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MEETING

STATE OF CALIFORNIA
STATE LANDS COMMISSION

1020 N STREET
ROOM 102
SACRAMENTO, CALIFORNIA

ORIGINAL

TUESDAY MAY 31, 1983
1:50 P.M.

EILEEN JENNINGS, C.S.R.
License No. 5122

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COMMISSIONERS. PRESENT

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John Jervis, Chairperson, representing Kenneth Cory,
State Controller
Leo T. McCarthy, Lieutenant Governor
Nancy Ordway, representing Michael Franchetti,
Director of Finance

STAFF PRESENT

Claire T. Dedrick, Executive Officer
James F. Trout, Assistant Executive Officer
Robert C. Hight, Chief Counsel
N. Gregory Taylor, Assistant Attorney General
Jan Stevens, Deputy Attorney General
Curtis Fossum, Staff Counsel
Don Everitts
Moose Thompson
Jane Smith, Secretary

I N D E X

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Proceedings

1

Approval of Minutes

1

Submission of Executive Officer's Report and BCDC Report

1

CONSENT CALENDAR

Items C1(G) and C7 off calendar

1

Items C1 through C12

1

REGULAR CALENDAR

Item 13

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Item 14

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Item 15

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Item 16

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Item 17

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Item 18

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Item 19

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Item 20

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Item 21

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Item 22

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Item 23

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Item 24

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Item 25

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Item 26

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Item 27

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REGULAR CALENDAR (continued)

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Item 28

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Comments:

• Marc Borgman, Chairman
Isla Vista Municipal Advisory
Council

4

• Slide Show Presentation
by Carmen Louise

6

• Comments by Diane Conn,
Member, Isla Vista Community

11

• Question-and-Answer Session

13

• Comments from Staff: Mr. Trout

14

• Comments from Staff: Mr. Taylor

16

• Question-and-Answer Session

17

• Commission Action

36

Adjournment

36

Certificate of Shorthand Reporter

27

P R O C E E D I N G S

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3 CHAIRPERSON JERVIS: There is a quorum present,
4 so we'll get underway.

5 Minutes of the last meeting. Anyone had a chance
6 to observe those? They're the Minutes of the April 28th
7 meeting of this year. Without objection, they're adopted.

8 The Report of the Executive Officer and the
9 Report of the BCDC Commission will be submitted.

10 EXECUTIVE OFFICER DEDRICK: You have them before
11 you in writing. Unless you care to discuss it, I don't
12 think there's anything new.

13 CHAIRPERSON JERVIS: Any discussion on those?

14 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, Items
15 C1(G) and C7 are off the Consent Calendar.

16 CHAIRPERSON JERVIS: This is the Consent Calendar,
17 Items C1 through C12 minus C7 and C1(G). Is there anyone
18 in the audience who cares to address any of the issues in
19 the Consent Calendar, C1 through 12, minus those two items?
20 Any discussion?

21 Without objection, they'll be approved.

22 Now the Regular Calendar. Item 13, Stenberg
23 Enterprises. Anyone in the audience who cares to address
24 Item 13, Stenberg Enterprises? Discussion?

25 Without objection, it will be approved.

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1 Item 14, Simpro Lands. Anyone on this issue?
2 Discussion? Debate? Questions? No objections.

3 Item 15, Sierra Pacific Industries. Anyone
4 on the issue? Discussion?

5 Item 15 approved, no objection.

6 Item 16, Louisiana Pacific Corporation. Anyone
7 on this issue? Discussion? Debate?

8 Without objection, it's approved.

9 Item 17, Charles E. Slusher. Anyone on the
10 issue? Objection?

11 Without objection, it's approved.

12 Item 18, Wetsel-Oviatt Lumber Company. Anyone
13 on this issue? Discussion? Debate?

14 Without objection.

15 Item 19, CGG American Services. Anyone on this
16 issue?

17 Without objection.

18 Item 20, Central Marin Sanitation Agency. Anyone
19 on this item?

20 Without objection, it's approved.

21 Item 21, City of Petaluma. Anyone on the issue?

22 Without objection, it's approved.

23 Item 22, East Bay MUD. Anyone on the issue?

24 Without objection, it's approved.

25 Item 23, Chevron USA. Anyone on the issue?

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3
Question?

2 Without objection.

3 Item 24, City of Long Beach, modification of
4 the Plan of Development and Operations and Budget.
5 Anyone on the issue?

6 Without objection, it's approved.

7 Item 25, Aminoil; authorizing the Executive
8 Officer to execute a release to Aminoil. Anyone on the
9 issue? Not even the Executive Officer?

10 EXECUTIVE OFFICER DEDRICK: I'd be glad to
11 explain it if you'd like.

12 CHAIRPERSON JERVIS: Do you want an explanation?

13 COMMISSIONER ORDWAY: I've read the material.

14 CHAIRPERSON JERVIS: Without objection, it's
15 approved.

16 Item 26, the Lands Commission; Department of
17 Fish and Game; Orange County; Signal Bolsa; Signal Landmark.
18 Anyone on this issue? Any discussion?

