantum of the performance
bond. I think I would define it in terms of the capital involvement required for each bidder to be prepared to perform the services to put the equipment in, and to carry out those activities on an ongoing basis. That you would have to determine from the bids that come in, as to how each bidder purports to do that.

COMMISSIONER ACKERMAN: You would suggest, then, a different bond amount from each bidder based on financial evaluation?

MR. GREENBERG: Yes, probably a different dollar total. And the reason for that, obviously, is the advantage my client, because we've already -- you know that we can at least have the equipment in being to carry but those obligations. You don't know that we will, in fact, be able to carry them out or will carry them out over the next few years, and you're entitled to protection from us on that.

What you face from other bidders is, when they face the economic reality of what it's going to cost to purchase and put into effect all of the equipment necessary to administer the lease, you don't even have any guarantee that's going to be done.

CHAIRPERSON CORY: As opposed to the performance bond, which really, just having been in the insurance business, gives you the ability to argue with an insurance
company that has a deep pocket that, if you win, you can get paid, but it also has perhaps more lawyers, if not better lawyers, in terms of litigation.

What about if we instead changed the rental rate, and then gave the lessee a credit for each day that he performed, so that the net rental amount and required say that portion of it to be handled by a letter of credit?

MR. GREENBERG: Let me respond to both parts of what you've asked.

As to the first part, it's been my experience as a lawyer that a bonding company is not an irresponsible entity, and it's been burned lots of times. Before it will issue a performance bond, it will require that it has a hammer on the person who is being bonded, so that it can berationally assured that that person will perform. What it gives the government is the opportunity, when there is nonperformance, to call that bonding company, who then can call the bidder or lessee and say, "You perform or I'm going to foreclose on the security that I've got that you've put up for this bond." In my experience, that's generally been a very effective way to go.

Second, as to the concept of reducing rental to the State if the services are faithfully performed, conceptually, as a practical matter, I'd like to think about how to make that work. I don't think I'm prepared to say
today how that works.

Conceptually, I think there is one problem you should consider, with one respect to it. I think the services we're talking about are not those services which are optional to protect the interests of the public.

CHAIRPERSON CORY: I'm talking about the reduction would be a real pain. It would be cheaper to provide them than not. Each day.

The problem I have is, to foreclose on a surety instrument, you have to have gross violations; and an accumulation of small nicks in nonperformance gets overlooked, to the adverse position of the boater;

And to assure that somebody, if they aren't going to perform, if it were a meaningful nick, it takes care of these little things that become, over the course of a year, a major annoyance that would be very hard to get a surety company, say; yeah, we're going to move on our security. It's hard to prove the case, and this would sort of say, "You're in violation. You didn't perform these services, so it costs you $500 today. You didn't make your garbage pickup."

MR. GREENBERG: It's an interesting concept.

I wonder if the Commission would perhaps consider going the other way, set a base rate and automatic penalty should there not be performance of services?
CHAIRPERSON CORY: We're talking about the same general area.

MR. GREENBERG: I have not had a real chance to think through as to how to make that work, and would appreciate the opportunity to do so.

I have two final comments that I would like to make. The first comment is this: Perhaps it is my professional cynicism. Again, having represented the City of Long Beach and its dealings with subsidiary corporations, I don't mean anything personal with that particular subsidiary corporation that is involved here, but that again proved to be one of those difficult problems we had in leasing on the Queen Mary, is that every corporation wanted to come in with a subsidiary to try this brand new thing out. And no matter what paper guarantees that we tried to draft and take the obligation back to the parent corporation, we had a great deal of difficulty with that concept in making it work in the real world.

Some of those difficulties we sketched out in our response to bid comments. I would think that, at a minimum, you would need a complete guarantee of the obligation by the parent, so I would think serious consideration should be given to requiring that you just deal directly with the parent.

And the last comment I would like to make is, I
have not been in this arena of this particular lease for a very long time, as others have been. I've only been involved since October and November, and I know there was a lot of water under the bridge before that time.

CHAIRPERSON CORY: Let me apologize. The Director of Finance needs to talk to me rather urgently. David is going to continue this thing. I will be returning shortly.

This will be in the record and I will look at this portion of it, the portion I miss, I assure you. I'm sorry.

MR. GREENBERG: I know there was a lot of water under the bridge before I became involved, and before I really became acquainted with the Island of Catalina in the way that I have since that time.

I'm from Long Beach, so I've been over there a few times, but I really didn't quite understand the uniqueness of that asset to the people of California before I became involved and had a chance to spend a lot of time over there.

I'm not a boater, so I had to experience, down at Two Harbors, the kind of operations that are done down there for the boaters.

Also, I would say that it would be just a terrible thing, just a terrible thing if this Commission did anything
in its deliberations which would change or lead towards a change in the basic character of recreational activities down at that end of the Island.

Government being government, and I was in it for a long time, once you start regulating and putting things in pigeon holes, putting things in categories, and rules and regulations, the free-flow kind of association that's down there probably will dry up, and probably will be subject to an awful lot of regulation, which makes sense in general, but has a million exceptions, and then the government's got to umpire every exception and you end up with a big mess. I think that comment is true no matter who you end up with as your bidder.

I would ask this Commission to take real care, that your lessee take real care, in attempting to avoid it, because there's something unique and special that I haven't seen anywhere else in California. It's the nearest thing we have to a Greek island, I think, and to the way things operate down there.

The other thing that I've learned is, it seems as though we have a Charge-of-the-Month Club operating here, and it works both ways. I don't think my client's been guilty of it, but I think probably Pioneer Chicken has suffered from this as much as us. There is a Charge-of-the-Month that goes on. And the
rumors sweep through the Capitol that this or that or the other thing has happened, and your staff has got to spend hours and hours investigating the particular charge, and it's always turned out those charges are false, every time. Because we are the existing operator, I suppose we've had the brunt of it simply because —

COMMISSIONER ACKERMAN: You haven't shared all of it.

MR. GREENBERG: That's true. But I would think, perhaps, the Commission would start thinking about the fact that every single time one of those kinds of charges has been made, they have been investigated, and they've turned out not to be true. This is worse than the Army latrine rumor, I think. And it is somewhat McCarthyistic, and I was somewhat upset to see in Mr. Hertzberg's comments a continuation of this kind of approach.

I would really urge everybody involved to deal with the merits and the issues that are serious enough, rather than go through that kind of a process, where the motives, intent, deep dark secret six levels down, whatever, of the various parties involved, and that's been true whether they're boaters, Pioneer or my client, are brought forth as some kind of overriding issue. We've had enough of that. I'm sick and tired of it, and I suspect everybody else is sick of it. I hope we don't have anymore of it.
That's about all I would have to say at this time.

COMMISSIONER ACKERMAN: One question on clarification.

Earlier you mentioned that you would like to see specifically the services outlined, even more detailed than they are.

MR. GREENBERG: That's correct.

COMMISSIONER ACKERMAN: You said just a second ago that overregulation tends to be counterproductive.

I wonder, do you still say that we can be more specific on services and back off on specifics somewhere else?

MR. GREENBERG: Certainly I think you can say, for instance, you've got to have laundry facilities; you've got to have restrooms; you've got to have this or that. You don't have to say how they're to be done, nor do you have to measure out a latrine and do that sort of thing.

COMMISSIONER ACKERMAN: You feel just the general words are too vague in the lease?

MR. GREENBERG: I think so. And I think the storm warning system is not specifically set forth. There's some other aspects that are not specifically set forth, and I think some of them are mentioned in the comments.

If it would be of help to the Commission, I would
be very happy to sit down in the next day or two and attempt to deal with that problem.

COMMISSIONER ACKERMAN: Have you had a chance to review Mr. Snyder's comments that were written?

MR. GREENBERG: Mr. Snyder's comments that were written? No, I don't believe so.

COMMISSIONER ACKERMAN: He went in very detailed length to specific points as far as services, types of services and the same concerns. You might want to take a look at his comments as well.

MR. GREENBERG: Sure.

COMMISSIONER ACKERMAN: Any questions?

EXECUTIVE OFFICER DEDRICK: I just want to ask for clarification.

I don't see why you need laundry facilities, things like that, for destination. You know, we don't have them in the delta. And you just don't expect to have to do laundry and so forth.

How do you relate that to a necessary service to boaters? I don't see that at all.

MR. GREENBERG: I suppose it depends on the length of stay as a destination.

All I can say is that those services are now provided and are heavily used. If you'd like, we'd be glad to give you information on how heavily used and try
to figure out by whom.

It seems to me people come to Catalina, some of them come overnight, and they're not going to use them. Some come for a weekend, and they may or may not use them. Some come for a week or two, and they need the services.

EXECUTIVE OFFICER DEDRICK: But those services would be more for the benefit of the permanent mooring owner, the owner who spends a longer period there, rather than a service for the general public that come over for two or three days.

MR. GREENBERG: Yes, except my friends who do that, if they can, come over for a week or two vacation there. And some of the time they're going to be moored on our joint moorings; other times they're going to be circling through the coves, so forth, and they use Two Harbors as a base of their operations for the extended vacation.

EXECUTIVE OFFICER DEDRICK: What one normally does in the rest of the world when sailing, you find a public dock, and you take your dirty laundry up to the local laundromat, and then start sticking quarters in.

MR. GREENBERG: That's correct. But we don't have that situation here.

EXECUTIVE OFFICER DEDRICK: I don't mean to pursue that.

MR. TAYLOR: Mr. Ackerman, there are a couple of
things I'd like to clarify that came up during Mr. Greenberg's testimony.

One is with reference to the pier at Isthmus Cove. The pier at Isthmus Cove consists of a permanent structure together with a series of attached floats, and it has been the interpretation of the staff that all of that constitutes pier, as much as the permanent portion is too high to the water to be used.

I have some photographs that I have here which I'd like to have included in the administrative record. It's seen that it is integrated with the structure, and therefore that the gasoline facilities and water facilities there, and the ability to get on and off of boats is dependent upon all the facilities provided in that. Therefore, they are excluded from the current lease.

These photographs show that it is an integrated facility, and that that facility has historically existed since approximately 1970.

During the winter months, certain of the floats are removed for safety purposes, since the Isthmus Cove is subject to Santa Ana winds attacks.

Therefore, the comments of Mr. Hertzberg with regard to whether or not the floats which are attached to the permanent portion of the pier structure are in the lease, the answer is they are not in the lease. They are excluded
from the lease and are a matter of separate negotiation with the Island Company.

Anyway, there are a total of ten photographs that should be in the administrative record showing that the pier is an integrated structure, permanent and temporary, depending upon the seasons for use.

COMMISSIONER ACKERMAN: Those will be part of the record.

MR. TAYLOR: The second problem is with regard to the ability of a lessee to charge for freight going to and from the shore.

This Commission, by its prior action, has excluded from the lease any interference with reasonable access to the shore.

There are two outstanding matters, one with regard to the Island Company with the piers, and second with regard to Mr. Finnie with regard to his wharfage or his drayage concession from the company. They are excluded and handled separately. Therefore, under the existing lease, there is no ability for the lessee to charge for freight coming across the lease premises through the fairways or areas allowed for access to the upland.

COMMISSIONER ACKERMAN: We'll take a five-minute break.

(Thereupon a brief recess was taken.)
CHAIRPERSON CORY: We're ready to reconvene.

The recess having concluded, the next person on the cards --

MR. GREENBERG: I'm sorry, Mr. Chairman, one last comment.

Now that I've had three minutes to give thought to the Commission's --

COMMISSIONER ACKERMAN: Maybe we shouldn't have recessed.

MR. GREENBERG: -- idea of attempting to secure the services by some sort of bonus provision should they be faithfully performed, or penalty provisions should they not be faithfully performed, it sounds to me that that would be an excellent methodology, the kinds of small failures that would produce services that was expressed by Commissioner Ackerman when we were discussing it.

