MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

1020 N STREET
ROOM 102
SACRAMENTO, CALIFORNIA

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

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

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COMMISIONERS PRESENT

John Wervis, 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
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Comments:

Marc Borgman, Chairman
Isla Vista Municipal Advisory Council

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by Carmen Lodise

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Question-and-Answer Session

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

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

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

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

CHAIRPERSON JERVIS: Any discussion on those?

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

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

Without objection, they'll be approved.

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

Without objection, it will be approved.

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

Item 15 approved, no objection.

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

Without objection, it's approved.

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

Without objection, it's approved.

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

Without objection.

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

Without objection.

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

Without objection, it's approved.

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

Without objection, it's approved.

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

Without objection, it's approved.

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

Without objection:

Item 24, City of Long Beach, modification of the Plan of Development and Operations and Budget.

Anyone on the issue?

Without objection, it's approved.

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

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

CHAIRPERSON JERVIS: Do you want an explanation?

COMMISSIONER ORDWAY: I've read the material.

CHAIRPERSON JERVIS: Without objection, it's approved.

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

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

EXECUTIVE OFFICER DEDRICK: No.

COMMISSIONER MCCARTHY: -- that hasn't heard about this?

EXECUTIVE OFFICER DEDRICK: Not to my knowledge. We have had no comments at all. It's just an extension
of an agreement that the Commission has had for several years. Greg's been the attorney on it.

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

CHAIRPERSON JERVIS: Without objection, the extension is approved.

Item 7, City of Napa and Napa County LAFCO. Anyone on the issue?

Any discussion?

Without objection, it's approved.

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

Why don't you identify yourself for the record.

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

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

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

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

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

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

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

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

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

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

The City of Isla Vista, on the other hand, would have the resources to begin implementing many of the plans which we have been accumulating through the years which would allow for, say, the use of bicycles in town and
other major plans which the county has shown no interest in assisting us with to date.

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

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

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

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

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

The boundaries of the city include the center part of Isla Vista and the campus, dormitories, and
residence halls and a privately-owned dormitory, Francisco Torres; areas which have been included in the Isla Vista Community Council election boundaries since 1970. And they also include, of course, Platform Holly offshore.

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

But some things remain the same in Isla Vista, Over 96.5 percent of the community are renters; 55 percent are students, but this is down from 75 percent in 1970. We have a large labor force. Seven thousand of the community's 17,000 are full-time employed, many in the factories in Goleta. There's a high rate of turnover of residents. Average residency is two years versus the three and a quarter years county-wide. But there's also a high turnover in property ownership -- 50 percent every
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.
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
it a better community, things that should have been done in the past which we just have not had the control and the revenue to do.

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

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

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

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

CHAIRPERSON JERVIS: Do we have any questions?

MR. LODISE: We have one more comment.

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

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

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

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

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

We feel that, if this is the main concern, that 
there should be some way to remedy this. We understand 
that at one time Santa Barbara -- there was a problem with 
Santa Barbara where the city made an ordinance saying 
that there would be no drilling in the sanctuary after 
the State Lands had already made it and then the State
Lands found that to be questionable. And then there was something drawn up by the City Attorney that withdrew that or negated that in some way so that the State Lands Commission would maintain its authority.

We understand the State Lands does maintain its authority. And our main interest, as we say, is the revenues and as an advisory body so that we may all cooperate in deciding what happens off the coast; but that we're not interested in being an obstruction coming into the process -- more as problem solvers and not as problem makers.

So, now we're ready to take questions.

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

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

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

But we're just not any ordinary community or city. We have to show to LAFCO to get by that we have a significant surplus in order to relieve that concern. This would ensure the city that it would be viable not only.
in the short run with just Holly, but the two new ones coming in that we have to put up with that it would make it financially viable in the long run. It would remove finances as a question entirely from the deliberations in that Santa Barbara County LAFCO. And that's really what we are most interested in is removing it as an issue and let them contemplate some other things if there are some other things.

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

CHAIRPERSON JERVIS: Well, there's a number of cities in California that are asking the Controller how feasible it is to go out of business. Maybe you could buy one of those franchises and move the franchise there. Why don't we hear from staff if we have no more questions at this point.