19 COMMISSIONER McCARTHY: Is there any reason we
20 have to assume that anybody is opposing this --

21 EXECUTIVE OFFICER DEDRICK: No.

22 COMMISSIONER McCARTHY: -- that hasn't heard
23 about this?

24 EXECUTIVE OFFICER DEDRICK: Not to my knowledge.
25 We have had no comments at all. It's just an extension

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4
1 of an agreement that the Commission has had for several
2 years. Greg's been the attorney on it.

3 MR. TAYLOR: This is to protect the State's
4 position and primarily Fish and Game's position from
5 allowing the 230 acres to go back to Signal while continued
6 studies are made on the project. It was a very hard
7 fought-for right as far as the State is concerned and it
8 does preserve the status quo for three more years.

9 CHAIRPERSON JERVIS: Without objection, the
10 extension is approved.

11 Item 27, City of Napa and Napa County LAFCO.
12 Anyone on the issue?

13 Any discussion?

14 Without objection, it's approved.

15 Item 28, Isla Vista Municipal Advisory Council.
16 We have a group here from Isla Vista who would like to be
17 heard on the issue. Please come on up.

18 Why don't you identify yourself for the record.

19 MR. BORGMAN: Good afternoon. My name is
20 Marc Borgman, Chair of the Isla Vista Municipal Advisory
21 Council.

22 We agree with the Staff's boundary description
23 that's in your report and appreciate the Staff's assistance
24 that they've given on this matter.

25 However, in the report they stated that we

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1 gave no evidence or support for annexing the properties
2 to a proposed City of Isla Vista. And we had assumed that
3 the situation was the same as in 1975 when we submitted
4 basically the same boundaries, essentially the same
5 boundaries. The technical sufficiency was approved at
6 that time.

7 But we never got a copy of the final approval
8 that stated it was only technical sufficiency, not approval
9 of the annexation itself; although the LAFCO Chief
10 Executive Officer was given a copy of that report. So,
11 we had assumed that the boundaries themselves were approved
12 and that there would be no problem this time. We did
13 submit the entire incorporation packet in 1975; but we
14 submitted nothing more than the letter this time, assuming
15 that basically the situation was the same.

16 So, we were somewhat startled last week that the
17 recommendation was for denial and put together a short
18 four-and-a-half-minute slide presentation to provide that
19 information for you today and request that we be allowed
20 to present that slide show.

21 CHAIRPERSON JERVIS: If you're going to narrate
22 these slides, why don't you identify yourself for the
23 record.

24 MR. LODISE: Yes, sir. Carmen Lodise, a
25 part of the staff of the Isla Vista Municipal Advisory

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1 Council.

2 (Thereupon a slide presentation
3 accompanied the testimony of
4 Carmen Lodise.)

5 MR. LODISE: This is the community of Isla Vista
6 that we see from the offshore. The issue of Isla Vista
7 becoming a city is essentially a defensive action. One
8 of the major services that we are concerned about is
9 planning and land use.

10 While the county and the university had
11 responsibility for the situation in the 1960's, their
12 policies led to an extreme overdevelopment of the community
13 where now we have more people and more cars per square
14 foot than any other community west of Manhattan. They
15 did this by creating special student residential zoning
16 which allowed for fewer setbacks -- and for larger
17 buildings on smaller lots than anyplace else in the county,
18 indeed anyplace else in the state. So that now we
19 have more cars per bedrooms than anyplace else in the
20 state. The result is we have more people -- a lot of
21 people, a lot of cars, and a lot of cement.

22 The City of Isla Vista, on the other hand, would
23 have the resources to begin implementing many of the plans
24 which we have been accumulating through the years which
25 would allow for, say, the use of bicycles in town and

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1 other major plans which the county has shown no interest
2 in assisting us with to date.

3 Another service which we have responsibilities
4 for are parklands and keeping beaches clean.

5 Since the mid-60's, the County has been receiving
6 \$75,000 a year from State Resource Code 6817 from
7 Platform Holly because of a park in Isla Vista. But
8 they have literally spent none of those funds in Isla
9 Vista cleaning up the oil on the beaches or developing
10 parklands.

11 Faced with that situation, Isla Vista residents,
12 in 1972 formed the Isla Vista Recreation and Park District,
13 one of the major goals of which was to prevent further
14 overdevelopment in the community. And in the mid-70's,
15 we passed an open space bond which has allowed us to become
16 literally the largest landowner in the community.

17 One of the things we're most proud of is that
18 we took a vacant lot in the center of town that made the
19 area rather blighted and turned it into a heavily used
20 recreational facility, but which has maintained a rural
21 character.

22 We have also turned over many acres to
23 refugees from Southeast Asia for subsistence agriculture.

24 The boundaries of the city include the center
25 part of Isla Vista and the campus, dormitories, and

1 residence halls and a privately-owned dormitory,
2 Francisco Torres; areas which have been included in the
3 Isla Vista Community Council election boundaries since
4 1970. And they also include, of course, Platform Holly
5 offshore.

6 Through the years there have been ten studies
7 which have concluded that the financial feasibility of the
8 City of Isla Vista is viable. Many incongruities
9 remain today in Isla Vista. But the town has changed
10 dramatically over the last ten or fifteen years. Some
11 of the changes include: There are a lot more children
12 and a lot more senior citizens and also up to a thousand
13 refugees from the war mentioned earlier, which have been
14 welcomed into the community and, indeed, Isla Vista
15 Elementary School has become famous nationally for its
16 multi-cultural programs.