That leaves, I think, unsettled what the Commission does in terms of the very, very major kind of failures or breaches should an operator find that the lease is very unprofitable, or they don't want to go forward with it. There's really a major glitch in what happens.

We would suggest in that regard you can probably combine and make more reasonable both kinds of requirements; that is, either a faithful performance bond, or something of that nature, which is limited to major kinds of detail
which would be easier to administer, and then take care of
the smaller failures to perform services in the method that
you have previously discussed.

The final comment I'd like to make, I'd like
to make it for the record and make it absolutely clear.
We simply cannot see any way that the Commission can move
forward with this process without doing an Environmental
Impact Report if for no other reason than the very
substantial public controversy that has surrounded this
matter from the beginning to the present day.

We would like to point out in the advance sheet
that just came down a brand new case, which we've already
mentioned to the Attorney General's Office, Brentwood
Associated for No Drilling, Inc., the City of Los Angeles,
where Chevron wanted to drill a test well on a golf
course. Certainly wouldn't seem as though a test well
would call for that kind of thing. But it was very, very
controversial.

The court held, by the way, even on its facts,
that an Environmental Impact Report was required. But then,
it carefully went out of its way to say that because there
was substantial controversy in the matter, an Environmental
Impact Report should be prepared, and referred to Section
15081 of the Resources Agency Code, which indicates, and
I'll quote one sentence:
"There may be a difference of opinion on whether a particular effect should be considered adverse or beneficial, but where there is or anticipated to be a substantial body of opinion that considers or will consider the effect to be adverse, the lead agency should prepare an EIR to explore the environmental effects involved."

That's irrespective of whether or not there are, in your judgment, truly significant environmental effects. Just the existence of that kind of public controversy requires the preparation of an Environmental Impact Report. We want to make sure our position on that is clear for the record.

That will be the end of our comments.

Thank you.

CHAIRPERSON CORY: Okay, thank you.

The next person is Mr. James Radcliffe, representing the Island Navigation Company.

MR. RADCLIFFE: Thank you, Mr. Chairman, Mr. Ackerman, and staff.

My name is Jim Radcliffe, and I'm here representing Island Navigation Company, one of the three original bidders.
I would say at the outset, my primary reason for being here is to evidence to the Commission the continuing interests of Island Navigation Company in bidding.

I also do not intend to rehash matters that have been presented either to the Commission staff or by way of response to the proposed solicitation to bid.

However, I would like to indicate to the Commission that as far as Island Navigation Company is concerned, we feel two things. We felt at the outset, under the original bid, and understood that the terms of the original solicitation to bid were that there would be no environmental impact, and we bid it on that basis. It is our feeling now, and I assume that it is the staff's feeling, that in response to this solicitation to bid, that it is also possible.

We are prepared, as I mentioned in my letter which appears in the comments to the solicitation to bid package that was given out today and mailed to the bidders, that Island Navigation Company is prepared to make its bid based on the bid package as is or as the Commission may subsequently modify it.

There are, however, three points that we felt deserve some consideration. One is, which is presently, and it was brought up by way of staff a moment ago, that
excluded from the bid package or the lease premises are
the pier facilities, as it were, at the Isthmus.

One of the requirements of the solicitation
to bid is providing of shore boat services in the Isthmus
area as well as in the other lease permit areas. Presently,
there is a charge by the Santa Catalina Island Company
for a 28-foot shore boat of $42 to dock at that pier at
the Isthmus.

One of the points made in our letter to the
Commission in response to Ms. Dedrick's letter was that
some consideration should be given to either equalize
or at least determine what charges are going to be made,
so that the bidders can make their proposals for shore boat
rates based upon the charges that are going to be made simply
to tie up at that pier, if that is the pier that is going
to be used.

There is a subsequent charge, as mentioned in
my letter, once patrons are on the dock to get ashore.
That has nothing to do with us. That is a charge directly
to the customer.

We also indicated in our letter, and I'd like
to reemphasize it today, that Island Navigation Company
accepts the standards of services as provided in the
current operations in the proposed bid package, even though
some of these stated services historically have never been
given and, in fact, aren't being given today.

The other major point that I would like to mention is that we feel, and we propose to make a bid based upon our feeling, that there is not a sufficient disparity of charges to the mooring owner who owns his mooring hardware and the mooring owner who doesn't. The fees that are presently being charged, there's only a $70 difference to the mooring owner who owns his mooring, pays $70 less than the mooring sublessee who does not own the mooring hardware.

Now, all of the bidders have agreed, I think, that the mooring hardware involves an investment of about $1500. The maintenance of it varies, but I think all of the bidders would concur the annual maintenance runs somewhere between $200 and $400 annually.

The net result is, under the present fee structure, the mooring owner who owns his hardware is subsidizing, apparently, the mooring owner who does not.

I would feel and I'll suggest to the Commission that some consideration should be given in the fee structure to take some of that burden off the mooring owner and place it where it presumably belongs, to the mooring sublessee who does not own the mooring gear.

There was a great deal of talk about turning the Island into a commercial venture. Island Navigation Company has no intention to get involved in, and I raise
this only because it seems to me there's a lot of pouring
over of what are mainland services being provided and
what are mooring services to be provided. I think the
Commission should give some real consideration to whether,
and the subject came up, but whether a laundry, for example,
is a function of an administrator of tidelands and submerged
land leases. There are a number of those fringe or pouring
over kinds of services that we feel are not part of the
administration of the tidelands and submerged lands of the
state.

CHAIRPERSON CORY: Have you given a specific
list of what you think constitutes the pouring over type of
services to the staff?

MR. RADCLIFFE: Yes, I will be happy to do that,
and I was also going to suggest that there are some things
that have come up today, and I know Mr. Greenberg indicated
that they would follow it up with a letter, and if it's
satisfactory to the Commission, I'd like to do the same in
that specific area.

The one other thing that I would mention, and
intend to keep my comments brief, is that in reviewing
what has come to be called the Pioneer Chicken application,
or the comments, rather, to the proposed bid, we would join
with them and join with them, I think, strenuously that
there should be some provision in this lease maintaining a
minimum amount of moorings -- if it's 720 -- that at least
that amount would continue to be available to the public
during the lease term.

There's a lot of talk, and has been a lot of talk,
about what the maximum is, or how many moorings there are,
but I don't think there's sufficient safeguards in the
present lease to assure that the boating public and yachtsmen,
and those who use these moorings and recreational moorings,
these are the moorings I'm referring to, that these will be
maintained, minimum, over the period of the lease.

Those are the things that I think the Commission could
address itself to.

I appreciate the opportunity to be here and to
talk to the Commission. But as I say, my primary reason
for being here is not to rehash what has gone over and
has been touched upon by the other bidders, but to evidence
our continuing interest in the bid process.

Thank you very much.

CHARIPERSON CORY: Thank you very much.
The next person is Mr. Hertzberg.

MR. HERTZBERG: Thank you, Mr. Chairman.

In analyzing all the comments made by our
primary adversary, the Island Company, I draw one basic
conclusion. That is, that they would prefer to have
you draw specifications for those who wish to bid
that only they could meet and nobody else could meet.

Everybody I've seen come up here as a boater —
I'm a boater. I get over there as much as, if not more
than anybody, and I've probably got as fine a fishing
machine as anybody on the coast.

Talk about the status quo. They want the status
quo. What is the status quo?

For 35 years, you want to go back to $19,000 a
year that they were paying. Status quo is this, gentlemen:

There's 736 moorings they admit; about 705, or thereabouts,
are either allegedly owned by somebody or leased to
somebody on a sublease basis. There are 12 moorings for
the public of the State of California — a public park,
and there are 42,300 slips, starting from Santa Barbara
to San Diego, that have access to the Catalina Island.

The status quo — you represent the people of this
State. This is a public park and the status quo is that
they have left 12 moorings for that public. That does
not include probably an equal number of boat owners who
trail their boats.

Yet you heard testimony here when this first
started that people were paying 40, 50 and $60,000 for
mooring. Look at the list of lessees. You'll see that
they're all — half of them are probably yacht clubs.

How does the regular Joe get a mooring in
Catalina. He calls up. We call up, first come first serve, and there's 12 of them. Sometimes there's more because people don't show.

Now, it's even gone further in the lease. If a fella owns a mooring, he can now designate who else is going to use it if he doesn't go. That's in the lease that's presently executed. So, you have now eliminated those moorings for public use.

I submit that's the status quo that people are talking about, and that's the hiatus that has been created because the same company, without competition, has had a monopoly for in excess of 35 years.

And they talk about us in selling chicken. We're not interested in selling chicken. We've got a place to sell it in Avalon, just bought it.

I think additionally, we are not a subsidiary of Pioneer Chicken. We're a subsidiary of Trans Pacific Enterprises, Incorporated, which Pioneer Chicken is also a subsidiary.

There's been talk about a performance bond. If that's what the Commission wants, fine.

I think that the Commission should really consider not to try to bond anybody out of this deal. Don't make it so rough that nobody else can get involved in it. Don't make it so onerous that nobody else can bid
or meet the bid. Be reasonable.

Gentlemen, I have here a document which was delivered to the County of Los Angeles, called Two Harbors, Santa Catalina Island Resort Recreation Community Concept Plan. This calls for a $500 million development at the Isthmus by the Santa Catalina Island Company.

Pursuant to that, the County of Los Angeles issued a Local Coastal Plan which is proposed for the Catalina Island. It proposes the building of 150 residential units, 2,000 resort residential units, a lodge calling for 400 to 600 — that’s a hotel — rooms, a commercial development of 80,000 square feet, and other housing, a total development of 1,045 acres, and schools, etc., a whole city of approximately 5,000 people.

Now, I submit to you that the Island Company is in a position, if they have this lease for 15 years, who are they going to favor in treatment to those moorings, and the submerged lands; and the use of the submerged lands? They’re going to favor their own economic interests, their own $500 million development. And this is all proposed, I would submit and offer it as an exhibit together with the Local Coastal Plan. It is a built-in, absolutely positive conflict of interest.

The plan itself calls for pigeon holeing of boats in three separate sites. What’s a pigeon hole? Those
are those structures where you lift them up in the air and shove them in.

We have proposed in our comments that the bid package be not one figure, but a percentage to the State with a minimum figure.

The basic conflict between the Island Company's giving the maximum rent to the State and utilizing their pigeon holes, which they intend to construct, is diametrically opposed to seeing the State get its maximum dollar.

In addition to that, they have proposed to build freight barges, launching ramps, new piers, provision for construction of barge ramps, a staging area for arriving boats similar to what you'll find in Avalon, the glass-bottom boats. A total expenditure of $1,400,000 for piers and ramps, also provision for sea plane facilities.

Now, what's that going to do to the boater? It's all in the same water. Who are they going to prefer? Are they going to prefer the people or their investment of $500 million, or they're going to prefer the boater to get $13 a night.

I would like to submit to the Commission my copy of the Two Harbors concept plan, and also my copy of the Local Coastal Plan in support thereof.

COMMISSIONER ACKERMAN: Mr. Hertzberg, are you trying to leave the impression with the Commission that
because of the development that will take place on the
Island, or alleged development that will take place, that
moorings will be removed from the Two Harbors area to
accommodate that development?

MR. HERTZBERG: Yes, I think they will have to be
removed to accommodate the development.

COMMISSIONER ACKERMAN: Mr. Radcliffe suggested
the Commission could take care of that by specifying a
minimum number of moors that have to be maintained. Could
that take care of the problem?

MR. HERTZBERG: Well, you have to understand, you
can only put those buoys in certain places. There's only
so much room out there. If you're going to crowd them,
then you've got a dangerous condition. From what I've seen
out there right now, the way they're placed, it's fairly
safe. But if you're going to build larger fairways to get
larger boats in and out, to service a tremendous commercial
complex in and of itself, you're going to have to crowd
them into a smaller area.