MR. TROUT: Mr. Chairman, I think maybe just to put it in perspective. The diagram they showed on the slides was perhaps just a little foreshort of the dimension.
But the proposed annexation description that's in the calendar is this dotted black line (indicating), which would go out the three miles here and come in here (indicating). The solid or upland area of the City of Isla Vista is this area that we've hatched dark here (indicating). This is roughly, I believe, 17 percent of the total area and 83 percent is the offshore area.

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

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

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

So, this is the City of Santa Barbara (indicating), this is the proposed new city (indicating), this is the neighboring area of Goleta (indicating), and this is
the proposed annexation.

CHAIRPERSON JERVIS: Questions?

MR. TAYLOR: Mr. Chairman, as I understand the staff’s recommendation, it hinges on two problems. One is that this is a period of extensive development where although the State is in a superior position in terms of administering its leases, there’s a certain amount of cooperation and coordination with local agencies in the process of getting any kind of development plans or expanded development plans going. It’s from that standpoint staff is making the recommendation to you that it would appear to be inappropriate at this time, due to the substantial expansion of facilities and the ongoing dialogue with the county, it would be inappropriate at this time to interrupt that process by approving this proposal.

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

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

CHAIRPERSON JERVIS: Questions on the point?

COMMISSIONER ORDWAY: One question.

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

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

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

EXECUTIVE OFFICER DEDRICK: Yes.

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

COMMISSIONER MCCARTHY: In Santa Barbara County.

EXECUTIVE OFFICER DEDRICK: Huntington Beach.

In Santa Barbara County?

CHAIRPERSON JERVIS: In Santa Barbara.

MR. TROUT: Carpinteria, I think, perhaps.

MR. TAYLOR: Carpinteria does.

MR. THOMSON: By grant or otherwise?

MR. TAYLOR: No, no, just whether the boundaries of the city include the -- whether the boundaries of the
city include the offshore. Many of them do.

CHAIRPERSON JERVIS: In those cases --

EXECUTIVE OFFICER DERRICK: Some do and some don't.

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

EXECUTIVE OFFICER DERRICK: I think both things have occurred.

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

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

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

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

COMMISSIONER MCCARTHY: Where else besides Long Beach is there an administrative authority delegation.

EXECUTIVE OFFICER DERRICK: Oh, Los Angeles --

MR. THOMPSON: Newport Beach, Redondo
Santa Monica, Los Angeles.

COMMISSIONER McCARTHY: The cities have the primary administrative responsibility.

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

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

MR. TROUT: The only one --

COMMISSIONER McCARTHY: Oil exploration and drilling areas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MR. FÖSSUM: We don't feel they can do it,
but they could certainly bring a lawsuit attempting to
slow up the production or the beginning of the platforms'
construction. The possibility is simply that it would be
another entity that we would have to deal with in a
manner that we've been doing with the county.
We've been negotiating with the county as to their concerns and our concerns and we've had an ongoing dialogue with them. Now, what we may have --

COMMISSIONER MCCARTHY: That's a happy relationship.

(Laughter.)

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

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

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

It would be an interesting experiment to see how
the people of Isla Vista would run the operation. You don't think you would have any dissident groups suing you over your production, do you? You think you would?

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

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

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

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

I believe that is where the staff is coming from
in that those discussions have gone with the county quite a ways, and this would be an interruption in that process.

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

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

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

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

CHAIRPERSON JERVIS: So, this money --

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

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

EXECUTIVE OFFICER DEDRICK: That's right.
CHAIRPERSON JERVIS: How do you think that's going to let you fare before LAFCO? I'm asking that to the group here.

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

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

MR. TROUT: In recent grants.

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

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

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

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

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

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

What we would like is the boundaries approved for technical sufficiency and approved in concept of annexation of these properties to the Proposed City of Isla Vista.

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

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

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

MR. BORGMAN: Perpendicular.

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

MR. BORGMAN: The line is drawn perpendicular right from the immediate shore.
MR. TROUT: Mr. Chairman, it does present a technical problem in that there would be ad valorem taxes due on that lease. And how those taxes would be split between the county and the city would, I think, while not impossible, would be a kind of a difficult thing in terms of determining where the resources are.