17 But some things remain the same in Isla Vista.
18 Over 96.5 percent of the community are renters; 55 percent
19 are students, but this is down from 75 percent in 1970.
20 We have a large labor force. Seven thousand of the
21 community's 17,000 are full-time employed, many in the
22 factories in Goleta. There's a high rate of turnover of
23 residents. Average residency is two years versus the
24 three and a quarter years county-wide. But there's also
25 a high turnover in property ownership -- 50 percent every

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four years.

The median household income in Isla Vista is less than half of what it is county-wide. However, seven out of eight communities -- that slide's not going to show -- seven out of eight communities or households have a higher percentage receiving public assistance than in Isla Vista.

So, even though people come and go, this accounts for the tremendous consistency through the years that people support established in the City of Isla Vista deal with the problems that we're all faced with.

Two hundred years ago, Thomas Jefferson said that,

"Every person on earth possesses the right of self-government and they receive it with their being from the hand of nature. The constitutions of most of our states assert that all power is inherent in the people and that they may exercise it by themselves in all cases to which they feel themselves competent."

As we're preparing our proposal to submit to the appropriate authorities, we'll find out if Thomas Jefferson's statement still holds in modern California.

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Thank you.

I would like to give each one of you one of these, which shows the existing Platform Holly here with the new platforms which are supposed to be in production in 1988. There was some confusion earlier today. We thought that the platform straight off the coast of Isla Vista which are going to come into production would be taxed differently than Platform Holly. But I think that the State Lands Commission has since clarified that and that there is no difference in the taxation on the two kinds.

EXECUTIVE OFFICER DEDRICK: For your information, Commissioners, there's a map with a little better scale of the proposed area.

MR. LODISE: Excuse me?

EXECUTIVE OFFICER DEDRICK: I was just pointing out to the Commission.

MR. LODISE: The other thing that we would like to point out that's in the staff report is that it says that this would not be in the State's interest. And, as we discuss it with them, certainly the State has a broader interest than just what is under the concern of the State Lands Commission.

We feel that the City of Isla Vista will begin to do the remedial operations and work necessary to make

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1 it a better community; things that should have been done
2 in the past which we just have not had the control and
3 the revenue to do.

4 Certainly it is in the State's interest to look
5 back over the years and see if there's a way to correct
6 the situation which resulted essentially from State
7 policies ten and twenty years ago. And we feel that the
8 additional --

9 We live with the large oil seat off the coast
10 that you all are familiar with.

11 We live with the visual impact every day. And
12 it seems like we should share appropriately in the
13 revenues.

14 I'd just like to remind you again that there
15 is no impact on revenues as a result of this proposal to
16 the State. So, I don't think that is a consideration
17 here today.

18 CHAIRPERSON JERVIS: Do we have any questions?

19 MR. LODISE: We have one more comment.

20 CHAIRPERSON JERVIS: Diane, would you give your
21 name for the record.

22 MS. CONN: Hello. I'm Diane Conn and I'm a
23 member of the Isla Vista community and I'm very active
24 in the incorporation and other community issues.

25 I wanted to address the issue that seems to be a

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1 concern of adding another player into the game, as it were,
2 or here we are requesting an annexation of tidelands.
3 That infers that if we become a city if our proposal is
4 approved, then the State will have to work with us as
5 well as the county on negotiations concerning this lease
6 area.

7 We'd like to say that we are current and have
8 been following the process that the county and the state
9 have been doing and we are supportive of the actions
10 that have been taken by the county and the state. We
11 realize the work that it's taken and we appreciate that
12 very much. And we also understand that there's a lot of
13 work going into trying to balance the environmental
14 concerns and balance the revenues.

15 Our intentions for extending the boundaries are
16 mainly revenues. And although we would like input and
17 we do have input as a municipal advisory council, we're
18 mainly interested in cooperating; because we feel that
19 all our intentions are the same.

20 We feel that, if this is the main concern, that
21 there should be some way to remedy this. We understand
22 that at one time Santa Barbara -- there was a problem with
23 Santa Barbara where the city made an ordinance saying
24 that there would be no drilling in the sanctuary after
25 the State Lands had already made it and then the State

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1 Lands found that to be questionable. And then there was
2 something drawn up by the City Attorney that withdrew that
3 or negated that in some way so that the State Lands
4 Commission would maintain its authority.

5 We understand the State Lands does maintain its
6 authority. And our main interest, as we say, is the
7 revenues and as an advisory body so that we may all
8 cooperate in deciding what happens off the coast; but that
9 we're not interested in being an obstruction coming into the
10 process -- more as problem solvers and not as problem makers.
11 So, now we're ready to take questions.

12 CHAIRPERSON JERVIS: Is what you're saying is it's
13 not feasible, fiscally prudent or even possible to
14 incorporate a city there that does not go out into the
15 oil field?

16 MR. LODISE: I've been stuck with talking about
17 finances.

18 That's why we showed you the back of this,
19 Mr. Jervis. Yes, we do break even without the tidelands
20 right at the moment. And with revenue sharing at
21 Platform Holly, we have a very significant surplus.