I don't think that this Commission can sit here
and look into a crystal ball and say we can cover everything
that could possibly come up. I think the Commission has to
take a hard look at the concept plan and see if there are
conflict of interests. If it is, then the Commission has
to do whatever it has to do.
COMMISSIONER ACKERMAN: Just a question for staff. Does the current lease allow for either minimum or maximum number of moorings?

MR. RUMP: The maximum number of moorings is specified in the lease, as well as the introductory pages of the lease state that the purpose of the lease is for the maintenance of 736 moorings. To any uncertainty, an additional provision could be added to the proposal.

COMMISSIONER ACKERMAN: So there's no provision in the lease that requires that number of moorings be maintained?

MR. RUMP: Not in terms of positive language; that's correct.

MR. HERTZBERG: I'd just like to comment on services briefly.

I get over to Cat Harbor very often. I have never had my trash picked up at Catalina Harbor until I believe it was just recently. I've never seen a patrol boat in any harbor other than the Isthmus, or sometimes in Cat Harbor. But now, in the last week or two, I've seen them. These services just seemed to come about a week or two before this meeting.

All I ask is that we'll meet any reasonable condition; that the Commission give us a fair shot and draw the specifications so that somebody who is interested
in running this business and doing a good job can meet it?

All I've heard from my adversaries is that
conditions being placed such that there's no way, even if
you carry something to Avalon, you can't meet the conditions.
I submit that that's all we request.

Mary Jane Woodlock, who helped us work on a part
of this, is here, and I would like to have her answer
some of the detailed questions.

MR. WOODLOCK: My name is Rose Mary Woodlock; I'm
an attorney representing Catalina Marine Services.

I would like to speak specifically on the
Environmental Impact Report issue. That is that we believe
we can assume or match the services provided by the Island
Company within the constraints of categoric exemptions,
that that's no problem at all.

We raised other questions of environmental impact
in one case with respect to the mooring, where we were
talking about environmental mitigation, which I don't believe
would require an Environmental Impact Report necessarily.
But according to the figures given in the Island Company's
Development Plan, which they submitted to the County, they
state that about 4,000 boats can be seen at the height of
week use during the summer on Catalina Island. Of that
number, 30 percent is in Avalon Harbor, and the rest would
mostly be in the leased lands.
This seems to be about 25 to 2800 that are located on leased lands. If there are 736 moorings and 800 anchorage spaces, according to the County, there is about 1200 other boats that are being put somewhere over there.

And the question is, these are their own figures, just where are these boats going, and how are they being assessed, and the State getting revenue for them?

A statement, again one of the few public pieces of information that one can get about the facilities at Catalina, is the Chart Guide. There's a new one that's dated December 28th, 1981. And there's a statement:

"There are no transient slips. Reservations are not accepted except at Avalon Boat Stands,"

and that's for Avalon Harbor. At Parsons, Howland's, Little Geiger, Buttonshell, and except in the summer.

Hen Rock, White and Moonstone, boaters may pick up any available mooring without charge, but must vacate upon request of the mooring owner, lessee, or their agent.

What does this mean to the way the lease is being run on behalf of the people of the State of California? Where, this year more than ever, the revenue is important to them?

Again, it's an interesting experience going over to Catalina. I had that experience for the first time in
my entire life last Sunday, and the conditions were unusual
there, proving that it's an ill wind that blows no one good.

Several remarks you heard today about increased
moorings last weekend were explained to me by three boaters
on the boat that took me around to the various coves on the
leased land were explained by an unusual Baja surge from
the storm created in Baja, California. They pointed out
rows of moorings that were empty, and an equal number of
boats that had been moved to the back of the cove for the
purpose of open anchors so that there would be less damage
up front.

There are no small boats anchored. They are.
the biggest, and I'm not a boater, but they're the biggest
things I've ever seen in my life. They're not outboard
motors that go putting across the channel at all.

Another point I would like to make that struck
me again, as a member of the public who's ignorant of the
ways of yachts, in almost every cove there are signs,
from small signs on the Boy Scout Pier stating this was a
private pier, to a very large sign that you could see from
several hundred yards back in Moonstone Cove stating:
"Newport Harbor Yacht Club, Moonstone Cove, Members and
Guests Only." And over and over, there were signs throughout
that stated that these were private coves.

I, as an ignorant public member, represent that
a cove includes water.

COMMISSIONER ACKERMAN: Question on that point.

Several times that I've been to Catalina, I observed the same signs. If I recall right, and whoever can answer the question may do so, I believe those signs — my question at the time, too, referred to upland holdings of the yacht clubs on the Island that were leased on the Island, and were not in reference to the water.

I don't know who can answer that, but I had the same concern. I mean, they've got shacks and stuff up on the hillside, and that's what they're talking about, members only. So, I had the same concern, how could it say members only.

MS. WOODLOCK: I would submit, and we did take slides of them, when you're in a boat looking on to the beach, this is all you see.

FROM THE AUDIENCE: Those signs do refer to the uplands.

CHAIRPERSON CORY: To belabor that point, they are located physically on the uplands, or are they mounted out in the water?

FROM THE AUDIENCE: They are on the upland property.

CHAIRPERSON CORY: Is that your recollection?

MS. WOODLOCK: In some cases they seemed to be
above the tide line, and in some cases they did not.
And that would be high tide, which I believe is your legal definition.

However, at the same time, some of the signs said that it was a private facility, which I think makes it very clear that this is the shore.

On the other hand, when a statement like Moonstone cove members and guests only, I think does raise specifically -- especially when you can see it from the water, you did not have to go on shore to look closely at it, is an important point.

We raise the issue of the harbor patrol simply to find out what the existing services are and what we would be required to match. I don't believe that an Environmental Impact Report is necessary. That merely goes to state the standards.

Finally, the statement about the freight, we were concerned more about the relocation or interruption of mooring use during that period, since obviously the fairways are not large enough to accommodate the amount of construction materials and other transportation that would be necessary, that that should be included some way into the lease so that the State of California does receive some benefit from the development and diminution of its own lands.

CHAIRPERSON CORY: Thank you.
MR. GREENBERG: Mr. Chairman, can I respond?

CHAIRPERSON CORY: We have one other person who wishes to speak.

The Mayor of the City of Avalon, Gil Saldana.

MR. SALDANA: Good afternoon. Thank you very much.

The City of Avalon discussed the tideland lease around Santa Catalina Island at their June 24th meeting, prior to the initial hearing you people had.

Though the lease does not encompass the City of Avalon and their granted tidelands, the City itself decided to go ahead, after discussion, to support the Santa Catalina Island and Santa Catalina Conservency in the continuation of the lease of the tidelands. The Council, shortly thereafter, adopted a resolution expressing that support for the tidelands.

I wish to present that in a few minutes, but there are two points that I think should be brought up to the Commission that should be taken in consideration in awarding a lease or taking a lease out to bid.

The first one has to deal with trash disposal. It makes mention in the lease packet of use of Avalon Municipal site, or used it as an example. The current life span is estimated from five to eight years at that dump site. It is anticipated that if excess dumping is forced upon that dump site, then the life span would soon
shorten to less than five years. This would create an awful burden on the City, and it would put the City in such a position where we would have to push the efforts quicker in replacing or finding a new dump site.

Currently, the lessee has a dump site of its own and does not have to concern itself with using the City's. So, it's a factor that the Commission should take into account in awarding a lease.

CHAIRPERSON CORY: How large a dump site does the City have? How many acres?

MR. SALDANA: Exactly, I don't know. I'd have to refer to the Island Company. They own the land on it. Could you respond to that?

MR. GREENBERG: Five acres.

CHAIRPERSON CORY: So, in five years, you're going to be needing another?

MR. SALDANA: Very shortly, yes.

CHAIRPERSON CORY: We've got about seven acres we might be willing to lease you. Come back and see us at that point if the price is right.

COMMISSIONER ACKERMAN: Does the City have permanent authority to grant the use of your dump site, or is it first come first serve?

MR. SALDANA: The City currently apparently -- well, the City does have authority to do that.
COMMISSIONER ACKERMAN: You can exclude people from using it?

MR. SALDANA: Not necessarily. The Santa Catalina Island Company is the owner of the land, and they are --

COMMISSIONER ACKERMAN: You have a lease with them?

MR. SALDANA: We had a lease. The current operator now has a direct lease. The operator is now in negotiations with the City for an exclusive franchise in the operations of dumping in the City and trash pickup in the City.

COMMISSIONER ACKERMAN: Any future arrangements would be between the franchisee in that case?

MR. SALDANA: Uh-huh.

The second point --

CHAIRPERSON CORY: Is the dump itself within the City limits?

MR. SALDANA: No, it is not.

CHAIRPERSON CORY: So that the franchise that you would be granting would be limited to the geographical area, I presume, of your City for the right to pick up --

MR. SALDANA: Uh-huh.

CHAIRPERSON CORY: And the question of what he does with it is his problem vis-a-vis his lease?
MR. SALDANA: Right.

The other point has to deal with housing. Currently the lessee provides their employees with housing.

If a different lessee were to come in, they would obviously have to find some location for housing. As it stands now, housing is very scarce in Avalon, and it would create an additional burden of housing, to provide additional employees for the tideland lease areas if they were to come into Avalon.

This factor should be a major consideration if a new lessee is selected. They're going to have to provide some sort of housing, or should have the option of providing some sort of housing and not create such a burden on the City itself.

CHAIRPERSON CORY: Lots of people want to buy our seven acres.

MR. SALDANA: Now what I'd like to do is formally read into the record the resolution that the City has adopted. It's Resolution No. 82-5:

"RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF AVALON SUPPORTING THE LEASE OF CERTAIN TIDE AND SUBMERGED LANDS TO THE SANTA CATALINA ISLAND COMPANY AND SANTA CATALINA ISLAND CONSERVENCY."
"The City of Avalon is aware of the lease between the State Lands Commission and the Santa Catalina Island Company and Santa Catalina Conservency, dated January 1, 1986, for 21 parcels of submerged lands located at Santa Catalina Island as described in said lease for the purpose of providing and maintaining recreational moorings to the boating public. The City of Avalon recognizes the leases on submerged lands in this area have historically been granted to the literal land owner.

"And the City of Avalon acknowledges the past and ongoing efforts of the Santa Catalina Company and Santa Catalina Conservency in preserving and protecting the environment of the Island, and recognizes that the Island's submerged lands and mooring areas are an important gateway to the Island and must be managed in concert with onshore services and facilities and in the public interest."
"At an adjourned regular meeting, held June 24, 1982, the Avalon City Council unanimously adopted a motion by Council Member Rapson and seconded by Council Member Olsen to support the current lease with conditions.

"NOW therefore be it resolved that the City Council of the City of Avalon supports the current lease of tide and submerged lands to the Santa Catalina Island Company and the Santa Catalina Island Conservency, and that the State Lands Commission continue to exclude for the present time, from a lease those tide and submerged lands from the City grant boundary on the City's east boundary to the easterly end of the Island, as well as those tide and submerged lands west of the City's grant boundary in Hamilton Cove to present westerly City boundary."

This was adopted the 24th of June, 1982, and I'll submit it to the Commission.

CHAIRPERSON CORY: What's that last part about?

MR. SALDANA: It references the area that's
already excluded from the tideland lease.

CHAIRPERSON CORY: Question: The City has a grant from the State?

MR. SALDANA: Right.

CHAIRPERSON CORY: For the water in front of the City?

MR. SALDANA: Uh-huh.

CHAIRPERSON CORY: Do you give preferential treatment to the literal owners in your leasing?

MR. SALDANA: No, we do not.

CHAIRPERSON CORY: Thank you.