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

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

MR. LODISE: Also, we've had a point of clarification of that through the LAPCO and Santa Barbara attorneys that whereas there's some technical problems drawn in the line across there, it's a technical problem and not a legal problem and that the local assessor could do that if it's so instructed by the Board of Supervisors.

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

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

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

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

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

COMMISSIONER ORDWAY: One final question, If that annexation is not included, would you still seek LAFCO's approval to incorporate?

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

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

MR. BORGMAN: Not that I know of.

COMMISSIONER ORDWAY: They just have a solvency requirement.

MR. BORGMAN: They make some kind of analysis and decide. A lot of it is just on political ground.
MR. FOSSUM: It's always possible to annex at a later time.

EXECUTIVE OFFICER DEDRICK: That's correct.

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

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

CHAIRPERSON JERVIS: Do I hear a motion from anyone?

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

CHAIRPERSON JERVIS: Yes.

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

CHAIRPERSON JERVIS: Sure, we can make that recommendation.
EXECUTIVE OFFICER DEDRICK: Perhaps I misunder-
stood. Governor, I thought you were saying that we would
not expect them back until after LAFCO has acted in
Santa Barbara County.

CHAIRPERSON JERVIS: Is that going to be fairly
soon?

MR. TAYLOR: No.

COMMISSIONER MCCARTHY: Are you appearing
before LAFCO soon?

MR. BORGMAN: This fall.

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

COMMISSIONER MCCARTHY: So, the basic issue
of incorporation, isn't it?

MR. LODISE: That's true.

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

COMMISSIONER MCCARTHY: Totally apart from this
issue before us, don't you have to appear before LAFCO
to become incorporated?

MR. LODISE: Yes.

COMMISSIONER MCCARTHY: Isn't that what you're before LAFCO right now on?

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

MS. CONN: Well, it's required.

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

COMMISSIONER MCCARTHY: I appreciate that.

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

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

CHAIRPERSON JERVIS: Land-based city.

MR. BORGMAN: I guess so.

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

COMMISSIONER MCCARTHY: You thought this Commission had approved this?
MR. LODISE: In '75.

EXECUTIVE OFFICER DEDRICK: This Commission did not.

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

MR. TAYLOR: What was done in '75 was the Commission approved the technical sufficiency of the boundaries, reserving the right at a later time to determine whether or not it would approve the annexation or not.

And it subsequently informed LAFCO that it would disapprove.

MR. FOSSUM: The thing is that particular procedure, in approving the boundaries but not acting as a landlord and making a decision whether or not you want to be part of a city, causes confusion. So, in this calendar item we've put both of those recommendations together in that you approve the boundaries and annexation or you deny both at the same time so that cities and proponents of cities aren't misled to believe that they...
already have approval when actually you've only approved the technical sufficiency of the description of the area.

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

CHAIRPERSON JERVIS: Do I hear a motion?

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

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

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

I don't think that it would be a good thing for the State Lands Commission to be kind of mediating between the county and the community as to whether or not this
area should incorporate. I think that's entirely the local government's, LAFCO's decision. And as your Chief of Staff, I would not like to find myself in a spot where somehow or other I'm supposed to balance their interests. I don't really believe that's your intent, but I wanted to make it clear.

CHAIRPERSON JERVIS: We certainly don't want to inject ourselves into that situation.

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

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

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

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

CHAIRPERSON JERVIS: Okay.
MS. CONN: On the basis of what problems is
the Commission not approving the request? What are the
issues the Commission sees as a basis for not approving
the plan?

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

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

CHAIRPERSON JERVIS: Yes.

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

MR. TAYLOR: I think it's for all of the reasons
that have been discussed. Members of the Commission,
it is required, because of the statute requiring action
by the Commission in 45 days, that you take formal action.
There is a proposed recommendation before you or some modification of it.

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

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

COMMISSIONER McCARTHY: Move that we deny without prejudice.

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

Any objections?

Hearing none, then it's adopted.

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

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

CHAIRPERSON JERVIS: Fine.

Then we'll stand adjourned.

(Thereupon the meeting before the State Lands Commission was adjourned at 3:35 p.m.)
CERTIFICATE OF SHORTHAND REPORTER

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.

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