22 But we're just not any ordinary community or
23 city. We have to show to LAFCO to get by that we have a
24 significant surplus in order to relieve that concern.
25 This would ensure the city that it would be viable not only

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1 in the short run with just Holly, but the two new ones
2 coming in that we have to put up with that it would make
3 it financially viable in the long run. It would remove
4 finances as a question entirely from the deliberations
5 in that Santa Barbara County LAFCO. And that's really
6 what we are most interested in is removing it as an issue
7 and let them contemplate some other things if there are
8 some other things.

9 MS. CONN: Another issue in that is that we
10 are suffering the impacts of the platforms and of the
11 drilling and the county really isn't taking any measures
12 to mitigate those impacts. And we have not been successful
13 with them. We want to clean the beaches up and we
14 want to have that contribute to the community since we
15 are receiving those impacts.

16 CHAIRPERSON JERVIS: Well, there's a number of
17 cities in California that are asking the Controller how
18 feasible it is to go out of business. Maybe you could
19 buy one of those franchises and move the franchise there.

20 Why don't we hear from staff if we have no
21 more questions at this point.

22 MR. TROUT: Mr. Chairman, I think maybe just to
23 put it in perspective. The diagram they showed on the
24 slides was perhaps just a little foreshort of the
25 dimension.

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1 but the proposed annexation description that's
 2 in the calendar is this dotted black line (indicating),
 3 which would go out the three miles here and come in here
 4 (indicating). The solid or upland area of the City of
 5 Isla Vista is this area that we've hatched dark here
 6 (indicating). This is, roughly, I believe, 17 percent of
 7 the total area and 83 percent is the offshore area.

8 The description does cut the existing lease
 9 3242 in about two-thirds in the city and one-third out of
 10 the city. And it does include the two new strikes
 11 covered by ARCO, 308 and 309. ARCO is now proposing to
 12 put a processing and production platform on each of these
 13 leases.

14 So, this gives you the overall perspective.
 15 And this point over (indicating) is sanctuary and this
 16 area (indicating) is generally leased up that way.
 17 So, that's the overall aspect.

18 The City of Santa Barbara incorporation is down
 19 in here (indicating). The city boundaries, I think, are
 20 about here (indicating). And the city, like Los Angeles,
 21 has a finger that comes down and includes the airport,
 22 as Los Angeles runs down and picks up the harbor.

23 So, this is the City of Santa Barbara (indicating),
 24 this is the proposed new city (indicating), this is the
 25 neighboring area of Goleta (indicating), and this is

1 the proposed annexation.

2 CHAIRPERSON JERVIS: Questions?

3 MR. TAYLOR: Mr. Chairman, as I understand the
4 staff's recommendation, it hinges on two problems.
5 One is that this is a period of extensive development
6 where although the State is in a superior position in terms
7 of administering its leases, there's a certain amount of
8 cooperation and coordination with local agencies in the
9 process of getting any kind of development plans or
10 expanded development plans going.

11 It's from that standpoint staff is making the
12 recommendation to you that it would appear to be inappropriate
13 at this time, due to the substantial expansion of facilities
14 and the ongoing dialogue with the county, it would be
15 inappropriate at this time to interrupt that process by
16 approving this proposal.

17 The other problem is that some administrative
18 problems would be presented by bisecting of that one lease.

19 So, I think those would be the bases on which
20 the staff has made its recommendation to you. Those
21 concerns would have to be weighed against the views that
22 were expressed here by the other people.

23 CHAIRPERSON JERVIS: Questions on the point?

24 COMMISSIONER ORDWAY: One question.

25 Am I to understand that timing is the primary

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1 issue?

2 EXECUTIVE OFFICER DEDRICK: No, I think that that
3 is an issue. I think the primary issue is whether or not
4 it is to the best interests of the State for that
5 community, if it comes into existence, to annex the tidelands.
6 And we see no benefit to the State from that action.

7 Part of the things we have to do is tell you when
8 we think it's benefiting the State and when it's not.
9 In this instance, we don't think it serves any useful
10 purpose for the tidelands -- for these lands to be
11 annexed to a new city.

12 COMMISSIONER McCARTHY: Are there other cities
13 in Santa Barbara that have a share of the oil?

14 EXECUTIVE OFFICER DEDRICK: Yes.

15 MR. TROUT: Redondo, Newport, for example,
16 Los Angeles, as well as Long Beach.

17 COMMISSIONER McCARTHY: In Santa Barbara County.

18 EXECUTIVE OFFICER DEDRICK: Huntington Beach.
19 In Santa Barbara County?

20 CHAIRPERSON JERVIS: In Santa Barbara.

21 MR. TROUT: Carpinteria, I think, perhaps.

22 MR. TAYLOR: Carpinteria does.

23 MR. THOMSON: By grant or otherwise?

24 MR. TAYLOR: No, no, just whether the boundaries
25 of the city include the -- whether the boundaries of the

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1 city include the offshore. Many of them do.

2 CHAIRPERSON JERVIS: In those cases --

3 EXECUTIVE OFFICER DEDRICK: Some do and some
4 don't.

5 CHAIRPERSON JERVIS: -- which came first, the
6 city or the oil production?

7 EXECUTIVE OFFICER DEDRICK: I think both things
8 have occurred.

9 But I would think the cities were there before
10 the oil production.

11 MR. TAYLOR: The cities have primarily been there
12 before the oil leasing activity in most instances.

13 So that when the activity took place, everything
14 was pretty much settled.

15 EXECUTIVE OFFICER DEDRICK: Well, then in other
16 cases the Legislature has granted the tidelands to the
17 community for actual administration. This would not be
18 the case here. I mean, the administration of leases would
19 remain with the State unless there was a legislative
20 grant of the authority to manage the tidelands from the
21 State to the community.