MR. SALDANA: Another point is that though the lease is not involved in the Avalon tideland areas, the City of Avalon and the Santa Catalina Island Company and Santa Catalina Conservency all have the interests of the Island at heart. We all take that into consideration in our operations and in our past records of preservation. Therefore, we feel that in the best interests of the recreational boater and of the Island for the City of Avalon to support the current leases, and for the Commission to withdraw the offer to receive bids.

CHAIRPERSON CORY: I have trouble with your position in all of this. You have, in essence, assumed the position of the State in saying we should give preference to the literal owner. You don't give preferential
treatment to the literal owner in your handling of it. And in fact, you have gone a step further, that you're operating the lease yourself rather than having a lease. Yet with all of that, you come in and say, no, you should not do as we do; you should do as we say. Can you help me with that? I'm prepared to basically discount everything you've said because of that position.

MR. SALDANA: What you should take into account is the fact that you've got the Island Company, which has been continually running the tidelands. You've got the Conservency, which has taken it over since their beginning. And they have the interests of the Island at heart. It's been a proven factor that they have done this. Specifically when they put 86 percent of the Island into a Conservency for preservation of these kinds of things, so that because they are the literal land owner, they do have a specific interest in the Island.

Therefore, we feel it better to have an individual involved in the Island specifically such as the literal land owner, than to have outside interests.

CHAIRPERSON GORY: You don't apply that same standard to your own actions?

MR. SALDANA: No, we don't. I really don't think it's necessary.
We're the governing body, and we should continue to control the City, and that's one way of keeping the control.

CHAIRPERSON CORY: But that would advocate, it seems to me, that concept, philosophically, would say that we, the State Lands Commission, should start operating the lease ourselves, since we're the controlling body, and not have a lessee.

MR. SALDANA: But if you allow that in the City, it'll be utter chaos. There's many different literal land owners right along the beach. I'm sure the State wouldn't want umteen different operators of the tidelands.

COMMISSIONER ACKERMAN: What the Chairman is saying, why don't you let the Santa Catalina Island Company manage your mooring operations?

MR. SALDANA: Because they're not the literal land owner in a lot of the cases.

COMMISSIONER ACKERMAN: I think that was the point.

CHAIRPERSON CORY: You see the trouble I'm having. And I'm really wondering, and it also raises another question in my mind, whether or not the question of the grant should be looked at.

Is that a statutory grant?
MR. SALDANA: Yes it is.

CHAIRPERSON CORY: Intriguing. We could spend full time on Catalina.

(Laughter.)

CHAIRPERSON CORY: We could keep going forever. Lots of great possibilities with this.

(Laughter.)

CHAIRPERSON CORY: Any other comments?

COMMISSIONER ACKERMAN: One question I have. It was in the resolution, I didn't get the language right, but it said that the moorings or tidelands should be managed in concert with landside operations.

I believe there is a provision in this lease that prohibits any connection between landside operations and the moorings.

Does that mean that the City also, or the City concurs with the provision we put in this lease? Or the City would oppose that provision of tying mooring operations in this landside development?

This was a position, that I might point out was one of the first issues that was raised by the boating public in general. We included that in the lease, I think at the early outset.

MR. SALDANA: Right.

We feel that it is appropriate in this particular...
instance for the Island Company and Conservency, being that they are —

COMMISSIONER ACKERMAN: You have a similar provision with the City?

MR. SALDANA: In our grant? No, we do not.

CHAIRPERSON CORY: Thank you.

Is the staff prepared to comment?

MR. GREENBERG: I would like to correct just a few facts. Should not take long.

CHAIRPERSON CORY: Can you do that in writing?

The problem is, if you correct, I'm sure they would want to correct. We would be here forever with everybody correcting everyone's statement.

MR. GREENBERG: I suppose that depends on whether or not the Commission takes any action today.

So, I think there are certain facts that deserve to be corrected. I'll bow to your judgment.

CHAIRPERSON CORY: Take your shot.

MR. GREENBERG: It shouldn't take longer than a minute and a half.

First, I would just like to address myself to the statements made by Pioneer Chicken which, once again, I don't believe went to the facts of the matter.

First, pigeon hole are dry boat storage. That's a landside plan. They should know, it deals with
smaller boats that you take out of the water and you have
dry boat storage on. It's the number one priority of
the Coastal Commission, the Coastal Act, and everything else.
It is not the kind of thing that competes with the moorings
that are now in existence, and it is an additional service
to the boating public which the Coastal Act mandates
and which we are happy to perform.

Second, this question of favoring landside users.

Mr. Ackerman is not exactly correct. It was not the boating
public that insisted on strengthening the language of
your subsection J, which prohibits the tie in between
the boater and the landside. It was us, in our comments
to your first bid solicitation, who insisted on strengthening
the existing language that was open so it would be a total
prohibition. And there will be no tie in between the use
of the moorings by the mooring people and those who have
units, if they're ever built landside.

However, the City’s position is well taken, that
the administration of the landside and seaside portions
to ensure that there is no such conflict, one of our primary
goals, is a valid reason for us continuing to have this
lease.

Third, for a year we've been hearing things like
there's no harbor patrol out there. I mean, throw these
in. If you go out there, you don't see any harbor patrol.
Every time I've been out there, you can't enter a cove, even if there's no boats moored in a cove, without that harbor patrol put-putting out there. Your own staff's been out there a number of times.

I'm sick and tired of this kind of innuendo, time and time again. Ask your staff, because they can answer that question.

Next, numerous boats, no fee -- I don't know what my note means on that.

I'm sorry I got a little upset. It's just that I'd hoped we would not get back to the innuendos.

The signs, the signs on the land. How long have you heard that? There are signs on the land. I'm not saying we like those signs or we don't like those signs on the land. They're there. They are on the land, and they may be even on a private pier that says it's a private pier. If people misunderstand them, they misunderstand them.

The fact is that the Conservency has guaranteed open access to the Island, has facilities for the public to come on to it at no charge in the coves around the Island, and it is the goal of the Local Coastal Plan which they will carry out to maximize public access to this Island.

I won't respond to anymore, except maybe I will...
in writing. I won't take the Commission's time, but it is most upsetting, at this late time in these hearings, to once again have to face the kind of innuendos that were set forth today.

Thank you.

CHAIRPERSON CORY: Pardon me, before you leave, there's one specific question that you sort of touched on at the end that I was going to ask the staff, and maybe somebody from the Island Company could answer it better.

There was reference made to a $42 fee for docking.

MR. GREENBERG: Yes, the facts on that were screwed up too.

CHAIRPERSON CORY: Could somebody clarify what that is?

MR. GREENBERG: Mr. Bombard can clarify.

MR. BOMBARD: I have no idea where they would get a fee like that. We do have a dockage fee at the pier.

CHAIRPERSON CORY: What is that?

MR. BOMBARD: It wouldn't equate to $42 for a 28-foot boat, though.

CHAIRPERSON CORY: What is the fee?

MR. BOMBARD: I'm not sure what it is right now, to tell you the truth. It isn't anything like that.

CHAIRPERSON CORY: It seems necessary to find out what that fee is.
MR. BOMBARD: I will let you know.

CHAIRPERSON CORY: Make sure that everybody knows how that interrelates with the question that Mr. Greenberg's just raised of providing access.

MR. BOMBARD: Commercial boats are charged a dockage fee.

CHAIRPERSON CORY: The question of providing the shore boat service.

MR. BOMBARD: That wasn't a shore boat. That would be a boat that would go between the mainland and Two Harbors or Avalon and Two Harbors. That wouldn't be a shore boat that goes from a short distance from a boat to a dock.

CHAIRPERSON CORY: In terms of mutuality of knowing what they're getting into, somebody should render to writing and bidders should know what fees they're going to have to have in operating the shore service that everybody agrees needs to be there.

If there is an appropriate fee, that's fine. I'm not going to particularly quarrel with that unless it's exclusionary.

MR. BOMBARD: I think you'll find it's an appropriate fee.

CHAIRPERSON CORY: As long as everybody knows what that is, and that's specified. And whatever you charge
To let people on, it's more or less your business,
commensurate with the Conservency's concept of access to the
Island. I presume that you will deal with your tenants
or sublessees appropriately to make sure that access is
available.

MR. RADCLIFFE: Mr. Chairman, since I was the
one that raised the $42 fee, I have here a bill, dated
October 14th, 1981, to Avalon Shope Boat 576 dockage fee,
28 feet at $1.50 a foot, $42.00.

It's on the invoice of Doug Bombard Enterprises.

Just so the innuendos are not unjustified, may
I make this part of the record.

MR. GREENBERG: That's a dockage fee from Avalon
for a boat coming from Avalon down to Two Harbors.

If that was the intent, I don't know if we have a problem
with that.

CHAIRPERSON COBY: But the concept is that there
is not going to be that kind of fee charged because,
as I envision the concept -- just so everyone understands
where I'm coming from as one individual -- the pier is
something we excluded from the Master lease. And we assumed
that if there is some appropriate fee for the pro rata use
of it, but if that becomes exclusionary, I'm going to have
a problem with that sublessee. The lessee can't be using
the existence of that to exclude people from the Island.
I don't think that that was intended. There is a distinction in terms of the type of transaction that that was. It's good to get it out on the table as to what it is and is not, and nobody is contemplating charging exclusionary fees for shore boats that are servicing that.

MR. GREENBERG: That's certainly not our intent.

And we also concur with all the other bidders that there should be a minimum requirement for the maintenance of a minimum number of moorings, as well as a maximum.

MR. TAYLOR: Mr. Chairman, it should be noted that the pier is located essentially on State property. And they have been excluded from the Master lease, but those leases are now in a holdover status and that they have to be renegotiated. That's been deferred until the conclusion of this matter.

CHAIRPERSON CORY: But the understanding, so that everybody knows, and Mr. Bombard was nodding and I think he's in agreement, and I believe the Island Company is, is that lease was done to accommodate the upland owner, with the understanding that it would not be used as an exclusionary mechanism to other bidders. I wanted to make that very clear and explicit, that it is in the holdover status, and you have your property right for your upland, and I'm not trying to interfere with that.

But that lease cannot be used to hammer somebody.
I'm glad the record is clear as to the distinction that that was a commuting docking fee as opposed to commercial boat coming from Avalon to there, as opposed to the shore boat service.

We would like the staff now to comment on the various issues that have been raised with the concept of trying to move somewhat quickly through the policy options that you need direction from the Commission on so that you can then try to get it rendered to writing and out to the people.

MR. RUMP! First of all for the record, we should note that you have received letters subsequent to your last meeting, the June meeting.

We also have in front of you the comments on the bid package. We received approximately 15 comments.

We also received a resolution from the California Marine Parks Harbors Association this morning, which is also there.

Perhaps the best way to deal with the issues, staff has prepared a compilation of comments as they relate to the bid package. So, if we can go over those briefly, not to be redundant on the testimony that has been given and the letters that have been received.

The first item is relative to a statement of the history of the matter before us. It's an introductory
section of the staff's response to that, is that the bidders all know what the history has been. We don't see the necessity for the modification.

CHAIRPERSON CORY: Proceed without including the detailed history.

MR. RUMP: All right.

The second comment relates to the distinction between the 720 moorings and other moorings that are used as camp moorings.

The staff would recommend that the package reflect the amount of revenue-producing status of those moorings, together with the identification of them as they are.

COMMISSIONER ACKERMAN: Clarification, that preserves the Boy Scout and the Girl Scout?

CHAIRPERSON CORY: Yes, it makes it explicitly clear that those are not revenue-producing items for the potential bidders.

MR. RUMP: The third comment relates to CEQA. Actually, it's an inquiry concerning the number of buoys at Two Harbors. The distinction between the 800 mentioned in the Local Coastal Plan, and the 389 permitted under the lease.

The staff response is that the lease only allows the 389. The comment of the LCP either refers to future
use—we have no evidence of any additional moorings in these areas.

CHAIRPERSON CORY: That would take an amendment to the lease.

MR. RUMP: To place any further.

CHAIRPERSON CORY: Fine.

MR. RUMP: The fourth area of comment is one from B.O.A.T. that says they support the categorical exemption. They felt certain portions in the bid solicitation would weaken that, though we'll deal with those further. And we agreed that a categorical exemption is appropriate, and we will handle them as they bring them up later.

Five is a comment by Henry Snyder concerning the fact that the activities should be exempt from CEQA. This is consistent with the Commission's expressed intent.

Comment number six has to do with the definition of the term "project." Staff's position is that the project is used in its common meaning, clarifying the language that it's not used as a term of qualifying in the package.

Mention is made of the disposal procedure, on page 23. Staff would suggest that bidders be requested to state the nature of the disposal and how it would be categorically exempt.

CHAIRPERSON CORY: Okay.
MR. RUMP: Comment number seven is an inquiry of whether or not the proposal would permit the original bidders to joint venture or enter into partnership. Staff's response is that this would be at the discretion of the Commission to allow it.

If you decide to do so, we would recommend full disclosure of all participants and adequate security for performance.

CHAIRPERSON CORY: It seems to me that the mechanism that people choose to do business should not be dictated by our need, but by the same token, our security and our economic interests should not be jeopardized by their choice for tax purposes or business purposes.

And the net bottom line of that is, you can be a nonprofit foundation, 84 corporations, or whatever, but the ultimate entity, I think, needs to be a signatory of the deal.

MR. TAYLOR: I think that the question —

CHAIRPERSON CORY: I'm trying to look at the bidders so that they understand, you know, if you want the subsidiary to handle this, fine, but wherever you get your assets, we want them on the hook, too, if you're going to play.

MR. TAYLOR: I think there's a further aspect to this question.

Can one of the bidders — it was my understanding
at a prior meeting of the Commission that it was decided it would only allow the people who bid previously to bid at this time. Isn't that correct?

CHAIRPERSON CORY: Uh-huh.

MR. TAYLOR: If that is correct, then the question is, can one of the previous bidders now join with somebody else, not just setting up another shell, can he go out and get another business partner and go into the situation with him. That was the form of the question in the thing.

I think that should be made clear at the beginning.

CHAIRPERSON CORY: That appears to be a private entrepreneurial decision, as long as everybody participating is swallowing the whole hook.

MR. TAYLOR: The question is, is it open?

CHAIRPERSON CORY: To me, I'm not offended about who it is. The real question, because subsequently somebody could enter into a subsequent transaction that would, in essence, give the same effect as a partner in the deal. When you change banks, you change partners. So I don't think -- as long as we've got the ultimate assets of the people that we knew that were there at that time.

MR. TAYLOR: The important question that I think that all three of the prospective bidders should know is that they are free to bring in other partners into the transaction at this time.
CHAIRPERSON CORY: Disclose what they're doing. And if there are people in there, we want all the principals to belly up to the bar and acknowledge what they're doing.

If in some implication in the mechanism of that somebody thinks that they can give the appearance of financial substance and solvency and that person not be on the hook, that is not contemplated.

That seems to me to be entrepreneurial convenience, and I don’t think government should interfere in that as long as we've got them where we want to have them in terms of the contract.

MR. RUMP: We’ll prepare language to that effect.

MR. HIGHT: Just to super clarify it, any parent corporation would have to ultimately guarantee all liability and any agents, subcontractor, would have to be disclosed, okay?

MR. RUMP: The eighth item is on the amount of the deposit. One of the bidders suggested that $10,000 be the amount of deposit with the bid. Last time the amount was $25,000. You have discretion to charge what amount you think is appropriate.

CHAIRPERSON CORY: What is the purpose of the deposit?

MR. RUMP: The deposit initially was to secure good faith bids. To that degree, you have a known quantity
with the bidders.

If there is a provision in the lease, or in the package that would require them to execute the lease and leave their solicitation open, the amount does not need to be significant.

COMMISSIONER ACKERMAN: Since we are already putting some limitations on who may bid, I don't have any objections to reducing the deposit amount.

Since we're dealing with known amounts, are those refundable?

CHAIRPERSON CORY: They're refundable if they perform, but if somebody bids successfully and backs out, they lose the dough. That's the purpose.

COMMISSIONER ACKERMAN: I have no problem with reducing the amount.

MR. RUMP: We would like to have language in the bid package that would require them to execute the lease if they're successful in the lease.

CHAIRPERSON CORY: If not, they would lose the deposit.

MR. RUMP: Would 10,000 be appropriate?

COMMISSIONER ACKERMAN: Fine.

CHAIRPERSON CORY: Fine.

MR. RUMP: The next area is discussing the continuation of operations. There's a question as to
whether or not the solicitation package appropriately uses the word "continued" as it would only apply to the Island. The staff's response to this comment is that regardless of the terminology, the intent of the Commission is quite clear. I think from the testimony that we've had today, bidders are aware of that. Therefore, we don't see the necessity of changing the terminology.

CHAIRPERSON CORY: I don't understand the issue?

MR. RUMP: Essentially they say you should change the word "continue" to "match". In other words, you're asking people to match rather than continue.

CHAIRPERSON CORY: It would seem to me that we should specify, particularly if we're going to move towards some sort of bonus or penalty mechanism. We should have some list of specificity of what people are to provide, and that should obviate the distinction of whether someone is continuing or matching. We should have as close a finite lease if what services are to be performed, particularly in what I would call, the boaters' rights section. Those should be specified so prospective bidders know, with a reasonable degree of certainty, what is expected of them, what performance will be. Then, the people can take that into account and adjust their bids accordingly.

The reason for giving them a bonus for performing, or something, it would seem to me that the entrepreneur is
taking that into account, and if he takes that into account, everybody is doing that, and they bid and then they don't perform the service, they are getting an unjust enrichment by the nonperformance, and the order of magnitude of the reduction in the annual fee, or the penalty -- I would think I would prefer; for some other reasons, the reduction to the annual fee -- that should be significant so they can feel their nonperformance in a very concrete way.

That would tend to obviate that issue, I think, whether it's match or performance if you know that this is what it is with a reasonable degree.

COMMISSIONER ACKERMAN: Is there a legal need to change the wording here to more correctly imply what we mean?

MR. P: I don't believe so in light of your comments.

The tenth category has to do with whether or not the bid package should specifically have the categorical exemption as a factor in the award of the bid.

The staff recommendation is that it would be clearer as to the Commission's intent and would recommend its inclusion.

CHAIRPERSON CORY: It's my understanding, from what the staff has informed us, that to achieve the categorical exemption, the bidders will be required to
mirror the existing operation, or it would not qualify for categorical exemption.

MR. RUMP: Yes, the package is set up for that kind of comparison.

CHAIRPERSON CORY: That was contemplated from day one to avoid— if people have all sorts of new ideas and things, that takes an entirely different time frame. To work in this time frame, they have to, in essence, mirror the existing.

MR. RUMP: The eleventh area has to do with the definition of what are existing operations.

I think Greg has comments in that area.

MR. TAYLOR: Mr. Chairman, as developed by the discussions this morning, I think the staff comments here should be modified to reflect that the definition of existing operations will be those operations set forth in Exhibit A of the proposed bid package, or what becomes the bid package, with any corrections that any of the parties now wish to offer or have been offered in the course of the comments.

There's only one comment that we received so far and that is that with regard to the definition of existing operations, there are now five boats instead of one equipped with fire equipment. So for the purposes of preparing a bid package, all the bidders should understand that existing
operations are those operations as described in Exhibit A with the addition of the fact that five boats instead of one are equipped with fire fighting equipment. That will be the standard against which all future decisions will be made with regard to categorical exemptions.

It means that they must be substantially the same. By substantially, there will be variations, but it will have to meet that criteria in order to be categorically exempt.

COMMISSIONER ACKERMAN: It's fine with me, even though Mr. Greenberg had suggested that we even further detail the services required. I think that the way it's outlined in the bid package is satisfactory. We'll just keep getting more specific all the time. You've got to draw the line somewhere.

MR. RUMP: The next comment is by Mr. Greenberg and relates to difficulties of converting, if they are the successful bidder under this solicitation, and conditions which they have already made up under the existing lease.

Staff would recommend the addition of provisions that would allow for the smooth conversion in the event that they would be the successful bidder.

COMMISSIONER ACKERMAN: All right.

CHAIRPERSON CORY: Go ahead.
MR. RUMP: The next comment has to do with performance security. Obviously you heard a lot of comments on that today.

The staff recommends that this assurance is needed. We need to devise solutions, as has been suggested.

We also recommend that, for the further security, that the 60-day notice of termination provision in the lease be eliminated from the bid packages. That'll allow for greater protection to make sure that the lease is operated for a longer period.

COMMISSIONER ACKERMAN: Do we have to be specific about the way we're going to assess a performance bond, or something like that?

MR. RUMP: We can draft language and bring it back to you.

CHAIRPERSON CORY: I think that and some of these other things, what we probably need to do is have the staff draft it and circulate to make sure that everybody signs off, that it accomplishes what the intent is, and try to do that. If there is a problem, we could convene a special meeting to iron out those distinctions, or we could adjourn this one to a time certain to give you enough time to have that done. If everybody's happy, then we can cancel that meeting and you can go ahead, get the bid
package out, so everybody gets a chance to look at it.

MR. TAYLOR: On the 60-day cancellation clause, that would be removing that paragraph from the standard form of the State Lands lease.

CHAIRPERSON CORY: That's fine.

MR. RUMP: The fourteenth comment is a suggestion that there be a paragraph added to prohibit no additional moorings, pilings, breakwaters, to be installed on the premises. It's difficult to tell whether or not all facilities would be prohibited or not categorically exempt.

We recommend that the bidders be required to indicate in any fashion for the construction of a facility in what way that would be categorically exempt. We can add that to the bid.

CHAIRPERSON CORY: It is my belief, to achieve the categorical exemption, you're again mirroring the existing operation, and nobody should be contemplating building anything new and different.

Are you not in trouble if you start building new and different things?

MR. RUMP: Until we really know what it is, that's the only uncertainty that we have. You are correct. You can prohibit that if you desire, but not knowing what the proposal is, it's difficult to understand.
CHAIRPERSON CORY: For the bidders who are here, as I understand the law, maintaining the categorical exemption requires that it, in essence, be the same critter.

MR. HIGHT: It's conceivable, Mr. Chairman. That's why the language is drafted the way it is.

CHAIRPERSON CORY: I just hope that the bidders don't create a problem for themselves, and I will be relatively conservative in my interpretation of how much flexibility is in there because I think achieving the categorical exemption is necessary to stay on that time frame.

MR. HIGHT: That's correct.

MR. RUMP: The next series of comments have to do with the housing question which has been raised and discussed today. I would like to correct the staff comments on page 24. Though it says that the staff would not agree to the evaluation of housing availability of employees is necessary, obviously we would agree that we should evaluate the housing on the premises. We think that housing off the premises is too speculative for consideration. Likewise, some of the oil spill operations unrelated to the lease area are not really ascertainable for analysis. Therefore, of the comments that are there, we would recommend that bidders be asked to address emergency responses, which is another section or component in there.

CHAIRPERSON CORY: Okay.
MR. RUMP: The next comment, sixteen, has to do with the request by both Mr. Greenberg and B.O.A.T. that there be evidence of the right to use the facility by either the owner or the chief executive officer.

Staff's response is that it may be helpful to demonstrate bidder ability to perform, but you can specify whatever you think is necessary to ascertain that.

CHAIRPERSON CORY: I don't understand what you're saying?

MR. RUMP: I think it came up from a question of whether or not someone had a right to use the construction yard or something. And this is what they are saying, if you're using some other property or facility, provide written evidence that you have a right to do so either in the lease or a letter from the owner that says, yes, we're going to use this. It might have to do with possible location, say, in Avalon for a service yard.