22 COMMISSIONER McCARTHY: Where else besides
23 Long Beach is there an administrative authority delegation.

24 EXECUTIVE OFFICER DEDRICK: Oh, Los Angeles --

25 MR. THOMPSON: Newport Beach, Redondo,

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1 Santa Monica, Los Angeles.

2 COMMISSIONER McCARTHY: The cities have the
3 primary administrative responsibility.

4 EXECUTIVE OFFICER DEDRICK: Yes, whenever there's
5 a granting situation. And that is an awful lot of
6 communities.

7 COMMISSIONER McCARTHY: In the case of the cities
8 up and down the coast, including Santa Barbara, that have
9 shared interests in the oil revenue, are there any other
10 examples of annexation by a city to pull in?

11 MR. TROUT: The only one --

12 COMMISSIONER McCARTHY: Oil exploration and
13 drilling areas.

14 MR. TROUT: Governor, the only one I can think
15 of off the top of my head was the City of Carpinteria,
16 which annexed out into the tidelands and by virtue of that
17 annexation picked up the grant that had already been made
18 by the Legislature to the County of Santa Barbara. That's
19 the only one I can think of in the last 15 or 19 years.

20 MR. EVERITTS: Well, the City of Huntington
21 Beach and the City of Seal Beach -- at least they've
22 got barrel taxes.

23 EXECUTIVE OFFICER DEDRICK: But were they there
24 before or after?

25 MR. EVERITTS: They were there before.

1 MR. FOSSUM: We have had some history of problems
2 though. The City of Seal Beach passed an ordinance that
3 restricted the types of uses that could be made offshore
4 and it required a lawsuit in which the State Lands
5 Commission was forced to assert its exclusive jurisdiction
6 over these lands for the oil production to continue.

7 So, that's an example where a city might, depending
8 on who is in control of the city government, could bring
9 an action to try and enjoin or interfere with the State's
10 operation. Even though the court case upheld the State,
11 it took several years to bring the case to final result.

12 COMMISSIONER MCCARTHY: I'm not sure whether what's
13 being requested here makes sense on other grounds yet and
14 I'm still trying to understand the facts here.

15 Isn't it possible that we could enter into a
16 contract with the City of Isla Vista if it does become a
17 city so that if they did engage in any improper uses --
18 once the grant is given, it's absolute?

19 MR. TAYLOR: I think we need to clarify a couple
20 things, Governor.

21 First of all, no grants of this lands to the
22 proposed city is being contemplated. All that's before
23 the Commission now is to approve the boundaries and to
24 determine if the Commission is in favor of formation of
25 the city.

1 The State Lands Commission has two roles --
2 approval of boundaries. And it can go thumbs up or down
3 on whether or not the area is included.

4 A grant such as was made to Long Beach, for
5 example, which is the largest oil, was made in 1911 before
6 the discovery of oil. And to my knowledge, there has never
7 been a grant to a local agency where there was substantial
8 production of oil since the discovery of oil.

9 So, I think that the issue of whether or not
10 there's going to be a grant has never been approved by
11 the Legislature since that time.

12 What the city is hoping to acquire by the
13 addition of this area is the right to pick up certain
14 taxes which would be payable by virtue of their being
15 within the incorporated boundaries.

16 COMMISSIONER MCCARTHY: I was just trying to see
17 if there was an answer to the point just made that the
18 city could somehow limit oil production, place obstacles
19 in the way of oil production. Is that --

20 MR. FOSSUM: We don't feel they can do it,
21 but they could certainly bring a lawsuit attempting to
22 slow up the production or the beginning of the platforms'
23 construction. The possibility is simply that it would be
24 another entity that we would have to deal with in a
25 manner that we've been doing with the county.

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1 We've been negotiating with the county as to their concerns
2 and our concerns and we've had an ongoing dialogue with
3 them. Now, what we may have --

4 COMMISSIONER McCARTHY: That's a happy
5 relationship.

6 (Laughter.)

7 MR. FOSSUM: Well, it may not be, but the main
8 thing is at least we have a dialogue there.

9 If Isla Vista proposes to go to an election, say,
10 next year, a year down the road from now, and they elect
11 a new city council and mayor or whatever, we don't know
12 what they will think. And whether or not they can tie
13 us to a -- you know, the Municipal Advisory Council can
14 in any way agree to anything now that will bind their
15 city council, I think there's serious doubts as to what
16 they could agree to in that regard. The city council
17 will be the one that makes the decision and not necessarily
18 the proponents of the incorporation.

19 CHAIRPERSON JERVIS: It would be an interesting
20 experiment if the backers of the incorporation were to seek
21 and be successful in getting a legislative grant for the
22 lands which puts you in a position of not getting tax
23 revenues from this production, but actually being the
24 operator of the field itself.

25 It would be an interesting experiment to see how

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1 the people of Isla Vista would run the operation. You
2 don't think you would have any dissident groups suing
3 you over your production, do you? You think you would?