CHAIRPERSON CORY: That seems to be opening up a strange can of worms that, you know, do we need to ascertain whether or not the home of the chief executive officer or the principal corporation, he really has permission to use that? I'm not sure how that's related to this lease.

If somebody is stealing somebody's property elsewhere, why is it relevant to our lease? It seems to be their problem.
Am I missing the point?

MR. RUMP: No, we're just bringing to your attention that we got two comments on it. It is extra, if you really think it's necessary.

COMMISSIONER ACKERMAN: I think the intent here is that if a general statement is made in a bid, that is to prove that it can be backed up. I think that's what the intent is.

Joe was one who made the comment.

MR. STEELE: Mr. Chairman, I made one of those comments, and mine had to do specifically with the use of the garbage dump at Avalon. It seemed to us that if one of the bidders is going to dump garbage at Avalon, he should attach a letter from the City of Avalon or the manager of the dump, or some such thing, saying that he can, in fact, dump this garbage in Avalon. That is an issue that we are not sure of, if Avalon would permit it.

CHAIRPERSON CORY: The problem I have with getting into that, frankly, is that there are a multiplicity of evidentiary things that could be asked of all prospective bidders, ad nauseam.

I mean, submission of proof of that, they either can comply with the law and the property rights of this state and nation, or they can't. And if the performance bond is adequate, if the bid deposit is adequate; then...
it's up to them to perform.

I can't recall of any other lease, whether it's been Chevron or any of our other lessors in the Delta of us requiring to make sure that they have permission of the dump operator that they can use the dump.

I understand what you're saying, but I think we may have solved the problem, from my standpoint, by the performance. They're going to say financially they've got the capacity. If they don't have the financial capacity, we're going to throw the bid out to begin with. If they've got the financial capacity and they're doing something stupid, they're going to pay through the nose and we're going to have adequate money to protect the boating public.

To start down the trail of each subsidiary, or each second and third wave of services is --

MR. RUMP: All right.

The next comment is by the City of Avalon, stating the status of the dump site. We feel that this information should be added to the bid package for the bidders.

CHAIRPERSON CORY: Okay.

COMMISSIONER ACKERMAN: Fine.

MR. RUMP: The next comments are questions concerning harbor patrol services, their training, how they are patrolling the areas. Other comments regarding the services include perhaps suggestions to reduce the
24-hour patrol basis.

Staff response is that if the Commission desires we can ask details in the package and on the forms of what are the training for the harbor personnel staff.

Likewise, the 24-hour patrol basis could be modified, although we would recommend it also at least for Memorial Day, Washington's Birthday, that it remain on a 24-hour basis.

CHAIRPERSON CORY: Who's raising those questions?

MR. RUMP: The comments on this point, the questions concerning the training of the harbor patrol personnel is Mr. Hertzberg. The reduction of the hours of service are from B.O.A.T. and James K. Speer.

CHAIRPERSON CORY: I thought part of the reason that only the existing operator could function was that they were providing these services to the boaters. I'm confused.

Yes, I would like your comment on that.

MR. STEELE: Mr. Chairman, they are providing services, but we feel like they're providing more services than we really need in the wintertime. We know who's paying the bill, the boaters. I believe they've increased their services since the lease went into effect. We don't believe that this harbor patrol, 24-hour harbor patrol, is required during the seasons when there are very few people there,
particular since you can reach them on the radio, and they
do have the ability to muster people in storms, and hopefully
other bidders would do that.

It's simply a case of one case of overservicing.

We would not like to eliminate the harbor patrol all together.

COMMISSIONER ACKERMAN: If we require too much, we probably ought to cut back, if we require something that's not necessary.

CHAIRPERSON CORY: Does staff have a recommendation?

MR. RUMP: I guess the greatest indication of whether or not that would be appropriate is from the boaters themselves. Although we would suggest that we add Memorial Day and Washington's Birthday to a 24-hour basis. The comment of B.O.A.T. is 24-hour basis from June 15 to September 15, and then from September 15 to June 14, Thanksgiving, New Year's, and other holidays, be a 24-hour basis, otherwise it's 8:00 a.m. to 5:00 p.m.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, perhaps we should ask the boaters if that change in hours would be worth it if there were no change in the fees that they were paying for from moorings, when they seem to be hooked together in their comments.

CHAIRPERSON CORY: Interesting economic comment
from an academic.

Do the people of B.O.A.T. have a comment?

MR. STEELE: Well, we would hope that any reduction
in operations costs would somewhat or other result in
reduced fees to the boaters.

EXECUTIVE OFFICER DEDRICK: It may not be
possible to guarantee that.

What I'm asking you is, is your general evaluation
of the usefulness of a 24-hour boat service in the winter --

MR. STEELE: We don't think it's very useful.

EXECUTIVE OFFICER DEDRICK: If it's not useful,
there's no point in doing it. If it is useful to you, and
you're saying some sacrifice is worth the dollar or so
reduction --

MR. STEELE: I don't believe it's an economic
analysis. It's simply that there are not enough boats
over there to justify this service during the winter.

It does cost, whoever the lessee is, it costs
him a considerable amount of money just to keep these
people there.

COMMISSIONER ACKERMAN: Joe, what if we took your
recommendation and the staff's comment on Memorial Day
and Washington's Birthday along with that?

MR. STEELE: Oh, sure.

COMMISSIONER ACKERMAN: Sounds okay?
MR. STEELE: If those are the busy holidays, certainly.

COMMISSIONER ACKERMAN: This is a minimum level of service. If it's required that more are necessary, fine, but let's specify a minimum.

MR. STEELE: Oh, yes. We're agreed entirely with the staff on all of this.

CHAIRPERSON CORY: Staff has direction on that one.

MR. RUMP: The next area of comments concern whether or not greater specificity needs to be given in the bid package, diesel mechanics, marine electricians, riggers, divers, outboard motor repair, spare parts, hours of service, particularly under adverse weather conditions:

The staff response is that mechanic and towing services are required services under the lease, and they have to be provided at reasonable rates.

I'm not sure how much more definition you want. Again, it's a question of how much you need to be in detail.

CHAIRPERSON CORY: Somebody made the comment about the slopover to the land services. I think specifying the training of the mechanics, or who the mechanic is -- the various mechanics I deal with are obviously ill-trained, except at writing bills, whether they be truck or automobile
mechanics. I don't think we're going to solve that consumer fraud problem that exists in our society.

But if somebody has to have the capacity, if you're going to be in that business, to take care of the emergency things of getting somebody towed to where they can lash the thing down and weather out the storm. I think that is my understanding, and I would think that is what the boaters — a boater has that concern.

MR. SNYDER: May I make one comment?

I think that the economic reality will determine that. If there's enough demand for it, it will be there. If there's not demand, it's not necessary to put it in.

MR. RUMP: The next area of comment concerns the supply of water. We have discussed, first of all, whether or not the Isthmus pier was included or excluded from the lease.

B.C.A.T. has requested that we request the bidders to discuss potability, availability, how it's transported and stored, where and what hours it's available, and limit on the quantity and how would responsibility be ensured. This would help clarify the supply of water.

CHAIRPERSON CORY: I think you should try to specify, put it in some of the minimum standards, and that should be one of the items that if there's nonperformance on, they're paying the higher rental on those days that
they blow it. That's the kind of thing, it seems to me, that the foregiveness of those days deals with that problem, that they've got to come through and perform for the boater. If a guy doesn't have water one day, you aren't going to get a court to abnegate the lease. That's not going to happen.

So, I think that some enforcement mechanism, so long as you tie that down with some specificity. I don't know what those terms are. You should talk to the bidders and the boat people to make sure.

Having moved around the state somewhat, the standards of potable water vary somewhat substantially. Signal Hill had some rather questionable water at one point.

MR. RUMP: Apparently West Sacramento did, too.

The next comment, shore boats which are required to be supplied are discussed. The comment is from B.O.A.T., and they are concerned that perhaps in order to meet the bid, shore boats would be diverted from other activities.

The staff response is that the bidder is required to describe the equipment it intends to use, and thus we can handle that analysis. It would be obvious if that does occur. No additional language to the bid package would be necessarily recommended.

CHAIRPERSON CORY: Your concept is that you would request from each bidder how he's going to meet that thing,
and that that can be debated on the awarding of the bid, whether or not they have qualified?

MR. RUMP: Right, and the problems with it.

CHAIRPERSON CORY: So that if somebody comes in with three dugout canoes and a paddle apiece, the boaters can complain, and we can reject that bid for not having complied to meet the shore boating. Okay.

MR. RUMP: The next area has to do with fees, comment twenty-two has to do with fees, by Mr. Hertzberg, suggesting that a three-day minimum for holidays be eliminated. Also that a reservation system be instituted, and the question as to what fees are charged under a letter from the Executive Officer, Mr. Bombard.

The staff response is that the three-days minimum is discretionary. The lease does not prohibit a reservation system; however, if there are going to be commercial fees, that should be added to the fee schedule so that everyone will know what they are going to be, if any fees are charged under the letter from the Executive Officer. None are presently, but if they were charged, that would be part of gross income.

CHAIRPERSON CORY: That allows for the lessee then --

MR. RUMP: Pardon me?

CHAIRPERSON CORY: You're saying that it is
MR. RUMP: Those were a situation where a mooring sublessee was using a different mooring, when multiple mooring owners would side tie, and that sort of situation. We felt in the response that the fees were discretionary in the lease operation.

COMMISSIONER ACKERMAN: Also if there were any fees charged along the lines of the June 6th letter, those have to be disclosed as well.

MR. RUMP: Right.

Is there any desire to change the three-day minimum?

CHAIRPERSON CORY: It's discretionary on the part of the lessee, so I don't see where we need to mess with it.

MR. RUMP: All right.

The next area of comment concerns whether or not additional moorings should be allowed in open anchorage coves. The question there is whether there's trash collection in those coves.

The staff response is that presently the lease obviously prohibits placing moors in those coves, and the lease requires trash collection in all of the coves under lease.

CHAIRPERSON CORY: Fine.

MR. RUMP: The next comment is one in dealing with
a subsidiary corporation. I think your remarks earlier have
given staff direction that the parent needs to be involved.

The next comment has to do with the rental charge.

The proposal in the present bid solicitation is for
80 percent of the CPI in a five-year adjustment of a flat
bid rate. The inquiry from Mr. Greenberg is whether or not
the Commission would, instead, adjust annually with a 10
percent cap.

The Commission's standard practice is to have a
five-year rent review so you've got those alternatives.

COMMISSIONER ACKERMAN: As I stated at the last
meeting, my personal preference on this is to have a five-
year set fee with a rent review at five-year intervals.

CHAIRPERSON CORY: With or without? It's
not an automatic tie to CPI then.

MR. RUMP: It's discretionary as to what you'd
like to do. The present proposal does tie it to a CPI.

CHAIRPERSON CORY: As I recall --

COMMISSIONER ACKERMAN: Again, this is preference,
but I don't think we should tie ourselves into a predetermined
increase, because we have no idea if adjustments should be
made, or whatever else down the line. We learned that
over the period.

You may want to have a cap. You may have a cap
on it, or something else, like Mr. Greenberg suggested,
but not an automatic increase. I don't want anything that says we have to go up to a certain level regardless of the economics of the situation. That doesn't seem fair to anybody.

EXECUTIVE OFFICER DEDRICK: You don't have restrictions on your discretion on your rent review on other leases, except as they fit the general regulations.

COMMISSIONER ACKERMAN: In our other leases, is there a precedent for establishing a certain CBI, or anything else like that for rent review, or do you just go in, lay everything on the table, and negotiate?

MR. HIGHT: That's the general rule, the latter.

COMMISSIONER ACKERMAN: I think I prefer to do the latter, straight negotiation.

CHAIRPERSON CORY: Leave it the way we have it in the other.

MR. RUMP: Number twenty-six also repeats the question of whether or not there should be placement of moorings in anchorage areas. You've already dealt with that in your response to the other questions.

Comment twenty-seven has to do with the termination clause and provision in the lease and transitions. This comment is by Mr. Snyder.

The Commission obviously has to consider the effects of a transfer should the present operator not be
the successful bidder, and also, as we said earlier, to help us assure prior termination, the removal of that 60-days cancellation provision from the lease.

CHAIRPERSON CORY: We've already told you to go ahead with that.

MR. RUMP: Right.

Comment twenty-eight has to do with the comment of Mr. Snyder. He says should there be any change in the present utilization of water facilities, there would have to be public hearings. We interpret what is being said here to mean facilities, improvements, which are in place and, of course, that would require public hearing for modification of the lease. I don't believe he was addressing the supply of water here.

CHAIRPERSON CORY: Okay.

MR. RUMP: Comment twenty-nine concerns a question of whether or not garbage pickup is provided boatside at Cat Harbor and all these coves, and what impact additional trash pickup services have.

Staff's response is that the present lease requires it, and once adjusted, all pickups in all coves. And pickups would not cause any greater amount of garbage unless there's also increased usage. I don't think there's anything 'additional' unless you have to be —

CHAIRPERSON CORY: The garbage pickup concept
should be part of those boaters' rights section.

MR. RUMP: Economic incentive, all right.

MR. RUMP: Economic incentive, all right.

The next area is on fees. You've heard from Mr. Snyder. His written comment suggested that fee schedules were 15-20 percent too high. Also, the comment of B.O.A.T. indicates that.

Mr. Radcliffe indicated also that they saw a $70 distinction between the mooring sublessees who owned and those who lease it.

Staff has contacted with regard to the question of fees various marina facilities in the area. I think you have in front of you a chart schedule of extras here, if you need it, and that will give you a comparison of what the rates are.

I guess we have a question of, one, whether or not you desired to fix the fees.

CHAIRPERSON CORY: If we're talking about bidding on a gross amount, a dollar amount as opposed to percentages of gross, then we have these as maximum fees that could be charges. We need not necessarily concern ourselves with as much of the detail, only the question of whether or not the maximum fee is exorbitant for the benefit to the consuming public.

MR. RUMP: That would be correct.

CHAIRPERSON CORY: If we go back to the concept
of a percentage of gross, then you've got to start worrying about those other kinds of details, and then the audit problem.

MR. RUMP: On the list of schedules here, there's obviously a distinction in the services available at each one of the marinas, but it gives as example what are the charges in the Southern California area.

COMMISSIONER ACKERMAN: One thing, I am sensitive to the comment, I believe, of Mr. Snyder and Mr. Steele earlier, that the level of charges may have had an impact on the use of the facilities.

CHAIRPERSON CORY: I'm sure it wasn't Reganomics.

(Laughter.)

CHAIRPERSON CORY: Go ahead with your point. I'm sorry, Dave. It's so seldom that I get a chance to do that to you.

COMMISSIONER ACKERMAN: The supply siders are at work out there.

CHAIRPERSON CORY: You've made it so good for the private sector, everybody's out working, making all that money.

(Laughter.)

COMMISSIONER ACKERMAN: I don't know how you put the finger on it, but there seems to be an impact with the level of these and how the use has happened...
so far this year at Catalina. Everybody I've talked to seems to indicate that that's a fact.

That would seem to make a case that if our intent is maximized public accessibility and public usage, that this fee is a disincentive at the current level to encourage that public use. That's contrary, a little bit, to Mr. Hertzberg's comments earlier, where he said that since only 12 moorings are not privately leased, they're not used. Obviously a lot are going unused over there on a seven-day-a-week basis, except maybe over the 4th of July, Memorial Day weekends; such as that.

I think fees are having somewhat of a negative impact. How much you bring them down, whether you should I really don't know. Maybe a 15 percent reduction. The fees have gone up 30, I believe; or approximately 30. That's stated in one of the letters.

MR. RUMP: Right.

COMMISSIONER ACKERMAN: If you cut that in half, is that where the point should be? Do you leave them where they are?

CHAIRPERSON CORY: My problem with that in terms --

COMMISSIONER ACKERMAN: It impacts the rental rate that you could expect from someone as well, depending on how you phrase that.

MR. TAYLOR: I think that was one of your
comments that the Commission has made to staff, that these fees for sublessees were going to be fixed for the same period as basic rent. So in other words, the fee that's in now would be good for five years. I don't know just how those things run together with regard to other costs.

COMMISSIONER ACKERMAN: Maybe that's a tradeoff, but it's a five-year protection that they don't increase. Plus, I think what we're looking at, too, looking at these comparisons, the annual fee looks somewhat in line with about half or third with what's charged at marinas and slips, but the day use fee pretty closely approximates what you would experience for day use at any of the marinas along the coast. Maybe the day use are a touch high, but the annual are pretty much on the button.

Again, your point, Ken, if your day use remains the same all those five years, well then five years from now they'll be getting a pretty good bargain.

Mr. Snyder?

MR. SNYDER: Mr. Chairman, I think for comparison you can't look at a marina because the level of service is entirely different. I think if you look, perhaps, at Avalon, you might get a better comparison.

CHAIRPERSON CORY: We're under Avalon's rate on the transient use.

MR. SNYDER: Higher on the mooring lessees.
CHAIRPERSON CORY: That's why on the marketplace, if you have a sublease, you pay more at Avalon than you do for ours.

What I'm concerned about is, if these are maximums, if the market is there, we aren't taking a percentage of the gross, the lessee has the capacity to lower his rate to entice more in; but we are protecting a level of service in the lease, and that they can't exceed this for five years.

I'm not sure how far we can reach for you without getting it to a closer rental review.

COMMISSIONER ACKERMAN: Looking at it here, for a 60-foot boat, which as the lady mentioned earlier, these are big, the difference between Avalon and the current is $33 a year. Now, $33 a year, two people can't even go out to dinner for that. I don't see that difference as excessive in deterring someone from assuming an annual lease.

MR. STEELE: Mr. Chairman, I'd like to say a word for the daily renters rather than the annual.

If you'll notice, the fees are higher on Saturday than Avalon. Saturday is the main day.

When you take that Saturday and add two more days to it for a minimum of three days, which you've already said is discretionary not with the boater but with the lessee, and you can figure that as long as he can possibly get it,
he's going to get those three days, then it gets to be quite substantial.

Avalon does not have a three-day limit. You can go into Avalon and stay one day.

So we recognize that if you fix the fees for five years, that we have probably an advantage, but the three-day business bothers us more than anything else.

CHAIRPERSON CORY: Doug, would you be willing to make some comment? In trying to look at the chart, some of your rates are lower than Avalon's, and some are higher, depending on the size of the boat.

It seems to me that it's about as close as government can approximate it's interface with the private sector, and that we probably ought to not mess around with it much more. I don't see any glaring things. I see that if I have a 10 to 30-foot boat, I can save a buck by being in Avalon as opposed to what I would call the Bombard Saturday rate, but if I have a 71-foot boat, I save a buck by being with you.

I mean, is there something I'm missing, or some reason why you chose a different skew?

MR. BOMBARD: The reason that we chose the higher rate originally on Saturdays and holidays is, it was the only day we were full.

Avalon has the distinction of being full for like
three or four months out of the entire season, the other
harbor in Avalon.

And our use has come up through the years. Every
year we have more use.

But the day that we had the chance to bring home
the bacon was on Saturday, really, and it still is.

However, I think when you raise everything one-
third, that the holiday rate became a little more biting
and the weekend rate became a little more biting than the
daily rate became.

I think probably if we have comments from the
people, it's more directed toward that three-day minimum on
holidays.

CHAIRPERSON CORY: But the economic reality is that
you've got to pay your overhead seven days a week, and
Avalon has the capacity of spreading it.

MR. BOMBARD: Right.

CHAIRPERSON CORY: I'm sort of inclined to leave
it.

MR. BOMBARD: I think what the customers have
suggested in many cases is that you cut the three-day
minimum to a two-day minimum, because once in a while,
you have somebody saying something like that, and if it's
discretionary, --

CHAIRPERSON CORY: I think you can probably deal
with that based upon the economy, the number of people that
are showing up, and that better than we can try to look into a
give-year period.

MR. BOMBARD: Last year we were on a percentage
basis. I got the feeling that, well, it's definite.

CHAIRPERSON CORY: We have an incentive in worrying
about that.

MR. BOMBARD: We charged everything we said we
would in the bid package.

CHAIRPERSON CORY: I'm sort of inclined to leave
it, and these are maximums that can be charged. And there
should be flexibility on the bidders with their public.
It's not caveat emptor, it's --

MR. GREENBERG: Mr. Chairman, what bothers me about
that is that if the bidders are going to bid, and there's
going to be a high flat sum paid to the sum, they have to
protect themselves, they're going to have to bid based on
the assumption that they are going to charge the maximums
allowed. And in the one particular instance --

CHAIRPERSON CORY: But once they've made that
bid, and they have the contract, at that point they have
some capital, and that's where the marketplace forces
of demand would start to come into play. If the demand
isn't there, and there's crowding out because prices are
too high, and they, in their economic interests, could get
more volume by lessening the rate, they should do that. That's the private sector leaving the government out of it. Otherwise, we're going to be in a whole lot of other details.

Okay, we're going to leave it the way it is.

COMMISSIONER ACKERMAN: But it's a five-year set.

CHAIRPERSON CORY: Five-year set, and those are maximums.

MR. RUMP: There is one additional fee that Joe Steele asked to be added, and that's the charge for what it would cost to unwrap a prop. Apparently that is a problem out there. That's $25 for a half-hour to unsnag the line from a prop.

Joe, you were saying, I think, that that's a very common problem?

MR. STEELE: Well, there's a long list of fees that Mr. Bombard has put in there for various and sundry services.

What I talked about to Jack this morning, as we went over the fees, I said, well, one thing I know over there that happens quite frequently is that the prop wraps, and it seems to me that if you're going to put all those other miscellaneous fees in, that you probably ought to put that one, since it's so common.
CHAIRPERSON CORY: Isn't that like trying to put a fee in for repairing a fender? Are all prop wraps the same, the size of rope, the tensile strength?

MR. STEELE: Well, it's one of those things where you're absolutely at the mercy of the lessee when you get into this spot, you know.

If you're going to try to protect the boaters on some of the others, then perhaps you should protect the boaters on this.

MR. BOMBARD: We have a regular fee. It could be listed there. It goes on an hourly basis.

In most cases, our minimum is based on a half-hour and in most cases it'll take care of it. However, there are situations where you get a real bad wrap job, and you actually have to go under there and saw the line out. And sometimes you will even break it. You'll have a broken strut that you would have to fix, so you do get things like that.

CHAIRPERSON CORY: But it's an hourly?

MR. BOMBARD: Based on hourly fee, with a minimum, I believe, of a half-hour.

CHAIRPERSON CORY: Okay.

MR. RUMP: The next comments have to do with a suggestion of making the discretionary fees mandatory no charges.
What you've just said is that you would intend that the fees be discretionary. This has to do with a letter from the Executive Officer to Mr. Bombard, about the use of a different mooring by a sublessee, or whatever.

Staff's response is that these are really they were left discretionary for operational flexibility. The provisions could be mandatory if you think it's absolutely necessary.

COMMISSIONER ACKERMAN: I think it works, doesn’t it?

EXECUTIVE OFFICER DEDRICK: Yes, as far as we know. We have had virtually no complaints since the understanding was reached as to what the level staff felt was really discretionary on the operator’s part.

COMMISSIONER ACKERMAN: Some things you have to leave discretionary as well.

MR. RUMP: Okay.

The next comment has to do with the 60-days cancellation provision. We've already dealt with that.

There's a question whether or not we ought to have a provision in the lease to reduce rates for special events. Again, that would be discretionary with the operator.