4 MR. TAYLOR: Could I be clear for the record.

5 We feel that we have preempted the field with
6 regard to the regulation of production of oil and gas
7 from State-owned lands. The problem arises in that it's
8 the policy of the Lands Commission to cooperate with
9 local agencies as much as possible in developing plans.
10 And, of course, there are things which take place in the
11 offshore which relate to the onshore. With regard to
12 working out all those relationships, there is quite a bit
13 of give and take.

14 If a city was to try to impose an invalid tax
15 or restrict production or do other things, we have in the
16 past been involved in litigation to square that question
17 away.

18 I guess the problem is really one of a more
19 informal one and that is how smoothly will the development
20 go ahead. In this particular area, this is an area of
21 a great deal of activity at the present time where there's
22 a considerable amount of work built up with the county
23 irrespective of how the county relations go, at least with
24 regard to how this development would go.

25 I believe that is where the staff is coming from

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1 in that those discussions have gone with the county quite
2 a ways, and this would be an interruption in that process.

3 COMMISSIONER MCCARTHY: Does it come down to
4 this: Right now we don't have to share the revenues with
5 anybody else?

6 MR. TAYLOR: If you were to approve this, we
7 wouldn't have to share them with anyone else except that
8 to the extent of subventions, the City of -- proposed
9 City of Isla Vista would take the subvention as opposed
10 to the county. Based upon your mileage of ocean frontage
11 offsetting state leases, counties or cities get a
12 subvention from the state. I don't know what the amount
13 of money is. I think it's a maximum of \$75,000.

14 MR. TROUT: It's a percentage up to \$75,000.

15 EXECUTIVE OFFICER DEDRICK: Currently there are
16 two bills moving through the Legislature, as you're
17 probably aware, that would either -- would in some way
18 increase the amount of subvention that goes to cities
19 offsetting state leases.

20 CHAIRPERSON JERVIS: So, this money --

21 EXECUTIVE OFFICER DEDRICK: There could be a
22 substantial amount of revenue.

23 CHAIRPERSON JERVIS: So, this money would shift
24 from Santa Barbara County to the City of Isla Vista.

25 EXECUTIVE OFFICER DEDRICK: That's right.

1 CHAIRPERSON JERVIS: How do you think that's
2 going to let you fare before LARCO? I'm asking that to
3 the group here.

4 MR. LODISE: We take those one step at a time.
5 We need approval here.

6 EXECUTIVE OFFICER DEDRICK: Just as a point of
7 information, one other thing that we haven't mentioned
8 is that in the legislative grants, as far as anybody at
9 this table can remember -- and there's a lot more memory
10 there than there is here -- the state has always retained
11 mineral rights in the grants.

12 MR. TROUT: In recent grants.

13 EXECUTIVE OFFICER DEDRICK: Within the last twenty-
14 odd years.

15 CHAIRPERSON JERVIS: Mr. Borgman, do you have
16 something you'd like to add?

17 MR. BORGMAN: Yes. We are not asking for a grant
18 or any legislative or administrative authority here. We
19 just would like approval of the boundaries.

20 It appears that the major complaint that staff
21 has is that there's the possibility that we might cause
22 trouble in the future. And they said that that's not in
23 the state's best interests.

24 I would like to submit that the state's interest
25 should be much larger than the possibility of future

1 inconvenience.

2 We've been aware of these developments for quite
3 some time. We haven't, to my knowledge -- I've been
4 Chair of the Council for two years. I don't believe we've
5 made any comments whatsoever about these oil developments.
6 We have been trusting the county and the State Lands
7 Commission to be fairly environmentally conscious.

8 What we would like is the boundaries approved
9 for technical sufficiency and approved in concept of
10 annexation of these properties to the proposed City
11 of Isla Vista.

12 CHAIRPERSON JERVIS: Why is it that you chose
13 to cut that lease in half, or roughly half? What is the
14 situation there?

15 MR. BORGMAN: There is some movement in Goleta
16 to incorporate as a city and we felt it only fair not to
17 take the whole thing. So, we just --

18 MR. TAYLOR: The statute also requires that the
19 boundary be drawn at right angles to the shore.

20 MR. BORGMAN: Perpendicular.

21 MR. TAYLOR: So, in order to include the whole
22 lease, they would have had to expand the size of the city
23 up to the end of the lease.

24 MR. BORGMAN: The line is drawn perpendicular
25 right from the immediate shore.

1 MR. TROUT: Mr. Chairman, it does present a
2 technical problem in that there would be ad valorem taxes
3 due on that lease. And how those taxes would be split
4 between the county and the city would, I think, while not
5 impossible, would be a kind of a difficult thing in terms
6 of determining where the resources are.

7 That is the one problem we have with cutting
8 that lease in thirds.

9 MR. BORGMAN: Even though we've taken two-thirds
10 of it, we've estimated in our budget analysis only half
11 of the revenues; not two-thirds of the taxes.

12 MR. LODISE: Also, we've had a point of clarifica-
13 tion of that through the LAFCO and Santa Barbara attorneys
14 that whereas there's some technical problems drawn in the
15 line across there, it's a technical problem and not a
16 legal problem and that the local assessor could do that
17 if it's so instructed by the Board of Supervisors.

18 EXECUTIVE OFFICER DEDRICK: Yes, it's the
19 situation that's not as complex, but of the same general
20 order that we have in Long Beach with the equity question --
21 under whose annexed land is the oil coming from?
22 I lost a participle or something. But, anyway, the point
23 is how the dickens do you figure out whose percentage is
24 what. You can get an awful lot of litigation out of that
25 discussion. And we do. We have exactly those kinds of

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1 problems on an ongoing basis.

2 MR. BORGMAN: Isn't Long Beach, though, a different
3 situation from what we're proposing?

4 EXECUTIVE OFFICER DEDRICK: Well, I think whenever
5 you split an oil field, whether you split it among owners
6 or among political bodies, you've got the basis for a lot
7 of litigation; because a dollar out of one pocket is
8 a dollar in somebody else's pocket. And that's a factor
9 too and people care.

10 CHAIRPERSON JERVIS: Okay, Anything further,
11 Ms. Dedrick, Mr. Taylor, Mr. Hight, from the proponents?

12 Do I hear further discussion from the members
13 of the Lands Commission?

14 COMMISSIONER ORDWAY: One final question,

15 If that annexation is not included, would you
16 still seek LAFCO's approval to incorporate?

17 MR. BORGMAN: We'll try. It makes it more
18 difficult in terms of financial feasibility.

19 COMMISSIONER ORDWAY: Do they have a minimum
20 percentage requirement of surplus?

21 MR. BORGMAN: Not that I know of.

22 COMMISSIONER ORDWAY: They just have a solvency
23 requirement.

24 MR. BORGMAN: They make some kind of analysis
25 and decide. A lot of it is just on political ground.

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1 MR. FOSSUM: It's always possible to annex at
2 a later time.

3 EXECUTIVE OFFICER DEDRICK: That's correct

4 MR. FOSSUM: The staff -- our current problems
5 might not exist once these platforms are in or it's under
6 production. It's just possible that -- what we're saying
7 is that --

8 EXECUTIVE OFFICER DEDRICK: Well, any action
9 you take today in not approving it, you're not committed
10 to forever. If you approve it, you're committed to it
11 forever.

12 CHAIRPERSON JERVIS: Do I hear a motion from
13 anyone?

14 COMMISSIONER MCCARTHY: I don't think you've
15 got the votes. I think your best decision today is
16 going to be a disapproval without prejudice. So, you can
17 come back and make the fight for another day after LAFCO.
18 You haven't got the votes for approval on this Commission.

19 CHAIRPERSON JERVIS: Yes.

20 MS. CONN: Could that "not without prejudice"
21 include instructions to staff to work with the proponents
22 to work out the problems that they see so that somehow
23 we can reach a more feasible program?

24 CHAIRPERSON JERVIS: Sure, we can make that
25 recommendation.

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1 EXECUTIVE OFFICER DEDRICK: Perhaps I misunder-
2 stood. Governor, I thought you were saying that we would
3 not expect them back until after LAFCO has acted in
4 Santa Barbara County.

5 CHAIRPERSON JERVIS: Is that going to be fairly
6 soon?

7 MR. TAYLOR: No.

8 COMMISSIONER McCARTHY: Are you appearing
9 before LAFCO soon?

10 MR. BORGMAN: This fall.

11 MR. TAYLOR: They cannot appear before LAFCO
12 with regard to the offshore area without first obtaining
13 the approval of at least the boundary description from the
14 Lands Commission.

15 COMMISSIONER McCARTHY: So, the basic issue
16 of incorporation, isn't it?

17 MR. LODISE: That's true.

18 What we need to appear before LAFCO is, in fact,
19 that you agree that the technical description of the
20 offshore boundaries is correct. That's what happened in
21 1975 that LAFCO got the report from you that our offshore
22 boundaries were technically correct and they proceeded
23 with the LAFCO proceedings.

24 COMMISSIONER McCARTHY: Totally apart from this
25 issue before us, don't you have to appear before LAFCO

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1 to become incorporated?

2 MR. LODISE: Yes.

3 COMMISSIONER McCARTHY: Isn't that what you're
4 before LAFCO right now on?

5 And this issue is ancillary to that issue,
6 because it would help you look better fiscally?

7 MS. CONN: Well, it's required.

8 EXECUTIVE OFFICER DEDRICK: Only if they're
9 going to include the area.

10 COMMISSIONER McCARTHY: I appreciate that.

11 MR. BORGMAN: Before they accept our petition
12 and our proposal, they need approval of boundaries offshore
13 if we include them. So, we can't go before LAFCO until
14 something happens here first.

15 COMMISSIONER McCARTHY: If you don't get approval
16 here, you submit to LAFCO your existing boundaries without
17 this; is that correct?

18 CHAIRPERSON JERVIS: Land-based city.

19 MR. BORGMAN: I guess so.

20 MR. LODISE: Except that we've already got most
21 of our 3,000 signatures required with this, because we
22 thought you had approved this in '75. So, that that's
23 another problem.

24 COMMISSIONER McCARTHY: You thought this
25 Commission had approved this?

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1 MR. LODISE: In '75.

2 EXECUTIVE OFFICER DEDRICK: This Commission did
3 not.

4 MR. LODISE: The Commission did not. They only
5 notified LAFCO -- they did not notify us -- that they
6 did not approve annexation. And by notifying LAFCO --
7 and LAFCO started the hearings on us. We assumed that
8 the annexation had been approved also since we had
9 not seen a copy of the report. But all that happened in
10 '75 was there was approval of the technical description
11 of the boundaries. However, because you didn't notify
12 us of that, we thought you had approved the whole thing.