COMMISSIONER ACKERMAN: That would be discretionary as well.

EXECUTIVE OFFICER DEDRICK: Since you're setting
a maximum, there's no reason.

COMMISSIONER ACKERMAN: The main problem with this, if I recall right before the interpretation, was that the lessee was precluded from any discretion, and we have given it.

CHAIRPERSON CORY: If we were in on a percentage of the gross, then you've got to protect the State from people waiving our money, but if we go on a fee, then we avoid that whole problem.

MR. RUMP: Another portion of the comment has to do with a suggestion that there's a clause that there be no modifications to the lease increasing the number of moorings.

That's already provided for. You would have to have a public hearing and approval before any modifications of the lease.

Then finally, a suggestion that bidders be required in the lease to perform as bid. We also concur with that.

CHAIRPERSON CORY: All right.
You're prepared to go to work and get that drafted. How long will it take you?

MR. RUMP: With just one other clarification, maybe.

Would the Commission desire a specification of
the minimum number of moorings as well be added specifically to it? I think it would be advisable from the testimony we've had today.

CHAIRPERSON CORY: Yes.

MR. RUMP: Greg, do you have something?

MR. TAYLOR: I have a couple, one with respect to Mr. Greenberg's remarks in his letter about whether or not -- what their status was if there was substitution.

We would disagree with his interpretation. Once a substitution occurs, there are no further rights of the existing lessee. At that time, you're free in entering into another agreement with another lessee to modify the lease.

So, there would be a two-step, simultaneously occurring process, where we would make a substitution and modification to reflect those changes.

So as that occurs, there would not be any right with regard to the existing lessee to worry about the fact that you have to have mutual agreement to amend any of the existing provisions.

It's my understanding from our conversations in the hearing today that all of the statements with regard to services that would be provided and equipment that is going to be used in the case of a substitution would be incorporated into the lease and would be a material
representation which, if it didn't occur, would be
grounds for terminating the lease. And that also the
failure to provide the services would be specifically
provided to be a breach. I think that may have already been
covered, but I wanted to make sure that that is covered.

Mr. Chairman, you've indicated that the record --
one other comment with regard to the environmental impact
case that Mr. Greenberg recited.

It's our position that there cannot be any
environmental review of these proposals until they are
received. Therefore, since it's a condition to determine
whether it's categorically exempt, that finding will have
to be made by the Commission at the time, just before any
awards might be made.

Mr. Chairman, at the beginning of this meeting,
you indicated to Mr. Greenberg that the record would be open
for additional comments. I think that a time for any
additional comments -- you asked him to address certain
things by letter. I guess that would also apply to the
other parties.

CHAIRPERSON CORY: All right. How quickly can
you people get those in, because we'd like to get them
so the staff can be reflecting on it as they're proceeding
with the drafting.

Nobody's going to get anything done today with
the transportation. Tomorrow's Friday. Can you get them out by Monday or Tuesday?

Is that too close a time squeeze for you?

MR. HERTZBERG: How about a week from Friday?

CHAIRPERSON CORY: No, much too long. You're probably going to have a bid package a week from Friday.

If I don't do that, you're going to get jammed up at the other end. That's why --

MR. SNYDER: Could I make a suggestion? Postpone the date to next Wednesday. That would give you three working days between now and then.

MR. RUMP: Well, depending on what time you'd like the solicitation to be sent out, that might be appropriate, although depending on how broad the remarks are going to be, if they're very broad, that could cause quite a bit of additional --

CHAIRPERSON CORY: Because somebody makes remarks doesn't mean we have to deal with it. I think we have had significant amounts of hearings on this subject.

I don't want to preclude issues that have been discussed where we are, but I don't think this thing has to go one forever. We should be down to really specific things. You've won some, lost some.

I would think that people should respond on Thursday morning. The staff would call the people who have
spoken here and talk by phone to find out what is enroute to you by mail.

MR. HIGHT: Monday morning?

CHAIRPERSON CORY: No, my impression was that if you had three working days, that would give you Friday, Monday and Tuesday, so it would be postmarked by Tuesday. Then on Wednesday, you would make the phone call; you would know whether or not you've got a missile that you've got to at least be aware of. I don't want to have the burden on the staff to get the other people to respond.

MR. GREENBERG: We would be glad to have it in the mail, one-day guaranteed delivery, at the close of business Tuesday.

EXECUTIVE OFFICER DEDRICK: I was just thinking Mr. Chairman, a great deal of comment has come in. It's all been dealt with substantively. Would you consider wanting to limit this to not opening new issues? Or should we just operate discretionarily?

CHAIRPERSON CORY: If somebody discovers that we have --

EXECUTIVE OFFICER DEDRICK: Done something real dumb.

CHAIRPERSON CORY: Yes, I mean, if you've authorized people to engage in oil leases and mineral extraction in one portion of it, I'd like to know that
before we proceed.

EXECUTIVE OFFICER DEDRICK: I promise.

CHAIRPERSON CORY: That's why I'm limiting it.

But I think we're down. We're making the effort. The
record should be clear that we're reaching out to the
public to accommodate them, but it's time now to move
with some speed as to what those specific comments are.

I'm not soliciting new information, but if
somebody discovers America in reading over what we've
done, we have been known to make mistakes before, I'd as
soon have that pointed out before we do any further.

EXECUTIVE OFFICER DEDRICK: That was a clarification. Thank you.

MR. RUMP: Staff would suggest that any comments
be received by next Wednesday at the latest, actually
received, because if you set it as a postmark date it's
likely to be longer.

CHAIRPERSON CORY: That's why I'm saying it'll
be postmarked. I would appreciate if they would do the
next-day delivery on the mail, but I would like the staff
to call those known interested parties that have been here
today and have spoken.

MR. RUMP: To the parties here today.

CHAIRPERSON CORY: And call on them and say,
"Are you sending something, because I have yet to have
next-day delivery mail delivered the next day. I have paid for it, and every time I've gotten my refund. It is the cheapest way. I'm going to do an entire district-wide, state-wide mailer, next-day delivery, and it'll be free.

(Laughter.)

CHAIRPERSON CORY: I mean, it's the greatest thing going in politics. I hate to spring this on the world early, but we're going a state-wide mailer. It's a loan at the bank, but after that we get all the money back because there's no way they can deliver all those pieces of mail the next day, even at nine bucks apiece.

It's a hell of a program.

So, that's why you guys have got to make the calls. And I would think that these people, except for rare instances, appear to be reasonable, and they would tell you if they've got some complaints, and you know the area where it's in.

MR. RUMP: Okay.

CHAIRPERSON CORY: What else do we need to deal with?

MR. RUMP: There's the time which you would, based upon the receipt of comments, what we talked about today, when you would make a solicitation package available. Given the receipt of that, perhaps -- although there are holidays -- September 8th, say, approximately.
CHAIRPERSON CORY: Do you think you would have it prepared to circulate to the Commissioners?

MR. RUMP: It would be available for circulation prior to that.

CHAIRPERSON CORY: You're talking about adjourning this meeting to what date?

MR. RUMP: If you want to go until the 10th, that would be the Friday half-morning.

CHAIRPERSON CORY: So we will adjourn this meeting until the 10th, with the contemplation that we will hopefully have dealt with all the substantive issues and, in fact, that meeting is likely to be cancelled and we will get the bid packages out.

MR. TAYLOR: Mr. Chairman, I presume that there has, in effect, been a resolution of this Commission to instruct the staff to prepare a bid package for the substitution of a lessee.

CHAIRPERSON CORY: That is my understanding of where there are at least two Commissioners, that is the position.

MR. RUMP: The bid package also has a return date on it, so we might as well discuss that at this point. Due to the detail, I think we'd need at least three weeks, four weeks to prepare the package.

MR. TAYLOR: You've got to go backwards. You need
four weeks for staff to review.

EXECUTIVE OFFICER DEDRICK: October 1st.

MR. HIGHT: For receipt. Well, we could make it

October 1st or 4th.

EXECUTIVE OFFICER DEDRICK: The first is a Friday.

MR. HIGHT: If we wanted to give them the weekend,
as long as we had it at 8:00 o'clock on the Monday. This
would give the staff, then, three —

CHAIRPERSON CORY: How about the bidder? How much
time does he have to get his act together to submit it?

Let's talk about that.

MR. RUMP: That is when they have to be returned,
September to the 4th of October.

MR. HERTZBERG: That's 24 days.

There's a difference between bidders here.
One bidder has already got his package practically
ready.

CHAIRPERSON CORY: I'm inclined to think it
needs a 30-day period. I think you've got to give the
bidders ample time. He's going to be at significant
risk to sharpen the pencils, go over those numbers, and
get the various financing together.

MR. TAYLOR: Are you willing to go into November
and consider it, to give the staff 30 days?

CHAIRPERSON CORY: I'm willing to push the staff
harder than I am the bidder.

MR. TAYLOR: I was afraid of that.

CHAIRPERSON CORY: You can start building up some.

EXECUTIVE OFFICER DEDRICK: There's a chance that we might be able to get the bid package out before the 10th. Why don't we say 30 days from the time at which it goes out, and that'll be noticed on the bid package.

CHAIRPERSON CORY: Yes, and then from that, we will give them 30 days to come in, and then we'll go from that whenever that happens to fall.

MR. RUMP: I presume, then, --

CHAIRPERSON CORY: When you get the bid packages back you can start calendaring a meeting to deal with it on the award.

MR. RUMP: The soonest opportunity, then, would be at the regular October meeting.

EXECUTIVE OFFICER DEDRICK: That's fine.

CHAIRPERSON CORY: Now, there is one other item which has been made reference to here that I want to make sure that everybody understands that we're in some way going to deal with the question of the various people who wish to bid on this, what their options are or are not in terms of what serious remedies they have and don't have.

MR. RUMP: Obviously in some of the correspondence
that we received, there were statements that there might be litigation following.

I guess one possible remedy there is that if people participate in a bidding process, part of the participation and awarding of the lease should include that a clause which states that that is their choice of remedies. They waive their rights to sue under that lease if they have been awarded the lease. There's enough litigation involved here potentially.

COMMISSIONER ACKERMAN: I'll be real careful in my question: Does that mean they waive their right to sue if they've been awarded their lease, and if they've submitted and bid?

MR. TAYLOR: "It would be awarded."

COMMISSIONER ACKERMAN: "Only awarded the lease."

CHAIRPERSON CORY: "I think it's the only thing you can bind them to."

MR. TAYLOR: "We haven't got a deal with them otherwise."

MR. HIGHT: "In addition, it's a possibility of adding that the bids would be good until rejected for a time certain, and we haven't discussed that."

CHAIRPERSON CORY: "We will deal with it before that. If we don't, we probably won't live that long."

Any other questions?
COMMISSIONER ACKERMAN: Is this meeting continued?

CHAIRPERSON CORY: Does anybody in the audience have some other questions?

MR. SNYDER: I wanted to express my own gratification at the patience that the Board has exhibited in handling this, a lot of detail. I think most of us feel we're getting better coverage.

CHAIRPERSON CORY: Thank you.

Any other things?

MR. HIGHT: We are recessing?

CHAIRPERSON CORY: We are recessing this until September 10th.

MR. TAYLOR: On the understanding that if the Commission can't agree individually --

CHAIRPERSON CORY: If the Commissioners don’t sign off on the report, we will have a meeting. If we agree, then the subsequent portion of the meeting will be cancelled.

MR. RUMP: If there is a meeting, I guess a notice can be posted outside the door here as to its location.

CHAIRPERSON CORY: We're recessed.

(Thereupon this meeting before the State Lands Commission was recessed at approximately 2:20 p.m.)
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 from the meeting of the State Lands Commission was reported in shorthand by me, Evelyn J. Duggan, 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 August, 1982:

EVELYN J. DUGGAN
Shorthand Reporter