13 MR. TAYLOR: What was done in '75 was the
14 Commission approved the technical sufficiency of the
15 boundaries, reserving the right at a later time to determine
16 whether or not it would approve the annexation or not.
17 And it subsequently informed LAFCO that it would disapprove.

18 MR. FOSSUM: The thing is that particular
19 procedure, in approving the boundaries but not acting as
20 a landlord and making a decision whether or not you want
21 to be part of a city, causes confusion. So, in this
22 calendar item we've put both of those recommendations
23 together in that you approve the boundaries and annexation
24 or you deny both at the same time so that cities and
25 proponents of cities aren't misled to believe that they

1 already have approval when actually you've only approved
2 the technical sufficiency of the description of the area.

3 So, we've asked you to either in this calendar
4 item -- we have proposed that you either deny or approve
5 both at the same time rather than bifurcating the
6 process, as Mr. Taylor said. The Commission has both
7 responsibilities to approve the boundaries and to either
8 approve or disapprove the annexation as the landowner.

9 CHAIRPERSON JERVIS: Do I hear a motion?

10 I'm not sure we ever answered the question
11 you raised a moment ago and that was what about working
12 with the staff.

13 I don't see any reason for you not to work with
14 the staff. I don't know that that presumes on our part
15 that you're going to come to some kind of agreement that's
16 ever going to win the approval of the State Lands
17 Commission. But we will certainly recommend that the staff
18 work closely with you.

19 EXECUTIVE OFFICER DEDRICK: I think, Mr. Chairman,
20 that it will also be necessary, since the county is the
21 entity that represents the area, that the county's
22 desires have to be brought into play here too.

23 I don't think that it would be a good thing for
24 the State Lands Commission to be kind of mediating between
25 the county and the community as to whether or not this

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1 area should incorporate. I think that's entirely the
2 local government's, LAFCO's decision. And as your Chief
3 of Staff, I would not like to find myself in a spot where
4 somehow or other I'm supposed to balance their interests.
5 I don't really believe that's your intent, but I wanted
6 to make it clear.

7 CHAIRPERSON JERVIS: We certainly don't want to
8 inject ourselves in that situation.

9 EXECUTIVE OFFICER DEDRICK: I didn't think you
10 would.

11 COMMISSIONER MCCARTHY: Is there clarity on this
12 point? Do you understand what was just said?

13 In summary, I think this Commission is going to
14 deny without prejudice to give you a chance to make the
15 case, assuming you get LAFCO's approval. The case is
16 yet to be made as far as a majority of this Commission
17 you're facing.

18 So that there's no misleading of you, I think I
19 heard the Chairman say he wanted the staff to work more
20 closely with you. That should not infer that the staff
21 is close to changing its mind on the issue or that you
22 have a majority on this Commission. It only says you have
23 a right as citizens to try to make your case more strongly.
24 And with the LAFCO approval, you have a leg up.

25 CHAIRPERSON JERVIS: Okay.

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1 MS. CONN: On the basis of what problems is
2 the Commission not approving the request? What are the
3 issues the Commission sees as a basis for not approving
4 the plan?

5 CHAIRPERSON JERVIS: I guess we just don't see
6 the local support generated for approval at this time.
7 I mean, if you come back here with LAFCO approval, then
8 you're going to signal us that a certain segment of
9 Santa Barbara County thinks this is a feasible idea and
10 the State Lands Commission should be prepared to deal with
11 the new City of Isla Vista in addition to Santa Barbara
12 County. I guess if we see that signal of support, we'll
13 be more willing to look at a city that's 17 percent
14 land based and 83 percent water based.

15 EXECUTIVE OFFICER DEDRICK: As a matter of
16 legality, it is entirely within the discretion of the
17 Commission as a matter of law.

18 CHAIRPERSON JERVIS: Yes.

19 EXECUTIVE OFFICER DEDRICK: The decision is
20 entirely within the discretion of the Commission. I've
21 said that and I'm not your attorney.

22 MR. TAYLOR: I think it's for all of the reasons
23 that have been discussed. Members of the Commission,
24 it is required, because of the statute requiring action
25 by the Commission in 45 days, that you take formal action.

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1 There is a proposed recommendation before you or some
2 modification of it.

3 But at least there needs to be some affirmative
4 action today to stop the 45-day statute.

5 CHAIRPERSON JERVIS: I'll entertain a motion on
6 that then.

7 COMMISSIONER McCARTHY: Move that we deny without
8 prejudice.

9 CHAIRPERSON JERVIS: It's been moved that we
10 deny without prejudice the application process from going
11 ahead.

12 Any objections?

13 Hearing none, then it's adopted.

14 Now, is there any further business to come before
15 this Commission at this time?

16 EXECUTIVE OFFICER DEDRICK: No, sir, that's it.

17 CHAIRPERSON JERVIS: Fine.

18 Then we'll stand adjourned.

19 (Thereupon the meeting before the State
20 Lands Commission was adjourned at 3:35 p.m.)

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I, EILEEN JENNINGS, a Certified 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, Eileen Jennings, 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 13th day of June, 1983.

Eileen Jennings

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